



**LOUISVILLE CITY SCHOOL DISTRICT
STARK COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**LOUISVILLE CITY SCHOOL DISTRICT
STARK COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances All Governmental Fund Types	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual All Governmental Fund Types	9
Combined Statement of Revenues, Expenses and Changes in Retained Earnings All Proprietary Fund Types	13
Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual All Proprietary Fund Types	14
Combined Statement of Cash Flows All Proprietary Fund Types	16
Notes to the General Purpose Financial Statements	17
Schedule of Receipts and Expenditures of Federal Awards	41
Notes to Schedule of Receipts and Expenditures of Federal Awards	42
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	43
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	45
Schedule of Findings	47

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Louisville City School District, Stark County, (the District) as of and for the year ended June 30, 2001, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

November 2, 2001

This page intentionally left blank.

This page intentionally left blank.

Louisville City School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,945,702	\$404,680	\$15,075	\$518,263
Cash and Cash Equivalents In Segregated Accounts	0	0	0	0
Receivables:				
Taxes	7,369,192	0	412,085	618,704
Accounts	5,115	0	0	0
Accrued Interest	28,819	0	0	0
Intergovernmental	12,531	58,920	0	0
Due from Other Funds	704	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	43,366	4,837	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	107,280	0	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0
Other Debits				
Amount Available in Debt Service Fund for Retirement of General Obligation Debt	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	<u>\$10,512,709</u>	<u>\$468,437</u>	<u>\$427,160</u>	<u>\$1,136,967</u>

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$332,917	\$0	\$86,143	\$0	\$0	\$4,302,780
0	534,847	0	0	0	534,847
0	0	0	0	0	8,399,981
309	0	0	0	0	5,424
0	0	0	0	0	28,819
0	0	0	0	0	71,451
0	0	0	0	0	704
32,589	0	0	0	0	32,589
4,368	0	0	0	0	52,571
0	0	0	0	0	107,280
92,330	0	0	15,667,121	0	15,759,451
0	0	0	0	15,075	15,075
0	0	0	0	1,475,551	1,475,551
<u>\$462,513</u>	<u>\$534,847</u>	<u>\$86,143</u>	<u>\$15,667,121</u>	<u>\$1,490,626</u>	<u>\$30,786,523</u>

(continued)

Louisville City School District
Combined Balance Sheet
All Fund Types and Account Groups (continued)
June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity and Other Credits				
Liabilities				
Accounts Payable	\$34,193	\$48,371	\$0	\$0
Contracts Payable	62,987	0	0	0
Accrued Wages	1,758,250	104,881	0	0
Compensated Absences Payable	168,210	0	0	0
Due to Other Funds	0	704	0	0
Intergovernmental Payable	272,716	17,399	0	72
Deferred Revenue	7,206,062	0	412,085	608,184
Claims Payable	0	0	0	0
Due to Students	0	0	0	0
Energy Conservation Bonds Payable	0	0	0	0
Total Liabilities	9,502,418	171,355	412,085	608,256
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	177,172	47,980	0	2,404
Reserved for Inventory	43,366	4,837	0	0
Reserved for Debt Service Principal	0	0	15,075	0
Reserved for Unclaimed Monies	4,821	0	0	0
Reserved for Property Taxes	163,130	0	0	10,520
Reserved for Budget Stabilization	107,280	0	0	0
Unreserved:				
Designated for Budget Stabilization	121,876	0	0	0
Designated for Capital Maintenance	17,904	0	0	0
Designated for Textbooks	29,130	0	0	0
Undesignated	345,612	244,265	0	515,787
Total Fund Equity and Other Credits	1,010,291	297,082	15,075	528,711
Total Liabilities, Fund Equity and Other Credits	\$10,512,709	\$468,437	\$427,160	\$1,136,967

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$5,823	\$0	\$0	\$0	\$0	\$88,387
0	0	0	0	0	62,987
48,788	0	0	0	0	1,911,919
21,556	0	0	0	834,563	1,024,329
0	0	0	0	0	704
47,535	0	0	0	126,063	463,785
19,582	0	0	0	0	8,245,913
0	139,744	0	0	0	139,744
0	0	86,143	0	0	86,143
0	0	0	0	530,000	530,000
<u>143,284</u>	<u>139,744</u>	<u>86,143</u>	<u>0</u>	<u>1,490,626</u>	<u>12,553,911</u>
0	0	0	15,667,121	0	15,667,121
319,229	395,103	0	0	0	714,332
0	0	0	0	0	227,556
0	0	0	0	0	48,203
0	0	0	0	0	15,075
0	0	0	0	0	4,821
0	0	0	0	0	173,650
0	0	0	0	0	107,280
0	0	0	0	0	121,876
0	0	0	0	0	17,904
0	0	0	0	0	29,130
0	0	0	0	0	1,105,664
<u>319,229</u>	<u>395,103</u>	<u>0</u>	<u>15,667,121</u>	<u>0</u>	<u>18,232,612</u>
<u>\$462,513</u>	<u>\$534,847</u>	<u>\$86,143</u>	<u>\$15,667,121</u>	<u>\$1,490,626</u>	<u>\$30,786,523</u>

Louisville City School District
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2001

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Revenues					
Property and Other Local Taxes	\$6,313,277	\$0	\$0	\$363,135	\$6,676,412
Intergovernmental	9,874,677	1,051,248	0	231,717	11,157,642
Interest	327,721	0	0	0	327,721
Tuition and Fees	64,592	0	0	0	64,592
Extracurricular Activities	0	362,023	0	0	362,023
Customer Services	63,597	0	0	0	63,597
Contributions and Donations	9,871	31,602	0	28,585	70,058
Rentals	37,110	0	0	0	37,110
Miscellaneous	84,172	0	0	0	84,172
Total Revenues	16,775,017	1,444,873	0	623,437	18,843,327
Expenditures					
Current:					
Instruction:					
Regular	8,763,980	331,913	0	0	9,095,893
Special	1,799,769	246,001	0	0	2,045,770
Vocational	330,533	0	0	0	330,533
Support Services:					
Pupils	718,191	75,108	0	0	793,299
Instructional Staff	564,861	259,227	0	0	824,088
Board of Education	117,262	0	0	0	117,262
Administration	1,274,760	238,479	0	0	1,513,239
Fiscal	333,888	35,321	0	0	369,209
Business	47,838	0	0	0	47,838
Operation and Maintenance of Plant	1,367,436	799	0	0	1,368,235
Pupil Transportation	930,118	0	0	0	930,118
Central	1,704	4,237	0	0	5,941
Operation of Non-Instructional Services	56,591	453,051	0	0	509,642
Extracurricular Activities	370,288	178,487	0	0	548,775
Capital Outlay	298,274	96,000	0	1,206,634	1,600,908
Debt Service:					
Principal Retirement	0	0	25,000	0	25,000
Interest and Fiscal Charges	0	0	32,672	0	32,672
Total Expenditures	16,975,493	1,918,623	57,672	1,206,634	20,158,422
Excess of Revenues Under Expenditures	(200,476)	(473,750)	(57,672)	(583,197)	(1,315,095)
Other Financing Sources (Uses)					
Other Financing Sources	0	0	1,010	0	1,010
Sale of Fixed Assets	2,164	0	0	0	2,164
Operating Transfers In	0	0	57,672	0	57,672
Operating Transfers Out	(57,672)	0	0	0	(57,672)
Total Other Financing Sources (Uses)	(55,508)	0	58,682	0	3,174
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(255,984)	(473,750)	1,010	(583,197)	(1,311,921)
Fund Balances Beginning of Year	1,268,290	774,638	14,065	1,111,908	3,168,901
Decrease in Reserve for Inventory	(2,015)	(3,806)	0	0	(5,821)
Fund Balances End of Year	\$1,010,291	\$297,082	\$15,075	\$528,711	\$1,851,159

See accompanying notes to the general purpose financial statements

Louisville City School District
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2001

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property and Other Local Taxes	\$6,642,612	\$6,427,637	(\$214,975)
Intergovernmental	9,775,381	9,880,773	105,392
Interest	300,000	298,902	(1,098)
Tuition and Fees	53,561	50,125	(3,436)
Extracurricular Activities	0	0	0
Customer Services	14,000	64,049	50,049
Contributions and Donations	2,000	9,871	7,871
Rentals	37,000	74,110	37,110
Miscellaneous	75,297	83,950	8,653
<i>Total Revenues</i>	<u>16,899,851</u>	<u>16,889,417</u>	<u>(10,434)</u>
Expenditures			
Current:			
Instruction:			
Regular	8,938,926	8,928,910	10,016
Special	1,810,807	1,805,199	5,608
Vocational	337,972	337,894	78
Support Services:			
Pupils	733,535	733,444	91
Instructional Staff	608,162	564,620	43,542
Board of Education	65,275	56,123	9,152
Administration	1,271,179	1,271,174	5
Fiscal	350,070	345,915	4,155
Business	47,877	47,838	39
Operation and Maintenance of Plant	1,383,175	1,361,467	21,708
Pupil Transportation	912,283	905,848	6,435
Central	1,705	1,704	1
Operation of Non-Instructional Services	56,452	56,380	72
Extracurricular Activities	368,478	364,797	3,681
Capital Outlay	329,721	318,844	10,877
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>17,215,617</u>	<u>17,100,157</u>	<u>115,460</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(315,766)</u>	<u>(210,740)</u>	<u>105,026</u>
Other Financing Sources (Uses)			
Other Financing Sources	0	0	0
Sale of Fixed Assets	1,500	2,164	664
Advances In	143,500	143,500	0
Advances Out	(143,500)	(143,500)	0
Operating Transfers In	0	0	0
Operating Transfers Out	(58,455)	(57,672)	783
<i>Total Other Financing Sources (Uses)</i>	<u>(56,955)</u>	<u>(55,508)</u>	<u>1,447</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(372,721)</u>	<u>(266,248)</u>	<u>106,473</u>
<i>Fund Balances Beginning of Year</i>	2,655,504	2,655,504	0
Prior Year Encumbrances Appropriated	480,081	480,081	0
<i>Fund Balances End of Year</i>	<u>\$2,762,864</u>	<u>\$2,869,337</u>	<u>\$106,473</u>

(continued)

Louisville City School District
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types (continued)
For the Fiscal Year Ended June 30, 2001

	Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property and Other Local Taxes	\$0	\$0	\$0
Intergovernmental	1,244,974	1,095,456	(149,518)
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	337,300	362,023	24,723
Customer Services	0	0	0
Contributions and Donations	29,013	31,602	2,589
Rentals	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>1,611,287</u>	<u>1,489,081</u>	<u>(122,206)</u>
Expenditures			
Current:			
Instruction:			
Regular	383,048	318,706	64,342
Special	305,807	246,453	59,354
Vocational	0	0	0
Support Services:			
Pupils	104,658	82,691	21,967
Instructional Staff	352,421	294,240	58,181
Board of Education	0	0	0
Administration	309,023	269,181	39,842
Fiscal	35,321	35,321	0
Business	0	0	0
Operation and Maintenance of Plant	3,996	3,169	827
Pupil Transportation	0	0	0
Central	4,343	4,343	0
Operation of Non-Instructional Services	533,583	479,500	54,083
Extracurricular Activities	186,500	186,499	1
Capital Outlay	96,000	96,000	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>2,314,700</u>	<u>2,016,103</u>	<u>298,597</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(703,413)</u>	<u>(527,022)</u>	<u>176,391</u>
Other Financing Sources (Uses)			
Other Financing Sources	0	0	0
Sale of Fixed Assets	0	0	0
Advances In	96,000	96,000	0
Advances Out	(96,000)	(96,000)	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(703,413)</u>	<u>(527,022)</u>	<u>176,391</u>
<i>Fund Balances Beginning of Year</i>	697,834	697,834	0
Prior Year Encumbrances Appropriated	139,963	139,963	0
<i>Fund Balances End of Year</i>	<u>\$134,384</u>	<u>\$310,775</u>	<u>\$176,391</u>

Louisville City School District
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types (continued)
For the Fiscal Year Ended June 30, 2001

	Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property and Other Local Taxes	\$7,026,848	\$6,798,702	(\$228,146)
Intergovernmental	11,259,839	11,207,946	(51,893)
Interest	300,000	298,902	(1,098)
Tuition and Fees	53,561	50,125	(3,436)
Extracurricular Activities	337,300	362,023	24,723
Customer Services	14,000	64,049	50,049
Contributions and Donations	31,013	70,058	39,045
Rentals	37,000	74,110	37,110
Miscellaneous	75,297	83,950	8,653
<i>Total Revenues</i>	<u>19,134,858</u>	<u>19,009,865</u>	<u>(124,993)</u>
Expenditures			
Current:			
Instruction:			
Regular	9,321,974	9,247,616	74,358
Special	2,116,614	2,051,652	64,962
Vocational	337,972	337,894	78
Support Services:			
Pupils	838,193	816,135	22,058
Instructional Staff	960,583	858,860	101,723
Board of Education	65,275	56,123	9,152
Administration	1,580,202	1,540,355	39,847
Fiscal	385,391	381,236	4,155
Business	47,877	47,838	39
Operation and Maintenance of Plant	1,387,171	1,364,636	22,535
Pupil Transportation	912,283	905,848	6,435
Central	6,048	6,047	1
Operation of Non-Instructional Services	590,035	535,880	54,155
Extracurricular Activities	554,978	551,296	3,682
Capital Outlay	2,164,982	1,811,979	353,003
Debt Service:			
Principal Retirement	25,000	25,000	0
Interest and Fiscal Charges	32,672	32,672	0
<i>Total Expenditures</i>	<u>21,327,250</u>	<u>20,571,067</u>	<u>756,183</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,192,392)</u>	<u>(1,561,202)</u>	<u>631,190</u>
Other Financing Sources (Uses)			
Other Financing Sources	1,010	1,010	0
Sale of Fixed Assets	1,500	2,164	664
Advances In	287,000	287,000	0
Advances Out	(287,000)	(287,000)	0
Operating Transfers In	57,672	57,672	0
Operating Transfers Out	(58,455)	(57,672)	783
<i>Total Other Financing Sources (Uses)</i>	<u>1,727</u>	<u>3,174</u>	<u>1,447</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(2,190,665)</u>	<u>(1,558,028)</u>	<u>632,637</u>
<i>Fund Balances Beginning of Year</i>	3,707,028	3,707,028	0
Prior Year Encumbrances Appropriated	1,562,046	1,562,046	0
<i>Fund Balances End of Year</i>	<u>\$3,078,409</u>	<u>\$3,711,046</u>	<u>\$632,637</u>

See accompanying notes to the general purpose financial statements

Louisville City School District
*Combined Statement of Revenues, Expenses
and Changes in Retained Earnings
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2001*

	Enterprise	Internal Service	Totals (Memorandum Only)
Operating Revenues			
Tuition	\$10,634	\$0	\$10,634
Sales	672,311	0	672,311
Charges for Services	0	1,593,492	1,593,492
<i>Total Operating Revenues</i>	<u>682,945</u>	<u>1,593,492</u>	<u>2,276,437</u>
Operating Expenses			
Salaries and Wages	325,542	0	325,542
Fringe Benefits	172,143	0	172,143
Purchased Services	25,890	188,068	213,958
Materials and Supplies	138,291	0	138,291
Cost of Sales	381,522	0	381,522
Depreciation	11,254	0	11,254
Claims	0	1,373,344	1,373,344
<i>Total Operating Expenses</i>	<u>1,054,642</u>	<u>1,561,412</u>	<u>2,616,054</u>
<i>Operating Income (Loss)</i>	<u>(371,697)</u>	<u>32,080</u>	<u>(339,617)</u>
Non-Operating Revenues			
Federal Donated Commodities	73,322	0	73,322
Operating Grants	222,785	0	222,785
Interest	14,412	0	14,412
<i>Total Non-Operating Revenues</i>	<u>310,519</u>	<u>0</u>	<u>310,519</u>
<i>Net Income (Loss)</i>	<u>(61,178)</u>	<u>32,080</u>	<u>(29,098)</u>
<i>Retained Earnings Beginning of Year</i>	<u>380,407</u>	<u>363,023</u>	<u>743,430</u>
<i>Retained Earnings End of Year</i>	<u><u>\$319,229</u></u>	<u><u>\$395,103</u></u>	<u><u>\$714,332</u></u>

See accompanying notes to the general purpose financial statements

Louisville City School District
*Combined Statement of Revenues, Expenses and
 Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
 All Proprietary Fund Types
 For the Fiscal Year Ended June 30, 2001*

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Tuition	\$12,350	\$10,445	(\$1,905)
Sales	691,900	672,311	(19,589)
Charges for Services	0	0	0
Operating Grants	240,800	251,796	10,996
Interest	9,500	14,412	4,912
<i>Total Revenues</i>	<u>954,550</u>	<u>948,964</u>	<u>(5,586)</u>
Expenses			
Salaries	352,174	342,657	9,517
Fringe Benefits	123,182	120,904	2,278
Purchased Services	32,083	25,860	6,223
Materials and Supplies	488,105	448,801	39,304
Capital Outlay	4,282	4,282	0
<i>Total Expenses</i>	<u>999,826</u>	<u>942,504</u>	<u>57,322</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(45,276)	6,460	51,736
<i>Fund Equity Beginning of Year</i>	308,954	308,954	0
Prior Year Encumbrances Appropriated	<u>13,102</u>	<u>13,102</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$276,780</u></u>	<u><u>\$328,516</u></u>	<u><u>\$51,736</u></u>

Internal Service Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$12,350	\$10,445	(\$1,905)
0	0	0	691,900	672,311	(19,589)
1,600,000	1,593,492	(6,508)	1,600,000	1,593,492	(6,508)
0	0	0	240,800	251,796	10,996
0	0	0	9,500	14,412	4,912
<u>1,600,000</u>	<u>1,593,492</u>	<u>(6,508)</u>	<u>2,554,550</u>	<u>2,542,456</u>	<u>(12,094)</u>
0	0	0	352,174	342,657	9,517
1,381,944	1,381,944	0	1,505,126	1,502,848	2,278
218,056	188,068	29,988	250,139	213,928	36,211
0	0	0	488,105	448,801	39,304
0	0	0	4,282	4,282	0
<u>1,600,000</u>	<u>1,570,012</u>	<u>29,988</u>	<u>2,599,826</u>	<u>2,512,516</u>	<u>87,310</u>
0	23,480	23,480	(45,276)	29,940	75,216
511,367	511,367	0	820,321	820,321	0
0	0	0	13,102	13,102	0
<u>\$511,367</u>	<u>\$534,847</u>	<u>\$23,480</u>	<u>\$788,147</u>	<u>\$863,363</u>	<u>\$75,216</u>

See accompanying notes to the general purpose financial statements

Louisville City School District
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2001

	Enterprise	Internal Service	Totals (Memorandum Only)
<i>Increase (Decrease) in Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Customers	\$682,756	\$0	\$682,756
Cash Received from Quasi-External Transactions with Other Funds	0	1,593,492	1,593,492
Cash Payments to Employees for Services	(470,260)	0	(470,260)
Cash Payments for Employee Benefits	(120,904)	0	(120,904)
Cash Payments for Goods and Services	(342,657)	(188,068)	(530,725)
Cash Payments for Claims	0	(1,381,944)	(1,381,944)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(251,065)	23,480	(227,585)
Cash Flows from Noncapital Financing Activities			
Operating Grants Received	251,796	0	251,796
Cash Flows from Capital and Related Financing Activities			
Payments for Capital Acquisitions	(4,282)	0	(4,282)
Cash Flows from Investing Activities			
Interest on Investments	14,412	0	14,412
<i>Net Increase in Cash and Cash Equivalents</i>	10,861	23,480	34,341
<i>Cash and Cash Equivalents Beginning of Year</i>	322,056	511,367	833,423
<i>Cash and Cash Equivalents End of Year</i>	\$332,917	\$534,847	\$867,764
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</i>			
<i>Operating Income (Loss)</i>	(\$371,697)	\$32,080	(\$339,617)
Adjustments			
Depreciation	11,254	0	11,254
Donated Commodities Used During Year	73,322	0	73,322
(Increase) Decrease in Assets:			
Accounts Receivable	(189)	0	(189)
Inventory Held for Resale	(2,555)	0	(2,555)
Materials and Supplies Inventory	388	0	388
Increase (Decrease) in Liabilities:			
Accounts Payable	4,288	0	4,288
Accrued Wages and Benefits Payable	6,824	0	6,824
Compensated Absences Payable	(2,383)	0	(2,383)
Intergovernmental Payable	29,683	0	29,683
Claims Payable	0	(8,600)	(8,600)
<i>Total Adjustments</i>	120,632	(8,600)	112,032
<i>Net Cash Provided by (Used for) Operating Activities</i>	(\$251,065)	\$23,480	(\$227,585)

See accompanying notes to the general purpose financial statements

Louisville City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 1 - Description of the School District and Reporting Entity

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

The School District is located in Stark County and encompasses the entire City of Louisville, and a portion of Nimishillen Township. It controls the School District's 7 instructional facilities, 1 bus garage, and 1 administrative facility, staffed by 135 classified employees and 217 certificated employees who provide services to 3,175 students and other community members.

Reporting Entity

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

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

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

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

Note 2 - Summary of Significant Accounting Policies

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

Louisville City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

A. *Basis Of Presentation - Fund Accounting*

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

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

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

Governmental Fund Types

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

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

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

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

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

Proprietary Fund Types

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

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

Louisville City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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

Fiduciary Fund Types

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

Account Groups

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

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

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

B. *Measurement Focus and Basis of Accounting*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus.

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

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

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

The modified accrual basis of accounting is followed for the governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is 60 days after fiscal year end.

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

Louisville City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2001, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2002 operations, have been recorded as deferred revenue.

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

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

C. *Budgetary Process*

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

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

Tax Budget

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

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

Estimated Resources

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

Louisville City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Appropriations

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

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

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

Encumbrances

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

Lapsing of Appropriations

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

D. Cash and Cash Equivalents

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

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

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

Louisville City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during the fiscal year amounted to \$298,902, which includes \$114,515 assigned from other School District funds.

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

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

E. Inventory

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

F. Restricted Assets

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

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 related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$500. The School District does not possess any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

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

Louisville City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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 non-operating revenues in the accounting period in which they are earned and become measurable.

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

Entitlements

General Fund

- State Foundation Program
- School Bus Purchase
- State Property Tax Relief
- Community Alternative Funding System (CAFS)

Non-Reimbursable Grants

Special Revenue Funds

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

Reimbursable Grants

Capital Projects Funds

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

Proprietary Funds

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

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

Louisville City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

I. *Compensated Absences*

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for eligible employees with more than one year of service.

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

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

J. *Accrued Liabilities and Long-Term Obligations*

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences and contractually required pension contributions are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than 60 days after fiscal year-end are generally considered not to have been paid with current available financial resources. Bonds are reported as a liability of the general long-term obligations account group until due.

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

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

K. *Interfund Transactions*

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

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

Louisville City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

L. *Fund Balance Reserves and Designation*

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

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

The School District records designations of fund equity for money set aside in anticipation of meeting the statutory requirements of HB412/SB345. The amount set aside in excess of the current fiscal year requirement is presented as designated.

M. *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.

N. *Totals Columns on General Purpose Financial Statements*

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

Note 3 – Change in Accounting Principle

For fiscal year 2001, the School District implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions, and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues." These Statements clarified the timing requirements for recognizing assets, liabilities, revenues and expenditures/expenses associated with nonexchange transactions, and certain specific nonexchange revenues.

The implementation of GASB Statement No. 33 and GASB Statement No. 36 required no restatement to the financial statements at June 30, 2000.

Note 4 - Budgetary Basis of Accounting

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

Louisville City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).

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

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

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	(\$ 255,984)	(\$ 473,750)	\$ 1,010	(\$ 583,197)
Net Adjustment for Revenue Accruals	114,400	44,208	0	7,930
Advances In	143,500	96,000	0	47,500
Net Adjustment for Expenditure Accruals	64,292	(3,575)	0	(188,097)
Advances Out	(143,500)	(96,000)	0	(47,500)
Adjustment for Encumbrances	(188,956)	(93,905)	0	(2,404)
Budget Basis	(\$ 266,248)	(\$ 527,022)	\$ 1,010	(\$765,768)

Net Income (Loss)/Excess of Revenues Over Expenses
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	(\$ 61,178)	\$ 32,080
Net Adjustment for Revenue Accruals	28,822	0
Net Adjustment for Expense Accruals	31,963	(8,600)
Depreciation Expense	11,254	0
Adjustment for Encumbrances	(4,401)	0
Budget Basis	\$ 6,460	\$ 23,480

Note 5 - Deposits and Investments

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

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

Louisville City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of Federal government agencies or instrumentalities;
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 2 percent and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days in an amount not to exceed 25 percent of the interim moneys available for investment at any on time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be

Louisville City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

Cash on Hand: At fiscal year-end, the School District had \$50 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits: At year-end, the carrying amount of the School District's deposits was \$1,098,270 and the bank balance was \$1,324,211. Of the bank balance, \$300,000 was covered by federal depository insurance, and \$1,024,211 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with Federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

	Category 3	Carrying Amount	Fair Value
Repurchase Agreement	\$370,000	\$370,000	\$370,000
STAR Ohio		3,476,587	3,476,587

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

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$4,944,907	\$ 0
Repurchase agreements which are part of a cash management pool	(370,000)	370,000
STAR Ohio	(3,476,587)	3,476,587
Cash on Hand	(50)	0
GASB Statement No. 3	\$1,098,270	\$3,846,587

Louisville City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 6 - Property Taxes

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

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

	First Half Collections		Second Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$212,150,450	84.39%	\$244,696,450	86.33%
Public Utility Personal	11,827,110	4.70	11,376,220	4.01
Tangible Personal Property	<u>27,417,662</u>	<u>10.91</u>	<u>27,363,230</u>	<u>9.66</u>
Total	<u>\$251,395,222</u>	<u>100.00%</u>	<u>\$283,435,900</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$49.00		\$49.00	

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

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

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes, which became measurable as of June 30. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available to the School District as an advance at June 30 was \$173,650; \$163,130 in the general fund, and \$10,520 in the permanent improvements capital projects fund.

Louisville City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 7 - Receivables

Receivables at June 30 consisted of taxes, accounts (student fees, transportation fees and tuition), intergovernmental (grants and CAFS reimbursement), and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds.

A summary of the principal items of intergovernmental receivables follows:

General Fund	\$12,531
Special Revenue Funds:	
Title VIB Grant	5,516
Title I Grant	42,629
Title VI Grant	4,114
Drug Free Schools Grant	1,470
Class-Size Reduction Grant	5,191
Total Special Revenue Funds	58,920
Grand Total	\$71,451

Note 8 - Fixed Assets

A summary of the enterprise funds' reappraised fixed assets balance at June 30 follows:

Furniture and Equipment	\$ 510,737
Less accumulated depreciation	(418,407)
Net Fixed Assets	\$ 92,330

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

	Balance 7/1/2000	Additions	Deletions	Balance 6/30/2001
Land, Buildings and Improvements	\$7,377,281	\$ 148,839	\$ 0	\$7,526,120
Furniture, Fixtures and Equipment	4,739,773	297,847	280,647	4,756,973
Vehicles	1,413,992	183,767	0	1,597,759
Textbooks and Library Books	1,696,024	112,445	22,200	1,786,269
Total	\$15,227,070	\$ 742,898	\$ 302,847	\$15,667,121

There was no significant construction in progress at June 30.

Louisville City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 9 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year, the School District contracted with several companies for various types of insurance as follows:

A. *Property, Liability and Fleet Insurance*

<u>Company</u>	<u>Type of Coverage</u>	<u>Limits</u>	<u>Deductible</u>
Nationwide Insurance	Liability	\$1,000,000/\$5,000,000	\$1,000
	Umbrella	\$2,000,000/\$2,000,000	None
	Fleet Insurance	\$1,000,000 person/ \$1,000,000 accident	\$150
	Uninsured/Underinsured	\$500,000	None
	Property Insurance	\$47,560,300	\$1,000
	Inland Marine	\$91,000	\$200
	Crime	\$50,000	None
	Boiler and Machinery	\$15,172,100	\$1,000
	Employee Blanket Bond	\$20,000	None

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

B. *Workers' Compensation*

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

C. *Employee Medical and Dental Benefits*

The School District offers health and dental insurance to all eligible employees through a self-insurance fund. The School District has a third party administrator, Klais and Company, review and administer the claims activity. The claims liability of \$139,744 reported in the internal service fund at June 30, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Louisville City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Changes in claims activity for the fiscal year is as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims	Claims Payments	Balance at End of Fiscal Year
2000	\$95,049	\$1,212,885	\$1,159,590	\$148,344
2001	148,344	1,373,344	1,381,944	139,744

Note 10 - Defined Benefit Pension Plans

A. *School Employees Retirement System*

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate; 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of covered payroll was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$96,150, \$125,860, and \$163,229, respectively; 50.01 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$48,064 represents the unpaid contribution for fiscal year 2001, and is recorded as a liability within the respective funds and the general long-term obligations account group.

B. *State Teachers Retirement System*

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

For the fiscal year ended June 30, plan members are required to contribute 9.3 percent of their annual covered salaries. For fiscal year 2001, the School District was required to contribute 14 percent; 9.5 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 School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$945,580, \$557,151, and \$917,543, respectively; 85.01 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$141,781 represents the unpaid contribution for fiscal year 2001, and is recorded as a liability within the respective funds.

Louisville City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

C. Social Security System

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

Note 11 - Postemployment Benefits

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients are required to pay a portion of health care costs in the form of a monthly premium. By Ohio Law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, the STRS Board allocated employer contributions equal 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$447,906 for the fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3,419 million. For the fiscal year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For fiscal year 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll. 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 2001, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the fiscal year equaled \$224,349.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000, (the latest information available) were \$140,696,340 and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Louisville City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 12 - Other Employee Benefits

A. *Compensated Absences*

The criteria for determining vacation, personal and sick leave benefits are derived from negotiated agreements and State laws. Eligible employees earn three days of personal leave per year, which may not be accumulated. Full-time classified employees earn five to twenty days of vacation per year, depending upon length of service; part-time 12-month employees earn vacation on a prorated basis. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated with a maximum of 268 days. Upon retirement of a classified employee, payment is made for one-fourth of the first 180 days of total sick leave accumulation, and 10 percent of any remaining days, for a maximum payment of 67 days. Upon retirement of a certified employee, payment is made for one-fourth of accumulated but unused sick leave credit to a maximum of 67 days. Employees receiving such payment must meet the retirement provisions set by STRS or SERS.

B. *Early Notification of Retirement Incentive*

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

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

The School District provides life insurance through Boston Mutual Life Insurance Company and accidental death and dismemberment insurance through AIG Life Insurance Company, to eligible employees. The School District has elected to provide employee medical/surgical benefits through Ohio Health Choice. The Board pays the entire cost of the monthly premiums for eligible employees, including an administration fee to Klais and Company. The monthly premium cost at June 30, was \$510.74 family/\$192.32 single for medical insurance and \$61.45 for dental insurance.

D. *Longevity*

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

Note 13 - Long-Term Obligations

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

	Outstanding			Outstanding
	6/30/2000	Additions	Reductions	6/30/2001
Compensated Absences	\$ 775,275	\$315,311	\$256,023	\$834,563
Intergovernmental Payable	175,156	126,063	175,156	126,063
Energy Conservation Bonds (6.125%)	555,000	0	25,000	530,000
Total General Long-Term Obligations	\$1,505,431	\$441,374	\$456,176	\$1,490,626

Louisville City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

The School District's overall legal debt margin was \$25,524,306 with an unvoted debt margin of \$283,436 at June 30.

Compensated absences will be paid from the fund from which the person is paid. The intergovernmental payable represents pension obligations paid outside the available period and will be paid from the fund from which the person is paid. Energy conservation bonds will be paid from property taxes.

Principal and interest requirements to retire energy conservation bonds outstanding at June 30, are as follows:

Fiscal Year Ending June 30,	Energy Conservation
2002	\$ 57,463
2003	55,931
2004	59,400
2005	57,563
2006	55,725
2007-2011	287,081
2012-2015	231,544
Total Principal and Interest	804,707
Less: Interest	(274,707)
Total Principal	\$ 530,000

Note 14 - State School Funding Decision

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.

Fully funding parity aid no later than the beginning of fiscal year 2004, rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, thus far, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may reexamine and redetermine any issue upon such reconsideration.

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

Louisville City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 15 - Contingencies

A. Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditures of funds received under these programs generally require compliance with terms and conditions, specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30.

B. Litigation

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

Note 16 - Segment Information for Enterprise Funds

The School District maintains four enterprise funds to account for the operations of food service, uniform school supplies, adult education, and summer school.

The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30.

	Food Service	Uniform School Supplies	Adult Education	Summer School	Total Enterprise Funds
Operating Revenues	\$605,780	\$66,720	\$ 0	\$ 10,445	\$ 682,945
Depreciation	11,254	0	0	0	11,254
Operating Loss	(339,790)	(31,508)	0	(399)	(371,697)
Donated Commodities	73,322	0	0	0	73,322
Operating Grants	222,785	0	0	0	222,785
Net Income Loss	(29,271)	(31,508)	0	(399)	(61,178)
Long-Term					
Compensated Absences	18,560	0	0	0	18,560
Net Working Capital	157,688	61,043	3,664	23,064	245,459
Total Assets	368,316	66,836	3,664	23,697	462,513
Total Equity	231,458	61,043	3,664	23,064	319,229
June 30 Encumbrances	0	4,401	0	0	4,401

Note 17 - Jointly Governed Organizations

Stark/Portage Area Computer Consortium (SPARCC) The School District is a member of the SPARCC, a jointly governed computer service to school districts within the boundaries of Stark, Portage and Carroll Counties. The primary function of SPARCC is to provide data services, including accounting, payroll, inventory, career guidance, handicapped student tracking, pupil scheduling, attendance reporting and grade reporting. Each school district is represented on the SPARCC Board by its Superintendent. The Stark County Educational Service Center serves as the fiscal agent of SPARCC. Each school district supports SPARCC based on a per pupil charge dependent on the software packages used. SPARCC is primarily governed by a five-member executive Board, which is made up of two representatives from Stark County, two

Louisville City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

representatives from Portage County, and the Stark County Educational Service Center Superintendent. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 2100 38th Street N.W., Canton, Ohio 44709-2312.

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

Note 18 – Related Organization

Louisville Public Library (Library) The School District's Board appoints the trustees to the Library's Board; however, the School District's Board cannot influence the Library's operation, nor does the Library represent a potential financial benefit or burden to the School District. The Library may issue debt and determine its own budget. The School District serves in a ministerial capacity as the taxing authority for the Library. Financial information can be obtained at the Louisville Public Library, 700 Lincoln, Louisville, Ohio 44641.

Note 19 - Insurance Purchasing Pool

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

Note 20 – Fiscal Agent

Lincoln Way Special Education Regional Resource Center (SERRC) During the beginning of the fiscal year, the School District served as the fiscal agent for the SERRC, which was created by the Ohio Department of Education to serve school districts in Stark, Wayne and Columbiana Counties. The SERRC was formed to assist local schools with the initiation and expansion of programs and services for handicapped children through joint planning and cooperation, as well as, to provide resources designed to improve the quality of instruction for handicapped children through teacher training. The activity of the SERRC is accounted for in the School District's Title VIB, Preschool and Early Childhood Development Special Revenue Funds. The SERRC's governing Board voted to change fiscal agents for the new grant year beginning September 1, 2000.

For payroll purposes, the effective date was September 1, 2000, and for budgetary purposes, the effective date was September 30, 2000 (in order to comply with the grants spending timeline).

Louisville City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 21 – Statutory Reserves

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year, must be held in cash and carried forward to be used for the same purposes in future years. The following cash basis information describes the change in the fiscal year set-aside amounts for textbooks, capital maintenance and budget stabilization:

	Textbook Reserve		
	Restricted	Discretionary	Total
Set-aside Cash Balance as of June 30, 2000	\$4,502	\$147,777	\$152,279
Current Fiscal Year Set-aside Requirement	381,227	0	381,227
Application of Prior Year Discretionary Balance	0	(81,545)	(81,545)
Current Fiscal Year Offsets	0	0	0
Additional Amount Added During Fiscal Year 2001	0	0	0
Qualifying Disbursements	(385,729)	(37,102)	(422,831)
Set-aside Cash Balance as of June 30, 2001	<u>\$0</u>	<u>\$29,130</u>	<u>\$29,130</u>

	Capital Maintenance Reserve		
	Restricted	Discretionary	Total
Set-aside Cash Balance as of June 30, 2000	\$0	\$173,283	\$173,283
Current Fiscal Year Set-aside Requirement	381,227	0	381,227
Application of Prior Year Discretionary Balance	0	0	0
Current Fiscal Year Offsets *	(415,361)	0	(415,361)
Additional Amount Added During Fiscal Year 2001	0	295,975	295,975
Qualifying Disbursements	0	(451,354)	(451,354)
Set-aside Cash Balance as of June 30, 2001	<u>\$0 *</u>	<u>\$17,904</u>	<u>\$17,904</u>

* Offsets to set-aside requirements cannot reduce the reserve to below zero.

Restricted monies represent statutory required amounts, which must be contributed to the set-asides within the current fiscal year. Discretionary monies are contributions made to the set-aside in excess of statutory required amounts. The School District used \$81,545 of the Textbook discretionary balance, along with other contributions made during the fiscal year, to satisfy the current fiscal year set-aside requirement. Qualifying disbursements were first applied to the restricted balance and the remainder applied against the discretionary balance. Textbook and Capital Maintenance fiscal year-end cash balances are discretionary balances and are reflected as designations of the unrestricted cash fund balances.

Louisville City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

	Budget Stabilization Reserve		
	Restricted	Discretionary	Total
Set-aside Cash Balance as of June 30, 2000	\$224,244	\$110,669	\$334,913
Current Fiscal Year Set-aside Requirement	1,524	0	1,524
Additional Amount Added During Fiscal Year 2001	0	52,732	52,732
Subtotal	225,768	163,401	389,169
Application of Prior Year Discretionary Balance	0	(41,525)	(41,525)
Reduction of Prior Year Discretionary Balance	(118,488)	0	(118,488)
Set-aside Cash Balance as of June 30, 2001	<u>\$107,280</u>	<u>\$121,876</u>	<u>\$229,156</u>

The previously required budget set-aside was deleted from law as of April 10, 2001. All Bureau of Workers' Compensation (BWC) rebate monies, \$107,280, remaining in the budget set-aside as of April 10, 2001, were restricted to be used for certain purposes. The School District elected to establish a budget reserve balance account in the amount of \$229,156, consistent with Ohio Revised Code Section 5705.13A, with the BWC monies and a portion of the other monies remaining in the budget stabilization account at that time. These other monies, in the amount of \$121,876, are reflected as a designation of the unrestricted cash fund balance at fiscal year-end.

Note 22 - Subsequent Event

On August 16, 2001, the School District sold \$26,270,000 bond anticipation notes concurring with the approved May 8, 2001 ballot issue for school facilities. The School District is participating in the Ohio School Facilities Commission's (OSFC) Expedited Local Partnership Program (ELPP). The project scope of the master plan includes building a middle school, renovating one elementary, and renovating and adding to three elementaries and the high school. The ELPP allowed the School District to lock in the percentage shares of the project costs. For this School District, the local share is 48 percent and the State's share is 52 percent. The discrete portion of the project includes building the middle school, renovating and adding to one elementary, and adding classrooms to the high school. Construction is anticipated to begin in Spring 2002.

This page intentionally left blank.

LOUISVILLE CITY SCHOOL DISTRICT
STARK COUNTY

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001

Federal Grantor/Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF EDUCATION						
<i>(Passed Through Ohio Department of Education)</i>						
Title I Grants to Local Educational Agencies	049874C1S100 049874C1S101	84.010	\$0 162,660	\$0 0	\$35,815 154,088	\$0 0
Total Title I Grants to Local Educational Agencies			162,660	0	189,903	0
<u>Special Education Cluster:</u>						
Special Education - Grants to States	0498746BSI99P 0498746BSF01P	84.027	(28,012) 171,128 0	0 0 0	253,774 151,285 20,628	0 0 0
Total Special Education - Grants to States			143,116	0	425,687	0
Special Education - Preschool Grants	049874PGS399P 049874PGS101P 049874PGS100P 049874PGS700	84.173	(2,482) 17,398 0 (3,601)	0 0 0 0	15,850 15,999 2,360 4,612	0 0 0 0
Total Special Education - Preschool Grants			11,315	0	38,821	0
Total Special Education Cluster			154,431	0	464,508	0
Safe and Drug - Free Schools and Communities - State Grants	049874DRS101 049874DRS100	84.186	13,305 0	0 0	11,374 1,936	0 0
Total Safe and Drug - Free Schools and Communities - State Grants			13,305	0	13,310	0
Eisenhower Professional Development State Grants	049874MSS101 049874MSS100P 049874MSS100	84.281	10,443 0 0	0 0 0	9,489 3,274 10,628	0 0 0
Total Eisenhower Professional Development State Grants			10,443	0	23,391	0
Innovative Education Program Strategies	049874C2S101 049874C2S100 049874C2S199C	84.298	14,955 1,946 0	0 0 0	12,964 5,177 2,031	0 0 0
Total Innovative Education Program Strategies			16,901	0	20,172	0
Class Size Reduction Subsidy	049874CRS101 049874CRS100	84.340	46,816 19,064	0 0	39,238 31,718	0 0
Total Class Size Reduction Subsidy			65,880	0	70,956	0
Medical Assistance Program	N/A	93.778	44,486	0	44,486	0
School to Work	N/A	17.249	96,000	0	96,000	0
<i>Total U.S. Department of Education</i>			564,106	0	922,726	0
U.S. DEPARTMENT OF AGRICULTURE						
<i>(Passed Through Ohio Department of Education)</i>						
<u>Child Nutrition Cluster</u>						
Food Distribution Program	N/A	10.550	0	75,262	0	73,322
National School Breakfast Program	N/A	10.553	18,997	0	0	0
National School Lunch Program	N/A	10.555	221,662	0	240,660	0
<i>Total U.S. Department of Agriculture/ Child Nutrition Cluster</i>			240,659	75,262	240,660	73,322
Total Federal Assistance			<u>\$804,765</u>	<u>\$75,262</u>	<u>\$1,163,386</u>	<u>\$73,322</u>

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

**LOUISVILLE CITY SCHOOL DISTRICT
STARK COUNTY**

**NOTES TO SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies are commingled with state grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

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

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

To the Board of Education:

We have audited the general purpose financial statements of the Louisville City School District, Stark County, (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated November 2, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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*. However, we noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated November 2, 2001.

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 within this report, that we have reported to management of the District in a separate letter dated November 2, 2001.

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

Jim Petro
Auditor of State

November 2, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Louisville City School District, Stark County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The District's major federal program 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 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 auditing standards generally accepted in the United States of America; 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 for the year ended June 30, 2001. However, we noted an instance of noncompliance that does not require inclusion in this report that we have reported to the management of the District in a separate letter dated November 2, 2001.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 2, 2001.

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

Jim Petro
Auditor of State

November 2, 2001

**LOUISVILLE CITY SCHOOL DISTRICT
STARK COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
June 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster - CFDA #10.550, 10.553 & 10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

LOUISVILLE CITY SCHOOL DISTRICT

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 3, 2002**