

**LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 1999**

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**Louisville City School District**



STATE OF OHIO  
OFFICE OF THE AUDITOR

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of Louisville City School District, Stark County, (the District) as of and for the year ended June 30, 1999, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Louisville City School District, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

A handwritten signature in black ink, appearing to read "Jim Retro", is written over the printed name and title.

**Jim Retro**  
Auditor of State

January 7, 2000

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**LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
AS OF JUNE 30, 1999**

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<b>Assets and Other Debits</b>				
Cash, Cash Equivalents and Investments	\$ 2,232,116	\$ 672,736	\$ 12,837	\$ 743,044
Receivable (Net Allowances for Uncollectables)				
Taxes - Current	6,083,848	0	0	353,823
Taxes - Delinquent	699,595	0	0	31,148
Accounts	1,558	1,232	0	0
Due From Other Governments	61,707	12,006	0	0
Prepaid Expenses	22,820	3,080	0	0
Interfund Receivable	17,006	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	58,200	0	0	0
Restricted Assets				
Cash, Cash Equivalents and Investments	212,348	0	0	0
Property, Plant and Equipment (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Amount Available in the Debt Service Fund	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$ 9,389,198</b>	<b>\$ 689,054</b>	<b>\$ 12,837</b>	<b>\$ 1,128,015</b>

The notes to the general purpose financial statements are an integral part of this statement.

PROPRIETARY FUND TYPES		FIDUCIARY FUNDS	ACCOUNT GROUPS		TOTALS
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	(MEMORANDUM ONLY)
\$ 262,739	\$ 380,149	\$ 59,344	\$ 0	\$ 0	\$ 4,362,965
0	0	0	0	0	6,437,671
0	0	0	0	0	730,743
0	0	0	0	0	2,790
50,499	0	0	0	0	124,212
0	0	608	0	0	26,508
0	0	0	0	0	17,006
35,437	0	0	0	0	35,437
4,490	0	0	0	0	62,690
0	0	0	0	0	212,348
14,155	0	0	12,660,644	0	12,674,799
0	0	0	0	12,837	12,837
0	0	0	0	749,518	749,518
<u>\$ 367,320</u>	<u>\$ 380,149</u>	<u>\$ 59,952</u>	<u>\$ 12,660,644</u>	<u>\$ 762,355</u>	<u>\$ 25,449,524</u>



LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
AS OF JUNE 30, 1999  
(Continued)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<b><u>Liabilities, Equity and Other Credits</u></b>				
<b><u>Liabilities</u></b>				
Accounts Payable	\$ 37,528	\$ 35,719	\$ 0	\$ 0
Accrued Wages and Benefits	1,580,625	85,250	0	0
Compensated Absences Payable	208,189	0	0	0
Due To Other Governments	243,895	17,155	0	0
Claims Payable	0	0	0	0
Deferred Revenue	6,466,083	0	0	364,871
Due To Students	0	0	0	0
Interfund Payable	0	5,000	0	12,006
<b>Total Liabilities</b>	<b>8,536,320</b>	<b>143,124</b>	<b>0</b>	<b>376,877</b>
<b><u>Equity and Other Credits</u></b>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings : Unreserved	0	0	0	0
Fund Balances:				
Reserved for Unclaimed Monies	5,153	0	0	0
Reserved for Encumbrances	320,874	247,208	0	137,304
Reserved for Inventory	58,200	0	0	0
Reserved for Prepays	22,820	3,080	0	0
Reserved for Budget Stabilization	212,348	0	0	0
Reserved for Debt Service	0	0	12,837	0
Reserved for Property Taxes	317,360	0	0	20,100
Unreserved - Undesignated (Deficit)	(83,877)	295,642	0	593,734
<b>Total Equity and Other Credits</b>	<b>852,878</b>	<b>545,930</b>	<b>12,837</b>	<b>751,138</b>
<b>Total Liabilities, Equity and Other Credits</b>	<b>\$ 9,389,198</b>	<b>\$ 689,054</b>	<b>\$ 12,837</b>	<b>\$ 1,128,015</b>

The notes to the general purpose financial statements are an integral part of this statement.

PROPRIETARY FUND TYPES		FIDUCIARY FUNDS	ACCOUNT GROUPS		TOTALS
ENTERPRISE	INTERNAL SERVICE	TRUST AND AGENCY	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	(MEMO-RANDUM ONLY)
\$ 1,731	\$ 0	\$ 13,452	\$ 0	\$ 0	\$ 88,430
45,255	0	0	0	0	1,711,130
26,275	0	0	0	618,875	853,339
25,579	0	0	0	143,480	430,109
0	95,049	0	0	0	95,049
25,421	0	0	0	0	6,856,375
0	0	40,937	0	0	40,937
0	0	0	0	0	17,006
<u>124,261</u>	<u>95,049</u>	<u>54,389</u>	<u>0</u>	<u>762,355</u>	<u>10,092,375</u>
0	0	0	12,660,644	0	12,660,644
243,059	285,100	0	0	0	528,159
0	0	0	0	0	5,153
0	0	100	0	0	705,486
0	0	0	0	0	58,200
0	0	0	0	0	25,900
0	0	0	0	0	212,348
0	0	0	0	0	12,837
0	0	0	0	0	337,460
0	0	5,463	0	0	810,962
<u>243,059</u>	<u>285,100</u>	<u>5,563</u>	<u>12,660,644</u>	<u>0</u>	<u>15,357,149</u>
<u>\$ 367,320</u>	<u>\$ 380,149</u>	<u>\$ 59,952</u>	<u>\$ 12,660,644</u>	<u>\$ 762,355</u>	<u>\$ 25,449,524</u>

LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 1999

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
<b>Revenues</b>				
Taxes	\$ 6,124,605	\$ 0	\$ 0	\$ 357,965
Tuition and Fees	114,053	0	0	0
Earnings on Investments	248,737	0	0	317
Intergovernmental	8,543,675	1,982,271	0	104,000
Extracurricular Activities	0	316,727	0	0
Transportation Fees	33,209	0	0	0
Miscellaneous	113,305	-7,464	0	0
<b>Total Revenues</b>	<b>15,177,584</b>	<b>2,306,462</b>	<b>0</b>	<b>462,282</b>
<b>Expenditures</b>				
Instruction:				
Regular	7,624,962	56,603	0	291,239
Special	1,441,206	206,555	0	0
Vocational	337,529	0	0	0
Other	82,104	4,598	0	0
Support Services:				
Pupils	648,100	185,353	0	0
Instructional Staff	481,137	411,097	0	0
Board of Education	51,864	0	0	0
Administration	1,113,699	410,264	0	0
Fiscal	319,418	31,848	0	0
Business	42,980	0	0	0
Operations and Maintenance	1,219,869	29,803	0	15,190
Pupil Transportation	662,689	0	0	0
Central	1,513	0	0	0
Extracurricular Activities	324,005	136,706	0	0
Facilities Acquisition	587,799	0	0	538,389
Operation of Non-Instructional Services	-2,669	311,994	0	0
<b>Total Expenditures</b>	<b>\$ 14,981,543</b>	<b>\$ 1,784,821</b>	<b>\$ 0</b>	<b>\$ 844,818</b>

The notes to the general purpose financial statements are an integral part of this statement.

<u>FIDUCIARY FUND</u>		<u>TOTALS</u>	
<u>EXPENDABLE</u>		<u>(MEMORANDUM</u>	
<u>TRUST</u>		<u>ONLY)</u>	
\$	0	\$	6,482,570
	0		114,053
	0		249,054
	0		10,629,946
	0		316,727
	0		33,209
	11,469		132,238
	<u>11,469</u>		<u>17,957,797</u>
	0		7,972,804
	0		1,647,761
	0		337,529
	0		86,702
	0		833,453
	9,898		902,132
	0		51,864
	0		1,523,963
	0		351,266
	0		42,980
	0		1,264,862
	0		662,689
	0		1,513
	0		460,711
	0		1,126,188
	0		354,663
\$	<u>9,898</u>	\$	<u>17,621,080</u>

LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 1999  
(Continued)

	GOVERNMENTAL FUND TYPES			
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS
Excess (Deficit) of Revenues				
Over (Under) Expenditures	\$ 196,041	\$ 521,641	\$ 0	\$ (382,536)
<b><u>Other Financing Sources/ (Uses)</u></b>				
Refund of Prior Year Receipt	(984)	0	0	0
Sale of Assets	6,342	0	0	0
Refund of Prior Year Expenditures	1,665	0	0	0
<b>Total Other Financing Sources/(Uses)</b>	<b>7,023</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess (Deficit) of Revenues and Other Financing Sources				
Over (Under) Expenditures and Other Financing Uses	203,064	521,641	0	(382,536)
<b>Fund Balances - July 1, 1998</b>	<b>631,687</b>	<b>24,289</b>	<b>12,837</b>	<b>1,133,674</b>
Increase in Reserve for Inventory	18,127	0	0	0
<b>Fund Balances - June 30, 1999</b>	<b>\$ 852,878</b>	<b>\$ 545,930</b>	<b>\$ 12,837</b>	<b>\$ 751,138</b>

The notes to the general purpose financial statements are an integral part of this statement.

FIDUCIARY FUND TYPE	TOTALS (MEMORANDUM ONLY)
EXPENDABLE TRUST	
\$ 1,571	\$ 336,717
0	(984)
0	6,342
0	1,665
<u>0</u>	<u>7,023</u>
1,571	343,740
3,992	1,806,479
0	18,127
<u>\$ 5,563</u>	<u>\$ 2,168,346</u>

LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES, BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1999

	GENERAL FUND		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
<b>Revenues</b>			
Taxes	\$6,096,825	\$6,096,825	0
Tuition and Fees	82,685	82,685	0
Transportation Fees	33,209	33,209	0
Earnings on Investments	248,737	248,737	0
Extracurricular Activities	0	0	0
Intergovernmental	8,538,784	8,538,784	0
Miscellaneous	91,427	91,427	0
<b>Total Revenues</b>	<b>15,091,667</b>	<b>15,091,667</b>	<b>0</b>
<b>Expenditures</b>			
Instruction:			
Regular	7,668,913	7,668,913	0
Special	1,508,127	1,508,127	0
Vocational	328,292	328,292	0
Other	190,172	190,172	0
Support Services:			
Pupils	648,274	648,274	0
Instructional Staff	480,701	480,701	0
Board of Education	60,252	60,252	0
Administration	1,153,523	1,153,523	0
Fiscal	325,464	325,464	0
Business	43,203	43,203	0
Operations and Maintenance	1,239,902	1,239,902	0
Pupil Transportation	797,344	797,344	0
Central	2,513	2,513	0
Operation of Non-Instructional Services	46,512	46,512	0
Facilities Acquisition	694,398	694,398	0
Extracurricular Activities	331,889	331,889	0
<b>Total Expenditures</b>	<b>\$ 15,519,479</b>	<b>\$ 15,519,479</b>	<b>\$ 0</b>

The notes to the general purpose financial statements are an integral part of this statement.

SPECIAL REVENUE FUNDS				DEBT SERVICE FUND			
REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)		REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)	
\$ 0	\$ 0	0		\$ 0	\$ 0	0	
0	0	0		0	0	0	
0	0	0		0	0	0	
0	0	0		0	0	0	
323.087	323.087	0		0	0	0	
1,970.265	1,970.265	0		0	0	0	
7.464	7.464	0		0	0	0	
<u>2,300.816</u>	<u>2,300.816</u>	<u>0</u>		<u>0</u>	<u>0</u>	<u>0</u>	
137.450	137.450	0		0	0	0	
261.785	261.785	0		0	0	0	
0	0	0		0	0	0	
5.043	5.043	0		0	0	0	
211.340	211.340	0		0	0	0	
478.744	478.744	0		0	0	0	
0	0	0		0	0	0	
449.917	449.917	0		0	0	0	
31.848	31.848	0		0	0	0	
0	0	0		0	0	0	
36.351	36.351	0		0	0	0	
0	0	0		0	0	0	
0	0	0		0	0	0	
379.969	379.969	0		0	0	0	
0	0	0		0	0	0	
150.980	150.980	0		0	0	0	
<u>\$ 2,143.427</u>	<u>\$ 2,143.427</u>	<u>\$ 0</u>		<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	



LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES, BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1999

(Continued)

	GENERAL FUND		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
Excess of Revenues Over Expenditures	(427,812)	(427,812)	0
<b><u>Other Financing Sources/ (Uses)</u></b>			
Refund of Prior Year Expenditures	107	107	0
Sale of Assets	6,342	6,342	0
Advances In	165,000	165,000	0
Advances Out	(17,006)	(17,006)	0
Refund of Prior years receipts	(984)	(984)	0
<b>Total Other Financing Sources/ (Uses)</b>	<b>153,459</b>	<b>153,459</b>	<b>0</b>
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(274,353)	(274,353)	0
Prior Year Encumbrances Appropriated	458,658	458,658	
Fund Balances - July 1, 1998	1,929,597	1,929,597	0
<b>Fund Balances - June 30, 1999</b>	<b>\$ 2,113,902</b>	<b>\$ 2,113,902</b>	<b>\$ 0</b>

The notes to the general purpose financial statements are an integral part of this statement.

SPECIAL REVENUE FUNDS			DEBT SERVICE FUND		
REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
157,389	157,389	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
5,000	5,000	0	0	0	0
(140,000)	(140,000)	0	0	0	0
0	0	0	0	0	0
(135,000)	(135,000)	0	0	0	0
22,389	22,389	0	0	0	0
109,091	109,091	0	0	0	0
261,573	261,573	0	12,837	12,837	0
<b>\$ 393,053</b>	<b>\$ 393,053</b>	<b>\$ 0</b>	<b>\$ 12,837</b>	<b>\$ 12,837</b>	<b>\$ 0</b>

LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES, BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1999

(Continued)

	<u>CAPITAL PROJECTS FUND</u>		
	<u>REVISED</u> <u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u> <u>FAVORABLE /</u> <u>(UNFAVORABLE)</u>
<b><u>Revenues</u></b>			
Taxes	\$ 356,265	\$ 356,265	\$ 0
Tuition and Fees	0	0	0
Transportation Fees	0	0	0
Earnings on Investments	317	317	0
Extracurricular Activities	0	0	0
Intergovernmental	104,000	104,000	0
Miscellaneous	0	0	0
<b>Total Revenues</b>	<b>460,582</b>	<b>460,582</b>	<b>0</b>
<b><u>Expenditures</u></b>			
Instruction:			
Regular	304,407	304,407	0
Special	0	0	0
Vocational	0	0	0
Other	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operations and Maintenance	15,190	15,190	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Facilities Acquisition	739,063	739,063	0
Extracurricular Activities	0	0	0
<b>Total Expenditures</b>	<b>\$ 1,058,660</b>	<b>\$ 1,058,660</b>	<b>\$ 0</b>

The notes to the general purpose financial statements are an integral part of this statement.

EXPENDABLE TRUST FUND				TOTALS (MEMORANDUM ONLY)			
REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)		REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)	
\$ 0	\$ 0	\$ 0	0	\$6,453,090	\$ 6,453,090	\$ 0	0
0	0	0	0	82,685	82,685	0	0
0	0	0	0	33,209	33,209	0	0
0	0	0	0	249,054	249,054	0	0
0	0	0	0	323,087	323,087	0	0
0	0	0	0	10,613,049	10,613,049	0	0
11,507	11,507	0	0	110,398	110,398	0	0
11,507	11,507	0	0	17,864,572	17,864,572	0	0
0	0	0	0	8,110,770	8,110,770	0	0
0	0	0	0	1,769,912	1,769,912	0	0
0	0	0	0	328,292	328,292	0	0
0	0	0	0	195,215	195,215	0	0
0	0	0	0	859,614	859,614	0	0
10,148	10,148	0	0	969,593	969,593	0	0
0	0	0	0	60,252	60,252	0	0
0	0	0	0	1,603,440	1,603,440	0	0
0	0	0	0	357,312	357,312	0	0
0	0	0	0	43,203	43,203	0	0
0	0	0	0	1,291,443	1,291,443	0	0
0	0	0	0	797,344	797,344	0	0
0	0	0	0	2,513	2,513	0	0
0	0	0	0	426,481	426,481	0	0
0	0	0	0	1,433,461	1,433,461	0	0
0	0	0	0	482,869	482,869	0	0
\$ 10,148	\$ 10,148	\$ 0	0	\$ 18,731,714	\$ 18,731,714	\$ 0	0

LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES, BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1999

(Continued)

	CAPITAL PROJECTS FUND		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
Excess of Revenues Over Expenditures	(598,078)	(598,078)	0
<b><u>Other Financing Sources/ (Uses)</u></b>			
Refund of Prior Year Expenditures	0	0	0
Sale of Assets	0	0	0
Advances In	12,006	12,006	0
Advances Out	(25,000)	(25,000)	0
Refund of Prior years receipts	0	0	0
Total Other Financing Sources/ (Uses)	(12,994)	(12,994)	0
Excess (Deficit) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(611,072)	(611,072)	0
Prior Year Encumbrances Appropriated	506,696	506,696	0
Fund Balances - July 1, 1998	710,117	710,117	0
<b>Fund Balances - June 30, 1999</b>	<b>\$ 605,741</b>	<b>\$ 605,741</b>	<b>\$ 0</b>

The notes to the general purpose financial statements are an integral part of this statement.

EXPENDABLE TRUST FUND			TOTALS (MEMORANDUM ONLY)		
REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE / (UNFAVORABLE)
1,359	1,359	0	(867,142)	(867,142)	0
0	0	0	107	107	0
0	0	0	6,342	6,342	0
0	0	0	182,006	182,006	0
0	0	0	(182,006)	(182,006)	0
0	0	0	(984)	(984)	0
0	0	0	5,465	5,465	0
1,359	1,359	0	(861,677)	(861,677)	0
149	149	0	1,074,594	1,074,594	0
3,955	3,955	0	2,918,079	2,918,079	0
<b>\$ 5,463</b>	<b>\$ 5,463</b>	<b>\$ 0</b>	<b>\$ 3,130,996</b>	<b>\$ 3,130,996</b>	<b>\$ 0</b>

**LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1999**

	PROPRIETARY FUND TYPES		TOTALS (MEMORANDUM ONLY)
	ENTERPRISE FUND	INTERNAL SERVICE FUND	
<b><u>Operating Revenues</u></b>			
Tuition and Fees	\$ 15,150	\$ 0	\$ 15,150
Food Services	536,450	0	536,450
Charges for Services	0	1,266,596	1,266,596
Extracurricular Activities	0	863	863
Classroom Materials and Supplies	77,716	0	77,716
<b>Total Operating Revenues</b>	<b>629,316</b>	<b>1,267,459</b>	<b>1,896,775</b>
<b><u>Operating Expenses</u></b>			
Salaries	287,990	0	287,990
Fringe Benefits	112,220	6,893	119,113
Purchased Services	37,742	1,337,787	1,375,529
Materials and Supplies	406,417	1,431	407,848
Depreciation Expense	15,137	0	15,137
<b>Total Operating Expenses</b>	<b>859,506</b>	<b>1,346,111</b>	<b>2,205,617</b>
Operating (Loss)	(230,190)	(78,652)	(308,842)
<b><u>Nonoperating Revenues</u></b>			
Intergovernmental Revenues	187,658	0	187,658
Federal Donated Commodities	50,353	0	50,353
Interest Revenue	5,748	0	5,748
Miscellaneous Revenues	1,152	0	1,152
<b>Total Nonoperating Revenues</b>	<b>244,911</b>	<b>0</b>	<b>244,911</b>
<b>Net Income (Loss)</b>	<b>14,721</b>	<b>(78,652)</b>	<b>(63,931)</b>
Retained Earnings - July 1, 1998	228,338	363,752	592,090
<b>Retained Earnings - June 30, 1999</b>	<b>\$ 243,059</b>	<b>\$ 285,100</b>	<b>\$ 528,159</b>

The notes to the general purpose financial statements are an integral part of this statement.

**LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1999**

	PROPRIETARY FUND TYPES		TOTALS (MEMORANDUM ONLY)
	ENTERPRISE FUND	INTERNAL SERVICE FUND	
<b><u>Cash Flows from Operating Activities</u></b>			
Operating (Loss)	\$ (230,190)	\$ (78,652)	\$ (308,842)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used In) Operating Activities:			
Depreciation	15,137	0	15,137
<i>(Increase) Decrease in Assets:</i>			
Accounts receivable	5,586	0	5,586
Due from other governments	(24,298)	568	(23,730)
Prepaid Expenses	72	0	72
Inventory held for resale	(211)	0	(211)
Materials and supplies inventory	630	0	630
<i>Increase (Decrease) in Liabilities:</i>			
Accounts payable	(1,669)	0	(1,669)
Accrued wages and benefits payable	2,897	0	2,897
Compensated absences payable	(3,211)	0	(3,211)
Deferred revenues	2,156	0	2,156
Hospital Payable	(7,702)	0	(7,702)
Claims Payable	0	(96,610)	(96,610)
Due to other governments	(11,677)	0	(11,677)
Total Adjustments	<u>(22,290)</u>	<u>(96,042)</u>	<u>(118,332)</u>
Net cash (used in) operating activities	(252,480)	(174,694)	(427,174)
<b><u>Cash Flows from Noncapital Financing Activities</u></b>			
Federal Donated Commodities	50,353	0	50,353
Intergovernmental revenues	187,658	0	187,658
Miscellaneous Revenues	1,152	0	1,152
Net cash provided by noncapital financing activities	<u>239,163</u>	<u>0</u>	<u>239,163</u>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>			
Capital asset acquisitions	(11,700)	0	(11,700)
Net Cash (used in) capital and related financing activities	<u>(11,700)</u>	<u>0</u>	<u>(11,700)</u>
<b><u>Cash Flows from Investing Activities:</u></b>			
Interest Revenue	5,748	0	5,748
Net Cash provided by investing activities:	<u>5,748</u>	<u>0</u>	<u>5,748</u>
Net (decrease) in cash and cash equivalents	(19,269)	(174,694)	(199,711)
Cash and cash equivalents - July 1, 1998	<u>282,008</u>	<u>554,843</u>	<u>836,851</u>
<b>Cash and cash equivalents - June 30, 1999</b>	<b><u>\$ 262,739</u></b>	<b><u>\$ 380,149</u></b>	<b><u>\$ 642,888</u></b>

The notes to the general purpose financial statements are an integral part of this statement.



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LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

1. Description of the School District and Reporting Entity

The Louisville City School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is governed by a five-member board of education (the Board) elected by its citizens. The Board controls the District's six school buildings, bus garage, and administration building staffed by administrators, teachers, and classified personnel providing educational opportunities to its students.

The Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the general purpose financial statements of the District are not misleading. The primary government consists of all funds, agencies, departments and offices that are not legally separate from the District. The primary government consists of general operations, food service, and student related activities of the District.

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

Within the District's boundaries, Sacred Heart, St. Louis Elementary and St. Thomas Aquinas High School are operated by religious organizations. Current state legislation provides funding to these schools. The monies are received and disbursed on behalf of the non-public schools by the Treasurer of the District. The accounting of these state monies are reflected as part of the District's Special Revenue Funds.

The District is associated with a related organization, two jointly governed organizations and an insurance purchasing pool. These organizations are discussed more fully in Notes 10, 14 and 15. The District also acts as a fiscal agent for the Lincolnway Special Education Regional Resource Center. This is more fully discussed in Note 18.

LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

2. Summary of Significant Accounting Policies

The general purpose financial statements of the District have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as it applies to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under the guidelines of

Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Units That Use Proprietary Fund Accounting*, the District has elected not to apply Financial Accounting Standards Board (FASB) Statements and interpretations issued after November 30, 1989, to its proprietary activities.

The District's significant accounting policies are described below.

A. Basis of Presentation

Fund Accounting

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available resources. For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

Governmental Fund Types

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

LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

General Fund (Continued)

The General Fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects that are legally restricted to expenditure for specified purposes.

Debt Service Fund

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

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by Proprietary Funds or Trust Funds.

Proprietary Fund Types

Proprietary Funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following are the District's Proprietary Fund types:

Enterprise Funds

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

LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

Internal Service Fund

The Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a reimbursement basis.

Fiduciary Fund Types

Fiduciary Funds are used to account for assets not owned by the District, but held for a separate entity.

Expendable Trust Fund

The Expendable Trust Fund is used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The Expendable Trust Fund is accounted for in essentially the same manner as the Governmental Funds.

Agency Funds

Agency Funds are used to account for assets held by the District as an agent. Agency Funds are custodial in nature (Assets equal Liabilities) and do not involve measurement of results of operations.

Account Groups

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

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the District, other than those accounted for in the Proprietary Funds.

LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the District except those accounted for in the Proprietary Funds.

B. Measurement Focus and Basis of Accounting

Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental Fund Types and the Expendable Trust Fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the combined balance sheet.

Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

Basis of Accounting

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

The modified accrual basis of accounting is followed for the Governmental, Expendable Trust, and Agency Funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year.

LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

Basis of Accounting

The available period for the District is sixty days after fiscal year end. In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: tuition, grants, and student fees.

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the Governmental Funds.

The accrual basis of accounting is utilized for reporting purposes by the Proprietary Fund types. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. Unused donated commodities in the Enterprise Fund at year end are reported as deferred revenue.

C. Budgetary Process

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

All funds, other than Agency Funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level for the General Fund and at the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

C. Budgetary Process (Continued)

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates. By no later than January 20, the Board adopted budget is filed with the Stark County Budget Commission for rate determination.

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised Budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the Final Amended Certificate issued during fiscal year 1999.

Appropriations

Upon receipt from the County Auditor of an amended Certificate of Estimated Resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual Appropriation Resolution must be legally enacted by the Board of Education at the fund, function, and object level for the General Fund and the fund level for all other funds of expenditures, which are the legal levels of budgetary control. Prior to the passage of the Annual Appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The Appropriation Resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within the General Fund, or alter object appropriations within functions, must be approved by the Board of Education.



LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

C. Budgetary Process (Continued)

Appropriations (Continued)

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts.

Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances

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

Lapsing of Appropriations

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

D. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including Proprietary Fund types, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Cash, Cash Equivalents, and Investments" on the combined balance sheet.

LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

D. Cash and Investments (Continued)

During fiscal year 1999, investments were limited to STAR Ohio and Repurchase Agreements. For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 1999. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest credited to the General and Capital Projects Funds during fiscal year 1999 amounted to \$248,737 and \$317, respectively.

E. Inventory

Inventories are valued at cost (first in, first out) and are determined by physical count. Inventories in Governmental Funds consist of expendable supplies held for consumption. The cost has been recorded as an expenditure at the time individual inventory items were purchased. Inventory in Proprietary Funds consist of expendable supplies held for consumption and food service items held for resale. The cost has been recorded as an expense at the time individual inventory items were consumed.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflected the expenditure/expense in the year in which services are consumed.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in Governmental Funds, and the related assets are reported in the General Fixed Assets Account Group. Fixed assets utilized in the Proprietary Fund Types are capitalized in those funds. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year.

LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

G. Fixed Assets and Depreciation (Continued)

Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$500. The District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Assets in the General Fixed Assets Account Group are not depreciated. Depreciation of Furniture, Fixtures, and Equipment in the Enterprise Funds is computed using the straight-line method over an estimated useful lives of eight to twenty years.

H. Intergovernmental Revenues

For Governmental Funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as nonoperating revenues in the accounting period in which they are earned and become measurable. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund

State Foundation Program

State Property Tax Relief

School Bus Purchase

Drivers Education Reimbursement

Nonreimbursable Grants

Special Revenue Funds

Drug Free Grant

Title I

Title VI

Eisenhower Grant

Special Education Preschool Grant

Goals 2000

EMIS

Professional Development

LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

H. Intergovernmental Revenues (Continued)

Special Revenue Funds (Continued)

Auxiliary Services

Capital Projects Fund

School Net

Reimbursable Grants

Enterprise Fund

National School Lunch Program

Government Donated Commodities

I. Interfund Assets and Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as Interfund Receivable or Interfund Payable. Long-term interfund loans are recorded as reservation of fund balance to indicate that they do not constitute available expendable resources since they are not a component of net current assets. The District did not have any long-term advances at year end.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. 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 District has identified as probable of receiving payment in the future, in accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, *Accounting for Compensated Absences*. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's severance policy.

For Governmental Funds, the District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The District records a liability for accumulated unused sick leave for both classified and certified employees once they meet the eligibility requirements for retirement from one of the State retirement systems. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account Compensated Absences Payable in the fund from which the employees are paid. The remainder is reported in the General Long-Term Obligations Account Group. In Proprietary Funds, the entire amount of compensated absences is reported as a fund liability.

LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

2. Summary of Significant Accounting Policies (Continued)

K. Accrued Liabilities and Long-Term Obligations

In general, Governmental Fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the General Long-Term Obligations Account Group to the extent that they will not be paid with current available expendable financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the General Long-Term Obligations Account Group until due. Long-term debt and other obligations financed by Proprietary Funds are reported as liabilities of those funds.

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/ expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the fund that is reimbursed. Non recurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Fund Balance Reserves

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, property taxes, budget stabilization, prepaids, debt service and inventory. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

N. Total Columns on General Purpose Financial Statements

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

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2. Summary of Significant Accounting Policies (Continued)

O. Restricted Assets

Restricted assets in the General Fund represents cash, cash equivalents and investments whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the District to create a reserve for budget stabilization. See Note 19 for the calculation of the year-end restricted asset balance.

P. Estimates

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

3. Budgetary Basis of Accounting

While the District is reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of Generally Accepted Accounting Principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances, Budget -Actual (Budgetary Basis) - All Governmental Fund Types and Similar Fiduciary Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the Budgetary basis and GAAP basis are that:

1. Revenues are recorded when received in cash (Budgetary basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (Budgetary basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditure equivalents for all funds (Budgetary basis) rather than as a reservation of fund balance for Governmental Fund Types (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the Budgetary and GAAP basis statements by fund type.

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3. Budgetary Basis of Accounting (Continued)

Excess (Deficiency) of Revenues and Other Financing Sources

Over (Under) Expenditures and Other Financing Uses

	General	Special Revenue	Capital Projects	Expendable Trust
Budget Basis	\$(274,353)	\$22,389	\$(611,072)	\$1,359
Adjustments for Revenue Accruals	87,476	645	(10,306)	(38)
Adjustments for Expenditure Accruals	59,378	218,918	101,538	150
Adjustments for Encumbrances	<u>330,563</u>	<u>279,689</u>	<u>137,304</u>	<u>100</u>
GAAP Basis	<u>\$203,064</u>	<u>\$521,641</u>	<u>\$(382,536)</u>	<u>\$ 1,571</u>

4. Deposits and Investments

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by Certificates of Deposit maturing no 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 District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

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4. Deposits and Investments (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

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.

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

Deposits: At year end, the carrying amount of the District's deposits was \$2,296 and the bank balance was \$434,314. Of the bank balance, \$200,000 was covered by federal depository insurance and \$234,314 was covered by collateral held by the depository, or by their trust department agent, but not in the District's name.

Investments: The District's investments are categorized to give an indication of the level of custodial credit risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes insured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The District's investment in STAR Ohio, an investment pool operated by the Ohio State Treasurer, is unclassified since it is not evidenced by securities that exist in physical or book entry form.



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4. Deposits and Investments (Continued)

	Category 3	Fair Value
Repurchase Agreement	\$110,000	\$110,000
STAROhio		<u>4,463,017</u>
Total		<u>\$4,573,017</u>

5. Property Taxes

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

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. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Stark County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to a deferred revenue for that portion not intended to finance current year operations. The amount available to the District as an advance at June 30, 1999, was \$317,360 and \$20,100 in the General and Capital Project Funds, respectively.

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6. Interfund Activity

At June 30, 1999, outstanding interfund balances consisted of the following.

	Interfund <u>Receivables</u>	Interfund <u>Payables</u>
General Fund	\$17,006	\$ -
Special Revenue Fund	-	5,000
Capital Projects Fund	-	<u>12,006</u>
Total	<u>\$17,006</u>	<u>\$17,006</u>

7. Fixed Assets

A summary of the changes in the General Fixed Asset Account Group during the fiscal year is as follows:

	Balance 7/1/98	Additions	Disposals	Balance 6/30/99
Land, Buildings and Improvements	\$7,155,827	\$205,565	\$ -	\$7,361,392
Furniture, Fixtures, and Equipment	1,812,866	702,017	27,658	2,487,225
Textbooks and Library Books	1,359,632	84,756	9,463	1,434,925
Vehicles	<u>1,266,968</u>	<u>110,134</u>	-	<u>1,377,102</u>
Totals	<u>\$11,595,293</u>	<u>\$1,102,472</u>	<u>\$ 37,121</u>	<u>\$12,660,644</u>

A summary of the Enterprise Funds' fixed assets at June 30, 1999 is as follows:

	Balance 7/1/98	Additions	Disposals	Balance 6/30/99
Furniture, Fixtures, and Equipment	\$ 150,928	\$ 11,700	\$ -	\$ 162,628
Less: Accumulated Depreciation	<u>(133,336)</u>	<u>(15,137)</u>	-	<u>(148,473)</u>
Totals	<u>\$ 17,592</u>	<u>\$ (3,437)</u>	<u>\$ 0</u>	<u>\$ 14,155</u>

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8. Long-Term Debt and Other Obligations

The following changes occurred in the General Long-Term Obligations Account Group during the year ended June 30, 1999:

	Balance 7/1/98	Additions	Disposals	Balance 6/30/99
Compensated Absences Payable	\$ 653,932	\$ -	\$ 35,057	\$ 618,875
Capital Lease Payable	4,012	-	4,012	-
Due to Other Governments	131,845	11,635	-	143,480
Total	<u>\$ 789,789</u>	<u>\$ 11,635</u>	<u>\$ 39,069</u>	<u>\$ 762,355</u>

9. Compensated Absences

The criteria for determining vacation and sick leave components derives from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon the length of service. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 260 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit up to a maximum of 61 days.

For all employees who retired during the fiscal year, with notification to the Superintendent by February 1, 1999, an additional retirement incentive payment of double their severance up to a maximum of \$10,000, will be paid in July 2000.

10. Risk Management

Comprehensive - The District is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the District contracted with Nationwide Insurance for property and fleet insurance, liability insurance, and inland marine coverage. Coverage provided by this carrier is as follows:

Building and Contents-replacement cost (\$600 deductible) \$40,622,600

Inland Marine Coverage (\$100/\$500 deductible) \$415,861

Automobile Liability - (\$100 deductible) \$1,000,000

Uninsured Motorist - (\$100 deductible) \$1,000,000

General Liability - \$1,000,000 per occurrence/\$5,000,000 aggregate

Settled claims have not exceeded this commercial coverage in any of the past three years.

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10. Risk Management (Continued)

Workers Compensation - For fiscal year 1999, the District participated in a program with the Stark County Educational Service Center to obtain workers' compensation coverage. This program is administered by CompManagement, Inc. The experience of each of the participating school districts is calculated as one experience rate and applied to all participants in the program. Premiums paid to the State are based GRP. Each participant pays its workers' compensation premium to the State's Bureau of Workers' Compensation based on this calculation. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the program. A participant will then either receive money from or be required to contribute to the program. This equity pooling arrangement insures that each participant shares equally in the overall performance of the program. Participation in the program is limited to school districts that can meet its selection criteria.

Self Insurance - The District is self-insured for employee health care benefits of all eligible employees. The program is administered by Klais & Company, which provides claims reviews and processing services. The self-insurance program is accounted for in the District's Self-Insurance Fund, of the Internal Services Fund type. The plan has a stoploss amount of \$70,000 per individual and \$1,380,420 in the aggregate per year.

The claims liability of \$95,049 reported in the fund at December 31, 1999, was estimated by a third-party administrator and is based on the requirements of Government Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred by not reported claims, be reported. The estimate was not affected by incremental claim adjustment expense and does not include allocated or unallocated claims adjustment expense. Changes in the fund's claim liability amount in 1998 to 1999 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
1998	\$83,201	\$1,049,317	\$940,859	\$191,659
1999	\$191,659	\$1,248,070	\$1,344,680	\$95,049

11. Defined Benefit Pension Plans

A. School Employees Retirement System

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

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11. Defined Benefit Pension Plans (Continued)

A. School Employees Retirement System (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The contribution rate is 14 percent of annual covered payroll. For fiscal year 1999, 9.79 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998 and 1997 were \$296,779, \$310,092, and \$293,898, respectively; 50% has been contributed for the fiscal year 1999 and 100% for fiscal years 1998 and 1997. \$173,310 representing the unpaid contribution for the fiscal year 1999, is recorded as a liability within the respective funds and the General Long-Term Obligations Account Group.

B. State Teachers Retirement System

The District also contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 1999, plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 10.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$1,223,388, \$1,141,968, and \$1,083,372, respectively. 84% has been contributed for the fiscal year 1999 and 100% for the fiscal years 1998 and 1997. \$205,900 representing the unpaid contribution for the fiscal year 1999, is recorded as a liability within the respective funds and the General Long-Term Obligations Account Group.

12. Post Employment Benefits

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

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12. Post Employment Benefits (Continued)

The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefits recipients pay a portion of the health care costs in the form of a monthly premium. By Ohio law, the cost of coverage paid from the STRS funds shall be included in the employer contributions rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund at year end was \$2.156 million. For the fiscal year ended June 30, 1998 (the latest information available), eligible benefit recipients totaled 91,999 and net health care costs paid by STRS were \$219,224,000, statewide.

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

For this fiscal year, employer contributions to fund health care benefits were 4.98 percent of covered payroll, an increase from 4.21 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay was established at \$12,400. The surcharge rate added to the unallocated portion of the 14 percent employer contribution provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 125 percent of annual health care expenses. For the fiscal year ended June 30, 1998 (the latest information available), net health care costs paid by SERS were \$111,900,575 and the target level was \$139.9 million, statewide. Net assets available for payment as of June 30, 1998 by the Retirement System were \$160.3 million, at cost. The number of participants currently receiving health care benefits is approximately 50,000. The portion of the District's contributions that were used to fund postemployment benefits was \$105,569.

13. Segment Information For Enterprise Funds

The District maintains four Enterprise Funds to account for the operations of food service, uniform school supplies, adult education, and summer school. The table below reflects the more significant financial data relating to the Enterprise Funds of the District as of and for the fiscal year ended June 30, 1999.

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13. Segment Information for Enterprise Funds (Continued)

	Food Service	School Supplies	Adult Education	Summer School	Total
Operating Revenues	\$530,862	\$83,149	\$0	\$15,305	\$629,316
Operating Expenses					
Before	743,549	83,433	0	17,387	844,369
Depreciation					
Expense	15,137	0	0	0	15,137
Operating	(226,544)	(284)	0	(3,362)	(230,190)
Income(Loss)					
Nonoperating	243,759	1,152	0	0	244,911
Revenues					
Net Income (Loss)	17,215	868	0	(3,362)	14,721
Fixed Assets	11,700	0	0	0	11,700
Additions					
Net Working Capital	169,782	82,911	3,663	24,244	255,179
Total Assets	254,771	84,002	3,663	24,884	367,320
Total Equity	132,241	82,911	3,663	24,244	243,059
Encumbrances at	8,570	3,261	0	873	12,704
June 30, 1999					

14. Jointly Governed Organizations

The District is a member of the Stark-Portage Area Computer Consortium (SPARCC), a jointly governed organization which provides computer services to school districts within the boundaries of Stark and Portage counties. Each district's superintendent serves as a representative on the Board consisting of approximately 31 member districts. SPARCC is primarily governed by a five member executive Board which is made up of two representatives from Stark County, two from Portage County, and a Treasurer. The Board meets monthly to address current issues.

The Stark County Area Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a seven member Board, consisting of one representative from each of the six participating school district's elected boards and one board member that rotates from each participating school district. The Stark County Joint Vocational School possesses its own budgeting and taxing authority. To obtain financial information, write to the Stark County Area Joint Vocational School, 6805 Richville Drive, S.W., Massillon, Ohio 44646.

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15. Related Organization

The Louisville Public Library (Library) is a related organization to the District. The District's Board members are responsible for appointing all the trustees of the Library; however, the Board cannot influence the Library's operation, nor does the Library represent a potential financial benefit or burden to the District. The District serves in a ministerial capacity as the taxing authority for the Library. Once the Library determines to present a levy to the voters, including the determination of the rate and duration, the District must place the levy on the ballot. The Library may issue debt and determines its own budget. The Library received \$6,566 in funding from the District during fiscal year 1999.

16. Contingencies and Commitments

Federal and State Assistance

During the fiscal year, the District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 1999.

School Funding Decision

On March 24, 1997, the Ohio Supreme Court (the Court) rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 1999, the District received \$9,044,839 of school foundation support.

Since the Court's ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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



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17. Year 2000 Issue

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the District's operations as early as fiscal year 1999.

As of June 30, 1999, the District has completed an inventory of computer systems and other electronic equipment that maybe effected by the Year 2000 issue and that are necessary to conducting District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting (through the State's Education Management and Information System (EMIS)).

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, and the State of Ohio Uniform Staff Payroll System software for its payroll and employee benefits. The State is responsible for remediating these systems.

The State of Ohio distributes a substantial sum of money to the District in the form of Foundation and federal and state grant payments. Further, the State processes a significant amount of financial and nonfinancial information about the District through EMIS. The State is responsible for remediating these systems.

To the best of management's knowledge and belief, as of January 7, 2000, the District has experienced no interruption of operations or services related to the Year 2000 issue. However, because of the unprecedented nature of the Year 2000 issue, matters may arise, and parties with whom the District does business may also experience Year 2000 readiness issues that are as yet, unknown.

18. District as Fiscal Agent

The District serves as the fiscal agent for the Lincolnway Special Education Regional Resource Center (SERRC). The SERRC was created by the Ohio Department of Education to serve districts in Stark, Wayne and Columbiana Counties.

The SERRC has been formed to assist local school districts in the initiation and expansion of programs and services for handicapped children through joint planning and cooperation, as well as, to provide resources designed to improve the quality of instruction for handicapped children through teacher training.

The activity of the SERRC is accounted for in the District's Title VI-B Fund of the Special Revenue Fund type.

19. 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 purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end 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 purposes in future years. The School District is also required to set aside money for budget stabilization. Set-aside requirements for fiscal year 1999 are as follows:

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19. Set Asides (Continued)

	<u>Textbooks</u>	<u>Capital Aquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-Aside Cash Balance as of June 30, 1998	\$0	\$0	\$93,860	-----
Current Year Set-Aside Requirement	236,852	236,852	118,488	-----
Current Year Offsets	0	0	0	-----
Qualifying Disbursements	<u>604,683</u>	<u>718,806</u>	<u>0</u>	-----
Total	<u>\$(367,831)</u>	<u>\$(481,954)</u>	<u>\$212,348</u>	-----
Cash Balance Carried Forward to FY 2000	<u>\$0</u>	<u>\$0</u>	<u>\$212,348</u>	<u>\$212,348</u>
Total Restricted Assets				<u>\$212,348</u>

Although the School District had qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

20. Receivables

Receivables at June 30, 1999, consisted of taxes, accounts (student fees), interfund and due from other governments. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of due from other governments follows:

General Fund	\$61,707
Special Revenue Funds:	
Ohio Schools Facilities Commission	12,006
Enterprise Fund:	
School Lunch Program	<u>50,499</u>
Total Due From Other Governments	<u>\$124,212</u>

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**LOUISVILLE CITY SCHOOL DISTRICT  
STARK COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 1999**

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	PASS THROUGH ENTITY NUMBER	FEDERAL CFDA NUMBER	RECEIPTS	NON-CASH RECEIPTS	EXPENDITURES	NON-CASH EXPENDITURES
<b>U.S. DEPARTMENT OF EDUCATION</b> <i>(Passed Through Ohio Department of Education)</i>						
Title I Grants to Local Educational Agencies	049874C1S198 049874C1S199	84.010	\$80,646 <u>177,289</u>	\$0 <u>0</u>	\$50,972 <u>153,320</u>	\$0 <u>0</u>
Total Title I Grants to Local Educational Agencies			257,935	0	204,292	0
<b>Special Education Cluster</b>						
Special Education - Grants to States	0498746BSF98P 0498746BSI98 0498746BSF99P 0498746BSI99 0498746BI98P	84.027	46,900 242,941 112,108 708,531 <u>21,107</u>	0 0 0 0 <u>0</u>	29,516 178,142 62,452 518,888 <u>34,292</u>	0 0 0 0 <u>0</u>
Total Special Education - Grants to States			1,131,587	0	823,290	0
Special Education - Preschool Grants	049874PGS398P 049874PGS198P 049874PGS199P 049874PGS399P 049874PGS797 049874PGS798 049874PGS799 ORCLISH PILOT (1) ORCLISH PILOT (1)	84.173	(5,057) 0 16,731 71,000 0 (87) 10,000 (20) <u>7,000</u>	0 0 0 0 0 0 0 0 <u>0</u>	17,488 2,723 15,074 49,098 (81) 9,033 2,764 326 <u>4,085</u>	0 0 0 0 0 0 0 0 <u>0</u>
Total Special Education - Preschool Grants			99,577	0	100,510	0
Total Special Education Cluster			1,231,164	0	923,800	0
Special Education - Personnel Development and Parent Training	049874PDA198 049874PDA199	84.029	(4,282) <u>4,180</u>	0 <u>0</u>	8,218 <u>4,023</u>	0 <u>0</u>
Total Special Education - Personnel Development and Parent Training			(102)	0	12,241	0
Secondary Education and Transitional Services for Youths with Disabilities	049874PFS199P	84.158	6,000	0	3,087	0
Safe and Drug-Free Schools and Communities - State Grants	049874DRS199 049874DRS198 049874DRS198C	84.186	16,709 (3,717) <u>3,717</u>	0 0 <u>0</u>	9,821 7,566 <u>3,717</u>	0 0 <u>0</u>
Total Safe and Drug-Free Schools and Communities - State Grants			16,709	0	21,104	0
Goals 2000 - State and Local Education Systemic Improvement	049874G2S299	84.276	10,000	0	0	0
Eisenhower Professional Development State Grants	049874MSS197C ORCLISH PILOT (1) 049874MSS498P 049874MSS199P	84.281	0 0 0 <u>10,138</u>	0 0 0 <u>0</u>	(31) 492 2,334 <u>10,138</u>	0 0 0 <u>0</u>
Total Eisenhower Professional Development State Grants			10,138	0	12,933	0
Innovative Education Program Strategies	049874C2S199 049874C2S198	84.298	14,734 <u>(16)</u>	0 <u>0</u>	9,296 <u>5,893</u>	0 <u>0</u>
Total Innovative Education Program Strategies			14,718	0	15,189	0
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>1,548,562</b>	<b>0</b>	<b>1,192,646</b>	<b>0</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b> <i>(Passed Through Ohio Department of Education)</i>						
<b>Child Nutrition Cluster</b>						
Food Distribution Program	N/A	10.550	0	52,510	0	50,353
National School Lunch Program	N/A	10.555	<u>155,228</u>	<u>0</u>	<u>155,228</u>	<u>0</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE/ Child Nutrition Cluster</b>			<b>155,228</b>	<b>52,510</b>	<b>155,228</b>	<b>50,353</b>
<b>TOTAL</b>			<b>\$1,703,790</b>	<b>\$52,510</b>	<b>\$1,347,874</b>	<b>\$50,353</b>

(1) - Passed through Franklin County Educational Service Center

See the accompanying notes to the Schedule of Federal Awards Expenditures.

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND  
EXPENDITURES FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies are commingled with state grants. It is assumed federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.

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

The District is the fiscal agent for the Lincoln Way SERCC. The majority of the Special Education Cluster grants are applied for and received by the District on behalf of the Lincoln Way SERCC.



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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

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

To the Board of Education:

We have audited the general purpose financial statements of Louisville City School District, Stark County, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated January 7, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 7, 2000.

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

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



**Jim Petro**  
Auditor of State

January 7, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

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

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

To the Board of Education:

**Compliance**

We have audited the compliance of Louisville City School District, Stark County, (the District) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program cluster for the year ended June 30, 1999. The District's major federal program cluster is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program cluster is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program cluster for the year ended June 30, 1999.

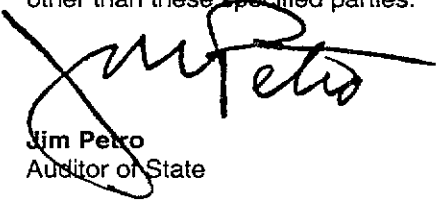


### Internal Control Over Compliance

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

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

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



Jim Petro  
Auditor of State

January 7, 2000

**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**

**JUNE 30, 1999**

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505**

**JUNE 30, 1999  
(Continued)**

**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.



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**LOUISVILLE CITY SCHOOL DISTRICT, STARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

By: \_\_\_\_\_

Clerk of the Bureau

Date: \_\_\_\_\_

**FEB 08 2000**