



OHIO AUDITOR OF STATE
KEITH FABER



**LOUISVILLE CITY SCHOOL DISTRICT
STARK COUNTY
JUNE 30, 2021**

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STARK COUNTY
JUNE 30, 2021

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Louisville City School District, Stark County, Ohio (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2021, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. As discussed in Note 25 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

January 25, 2022

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Louisville City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The management's discussion and analysis of Louisville City School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key Financial Highlights for fiscal year 2021 are as follows:

- State funding was reduced during fiscal year 2021 as a part of the State's response to the economic effects of the COVID-19 pandemic.
- Due to budget shortfalls, the School District implemented a reduction in force for the 2020-2021 school year. As part of this, School District transportation was taken to the State minimum.
- The School District passed a new \$2,562,000 five year emergency operating levy in May 2021. The School District will begin collecting proceeds from this levy in the second half of fiscal year 2022.
- Although the pandemic was still at play, the School District was able to offer in-person school for the entire 2020-21 school year while continuing to offer a virtual option to families who preferred that option.
- The School District received Federal money through the Elementary and Secondary School Emergency Relief Fund, as well as through the Coronavirus Relief Fund.

Using these Basic Financial Statements

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

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

Louisville City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during fiscal year 2021?" The statement of net position and statement of activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Louisville City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The School District as a Whole

You may recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal year 2021 compared to 2020.

Table 1
Net Position
Governmental Activities

	2021	Restated 2020	Change
Assets			
Current and Other Assets	\$24,360,479	\$21,509,038	\$2,851,441
Capital Assets, Net	58,669,327	59,804,930	(1,135,603)
Net OPEB Asset	1,844,167	1,729,633	114,534
<i>Total Assets</i>	<u>84,873,973</u>	<u>83,043,601</u>	<u>1,830,372</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding Pension	703,661	1,076,250	(372,589)
OPEB	5,663,357	5,468,227	195,130
	919,244	647,301	271,943
<i>Total Deferred Outflows of Resources</i>	<u>7,286,262</u>	<u>7,191,778</u>	<u>94,484</u>
Liabilities			
Current Liabilities	4,149,234	3,533,984	(615,250)
Long-Term Liabilities:			
Due Within One Year	1,791,851	1,750,047	(41,804)
Due in More Than One Year:			
Net Pension Liability	33,227,197	30,184,131	(3,043,066)
Net OPEB Liability	2,683,031	3,061,848	378,817
Other Amounts	22,568,009	24,173,858	1,605,849
<i>Total Liabilities</i>	<u>64,419,322</u>	<u>62,703,868</u>	<u>(1,715,454)</u>
Deferred Inflows of Resources			
Property Taxes	12,018,172	11,942,408	(75,764)
Pension	837,758	2,631,634	1,793,876
OPEB	3,769,471	3,263,979	(505,492)
<i>Total Deferred Inflows of Resources</i>	<u>16,625,401</u>	<u>17,838,021</u>	<u>1,212,620</u>
Net Position			
Net Investment in Capital Assets	35,887,108	35,907,208	(20,100)
Restricted	3,177,800	2,360,922	816,878
Unrestricted (Deficit)	(27,949,396)	(28,574,640)	625,244
<i>Total Net Position</i>	<u>\$11,115,512</u>	<u>\$9,693,490</u>	<u>\$1,422,022</u>

Louisville City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2021. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange; however, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Overall, the position of the School District improved, as evidenced by the increase in net position. This is largely because of an increase in revenues, due in large part to operating grants, contributions and interest program revenue, which was a result of receiving additional State and Federal grants in response to COVID-19.

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

Louisville City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Table 2 shows the changes in net position for fiscal years 2021 and 2020.

Table 2
Changes in Net Position
Governmental Activities

	2021	Restated 2020	Change
Revenues			
Program Revenues:			
Charges for Services and Sales	\$2,145,408	\$2,294,619	(\$149,211)
Operating Grants, Contributions and Interest	6,450,827	2,843,038	3,607,789
Capital Grants and Contributions	15,596	47,500	(31,904)
Total Program Revenues	8,611,831	5,185,157	3,426,674
General Revenues:			
Property Taxes	12,271,644	11,749,899	521,745
Grants and Entitlements	14,907,399	15,832,887	(925,488)
Unrestricted Contributions	15,620	12,202	3,418
Payments in Lieu of Taxes	8,203	18,596	(10,393)
Gain on Sale of Capital Assets	125,933	0	125,933
Investment Earnings	(16,713)	210,680	(227,393)
Miscellaneous	444,440	163,100	281,340
Total General Revenues	27,756,526	27,987,364	(230,838)
Total Revenues	36,368,357	33,172,521	3,195,836
Program Expenses			
Instruction:			
Regular	12,827,710	11,899,221	(928,489)
Special	4,709,096	4,416,946	(292,150)
Vocational	244,367	357,096	112,729
Student Intervention Services	1,803,731	1,846,261	42,530
Support Services:			
Pupils	1,735,219	1,589,137	(146,082)
Instructional Staff	1,865,876	1,360,313	(505,563)
Board of Education	108,051	100,244	(7,807)
Administration	2,310,059	2,329,174	19,115
Fiscal	771,635	764,653	(6,982)
Business	32,395	40,700	8,305
Operation and Maintenance of Plant	3,501,531	3,529,310	27,779
Pupil Transportation	1,566,031	1,470,753	(95,278)
Central	176,618	157,343	(19,275)
Operation of Non-Instructional Services	1,761,861	1,700,586	(61,275)
Extracurricular Activities	1,148,401	1,154,664	6,263
Interest and Fiscal Charges	383,754	1,087,036	703,282
Total Program Expenses	34,946,335	33,803,437	(1,142,898)
Increase (Decrease) in Net Position	1,422,022	(630,916)	2,052,938
<i>Net Position Beginning of Year</i>	<i>9,693,490</i>	<i>10,324,406</i>	<i>(630,916)</i>
<i>Net Position End of Year</i>	<i>\$11,115,512</i>	<i>\$9,693,490</i>	<i>\$1,422,022</i>

Louisville City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The largest component of the increase in program expenses resulted from increases in expenses related to regular and special instruction and instructional staff, pupils, and pupil transportation support service expenses, which was driven by the additional Federal grants.

Program revenues increased overall, solely due to operating grants, contributions and interest. Charges for services and sales decreased primarily due to decreases in tuition and fees and food service sales related to the shut-down and all students receiving free lunches for the fiscal year. Operating grants, contributions and interest increased due to increased student wellness monies and other State grants and increases in almost all Federal grants with the main drivers being the new elementary and secondary emergency relief and coronavirus relief funding. Capital grants and contributions decreased due to fewer donations to the permanent improvement fund.

Governmental Activities

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

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

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

Louisville City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Table 3
Governmental Activities

	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
Governmental Activities:				
Instruction:				
Regular	\$12,827,710	(\$11,929,731)	\$11,899,221	(\$11,290,584)
Special	4,709,096	(2,182,591)	4,416,946	(3,101,406)
Vocational	244,367	(117,552)	357,096	(342,302)
Student Intervention Services	1,803,731	(1,724,985)	1,846,261	(1,764,316)
Support Services:				
Pupils	1,735,219	(1,220,369)	1,589,137	(1,247,097)
Instructional Staff	1,865,876	(1,219,425)	1,360,313	(1,295,644)
Board of Education	108,051	(103,341)	100,244	(95,795)
Administration	2,310,059	(2,017,588)	2,329,174	(2,068,760)
Fiscal	771,635	(732,989)	764,653	(733,497)
Business	32,395	(30,981)	40,700	(38,893)
Operation and Maintenance of Plant	3,501,531	(3,115,387)	3,529,310	(3,341,676)
Pupil Transportation	1,566,031	(1,101,670)	1,470,753	(1,392,806)
Central	176,618	(168,908)	157,343	(150,359)
Operation of Non-Instructional Services	1,761,861	158,545	1,700,586	(65,098)
Extracurricular Activities	1,148,401	(443,778)	1,154,664	(603,011)
Interest and Fiscal Charges	383,754	(383,754)	1,087,036	(1,087,036)
Total	\$34,946,335	(\$26,334,504)	\$33,803,437	(\$28,618,280)

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

School District's Funds

Information regarding the School District's major funds can be found beginning on page 16. These funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues outpacing expenditures. The general fund balance increase was largely due to increased property tax, intergovernmental and miscellaneous revenues. Although revenues decreased and expenditures increased, the bond retirement fund balance increased due to bond refunding activity that took place during the fiscal year.

Louisville City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

General Fund Budgeting Highlights

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

During the course of fiscal year 2021, the School District amended its general fund budget throughout. The School District uses an operational unit budget process and has in place systems that are designed to tightly control expenditures but provide flexibility for program based decision and management.

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

Capital Assets and Debt Administration

Capital Assets

All capital assets, except land, are reported net of depreciation. During fiscal year 2021, there was a decrease in capital assets due to annual depreciation and deletions outpacing capital outlay, which mainly consisted of a new scoreboard, a couple school busses, a dump truck, a boiler, and various equipment purchases. More detailed information is presented in Note 9 to the basic financial statements.

Debt Administration

The 2009 school facilities bonds were issued to retire notes that were issued to construct one elementary school to replace three existing elementary schools and to do additional renovations at the Louisville High School. This local money was used in conjunction with funding from the Ohio School Facilities Commission (OSFC). The 2011 school facilities refunding bonds and 2016 general obligation refunding bonds were both issued in subsequent years to partially refund the 2009 school facilities bonds. The 2020 general obligation refunding bonds were issued to refund the 2011 school facilities refunding bonds.

During fiscal year 2021, there was a decrease in the previously mentioned debt due to debt being paid down and the refunding. More detailed information is presented in Note 11 to the basic financial statements.

The School District's overall legal debt margin was \$19,514,261 with an unvoted debt margin of \$430,736 as of June 30, 2021.

Louisville City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Current Issues Affecting Financial Condition

The School District was in need of additional funding to be able to provide the same level of services that have traditionally been provided. State revenue losses over the past decade have been significant resulting in the School District receiving \$827,185 less from the State in fiscal year 2021 that was received back in fiscal year 2009. Fortunately, the School District was able to secure a new five year emergency operating levy at the ballot in May 2021 which will generate \$2,562,000 annually beginning in tax collection year 2022.

The School District continues to show fiscal responsibility. The fiscal year 2020 district profile report (latest available) from the Ohio Department of Education shows that on a per-pupil basis, the School District is in the lowest five percent in revenue received and amount spent. This shows that over 95 percent of the other 607 Ohio school districts reported receive more per pupil and spend more per pupil.

Contacting the School District's Financial Management

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

Louisville City School District
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$10,840,325
Accounts Receivable	4,025
Accrued Interest Receivable	7,139
Intergovernmental Receivable	738,008
Inventory Held for Resale	11,436
Materials and Supplies Inventory	6,163
Property Taxes Receivable	12,696,485
Payments in Lieu of Taxes Receivable	8,203
Prepaid Items	48,695
Net OPEB Asset (See Note 14)	1,844,167
Nondepreciable Capital Assets	661,952
Depreciable Capital Assets, Net	58,007,375
<i>Total Assets</i>	84,873,973
Deferred Outflows of Resources	
Deferred Charge on Refunding	703,661
Pension	5,663,357
OPEB	919,244
<i>Total Deferred Outflows of Resources</i>	7,286,262
Liabilities	
Accounts Payable	395,625
Contracts Payable	9,384
Accrued Wages Payable	2,781,970
Matured Compensated Absences Payable	55,028
Intergovernmental Payable	818,840
Accrued Interest Payable	88,387
Long-Term Liabilities:	
Due Within One Year	1,791,851
Due In More Than One Year:	
Net Pension Liability (See Note 13)	33,227,197
Net OPEB Liability (See Note 14)	2,683,031
Other Amounts	22,568,009
<i>Total Liabilities</i>	64,419,322
Deferred Inflows of Resources	
Property Taxes	12,018,172
Pension	837,758
OPEB	3,769,471
<i>Total Deferred Inflows of Resources</i>	16,625,401
Net Position	
Net Investment in Capital Assets	35,887,108
Restricted for:	
Debt Service	1,462,836
Capital Projects	493,234
Food Services	84,040
Classroom Facilities Maintenance	568,921
Student Activities	86,078
Athletics and Music	79,162
Local Grants	3,983
State Grants	294,283
Federal Grants	93,673
Unclaimed Monies	11,590
Unrestricted (Deficit)	(27,949,396)
<i>Total Net Position</i>	\$11,115,512

See accompanying notes to the basic financial statements

Louisville City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Operating Grants, Contributions and Interest		Governmental Activities	
		Charges for Services and Sales	Capital Grants and Contributions		
Governmental Activities					
Instruction:					
Regular	\$12,827,710	\$683,835	\$214,144	\$0	(\$11,929,731)
Special	4,709,096	193,589	2,332,916	0	(2,182,591)
Vocational	244,367	13,208	113,607	0	(117,552)
Student Intervention Services	1,803,731	78,746	0	0	(1,724,985)
Support Services:					
Pupils	1,735,219	60,370	454,480	0	(1,220,369)
Instructional Staff	1,865,876	100,145	538,246	8,060	(1,219,425)
Board of Education	108,051	4,710	0	0	(103,341)
Administration	2,310,059	87,028	205,443	0	(2,017,588)
Fiscal	771,635	37,480	0	1,166	(732,989)
Business	32,395	1,414	0	0	(30,981)
Operation and Maintenance of Plant	3,501,531	100,350	285,093	701	(3,115,387)
Pupil Transportation	1,566,031	100,790	359,167	4,404	(1,101,670)
Central	176,618	7,710	0	0	(168,908)
Operation of Non-Instructional Services	1,761,861	140,920	1,779,486	0	158,545
Extracurricular Activities	1,148,401	535,113	168,245	1,265	(443,778)
Interest and Fiscal Charges	383,754	0	0	0	(383,754)
Totals	\$34,946,335	\$2,145,408	\$6,450,827	\$15,596	(26,334,504)
General Revenues					
Property Taxes Levied for:					
					9,922,840
					1,943,414
					249,478
					155,912
					14,907,399
					15,620
					8,203
					125,933
					(16,713)
					444,440
					<u>27,756,526</u>
					1,422,022
					<u>9,693,490</u>
					<u>\$11,115,512</u>

See accompanying notes to the basic financial statements

Louisville City School District

Balance Sheet

Governmental Funds

June 30, 2021

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$7,351,007	\$1,455,532	\$2,022,196	\$10,828,735
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	11,590	0	0	11,590
Accounts Receivable	3,306	0	719	4,025
Accrued Interest Receivable	7,139	0	0	7,139
Interfund Receivable	141,484	0	0	141,484
Intergovernmental Receivable	110,639	0	627,369	738,008
Payments in Lieu of Taxes Receivable	8,203	0	0	8,203
Inventory Held for Resale	0	0	11,436	11,436
Materials and Supplies Inventory	0	0	6,163	6,163
Prepaid Items	47,730	0	965	48,695
Taxes Receivable	10,376,503	1,901,982	418,000	12,696,485
<i>Total Assets</i>	<u>\$18,057,601</u>	<u>\$3,357,514</u>	<u>\$3,086,848</u>	<u>\$24,501,963</u>
Liabilities				
Accounts Payable	\$71,920	\$0	\$323,705	\$395,625
Contracts Payable	1,984	0	7,400	9,384
Accrued Wages Payable	2,486,637	0	295,333	2,781,970
Interfund Payable	0	0	141,484	141,484
Matured Compensated Absences Payable	23,569	0	31,459	55,028
Intergovernmental Payable	727,356	0	91,484	818,840
<i>Total Liabilities</i>	<u>3,311,466</u>	<u>0</u>	<u>890,865</u>	<u>4,202,331</u>
Deferred Inflows of Resources				
Property Taxes	9,829,818	1,793,602	394,752	12,018,172
Unavailable Revenue	465,984	70,869	192,025	728,878
<i>Total Deferred Inflows of Resources</i>	<u>10,295,802</u>	<u>1,864,471</u>	<u>586,777</u>	<u>12,747,050</u>
Fund Balances				
Nonspendable	59,320	0	7,128	66,448
Restricted	0	1,493,043	1,646,997	3,140,040
Assigned	320,053	0	0	320,053
Unassigned (Deficit)	4,070,960	0	(44,919)	4,026,041
<i>Total Fund Balances</i>	<u>4,450,333</u>	<u>1,493,043</u>	<u>1,609,206</u>	<u>7,552,582</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$18,057,601</u>	<u>\$3,357,514</u>	<u>\$3,086,848</u>	<u>\$24,501,963</u>

See accompanying notes to the basic financial statements

Louisville City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2021*

Total Governmental Funds Balances	\$7,552,582
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	58,669,327
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:	
Delinquent Property Taxes	443,630
Intergovernmental	176,816
Tuition and Fees	108,432
Total	728,878
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(88,387)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
OSFC Bonds	(154,006)
Refunding Bonds	(22,930,432)
Deferred Charge on Refunding	703,661
Capital Leases	(545,448)
Compensated Absences	(729,974)
Total	(23,656,199)
The net pension/OPEB asset/liabilities are not due and payable in the current period; therefore, the asset/liabilities and related deferred inflows/outflows are not reported in governmental funds:	
Net OPEB Asset	1,844,167
Deferred Outflows - Pension	5,663,357
Deferred Outflows - OPEB	919,244
Net Pension Liability	(33,227,197)
Net OPEB Liability	(2,683,031)
Deferred Inflows - Pension	(837,758)
Deferred Inflows - OPEB	(3,769,471)
Total	(32,090,689)
 <i>Net Position of Governmental Activities</i>	 \$11,115,512

See accompanying notes to the basic financial statements

Louisville City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$9,762,064	\$1,914,389	\$398,318	\$12,074,771
Intergovernmental	16,067,466	282,402	4,878,237	21,228,105
Interest	(17,971)	0	1,545	(16,426)
Tuition and Fees	1,278,667	0	1,009	1,279,676
Extracurricular Activities	233,347	0	261,275	494,622
Contributions and Donations	21,562	0	180,412	201,974
Customer Sales and Services	29,591	0	229,487	259,078
Rentals	3,600	0	0	3,600
Payments in Lieu of Taxes	8,203	0	0	8,203
Miscellaneous	412,191	0	32,249	444,440
<i>Total Revenues</i>	<u>27,798,720</u>	<u>2,196,791</u>	<u>5,982,532</u>	<u>35,978,043</u>
Expenditures				
Current:				
Instruction:				
Regular	11,448,388	0	212,078	11,660,466
Special	3,577,572	0	959,458	4,537,030
Vocational	302,525	0	0	302,525
Student Intervention Services	1,803,731	0	0	1,803,731
Support Services:				
Pupils	1,376,669	0	352,705	1,729,374
Instructional Staff	1,246,187	0	655,202	1,901,389
Board of Education	107,873	0	0	107,873
Administration	1,964,118	0	185,569	2,149,687
Fiscal	706,103	29,628	20,204	755,935
Business	32,395	0	0	32,395
Operation and Maintenance of Plant	2,203,210	0	444,546	2,647,756
Pupil Transportation	1,487,487	0	147,777	1,635,264
Central	176,618	0	0	176,618
Operation of Non-Instructional Services	9,913	0	1,661,570	1,671,483
Extracurricular Activities	664,077	0	454,598	1,118,675
Capital Outlay	94,560	0	37,264	131,824
Debt Service:				
Principal Retirement	143,902	1,345,000	0	1,488,902
Interest and Fiscal Charges	8,421	558,338	0	566,759
Capital Appreciation Bonds Interest	0	205,000	0	205,000
Bond Issuance Costs	0	203,676	0	203,676
<i>Total Expenditures</i>	<u>27,353,749</u>	<u>2,341,642</u>	<u>5,130,971</u>	<u>34,826,362</u>
<i>Excess of Revenues Over Expenditures</i>	<u>444,971</u>	<u>(144,851)</u>	<u>851,561</u>	<u>1,151,681</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	12,008	0	137,500	149,508
Inception of Capital Lease	344,832	0	0	344,832
Refunding Bonds Issued	0	14,265,000	0	14,265,000
Premium on Refunding Bonds Issued	0	1,458,275	0	1,458,275
Payment to Refunded Bond Escrow Agent	0	(15,519,599)	0	(15,519,599)
Transfers In	0	0	49,545	49,545
Transfers Out	(49,545)	0	0	(49,545)
<i>Total Other Financing Sources (Uses)</i>	<u>307,295</u>	<u>203,676</u>	<u>187,045</u>	<u>698,016</u>
<i>Net Change in Fund Balances</i>	752,266	58,825	1,038,606	1,849,697
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	3,698,067	1,434,218	570,600	5,702,885
<i>Fund Balances End of Year</i>	<u>\$4,450,333</u>	<u>\$1,493,043</u>	<u>\$1,609,206</u>	<u>\$7,552,582</u>

See accompanying notes to the basic financial statements

Louisville City School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021*

Net Change in Fund Balances - Total Governmental Funds	\$1,849,697
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*Amounts reported for governmental activities in the
statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period:

Capital Outlay	1,026,620	
Current Year Depreciation	(2,138,648)	
Total		(1,112,028)

Governmental funds report proceeds from the sale of capital assets, while the statement of activities reports the related gain or loss on disposal. (23,575)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Delinquent Property Taxes	196,873	
Intergovernmental	(40,924)	
Tuition and Fees	108,432	
Total		264,381

Repayment of bond principal, capital leases, capital appreciation bonds interest, and payment to refunded bond escrow agent are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:

Principal Retirement	1,345,000	
Capital Leases	143,902	
Capital Appreciation Bonds Interest	205,000	
Payment to Refunded Bond Escrow Agent	15,519,599	
Total		17,213,501

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Accrued Interest on Bonds	46,349	
Amortization of Premium	265,810	
Amortization of Deferred Charge on Refunding	(78,015)	
Bond Accretion	(51,139)	
Total		183,005

Other financing sources in the governmental funds increase long-term liabilities in the statement of net position:

Inception of Capital Lease	(344,832)	
Refunding Bonds Issued	(14,265,000)	
Premium on Refunding Bonds	(1,458,275)	
Total		(16,068,107)

Compensated Absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (90,594)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:

Pension	2,453,248	
OPEB	77,376	
Total		2,530,624

Except for amounts reported deferred inflows/outflows, changes in the net pension/OPEB asset/liabilities are reported as pension expense in the statement of activities:

Pension	(3,507,308)	
OPEB	182,426	
Total		(3,324,882)

<i>Change in Net Position of Governmental Activities</i>	<u><u>\$1,422,022</u></u>
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See accompanying notes to the basic financial statements

Louisville City School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$9,559,438	\$9,879,453	\$9,801,799	(\$77,654)
Intergovernmental	15,989,096	15,905,593	16,096,002	190,409
Interest	135,000	90,000	56,765	(33,235)
Tuition and Fees	1,025,347	1,181,000	1,156,941	(24,059)
Extracurricular Activities	90,800	160,735	172,489	11,754
Contributions and Donations	5,700	17,311	15,620	(1,691)
Customer Sales and Services	22,000	27,000	29,571	2,571
Rentals	10,000	2,500	3,600	1,100
Miscellaneous	151,813	407,597	412,923	5,326
<i>Total Revenues</i>	26,989,194	27,671,189	27,745,710	74,521
Expenditures				
Current:				
Instruction:				
Regular	11,132,563	11,193,052	11,139,732	53,320
Special	3,517,795	3,603,255	3,598,297	4,958
Vocational	298,316	308,940	306,617	2,323
Student Intervention Services	1,935,870	1,920,874	1,917,874	3,000
Support Services:				
Pupils	1,309,975	1,412,239	1,398,570	13,669
Instructional Staff	1,304,434	1,343,852	1,325,821	18,031
Board of Education	82,847	126,833	117,439	9,394
Administration	1,971,706	1,927,496	1,910,930	16,566
Fiscal	1,036,512	777,328	743,154	34,174
Business	49,147	51,643	36,609	15,034
Operation and Maintenance of Plant	2,549,158	2,335,127	2,252,805	82,322
Pupil Transportation	1,198,399	1,201,109	1,172,798	28,311
Central	179,303	182,757	176,618	6,139
Operation of Non-Instructional Services	16,230	19,406	11,308	8,098
Extracurricular Activities	561,131	668,715	664,956	3,759
Capital Outlay	125,000	120,935	94,560	26,375
Debt Service:				
Principal	143,902	143,902	143,902	0
Interest	8,421	8,421	8,421	0
<i>Total Expenditures</i>	27,420,709	27,345,884	27,020,411	325,473
<i>Excess of Revenues Under Expenditures</i>	(431,515)	325,305	725,299	399,994
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	12,062	12,008	(54)
Advance In	484,896	347,036	346,897	(139)
Advances Out	0	(3,500)	(3,500)	0
Transfers Out	(35,000)	(79,668)	(79,667)	1
<i>Total Other Financing Sources (Uses)</i>	449,896	275,930	275,738	(192)
<i>Net Change in Fund Balance</i>	18,381	601,235	1,001,037	399,802
<i>Fund Balance Beginning of Year - Restated (See Note 3)</i>	5,076,209	5,076,209	5,076,209	0
Prior Year Encumbrances Appropriated	591,359	591,359	591,359	0
<i>Fund Balance End of Year</i>	\$5,685,949	\$6,268,803	\$6,668,605	\$399,802

See accompanying notes to the basic financial statements

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Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 1 – Description of the School District and Reporting Entity

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

The School District is located in Stark County and encompasses the entire City of Louisville, and a portion of Nimishillen Township. The School District has 4 instructional facilities, 1 bus garage, and 1 administrative facility, staffed by 140 classified employees and 183 certificated employees who provide services to 2,916 students and other community members.

Reporting Entity

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

Non-Public Schools Within the School District boundaries, St. Thomas Aquinas High School and St. Louis Elementary are operated as non-public schools. Current State legislation provides funding to these schools. These monies are received and disbursed on behalf of the non-public schools by the Treasurer of the School District, as directed by the non-public schools. These transactions are reported in a special revenue fund as a governmental activity of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burden on, the primary government. The School District has no component units.

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

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 2 – Summary of Significant Accounting Policies

The financial statements of the Louisville City School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described as follows.

Basis of Presentation

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

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

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

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

Fund Accounting

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

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

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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

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

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

Measurement Focus

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

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

Basis of Accounting

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

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

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, unavailable revenue, and pension and OPEB plans. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 13 and 14).

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

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

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Pensions/Other Postemployment Benefits (OPEB)

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

Cash and Cash Equivalents

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

During fiscal year 2021, investments were limited to commercial paper, STAR Ohio, the State Treasurer's Investment Pool, a money market account, federal farm credit bank notes, federal home loan bank notes, federal national mortgage association notes, United States treasury notes, and negotiable certificates of deposit. Investments are reported at fair value except for commercial paper and STAR Ohio. The School District's commercial paper is measured at amortized cost, as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to (\$17,971), of which (\$6,815) was assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

Restricted Assets

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

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Inventory

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

Capital Assets

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

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

The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

Interfund Balances

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

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

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

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

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

Accrued Liabilities and Long-Term Obligations

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

Internal Activity

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

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

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Fund Balance

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

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

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

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

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

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

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

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Net Position

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

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

Estimates

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

Budgetary Data

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

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

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

Deferred Charge on Refunding

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

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Bond Premiums

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

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

Note 3 – Changes in Accounting Principles and Restatement of Fund Balance and Net Position

Changes in Accounting Principales

For fiscal year 2021, the School District implemented the Governmental Accounting Standards Board’s (GASB) *Implementation Guide No. 2019-1*. These changes were incorporated in the School District’s 2021 financial statements; however, there was no effect on beginning net position/fund balance.

For fiscal year 2021, the School District implemented GASB Statement No. 84, “Fiduciary Activities”. GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency funds. The School District reviewed its agency funds and there are no funds reported in the new fiduciary fund classification of custodial funds. These fund reclassifications resulted in the restatement of the School District’s financial statements.

Restatement of Fund Balance and Net Position

The implementation of GASB Statement No. 84 had the following effect on fund balance as of June 30, 2020:

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Fund Balance at June 30, 2020	\$3,684,047	\$1,434,218	\$479,641	\$5,597,906
Adjustment:				
GASB 84	14,020	0	90,959	104,979
Restated Fund Balance at June 30, 2020	<u>\$3,698,067</u>	<u>\$1,434,218</u>	<u>\$570,600</u>	<u>\$5,702,885</u>

The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual presented for the general fund saw an increase in the beginning fund balance in the amount of \$14,020 due to the implementation of GASB Statement No. 84, as discussed previously.

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

During fiscal year 2020, the School District entered into a capital lease for buses; however, the long-term liability was not reflected in the fiscal year 2020 financial statements. The outstanding liability of \$233,703 was brought on for the fiscal year 2021 financial statements, which restated net position. This restatement, along with the implementation of GASB Statement No. 84, had the following effect on net position as of June 30, 2020:

	Governmental Activities
Net Position at June 30, 2020	\$9,822,214
Adjustment:	
Capital Lease	(233,703)
GASB 84	104,979
Restated Net Position at June 30, 2020	\$9,693,490

The implementation of GASB Statement No. 84 had the following effect on fiduciary net position as of June 30, 2020:

	Fiduciary Funds Agency
Net Position June 30, 2020	\$0
Adjustments:	
Assets	(104,979)
Liabilities	(104,979)
Restated Net Position June 30, 2020	\$0

Note 4 – Budgetary Basis of Accounting

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).
3. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

5. Budgetary revenues and expenditures of the uniform school supplies, public school support, rotary and summer school funds are reclassified to the general fund for GAAP reporting.
6. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).

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

Net Change in Fund Balance	
GAAP Basis	\$752,266
Net Adjustment for Revenue Accruals	(660,873)
Advances In	346,897
Beginning Fair Value Adjustments for Investments	66,066
Ending Fair Value Adjustments for Investments	(23,658)
Net Adjustment for Expenditure Accruals	1,087,184
Advances Out	(3,500)
Perspective Differences:	
Uniform School Supplies	(302)
Public School Support	7,441
Rotary	19
Summer School	(11,065)
Encumbrances	<u>(559,438)</u>
Budget Basis	<u><u>\$1,001,037</u></u>

Note 5 – Deposits and Investments

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

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

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

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

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) by eligible securities pledged by the financial institution as security for repayment, or by the financial institution's participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed previously provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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

Investments

As of June 30, 2021, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Amortized Cost:				
Commercial Paper	\$839,716	Less Than One Year	A-1 - A1+	17.17 %
Net Asset Value Per Share:				
STAR Ohio	75,112	Less Than One Year	AAAm	1.54
Fair Value - Level 1 Input:				
Money Market Account	13,341	Less Than One Year	AAAm	0.27
Fair Value - Level 2 Input:				
Federal Farm Credit Bank Notes	1,109,420	Less Than Five Years	AA+	22.68
Federal Home Loan Bank Notes	547,867	Less Than Five Years	AA+	11.20
Federal National Mortgage Association Notes	249,495	Less Than Three Years	AA+	5.10
United States Treasury Notes	497,157	Less Than Five Years	AA+	10.16
Negotiable Certificates of Deposit	<u>1,559,462</u>	Less Than Three Years	N/A	<u>31.88</u>
Total Investments	<u>\$4,891,570</u>			<u>100.00 %</u>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The preceding chart identifies the School District's recurring fair value measurements as of June 30, 2021. The money market account is measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

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

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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

Note 6 – Fund Balance

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

Fund Balances	General Fund	Bond Retirement Fund	Other Governmental Funds	Total
<i>Nonspendable:</i>				
Inventory	\$0	\$0	\$6,163	\$6,163
Prepaid Items	47,730	0	965	48,695
Unclaimed Monies	11,590	0	0	11,590
<i>Total Nonspendable</i>	59,320	0	7,128	66,448
<i>Restricted for:</i>				
Debt Service Payments	0	1,493,043	0	1,493,043
Capital Improvements	0	0	483,874	483,874
Classroom Facilities Maintenance	0	0	563,072	563,072
Food Service Operations	0	0	103,869	103,869
Student Activities	0	0	86,078	86,078
Athletics and Music	0	0	79,162	79,162
Local Grants	0	0	3,983	3,983
State Grants	0	0	313,914	313,914
Federal Grants	0	0	13,045	13,045
<i>Total Restricted</i>	0	1,493,043	1,646,997	3,140,040
<i>Assigned to:</i>				
Public School Support	89,049	0	0	89,049
Rotary	17,070	0	0	17,070
Adult Education	3,663	0	0	3,663
Purchases on Order:				
Instruction	84,770	0	0	84,770
Support Services	125,501	0	0	125,501
<i>Total Assigned</i>	320,053	0	0	320,053
<i>Unassigned (Deficit)</i>	4,070,960	0	(44,919)	4,026,041
<i>Total Fund Balances</i>	\$4,450,333	\$1,493,043	\$1,609,206	\$7,552,582

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 7 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, were levied after April 1, 2020, and are collected in calendar year 2021 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Stark County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2021 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2021, was \$189,133 in the general fund, \$37,511 in the bond retirement debt service fund, \$4,947 in the permanent improvements capital projects fund, and \$3,092 in the classroom facilities maintenance special revenue fund. The amount available as an advance at June 30, 2020, was \$228,868 in the general fund, \$50,373 in the bond retirement debt service fund, \$6,089 in the permanent improvement capital projects fund, and \$3,805 in the classroom facilities maintenance special revenue fund. The difference is in the timing and collection by the County Auditor.

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

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The assessed values upon which the fiscal year 2021 taxes were collected are:

	2020 Second- Half Collections		2021 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$396,285,540	93.73 %	\$400,931,770	93.08 %
Public Utility Personal	26,516,060	6.27	29,803,990	6.92
Total	\$422,801,600	100.00 %	\$430,735,760	100.00 %
Tax rate per \$1,000 of assessed valuation	\$58.40		\$57.80	

The School District's full tax rate decreased from the prior year due the increase in assessed values in order for the bond levies to collect their fixed amount.

Note 8 – Receivables

Receivables at June 30, 2021, consisted of taxes, payments in lieu of taxes, accounts (rent and student fees), interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except for a portion of the delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities:	
Elementary and Secondary School Emergency Relief	\$251,059
Title VI-B Grant	177,427
Title I Grant	140,446
School Foundation Adjustments	110,639
Class Size Reduction Grant	22,103
Miscellaneous Federal Grant	20,063
Food Service Grant	12,331
IDEA Early Childhood Grant	3,940
Total Governmental Activities	\$738,008

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 9 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	Balance 6/30/20	Additions	Deductions	Balance 6/30/21
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	\$672,926	\$0	(\$10,974)	\$661,952
Capital Assets, being Depreciated:				
Buildings and Improvements	80,708,534	91,287	0	80,799,821
Furniture, Fixtures and Equipment	5,395,790	690,744	(61,625)	6,024,909
Vehicles	1,772,032	244,589	(98,490)	1,918,131
Total Capital Assets, being Depreciated	<u>87,876,356</u>	<u>1,026,620</u>	<u>(160,115)</u>	<u>88,742,861</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(23,515,661)	(1,869,096)	0	(25,384,757)
Furniture, Fixtures and Equipment	(4,620,695)	(150,386)	56,021	(4,715,060)
Vehicles	(607,996)	(119,166)	91,493	(635,669)
Total Accumulated Depreciation	<u>(28,744,352)</u>	<u>(2,138,648) *</u>	<u>147,514</u>	<u>(30,735,486)</u>
Total Capital Assets, being Depreciated, Net	<u>59,132,004</u>	<u>(1,112,028)</u>	<u>(12,601)</u>	<u>58,007,375</u>
Governmental Activities Capital Assets, Net	<u>\$59,804,930</u>	<u>(\$1,112,028)</u>	<u>(\$23,575)</u>	<u>\$58,669,327</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$612,712
Special	42,869
Vocational	16,925
Support Services:	
Pupils	31,051
Instructional Staff	28,593
Administration	33,074
Fiscal	630
Operation and Maintenance of Plant	1,187,511
Pupil Transportation	117,455
Operation of Non-Instructional Services	54,045
Extracurricular Activities	13,783
Total Depreciation Expense	<u>\$2,138,648</u>

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 10 – Capital Leases

In prior fiscal years, the School District entered into lease agreements for school buses. In fiscal year 2021, the School District entered into a lease agreement for a scoreboard. These lease obligations meet the criteria of a capital lease and have been recorded on the government-wide statements. The payments for these capital leases are shown on a GAAP basis as debt service expenditures in the general fund.

	Governmental Activities
Asset:	
Furniture and Equipment	\$344,832
Vehicles	898,649
Less: Accumulated depreciation	(263,833)
Current Book Value	\$979,648

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

	Governmental Activities
2022	\$150,076
2023	121,761
2024	99,302
2025	54,383
2026	54,383
Thereafter	108,766
Total Minimum Lease Payment	588,671
Less: Amount Representing Interest	(43,223)
Present Value of Minimum Lease Payments	\$545,448

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 11 – Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2021 were as follows:

	Amount Outstanding 6/30/20	Additions	Deletions	Refunded	Amount Outstanding 6/30/21	Amounts Due in One Year
General Obligation Bonds:						
2009 School Facilities Commission Bonds (2.00%-5.00%):						
Capital Appreciation Bonds	\$20,000	\$0	\$10,000	\$0	\$10,000	\$10,000
Accretion on Capital Appreciation Bonds	285,178	51,139	205,000	0	131,317	131,317
Premium	25,375	0	12,686	0	12,689	0
Total 2009 School Facilities Commission Bonds	<u>330,553</u>	<u>51,139</u>	<u>227,686</u>	<u>0</u>	<u>154,006</u>	<u>141,317</u>
2011 Ohio School Facilities Commission Refunding Bonds (0.70%-4.00%):						
Serial Bonds	12,155,000	0	1,150,000	11,005,000	0	0
Term Bonds	4,240,000	0	0	4,240,000	0	0
Premium	636,135	0	66,962	569,173	0	0
Total 2011 Ohio School Facilities Commission Refunding Bonds	<u>17,031,135</u>	<u>0</u>	<u>1,216,962</u>	<u>15,814,173</u>	<u>0</u>	<u>0</u>
2016 General Obligation Refunding Bonds (2.00%-4.00%):						
Serial Bonds	6,655,000	0	0	0	6,655,000	0
Premium	923,319	0	55,959	0	867,360	0
Total 2016 General Obligation Refunding Bonds	<u>7,578,319</u>	<u>0</u>	<u>55,959</u>	<u>0</u>	<u>7,522,360</u>	<u>0</u>
2020 General Obligation Refunding Bonds (1.00%-4.00%):						
Serial Bonds	0	14,265,000	185,000	0	14,080,000	1,225,000
Premium	0	1,458,275	130,203	0	1,328,072	0
Total 2020 General Obligation Refunding Bonds	<u>0</u>	<u>15,723,275</u>	<u>315,203</u>	<u>0</u>	<u>15,408,072</u>	<u>1,225,000</u>
<i>Total General Obligation Bonds</i>	<u>24,940,007</u>	<u>15,774,414</u>	<u>1,815,810</u>	<u>15,814,173</u>	<u>23,084,438</u>	<u>1,366,317</u>
Other Long-Term Obligations:						
Net Pension Liability:						
SERS	7,089,763	747,766	0	0	7,837,529	0
STRS	23,094,368	2,295,300	0	0	25,389,668	0
Total Net Pension Liability	<u>30,184,131</u>	<u>3,043,066</u>	<u>0</u>	<u>0</u>	<u>33,227,197</u>	<u>0</u>
Net OPEB Liability:						
SERS	3,061,848	0	378,817	0	2,683,031	0
Capital Leases	344,518	344,832	143,902	0	545,448	136,853
Compensated Absences	639,380	331,739	241,145	0	729,974	288,681
<i>Total Other Long-Term Obligations</i>	<u>34,229,877</u>	<u>3,719,637</u>	<u>763,864</u>	<u>0</u>	<u>37,185,650</u>	<u>425,534</u>
<i>Total Governmental Activities Long-Term Liabilities</i>	<u>\$59,169,884</u>	<u>\$19,494,051</u>	<u>\$2,579,674</u>	<u>\$15,814,173</u>	<u>\$60,270,088</u>	<u>\$1,791,851</u>

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

On August 27, 2009, the School District issued \$8,500,000 in Ohio School Facilities Commission bonds which included serial, term and capital appreciation bonds in the amounts of \$2,660,000, \$5,810,000 and \$30,000, respectively. The bonds were issued to construct one elementary school, to replace three existing elementary schools, and to do additional renovations at the Louisville High School. The bonds were issued at an interest rate of 2 to 5 percent for a 27 year period with a maturity date at December 1, 2036. The capital appreciation bonds remained outstanding at June 30, 2020. Interest on the capital appreciation bonds will be accreted annually until the point of maturity of the capital appreciation bonds which is 2020 through 2022. The final maturity amount of outstanding capital appreciation bonds at June 30, 2021, is \$155,000. The accretion recorded for fiscal year 2021 was \$51,139, for a total outstanding bond liability of \$141,317.

On December 2, 2010, the School District issued \$21,970,000 in general obligation bonds to refund a portion of the Ohio School Facilities Commission general obligation serial bonds in order to take advantage of lower interest rates. The bonds included serial, term and capital appreciation (deep discount) bonds in the amount of \$17,455,000, \$4,240,000 and \$275,000, respectively. The bonds were issued for a twenty year period with a final maturity at December 1, 2029. The bonds were sold at a premium of \$1,272,270. Net proceeds of \$22,999,308 were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. The general obligation bonds were fully refunded during fiscal year 2021.

On May 12, 2016, the School District issued \$6,840,000 in refunding serial general obligation bonds. The bonds were issued for the purpose of advance refunding a portion of the 2009 school facilities bonds to take advantage of lower interest rates. The bonds were issued for a 21 year period with final maturity at December 1, 2036. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements. At June 30, 2021, \$6,980,000 of the defeased bonds are still outstanding.

On September 3, 2020, the School District issued \$14,265,000 in refunding serial general obligation bonds. The bonds were issued for the purpose of advance refunding the remainder of the 2011 school facilities refunding bonds to take advantage of lower interest rates. The bonds were issued for a 10 year period with final maturity at December 1, 2029. The bonds will be retired through the general obligation bond retirement fund. Net proceeds of \$15,519,599 were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded bonds. As a result, \$15,245,000 of these bonds was considered defeased and the liability for the refunded bonds has been removed from the School District's financial statements. At June 30, 2021, \$15,245,000 of the defeased bonds are still outstanding. The refunding resulted in a total debt service savings of \$2,210,456. The School District also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$2,091,730 and incurred a difference on refunding of \$267,022 (difference between amount paid to bond escrow agent and the refunding amount), that will be amortized over the shorter of the life of the refunded bonds or the refunding bonds, which is shown in the following table:

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Refunded Bonds:

General Obligation Bonds:

2011 Ohio School Facilities Commission Refunding Bonds:

Serial Bonds	\$11,005,000
Term Bonds	4,240,000
Premium	569,173
Accounting Loss	<u>(561,596)</u>
Total Refunded Bonds	15,252,577
Amount Paid to Refunded Bond Escrow Agent	<u><u>(15,519,599)</u></u>
2020 Refunding Difference	<u><u>(\$267,022)</u></u>

The bonds will be paid from the debt service fund. The capital leases will be paid from general fund. There is no repayment schedule for the net pension and OPEB liabilities; however, employer pension contributions are made from the general fund and food service, student activities, district managed activities, auxiliary services, student wellness, elementary and secondary school emergency relief, title VI-B, title I, preschool grant, class size reduction, and other grants special revenue funds. For additional information related to the net pension and OPEB liabilities, see Notes 13 and 14, respectively. Compensated absences are to be paid from the general fund and food service, student wellness, title VI-B, title I, and class size reduction special revenue funds.

The overall debt margin of the School District as of June 30, 2021, was \$19,514,261 with an unvoted debt margin of \$430,736.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2021 are as follows:

	General Obligation Bonds			
	Serial		Capital Appreciation	
	Principal	Interest	Principal	Interest
2022	\$1,225,000	\$618,257	\$10,000	\$145,000
2023	1,515,000	581,031	0	0
2024	1,595,000	536,656	0	0
2025	1,660,000	498,106	0	0
2026	1,840,000	464,057	0	0
2027-2031	8,960,000	1,504,234	0	0
2032-2036	3,220,000	476,400	0	0
2037	720,000	14,400	0	0
Total	<u><u>\$20,735,000</u></u>	<u><u>\$4,693,141</u></u>	<u><u>\$10,000</u></u>	<u><u>\$145,000</u></u>

Note 12 – Tax Abatements

School District property taxes were reduced by \$19,985 for fiscal year 2021 under enterprise zone agreements entered into by Nimishillen Township.

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 13 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

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

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a 0.5 percent cost of living adjustment (COLA) for eligible retirees and beneficiaries in 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contributions to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$575,798 for fiscal year 2021. Of this amount, \$73,167 is reported as an intergovernmental payable.

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients’ base benefit and past cost of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be 5 years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be 5 years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

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

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

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$1,877,450 for fiscal year 2021. Of this amount, \$380,176 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Prior Measurement Date	0.11849500%	0.10443136%	
Current Measurement Date	<u>0.11849530%</u>	<u>0.10493141%</u>	
Change in Proportionate Share	<u>0.00000030%</u>	<u>0.00050005%</u>	
Proportionate Share of the Net Pension Liability	\$7,837,529	\$25,389,668	\$33,227,197
Pension Expense	\$871,185	\$2,636,123	\$3,507,308

Louisville City School District
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For the Fiscal Year Ended June 30, 2021

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$15,224	\$56,968	\$72,192
Changes of assumptions	0	1,362,935	1,362,935
Net difference between projected and actual earnings on pension plan investments	497,524	1,234,702	1,732,226
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	9,455	33,301	42,756
School District contributions subsequent to the measurement date	<u>575,798</u>	<u>1,877,450</u>	<u>2,453,248</u>
Total Deferred Outflows of Resources	<u>\$1,098,001</u>	<u>\$4,565,356</u>	<u>\$5,663,357</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$162,350	\$162,350
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>11,862</u>	<u>663,546</u>	<u>675,408</u>
Total Deferred Inflows of Resources	<u>\$11,862</u>	<u>\$825,896</u>	<u>\$837,758</u>

\$2,453,248 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2022	\$1,462	\$260,652	\$262,114
2023	145,733	380,469	526,202
2024	207,379	663,137	870,516
2025	<u>155,767</u>	<u>557,752</u>	<u>713,519</u>
Total	<u>\$510,341</u>	<u>\$1,862,010</u>	<u>\$2,372,351</u>

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2020, are presented as follows:

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

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

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

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

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	<u>100.00 %</u>	

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$10,736,457	\$7,837,529	\$5,405,273

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020 actuarial valuation are presented as follows:

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

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

Actuarial assumptions used in the July 1, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, but do not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

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Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$36,150,468	\$25,389,668	\$16,270,787

Note 14 – Defined Benefit OPEB Plans

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

School Employees Retirement System (SERS)

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no

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employer shall pay a health care surcharge greater than 2 percent of that employer’s SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District’s surcharge obligation was \$77,376.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District’s contractually required contribution to SERS was \$77,376 for fiscal year 2021, which is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

Funding Policy – The Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to postemployment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Prior Measurement Date	0.12175360%	0.10443136%	
Current Measurement Date	0.12345270%	0.10493141%	
Change in Proportionate Share	0.00169910%	0.00050005%	
Proportionate Share of the:			
Net OPEB Liability	\$2,683,031	\$0	\$2,683,031
Net OPEB (Asset)	\$0	(\$1,844,167)	(\$1,844,167)
OPEB Expense	(\$4,427)	(\$177,999)	(\$182,426)

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At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$35,239	\$118,166	\$153,405
Changes of assumptions	457,364	30,443	487,807
Net difference between projected and actual earnings on OPEB plan investments	30,231	64,630	94,861
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	89,991	15,804	105,795
School District contributions subsequent to the measurement date	<u>77,376</u>	<u>0</u>	<u>77,376</u>
Total Deferred Outflows of Resources	<u>\$690,201</u>	<u>\$229,043</u>	<u>\$919,244</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$1,364,509	\$367,331	\$1,731,840
Changes of assumptions	67,579	1,751,649	1,819,228
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>0</u>	<u>218,403</u>	<u>218,403</u>
Total Deferred Inflows of Resources	<u>\$1,432,088</u>	<u>\$2,337,383</u>	<u>\$3,769,471</u>

\$77,376 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	(\$162,487)	(\$544,565)	(\$707,052)
2023	(160,300)	(500,818)	(661,118)
2024	(160,656)	(485,471)	(646,127)
2025	(161,794)	(403,999)	(565,793)
2026	(127,924)	(84,488)	(212,412)
Thereafter	<u>(46,102)</u>	<u>(88,999)</u>	<u>(135,101)</u>
Total	<u>(\$819,263)</u>	<u>(\$2,108,340)</u>	<u>(\$2,927,603)</u>

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020, are presented as follows:

Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	2.63 percent
Prior Measurement Date	3.22 percent
Medical Trend Assumption:	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

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

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure the total OPEB liability at June 30, 2019, was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic pension benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the School District's proportionate share of the net OPEB liability for SERS and what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 percent). Also shown is what the School District's proportionate share of the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
School District's proportionate share of the net OPEB liability	\$3,283,964	\$2,683,031	\$2,205,291
	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$2,112,683	\$2,683,031	\$3,445,733

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Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented as follows:

Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends:	
Medical:	
Pre-Medicare	5.00 percent initial, 4 percent ultimate
Medicare	-6.69 percent initial, 4 percent ultimate
Prescription Drug:	
Pre-Medicare	6.50 percent initial, 4 percent ultimate
Medicare	11.87 percent initial, 4 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2020.

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Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the School District's proportionate share of the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the School District's proportionate share of the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	(\$1,604,546)	(\$1,844,167)	(\$2,047,478)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$2,034,858)	(\$1,844,167)	(\$1,611,879)

Note 15 – Other Employee Benefits

Compensated Absences

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

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

Life Insurance

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

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Longevity

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

Insurance Benefits

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

Note 16 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2021, the School District contracted with Liberty Mutual Insurance for the following coverage:

Type of Coverage	Coverage	Deductible
Liability	\$1,000,000/\$2,000,000	\$0
School Leaders Errors/Omissions	1,000,000/1,000,000	2,500
Law Enforcement Liability	1,000,000/1,000,000	2,500
Sexual Misconduct/Molestation	1,000,000/1,000,000	2,500
Employers Stop Gap Liability	1,000,000/2,000,000	0
Employee Benefits Liability	1,000,000/3,000,000	1,000
Excess Liability/Umbrella	10,000,000/10,000,000	0
Fleet Insurance	1,000,000 liability	250/500
Property Insurance	102,985,578	5,000
Inland Marine	3,056,895	500
Crime	500,000/1,000,000	1,000/5,000
Employee Dishonesty	1,000,000	10,000
Coverage According to the Terrorism Risk Insurance Act (TRIA) of 2002 and 2005	N/A	N/A

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

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Workers' Compensation

The School District participates in a workers compensation program jointly sponsored by the Ohio Association of School Business Officials (OASBO) and the Ohio School Board Association (OSBA), known as SchoolComp. CompManagement, Incorporated (CMI) is the program's third party administrator. SchoolComp serves to group its members' risks for the purpose of obtaining a favorable experience rating to determine its premium liability to the Ohio Bureau of Workers' Compensation (OBWC) and the Ohio Workers' Compensation Fund. This may be accomplished through participation in a group rating program or through group retrospective rating. The School District has chosen to participate in the group rating program for fiscal year 2021. Participation in SchoolComp is restricted to members who meet enrollment criteria and are jointly in good standing with OASBO and OSBA. OASBO and OSBA are certified sponsors recognized by OBWC.

Note 17 – Set-Asides

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purpose in future years.

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

	Capital Acquisition
Set-aside Balances as of June 30, 2020	\$0
Current Year Set-aside Requirement	506,894
Current Year Offsets	(400,173)
Qualifying Disbursements	(302,324)
Totals	(\$195,603)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0
Set-aside Balance as of June 30, 2021	\$0

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

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Note 18 – Insurance Purchasing Pool

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

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

Note 19 – Jointly Governed Organizations

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

SPARCC is governed by a board of directors comprised of each Superintendent within SPARCC. The Stark County Educational Service Center serves as the fiscal agent of SPARCC and receives funding from the State Department of Education. The Board exercises total control over the operations of SPARCC including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. Louisville City School District paid \$144,481 to SPARCC during fiscal year 2021 for services. Financial information can be obtained by writing the Stark/Portage Area Computer Consortium, 6057 Strip Ave. NW, North Canton, Ohio 44720.

R.G. Drage Career Center The Stark County Area Vocational School (R.G. Drage) is a joint vocational school which is a jointly governed organization among six school districts. It is operated under the direction of a seven member Board consisting of one representative from each of the six participating school district's boards and one board member that rotates from each participating district. The Board exercises total control over the operations of R.G. Drage including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Board. R.G. Drage offers vocational education. The Board has its own budgeting and taxing authority. The School District did not pay R.G. Drage for services during fiscal year 2021. Financial information can be obtained by writing the R.G. Drage Career Center, 6805 Richville Drive S.W., Massillon, Ohio 44646.

Stark County Tax Incentive Review Council The Stark County Tax Incentive Review Council (TIRC) is a jointly governed organization, created as an advisory council pursuant to State statutes. TIRC has 24 members, consisting of three members appointed by the County Commissioners, four members appointed by municipal corporations, ten members appointed by township trustees, one member from the county auditor's office and six members appointed by boards of education located within the enterprise zones of Stark County. The Board exercises total control over the operations of the Council including budgeting,

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. The TIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the council can make written recommendations to the legislative authority that approved the agreement. There is no cost associated with being a member of this Council.

Note 20 – Related Organization

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

Note 21 – Accountability

At June 30, 2021, the following funds had deficit fund balances:

	<u>Amount</u>
<i>Other Governmental Funds:</i>	
Elementary and Secondary School Emergency Relief	\$146
Title I	34,444
Preschool Grant	1,217
Class Size Reduction	8,719
Miscellaneous Federal Grants	393

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the general fund needed for operations until the receipt of grant monies. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 22 – Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2021, if applicable, cannot be determined at this time.

School Foundation

In fiscal year 2021, School District foundation funding was based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. The fiscal year 2021 adjustment resulted in a payable for the School District in the amount of \$33,856.

Litigation

The School District is a defendant in one lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not materially adversely affect the School District’s financial condition.

Note 23 – Interfund Balances

Interfund Balances

Interfund balances at June 30, 2021, consisted of the following:

	Interfund Balances	
	June 30, 2021	
	Receivables	Payables
General	\$141,484	\$0
Other Governmental Funds:		
Food Service	0	49,000
Athletics and Music	0	61,500
Elementary and Secondary School Emergency Relief	0	3,485
Permanent Improvement	0	27,499
Total Other Governmental Funds	0	141,484
Total Governmental Funds	\$141,484	\$141,484

Louisville City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The advances from the general fund to the other governmental funds were made to support the activities of those funds due to the timing of revenue collections and to cover negative cash balances. The balances are anticipated to be repaid in one year.

Interfund Transfers

The general fund transferred \$1,045 and \$48,500 to the student activities and athletics and music special revenue funds, respectively, to support their operations.

Note 24 – Significant Commitments

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

General Fund	\$559,438
Other Governmental Funds	<u>682,907</u>
Total Governmental Funds	<u><u>\$1,242,345</u></u>

Note 25 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the School District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. The School District’s investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

Note 26 – Subsequent Event

For fiscal year 2022, School District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$950,632 in revenue and expenditures/expense related to these programs. Also during fiscal year 2021, the School District reported \$844,197 in tuition and fees from the resident school districts which will be direct funded to the School District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique “per-pupil local capacity amount” for each School District. The School District’s state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

Required Supplementary Information

Louisville City School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Eight Fiscal Years (1) **

	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.11849530%	0.11849500%	0.11764170%
School District's Proportionate Share of the Net Pension Liability	\$7,837,529	\$7,089,763	\$6,737,558
School District's Covered Payroll	\$4,022,364	\$4,094,830	\$3,873,563
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	194.85%	173.14%	173.94%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%

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

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.11541910%	0.12130600%	0.11887310%	0.11483100%	0.11483100%
\$6,896,037	\$8,878,480	\$6,783,015	\$5,811,531	\$6,828,631
\$3,795,279	\$3,777,643	\$3,719,214	\$3,325,420	\$3,443,366
181.70%	235.03%	182.38%	174.76%	198.31%
69.50%	62.98%	69.16%	71.70%	65.52%

Louisville City School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Eight Fiscal Years (1) **

	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.10493141%	0.10443136%	0.10494202%
School District's Proportionate Share of the Net Pension Liability	\$25,389,668	\$23,094,368	\$23,074,394
School District's Covered Payroll	\$12,250,364	\$12,097,914	\$11,997,507
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	207.26%	190.90%	192.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.31%

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

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.10430616%	0.11372811%	0.11359327%	0.11459449%	0.11459449%
\$24,778,152	\$38,068,227	\$31,393,856	\$27,873,345	\$33,202,547
\$11,472,886	\$12,083,907	\$11,879,393	\$11,750,469	\$11,974,638
215.97%	315.03%	264.27%	237.21%	277.27%
75.30%	66.80%	72.10%	74.70%	69.30%

Louisville City School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
*Last Five Fiscal Years (1) **

	2021	2020	2019
School District's Proportion of the Net OPEB Liability	0.12345270%	0.12175360%	0.11975430%
School District's Proportionate Share of the Net OPEB Liability	\$2,683,031	\$3,061,848	\$3,322,309
School District's Covered Payroll	\$4,022,364	\$4,094,830	\$3,873,563
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	66.70%	74.77%	85.77%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%

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

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

See accompanying notes to the required supplementary information

2018	2017
0.11709860%	0.12289170%
\$3,142,619	\$3,502,868
\$3,795,279	\$3,777,643
82.80%	92.73%
12.46%	11.49%

Louisville City School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
*Last Five Fiscal Years (1) **

	2021	2020	2019
School District's Proportion of the Net OPEB Liability (Asset)	0.10493141%	0.10443136%	0.10494202%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$1,844,167)	(\$1,729,633)	(\$1,686,312)
School District's Covered Payroll	\$12,250,364	\$12,097,914	\$11,997,507
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-15.05%	-14.30%	-14.06%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	182.13%	174.74%	176.00%

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

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

See accompanying notes to the required supplementary information

2018	2017
0.10430616%	0.11372811%
\$4,069,641	\$6,082,209
\$11,472,886	\$12,083,907
35.47%	50.33%
47.10%	37.30%

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

	2021	2020	2019
Net Pension Liability			
Contractually Required Contribution	\$575,798	\$563,131	\$552,802
Contributions in Relation to the Contractually Required Contribution	<u>(575,798)</u>	<u>(563,131)</u>	<u>(552,802)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$4,112,843	\$4,022,364	\$4,094,830
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>13.50%</u>
Net OPEB Liability			
Contractually Required Contribution (2)	\$77,376	\$81,628	\$96,286
Contributions in Relation to the Contractually Required Contribution	<u>(77,376)</u>	<u>(81,628)</u>	<u>(96,286)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.88%</u>	<u>2.03%</u>	<u>2.35%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.88%</u>	<u>16.03%</u>	<u>15.85%</u>

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

(2) Includes Surcharge.

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014	2013	2012
\$522,931	\$531,339	\$528,870	\$490,192	\$460,903	\$476,562	\$463,528
(522,931)	(531,339)	(528,870)	(490,192)	(460,903)	(476,562)	(463,528)
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$3,873,563	\$3,795,279	\$3,777,643	\$3,719,214	\$3,325,420	\$3,443,366	\$3,446,291
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%
\$85,871	\$63,705	\$62,018	\$93,177	\$71,433	\$74,688	\$89,000
(85,871)	(63,705)	(62,018)	(93,177)	(71,433)	(74,688)	(89,000)
\$0	\$0	\$0	\$0	\$0	\$0	\$0
2.22%	1.68%	1.64%	2.51%	2.15%	2.17%	2.58%
15.72%	15.68%	15.64%	15.69%	16.01%	16.01%	16.03%

Louisville City School District, Ohio
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2021	2020	2019
Net Pension Liability			
Contractually Required Contribution	\$1,877,450	\$1,715,051	\$1,693,708
Contributions in Relation to the Contractually Required Contribution	<u>(1,877,450)</u>	<u>(1,715,051)</u>	<u>(1,693,708)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$13,410,357	\$12,250,364	\$12,097,914
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability (Asset)			
Contractually Required Contribution	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014	2013	2012
\$1,679,651	\$1,606,204	\$1,691,747	\$1,663,115	\$1,527,561	\$1,556,703	\$1,757,194
(1,679,651)	(1,606,204)	(1,691,747)	(1,663,115)	(1,527,561)	(1,556,703)	(1,757,194)
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$11,997,507	\$11,472,886	\$12,083,907	\$11,879,393	\$11,750,469	\$11,974,638	\$13,516,877
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%
\$0	\$0	\$0	\$0	\$117,505	\$119,746	\$135,169
0	0	0	0	(117,505)	(119,746)	(135,169)
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Louisville City School District, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

Net Pension Liability

Changes in Assumptions – SERS

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

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

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

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

Changes in Assumptions – STRS

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

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

Louisville City School District, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

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

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

Net OPEB Liability (Asset)

Changes in Assumptions – SERS

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

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

Changes in Assumptions – STRS

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

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

Louisville City School District, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

Changes in Benefit Terms – STRS

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

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

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

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

**LOUISVILLE CITY SCHOOL DISTRICT
STARK COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures	Total Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
School Breakfast Program	10.553	049874-3L70-2021	\$341,721	
COVID-19 School Breakfast Program	10.553	049874-3L70-2021	86,824	
National School Lunch Program	10.555	049874-3L60-2020	3,045	
National School Lunch Program	10.555	049874-3L60-2021	668,964	\$163,404
COVID-19 National School Lunch Program	10.555	049874-3L60-2021	151,437	
COVID-19 Special Milk Program for Children	10.556	049874-3L60-2021	106	
Total Child Nutrition Cluster			<u>1,252,097</u>	<u>163,404</u>
Total U.S. Department of Agriculture			<u>1,252,097</u>	<u>163,404</u>
U.S. DEPARTMENT OF THE TREASURY				
<i>Passed Through Ohio Department of Education</i>				
COVID-19 Coronavirus Relief Fund	21.019	049874-5CV1-2021	299,388	
<i>Passed Through City of Louisville</i>				
COVID-19 Coronavirus Relief Fund	21.019	Not Available	26,216	
<i>Passed Through Nimishillen Township</i>				
COVID-19 Coronavirus Relief Fund	21.019	Not Available	58,228	
Total COVID-19 Coronavirus Relief Fund			<u>383,832</u>	
Total U.S. Department of the Treasury			<u>383,832</u>	
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	049874-3M00-2020	73,215	
Title I Grants to Local Educational Agencies	84.010	049874-3M00-2021	318,226	
Total Title I Grants to Local Educational Agencies			<u>391,441</u>	
Special Education Grants to States	84.027	049874-3M20-2020	110,645	
Special Education Grants to States	84.027	049874-3M20-2021	554,393	
Special Education Preschool Grants	84.173	049874-3C50-2020	3,653	
Special Education Preschool Grants	84.173	049874-3C50-2021	15,326	
Total Special Education Cluster			<u>684,017</u>	

**LOUISVILLE CITY SCHOOL DISTRICT
STARK COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures	Total Non-Cash Expenditures
U.S. DEPARTMENT OF EDUCATION (continued)				
Passed Through Ohio Department of Education (continued)				
Supporting Effective Instruction State Grants	84.367	049874-3Y60-2020	19,318	
Supporting Effective Instruction State Grants	84.367	049874-3Y60-2021	65,703	
Total Supporting Effective Instruction State Grants			<u>85,021</u>	
Student Support and Academic Enrichment Program	84.424	049874-3HI0-2020	7,351	
Student Support and Academic Enrichment Program	84.424	049874-3HI0-2021	13,351	
Total Student Support and Academic Enrichment Program			<u>20,702</u>	
COVID-19 Education Stabilization Fund I	84.425D	049874-3HS0-2021	304,194	
COVID-19 Education Stabilization Fund II	84.425D	049874-3HS0-2021	84,398	
Total COVID-19 Education Stabilization Fund			<u>388,592</u>	
Total U.S. Department of Education			<u>1,569,773</u>	
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Passed Through State Library of Ohio				
Grants to States	45.310	Not Available	2,606	
Total Institute of Museum and Library Services			<u>2,606</u>	
Total Expenditures of Federal Awards			<u>\$3,208,308</u>	<u>\$163,404</u>

The accompanying notes are an integral part of this schedule.

**LOUISVILLE CITY SCHOOL DISTRICT
STARK COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Louisville City School District (the District) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2021 to 2022 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amt. Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$37,958
Special Education Grants to States	84.027	\$51,081
Special Education Preschool Grants	84.173	\$204
Supporting Effective Instruction State Grants	84.367	\$500
Student Support and Academic Enrichment Program	84.424	\$16,253

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OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental each major fund, and the aggregate remaining fund information of the Louisville City School District, Stark County, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 25, 2022, wherein we noted the District implemented Governmental Accounting Standards Board Statement No. 84. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

January 25, 2022

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Louisville City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Louisville City School District's major federal program for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Louisville City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

January 25, 2022

**LOUISVILLE CITY SCHOOL DISTRICT
STARK COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Louisville City School District

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Significant deficiency related to financial reporting errors	Corrective Action Taken and Finding is Fully Corrected	None

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OHIO AUDITOR OF STATE KEITH FABER



LOUISVILLE CITY SCHOOL DISTRICT

STARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/1/2022

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

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