

**Auditor of State  
Betty Montgomery**



CITY OF LOUISVILLE  
STARK COUNTY

TABLE OF CONTENTS

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	1
Schedule of Prior Audit Findings.....	3

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

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

City of Louisville  
Stark County  
215 South Mill Street  
Louisville, Ohio 44641

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Louisville, Stark County, Ohio, (the City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 22, 2005 in which we noted the City adopted Governmental Accounting Standard Board Statement No. 34 and made a correction of an error in depreciation calculations for capital assets of the water and sewer funds. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the City's management dated December 22, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

**Compliance and Other Matters**

As part of reasonably assuring whether the City'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the City's management dated December 22, 2005, we reported other matters related to noncompliance we deemed immaterial.

101 Central Plaza South / 700 Bank One Tower / Canton, OH 44702  
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

City of Louisville  
Stark County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of management and City Council. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

December 22, 2005

CITY OF LOUISVILLE  
STARK COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2004

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2003-001	Three employees were overpaid for insurance opt out payments.	Yes	





***City of Louisville  
Louisville, Ohio***



***Comprehensive Annual  
Financial Report  
For The Year Ended:  
December 31, 2004***





**This Page is Intentionally Left Blank.**

# CITY OF LOUISVILLE, OHIO

---

## Comprehensive Annual Financial Report

Year Ended December 31, 2004

PREPARED BY: DEPARTMENT OF FINANCE

William R. Rouse, Director of Finance  
Cindy Minster, Deputy Finance Director  
Laurie Tournoux, Tax Administrator  
Mikie McLaughlin, Account Clerk  
Claudia Sell, Account Clerk



***City of Louisville, Ohio***  
**Comprehensive Annual Financial Report**  
**Year Ended December 31, 2004**

Table of Contents

<b>Introductory Section</b>	<b>Page</b>
Letter of Transmittal.....	iii
Public Officials Roster .....	xi
Organization Chart .....	xii
Certificate of Achievement.....	xiii
<b>Financial Section</b>	
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	13
Statement of Activities .....	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	16
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual:	
General Fund .....	20
Statement of Fund Net Assets – Proprietary Funds.....	21
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds .....	22
Statement of Cash Flows – Proprietary Funds .....	23
Notes to the Basic Financial Statements.....	24
Combining Statements:	
Combining Statements – Nonmajor Governmental Funds:	
Fund Descriptions.....	54
Combining Balance Sheet – Nonmajor Governmental Funds.....	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	57
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	60
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual:	
Major Funds:	
General Fund .....	63

**City of Louisville, Ohio**  
**Comprehensive Annual Financial Report**  
**Year Ended December 31, 2004**

Table of Contents  
(Continued)

	<b>Page</b>
Nonmajor Funds:	
Street Construction, Maintenance and Repair Fund.....	65
State Highway Fund.....	66
Motor Vehicle License Fund.....	67
Municipal Road Fund.....	68
Senior Citizens Fund.....	69
Mayor’s Court Computerization Fund.....	70
Emergency Services Donations Fund.....	71
Emergency Services Charges Fund.....	72
Law Enforcement Education Fund.....	73
Law Enforcement Trust Fund.....	74
Special Events Fund.....	75
FEMA Hazard Mitigation Grant Fund.....	76
Debt Retirement Fund.....	77
Capital Improvements Fund.....	78
 Individual Fund Schedules of Revenues, Expenses and Changes in Fund Equity – Budget (Non-GAAP Basis) and Actual:	
Major Funds:	
Water Fund.....	80
Sewer Fund.....	82
 <b>Statistical Section</b>	
 General Governmental Revenues by Source and General Governmental Expenditures by Function - All Governmental Funds- Last Ten Years.....	85
Property Tax Levies and Collections Last Ten Years and Largest Property Taxpayers by Assessment.....	86
Direct and Overlapping Property Tax Rates and Assessed and Estimated Valuation of Property Last Ten Years.....	87
Computation of Legal Debt Margin and Direct and Overlapping Debt Analysis.....	88
Ratio of Outstanding General Obligation Debt to Assessed Value and per Capita and Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures and Revenue Bond Coverage – Last Ten Years.....	89
Residential and Commercial Building Permits, Bank Deposits – Stark County, Ohio – and Unemployment Rates Last Ten Years.....	90
Largest Employers Within City Corporate Limits and Income Tax Collections Last Ten Years.....	91
Miscellaneous Statistics, December 31, 2004 and Population and School Enrollment Last Ten Years.....	92



---

## INTRODUCTORY SECTION





**Department of Finance**

December 22, 2005

To the Citizens, Mayor-Councilmember, and Members of Council  
of the City of Louisville, Ohio:

The Comprehensive Annual Financial Report (CAFR) of the City of Louisville (the City), Ohio for the fiscal year ended December 31, 2004 is hereby submitted. This CAFR represents the official report of the City of Louisville's operations and financial position for the year ended December 31, 2004, and has been developed to accurately detail the status of the City finances to Louisville residents and elected officials, investment banks and underwriters and other interested parties. This report is presented in compliance with Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments". It is intended to provide pertinent and necessary information to the citizens of Louisville.

State law requires that the City prepare their financial statements in accordance with generally accepted accounting principles (GAAP) and to have an audit at least every two years. The financial statements, at a minimum, should be the basic financial statements of the City and include the notes to those statements. Although not required by law, management of the City has decided to prepare this CAFR and have an annual audit. A further discussion of the audit can be found later in this letter.

Responsibility for accuracy, completeness, and fairness of the presentation and for all disclosure rests with the City's management. We believe that the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included in this report.

This report is presented in three sections: introductory, financial, and statistical. The introductory section includes a table of contents, letter of transmittal, the Government Finance Officers Association (GFOA) Certificate of Achievement for 2003, a list of public officials and an organizational chart. The financial section includes the Independent Accountants' Report, a management's discussion and analysis, the basic financial statements and notes that provide an overview of the City's financial position and operating results, the combining statements and other schedules providing detailed information relative to the basic financial statements. The statistical section presents financial, economic, social and demographic information about the City for the last 10 years.

## **Background and General Information**

The City of Louisville, encompassing an area of approximately 5.4 square miles, is located in the east central portion of Stark County, Ohio. The City had a population of 8,904 as reported in 2000 by the Bureau of Census. State Routes 44 (North Chapel) and 153 (Main) intersect in the City business district, and United States Route 62 passes through the northwestern corner of the City. In addition to the highway system, Norfolk and Southern Railroad operates a line running between Chicago and New York that passes through the center of the City.

Louisville is a “home-rule” city as defined by the State of Ohio Revised Code and operates pursuant to its Charter under a Council-Manager form of government. The Mayor-Councilmember and four Councilmembers are elected at large on a nonpartisan ballot for four-year, staggered terms. The City Council appoints the City Manager, who has full responsibility for carrying out Council policies and administering City operations. The City Manager appoints, with consent of Council, the Finance Director and City Law Director. The Mayor-Councilmember and Council appoint boards and commissions, which include the Board of Zoning Appeals, Planning Commission, Tree Commission and Civil Service Commission.

Louisville has the proud history of being nationally recognized as Constitution Town. This is in honor of the ratification of the U.S. Constitution in 1789. In 1952, a Louisville resident, Mrs. Olga T. Weber, petitioned municipal officials to establish a Constitution Day. Louisville’s presiding Mayor, Gerald A. Romary, proclaimed September 17, 1952 as that day in the City. The following April, Mrs. Weber requested that the Ohio General Assembly proclaim September 17 as statewide Constitution Day. A bill to that effect was introduced, passed and signed by Governor Frank J. Lausche. Additionally, in August 1953, at Mrs. Weber’s urging, the United States Senate passed a resolution designating September 17-23 as Constitution Week. It was approved and signed by President Dwight D. Eisenhower. On April 15, 1957, the City Council of Louisville declared the City Constitution Town. The Ohio State Archaeological and Historical Society later donated four historical markers explaining Louisville’s role as originator of Constitution Day. These markers are placed at each of the main entrances to the City.

The City’s population has steadily increased during the last 100 years. Even during the decade of the 1970s, when every other city in Stark County lost population, Louisville still continued to grow. The most active decades of growth were the 1920s and 1950s. Percentage population gains during those two time periods were 55.9% and 34.6%, respectively.

The development of the Colonial Foundry and the Superior Sheet Steel Corporation contributed directly to the large population growth during the sub urbanization trends and the City’s active annexation program. When Louisville passed the 5,000-population mark in the 1950s, its status was changed from a village to a city.

## **Reporting Entity**

For financial reporting purposes, the City includes in this report all funds, agencies, boards, and commissions that are controlled by, or dependent on, the City’s Legislative branch. “Controlled by” or “dependent on” the City is determined on the basis of budget adoption, taxing authority, outstanding debts secured by revenues or general taxing authority of the City, and/or the City’s obligation to fund any deficits that may occur. A more detailed description of the reporting entity can be found in Note 1(A) of the notes to the basic financial statements.

## Services Provided

The City provides the full range of municipal services contemplated by its charter. These services include security of persons and property (including police and fire), public health and welfare, leisure time activities, community environment, basic utility services (including water and sewer), transportation (including street maintenance, ice and snow removal), and general government (including administration). The services are explained in more detail as follows:

- SECURITY OF PERSONS AND PROPERTY - To reduce the amounts and effect of external harms and to ensure an atmosphere of personal security from external events. This includes, but is not limited to, the Police, Emergency Medical Services, and Fire Divisions and the cost of street lighting.
- PUBLIC HEALTH AND WELFARE - To provide for the physical well being of the citizenry by providing basic preventative health care or assistance when needed. This program consists mainly of the City's share of the cost of the Stark County Health Department, which provides services to the citizens of Louisville.
- LEISURE TIME ACTIVITIES - To provide year round recreation, entertainment, and activities that are varied, safe, and enjoyable for individuals, groups and families. This includes the Parks, Recreation, and the Senior Citizens Divisions.
- COMMUNITY ENVIRONMENT- To provide a satisfactory living environment for the citizenry, including decent housing and pleasant surroundings that are conducive to personal and family well being. This program includes Planning, Zoning, Building Inspection, and Urban Forestry.
- BASIC UTILITY SERVICES - To provide the citizenry with utility services at an affordable price that also assures necessary supply. This includes water and sewage treatment.
- TRANSPORTATION - To purchase, construct, maintain and repair facilities and equipment needed to transport people, goods, and supplies quickly, safely and pleasurably. This includes the Maintenance Division for street and highway activities.
- GENERAL GOVERNMENT - To provide general administrative services to ensure that the aforementioned programs are administered in a manner consistent with and in the best interest of the citizenry. This includes City Manager, Finance, Law, Personnel, Engineering, Mayor's Court, and City Council.

## The Budget as a Policy Document

The budget is a policy document that sets service levels for the City. The goal is to provide the Council with a management tool to establish broad goals and objectives within which the administration will operate. That is, emphasis should not necessarily be placed entirely upon the expenditure limitation aspect of budgeting; rather, expenditure control should be exercised administratively in conjunction with policy decisions. Just as the citizen evaluates the effectiveness of government on the basis of delivered services, the intent of the budget preparation process is to focus policy attention upon the means and ends to achieve the desired goals of government.

## **Controlling Expenditures**

While the adopted budget establishes appropriation levels, specific procedures for controlling expenditures continue to be developed, expanded, and refined to ensure that day-to-day execution is in compliance with the approved program. The City Manager, in conjunction with the Director of Finance, is responsible for reviewing all requests for expenditures initiated by designated requisitioning authorities to determine their compliance with the adopted budget. The City designs its budget of expenditures/expenses based on the collaborative efforts of the City's management and department heads. The budget/appropriation is at the department level within each fund. The budget is then presented to Council for approval in the legislative process. Prior to submitting the budget to Council, the Director of Finance determines if the resources are available or anticipated to be collected during the year. This estimated revenue must be sent to the County Auditor for certification that sufficient resources are available to cover appropriations, and upon this certification the appropriation measure is then in effect.

These budget control procedures are important management tools which allow more effective use of the dollars spent in the total City program. As a necessary by-product, these procedures also ensure compliance with State financial statutes, City Council and administration policy, and the City Charter.

## **Internal Control Structure**

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

## **Enterprise Operations**

The City owns and operates both a water and sewer utility department. Combined operating revenue for 2004 was \$1,363,207 a decrease of 2.8% from 2003's operating revenue. Operating expenses decreased 23.9% from 2003, to a total of \$1,470,988. During the year the City received the remaining balance due on a Water Utility Service contract in the amount of \$1,078,106. The contract amount, reported as non-operating revenue contributions, was for the retirement of the Water Revenue Bond and any accrued interest on the outstanding bonds.

## **Economic Conditions**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

### **Local Economy**

While Louisville, like the rest of the nation, felt the impact of the current recession, the City continued to closely monitor the two main revenue sources of income and property taxes. The City's management considers both of these revenues indicators of the strengths or weaknesses of the local economy. In monitoring property tax revenues, the City takes in account several factors, including tax collections, the values of new construction and revaluations. Likewise, with income tax, the City must take into account certain factors such as, tax collections, tax refunds, new jobs and the unemployment rate.

Income Tax Collections 2004 - 2000: The economic recovery from the recession that started in 2001 has been very sluggish. This can be seen clearly with the City's income tax collections. Income tax is the City's largest revenue source.

**Year-to-Date Income Tax Collections  
(Presented on a Cash Basis)**

<b>Month Ended</b>	<b>Tax Year 2004</b>	<b>Tax Year 2003</b>	<b>Tax Year 2002</b>	<b>Tax Year 2001</b>	<b>Tax Year 2000</b>
January	\$ 332,353	\$ 307,149	\$ 310,819	\$ 279,167	\$ 252,876
February	569,047	525,062	504,234	487,840	515,475
March	728,275	681,978	669,843	659,531	674,959
April	1,316,704	1,284,534	1,217,489	1,248,737	1,221,183
May	1,460,135	1,433,120	1,368,981	1,395,157	1,425,116
June	1,600,679	1,573,106	1,546,115	1,557,869	1,578,522
July	1,932,765	1,906,192	1,836,134	1,875,395	1,903,996
August	2,073,613	2,065,486	1,991,268	2,041,290	2,020,765
September	2,208,481	2,211,364	2,163,763	2,182,512	2,214,124
October	2,466,521	2,551,766	2,464,142	2,518,078	2,623,310
November	2,793,476	2,691,948	2,615,009	2,632,379	2,737,824
December	\$ 2,909,059	\$ 2,842,964	\$ 2,757,672	\$ 2,796,610	\$ 2,929,773

The City has experienced a local economic slowdown since 2001. There was an increase in income tax revenue in 2004; however, a refund in the following year is expected to reduce the increase. Income tax collections peaked in 2000 and have declined from that level for four years in a row. Income tax collections at the end of 2004 are 1% below the 2000 level and are 3% below the budget estimate of \$3,010,850.

Late in the summer of 2004, the City's largest taxpayer, J&L Steel, was drastically downsized and later sold to a competitor. J&L Steel generated a significant portion of the income tax revenue for the City. Over the past five years, income tax collections related to J&L ranged from 15 to 11 percent of the total income tax collections.

Allegheny Ludlum purchased J&L Steel and immediately informed the City that they would be eliminating 300 jobs as part of their downsizing of operations. If this job loss wasn't devastating enough to the budget of the City, another large employer filed for bankruptcy and closed their doors. Combined, the City estimated the annual income tax dollar loss is at \$280,000-\$300,000.

As a stopgap measure, City Council reduced the income tax credit from 100% to 50% after several public hearings. This action of Council is subject to an annual review and is calculated to only replace the lost income tax revenue in the first year of implementation (2005).

The History of Property Tax Collections: The second largest source of revenue to the City of Louisville is property tax. Louisville is a growing community and property tax revenue has grown under Ohio Law since the City levies 2.8 inside (unvoted) tax mills. However, the increase in property tax revenue is not large enough to offset the sluggish growth of income tax revenue. That fact becomes clearer when the figures below are reviewed.

<b>Property Tax Revenue</b>		
<b>(Presented on a Cash Basis)</b>		
<u>Year</u>	<u>Collections</u>	<u>Percentage Increase (Decrease)</u>
2000	\$ 340,814	
2001	*	13.58 %
2002	387,089	0.05
2003	387,265	(0.04)
2004	387,094	2.03 %
2004	\$ 394,963	

\* Property tax revaluation in 2001

### **Long-term Financial Planning**

The residential growth that the City is experiencing was predicted several years ago. As part of the 1998 goal setting process, City Council decided a closer look was needed at the way the City was developing to ensure a wise use of capital resources and to enhance service delivery for the future needs of its citizens. The City selected Northstar Planning and Design Incorporated to guide the City in this community planning process. In 2000, after months of hard work by many dedicated City and community members, the *Louisville Community Plan*, a strategic approach to growth management and capital project planning was completed and approved by City Council. This document will help the City leadership cope with the increased demand for City services by acting as a guide for decision makers when formulating future budgets and considering possible capital improvements. The plan was developed to assist the City for the next twenty years. The Director of Finance, City Manager and other management of the City work closely with local businesses, developers and other employers to be informed of changes in the local economy. As a result of this, the City can adopt their plan and change financial forecasts in order to be proactive in managing the City.

In May 2005, the City Council recommended that a community committee be formed to take an independent look at the financial health of the City. The findings of this committee are likely to have an impact on the future planning of the City's finances.

### **Financial Policy**

The City's Charter was designed several years ago with a mechanism that facilitated constructive budgeting policy. As a part of the budget process, with relation to the proposed expenditures for down payments and other proposed expenditures for capital projects stated in the budget, the City Manager is required to include a statement of pending capital projects and proposed new capital during the budget year to Council.

### **Major Initiatives**

The City is in need of replacing a 26-year old dump truck, a 27-year old and 20-year old fire truck, a 22-year old bucket truck and an 18-year old street sweeper. The cost of replacing these vehicles is estimated at \$750,000 to \$1,000,000. City Council passed a resolution requesting that a property tax levy for 4 mills be placed on the May 2005 ballot. The levy made it to the ballot and later failed. Had the levy passed, it was anticipated to generate \$610,000 per year for general operations of the City.



### **Internal Service Funds**

The City's internal service fund is used to account for certain benefits provided to all City employees. Governmental and enterprise funds are charged for vision and dental benefits. The internal service fund then pays for all vision and dental claims under the self-insurance plan.

### **Risk Management**

The types of insurance carried include: general liability, public officials liability, police professional liability, fleet liability, paramedic liability, employee medical insurance, and State of Ohio Workers Compensation. In addition to the City's administrative policies concerning risk control, each major department has its own risk control policies and procedures which are designed to control exposures to risk by employees and citizens.

### **Financial Reporting**

This is the first year the City has prepared financial statements following GASB Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments". GASB Statement No. 34 creates new basic financial statements for reporting on the City's financial activities as follows:

- Government-wide Financial Statements
- Fund Financial Statements
- Statements of Budgetary Comparisons

As part of the new model, management is responsible for preparing a Management's Discussion and Analysis of the City. This discussion follows the Independent Accountants' Report, providing an assessment of the City's finances for 2004 and a discussion of current issues affecting the City.

### **Independent Annual Audit**

The City is not legally required to obtain an independent annual audit. The minimum requirement is for the State of Ohio to perform an audit, directly or indirectly through an independent auditing firm, at least every two years. The City, consistent with the professional manner in which it has conducted its financial affairs, has chosen and funded annual audits. The City's financial statements have been audited by the Auditor of the State of Ohio. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2004, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The Auditor of State concluded, based upon its audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the year ended December 31, 2004 are fairly presented in conformity with GAAP. The Independent Accountants' Report is presented as the first component of the financial section of this report.

## **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Louisville, Ohio for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2003. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. The CAFR must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City of Louisville has received a Certificate of Achievement for the last twelve consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

## **Acknowledgments**

Preparation of this report could not have been accomplished without the help of a dedicated Finance Department staff. Further appreciation is extended to the Office of the City Manager, City Council, Stark County Auditor's Office, and department heads for their valuable research of records.

Respectfully submitted,



William R. Rouse  
Director of Finance

***City of Louisville, Ohio***

Public Officials Roster

December 31, 2004

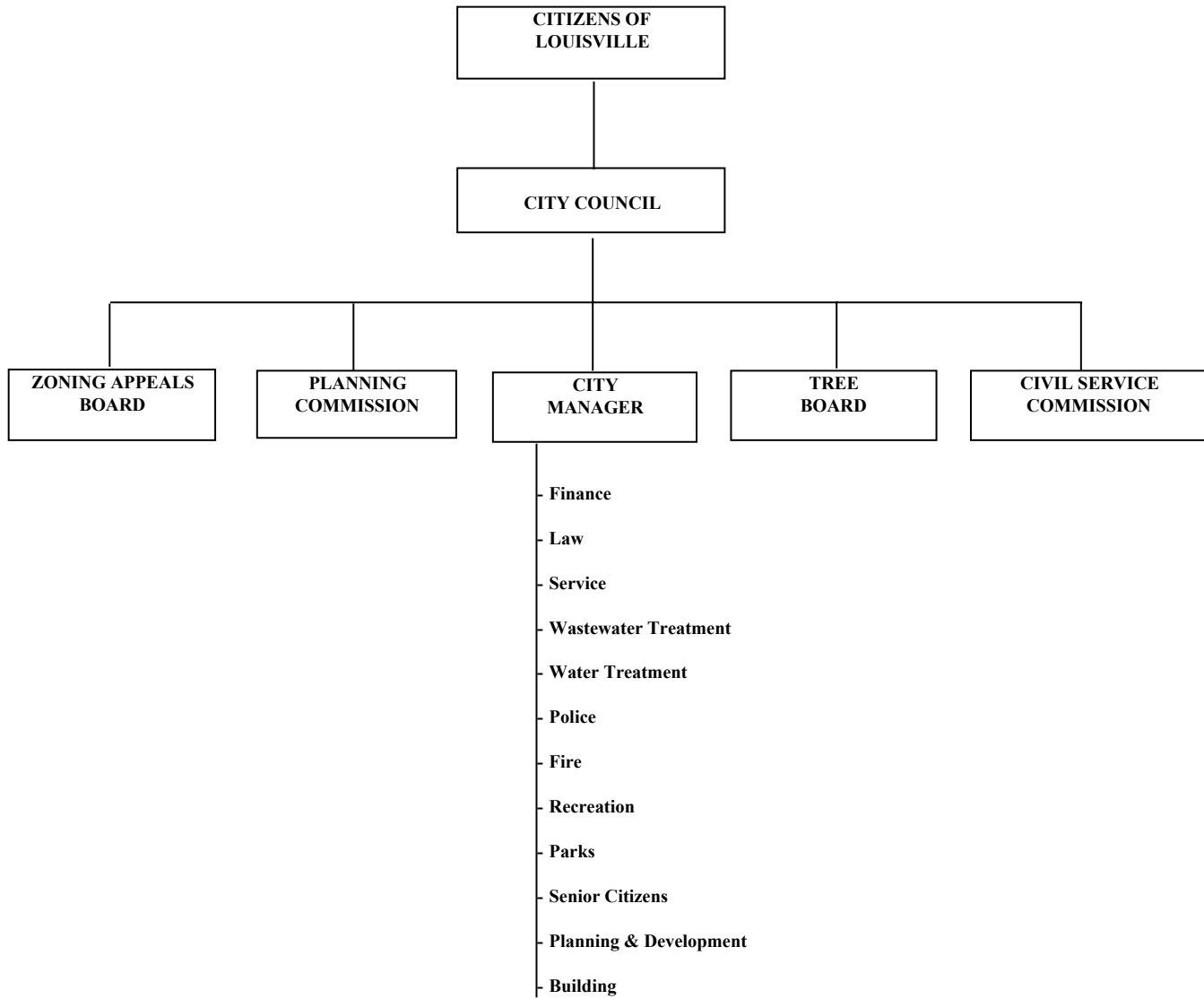
**Elected Officials**

Cynthia Ann Kerchner ..... Mayor - Council Member  
Peggy Connor ..... Council Member  
Jerry Brown ..... Council Member  
David A. Thorley ..... Council Member  
Tom McAlister..... Council Member

**Appointed Officials**

E. Thomas Ault ..... City Manager  
William R. Rouse..... Director of Finance  
Deborah L. Sanborn..... Director of Planning  
Peggy Howald..... City Clerk  
Robert Duffrin ..... Law Director  
James McBeath ..... Superintendent of Service  
James Miller..... Chief of Police  
Dennis Myers..... Chief of Fire

*City of Louisville, Ohio*  
Organization Chart



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Louisville,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Nancy L. Ziehl*

President

*Jeffrey R. Emmer*

Executive Director



---

## FINANCIAL SECTION







## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

City of Louisville  
Stark County  
215 South Mill Street  
Louisville, Ohio 44641

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Louisville, Stark County, Ohio, (the City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Louisville, Stark County, Ohio, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, during the year ended December 31, 2004, the City implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Additionally, as described in Note 2, the City corrected an error in depreciation calculations resulting in the restatement of capital and net assets of the sewer and water funds as of December 31, 2003.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2005, on our consideration of the City'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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

101 Central Plaza South / 700 Bank One Tower / Canton, OH 44702  
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

December 22, 2005

## ***City of Louisville, Ohio***

Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2004  
Unaudited

The management's discussion and analysis of the City of Louisville's (the "City") financial statements provides an overall review of the City's financial activities for the fiscal year ended December 31, 2004. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the transmittal letter, basic financial statements and notes to enhance their understanding of the City's financial performance. Since this is the first year of financial presentation under Governmental Accounting Standards Board (GASB) Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", some analyses with prior year data is not available. Future Management Discussion and Analyses will be comparative.

### **Financial Highlights**

Key financial highlights for 2004 are as follows:

- The total net assets of the City increased \$1,694,642. Net assets of governmental activities increased \$326,702, which represents a 14.2% increase over fiscal year 2003. Net assets of business-type activities increased \$1,367,940 or 39.4% from fiscal year 2003.
- General revenues, for governmental activities, accounted for \$3,064,184 or 75.0% of total governmental activities revenue. Program specific revenues accounted for \$1,020,975 or 25.0% of total governmental activities revenue.
- Governmental activities net capital assets increased \$86,348.
- The City had \$3,758,457 in expenses related to governmental activities; \$1,020,975 of these expenses were offset by program specific charges for services, grants, contributions, or interest. General revenues (primarily taxes) of \$3,064,184 were sufficient to offset these remaining program expenses.
- The general fund, the City's largest and major governmental fund, had revenues of \$3,376,548 in 2004, or 83.7% of total governmental funds. Expenditures of the general fund were \$2,911,333, or 69.8% of total governmental funds. The general fund balance increased \$122,284 or 21.6% in 2004.

### **Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the City as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net assets and statement of activities provide summary information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those finances.

## ***City of Louisville, Ohio***

Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2004  
Unaudited

Fund financial statements provide the next level of detail. For governmental funds, these statements show how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor governmental funds presented in total in one column. In the case of the City, there is one major governmental fund and two major business-type funds.

### **Reporting the City as a Whole**

#### ***Statement of Net Assets and Statement of Activities***

While this document contains a number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and answers the question, "How did we do financially during 2004"? These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by most private-sector companies. This basis of 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 City's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions and other factors.

In the statement of net assets and the statement of activities, the City is divided into two distinct kinds of activities:

- **Governmental Activities** – Most of the City's programs and services are reported here including general government, security of persons and property, community services, and transportation. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues.
- **Business-Type Activities** – These services are provided on a fee-for-usage basis to recover all or a significant portion of the expenses of the goods or services provided. The City's business-type activities include water and sewer services.

### **Reporting the City's Most Significant Funds**

#### ***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds. Fund financial reports provide detailed information about the activities within the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's only major governmental fund is the general fund. An analysis of the City's major governmental fund begins on page 9.

## ***City of Louisville, Ohio***

Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2004  
Unaudited

### ***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements, which can be found on pages 56-61 in this report. The basic governmental fund financial statements can be found on pages 16-20 of this report.

### ***Proprietary Funds***

Proprietary funds (water and sewer) have historically operated as enterprise funds and are used to report the same functions presented as business-type activities in the government-wide financial statements. Since they use the same basis of accounting as business-type activities, these fund statements will essentially match the information provided in statements for the City as a whole. The basic proprietary fund financial statements can be found on pages 21-23 of this report.

### ***Notes to the Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 24-52 of this report.

### ***Other Information***

In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules, which can be found on pages 56-83 of this report.

## City of Louisville, Ohio

Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2004  
Unaudited

### Government-Wide Financial Analysis

The statement of net assets provides the perspective of the City as a whole.

Table 1 below provides a summary of the City's net assets for 2004 compared to 2003:

**Table 1**  
**Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
<u>Assets</u>						
Current and other assets	\$ 2,211,990	\$ 2,130,730	\$ 1,594,701	\$ 1,851,517	\$ 3,806,691	\$ 3,982,247
Capital assets	<u>2,143,550</u>	<u>2,057,202</u>	<u>8,295,675</u>	<u>8,216,102</u>	<u>10,439,225</u>	<u>10,273,304</u>
Total assets	<u>4,355,540</u>	<u>4,187,932</u>	<u>9,890,376</u>	<u>10,067,619</u>	<u>14,245,916</u>	<u>14,255,551</u>
<u>Liabilities</u>						
Other liabilities	645,311	616,824	232,008	332,699	877,319	949,523
Long-term liabilities outstanding	<u>1,075,954</u>	<u>1,263,535</u>	<u>4,820,734</u>	<u>6,265,226</u>	<u>5,896,688</u>	<u>7,528,761</u>
Total liabilities	<u>1,721,265</u>	<u>1,880,359</u>	<u>5,052,742</u>	<u>6,597,925</u>	<u>6,774,007</u>	<u>8,478,284</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	1,315,265	1,160,103	3,504,889	2,019,159	4,820,154	3,179,262
Restricted	530,515	625,051	-	-	530,515	625,051
Unrestricted	<u>788,495</u>	<u>522,419</u>	<u>1,332,745</u>	<u>1,450,535</u>	<u>2,121,240</u>	<u>1,972,954</u>
Total net assets	<u>\$ 2,634,275</u>	<u>\$ 2,307,573</u>	<u>\$ 4,837,634</u>	<u>\$ 3,469,694</u>	<u>\$ 7,471,909</u>	<u>\$ 5,777,267</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2004, the City's assets exceeded liabilities by \$7,471,909. This amounts to \$2,634,275 in governmental activities and \$4,837,634 in business-type activities. Capital assets reported on the government-wide statements represent the largest portion of the City's net assets. At year-end, capital assets represented 73.3% of total governmental and business-type assets. Capital assets include land, land improvements, buildings, machinery, equipment and vehicles, infrastructure, and construction in progress. Capital assets, net of related debt to acquire the assets at December 31, 2004, were \$4,820,154. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. As of December 31, 2004, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

## City of Louisville, Ohio

Management's Discussion and Analysis  
 For the Fiscal Year Ended December 31, 2004  
 Unaudited

A portion of the City's governmental net assets, \$530,515 or 20.1%, represent resources that are subject to external restrictions on how they may be used. Of the total restricted net assets, \$517,843 is restricted for capital projects, debt service, transportation, and safety services programs. The remaining balance of governmental unrestricted net assets of \$788,495 may be used to meet the government's ongoing obligations to citizens and creditors.

Table 2 below shows the changes in net assets for governmental and business-type activities for fiscal year 2004. Since this is the first year the City has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to fiscal year 2003 are not available.

**Table 2**  
**Changes in Net Assets**

	Governmental Activities <u>2004</u>	Business-Type Activities <u>2004</u>	Total <u>2004</u>
<b>Revenues</b>			
Program revenues:			
Charges for services	\$ 483,242	\$ 1,363,207	\$ 1,846,449
Operating grants, contributions, and interest	520,083	7,257	527,340
Capital grants and contributions	17,650	-	17,650
General revenues:			
Property and other taxes	498,705	-	498,705
Municipal income taxes	2,122,773	704,467	2,827,240
Grants and entitlements	313,728	-	313,728
Gain on sale of capital assets	22,640	-	22,640
Investment earnings	26,557	-	26,557
Contributions	-	1,078,106	1,078,106
Other	79,781	-	79,781
Total revenues	<u>4,085,159</u>	<u>3,153,037</u>	<u>7,238,196</u>
<b>Program Expenses</b>			
<i>Governmental Activities:</i>			
General government	799,136	-	799,136
Security of persons and property	1,745,446	-	1,745,446
Public health and welfare	48,652	-	48,652
Transportation	427,472	-	427,472
Community environment	157,208	-	157,208
Basic utility service	147,327	-	147,327
Leisure time activities	337,237	-	337,237
Other	43,152	-	43,152
Interest and fiscal charges	52,827	-	52,827
<i>Business-Type Activities:</i>			
Water	-	912,997	912,997
Sewer	-	872,100	872,100
Total program expenses	<u>3,758,457</u>	<u>1,785,097</u>	<u>5,543,554</u>
Change in net assets	<u>\$ 326,702</u>	<u>\$ 1,367,940</u>	<u>\$ 1,694,642</u>

## ***City of Louisville, Ohio***

Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2004  
Unaudited

### ***Governmental Activities***

Governmental activities net assets increased \$326,702 or 14.2% in 2004 over 2003. This increase was due to conservative spending measures. The City has had little fluctuation in income tax and property tax revenues over the past several years. Due to the increased costs of providing services to the citizenry and the lack of a comparable increase in these two revenues, the City has continued to reduce spending and cut services. These cuts have been made to several programs including, leisure time activities, transportation and security of persons and property. Despite these cuts, the City was able to make necessary capital purchases by acquiring a few new vehicles as explained later in this analysis.

Security of persons and property, which primarily supports the operations of the City's police, fire and emergency medical services, accounts for \$1,745,446 of expenses, or 46.4% of total governmental expenses of the City. These expenses were funded by \$215,530 in charges to users of services and operating grants. General government expenses, which primarily include legislative, executive and financial management, totaled \$799,136 or 21.3% of total governmental expenses. General government expenses were covered by \$178,062 of direct charges to users and operating grants.

General revenues totaled \$3,064,184, and amounted to 75.0% of total revenues. These revenues primarily consist of property and income tax revenue of \$2,621,478, or 85.6% of total general revenues. The other primary source of general revenues is grants and entitlements not restricted to specific programs, with a majority of the revenue being local government and local government revenue assistance. For 2004, these revenues totaled \$313,728, or 10.2% of the total general revenues.

### ***Business-Type Activities***

The water and sewer funds represent the City's business-type activities. These programs had program revenues of \$1,370,464 and expenses of \$1,785,097 for fiscal year 2004. Business-type activities reported an increase in net assets of \$1,367,940, or 39.4% as compared to 2003. For this year, the increase in net assets was attributed to operating activities as well as the retirement of the revenue bonds.

### ***Program Expenses***

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government-wide activities, the total cost of services and the net cost of services for 2004. That is, it identifies the cost of these services supported by general revenues. Comparisons to fiscal year 2003 have not been presented since they are not available due to the initial implementation of GASB Statement No. 34.



**City of Louisville, Ohio**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended December 31, 2004  
 Unaudited

**Table 3**  
**Program Expenses**

	<u>2004</u>	
	<u>Total Cost</u>	<u>Net Cost</u>
	<u>of Services</u>	<u>of Services</u>
<i>Governmental Activities:</i>		
General government	\$ 799,136	\$ (621,074)
Security of persons and property	1,745,446	(1,529,916)
Public health and welfare	48,652	(48,652)
Transportation	427,472	(45,090)
Community environment	157,208	(129,970)
Basic utility services	147,327	(53,555)
Leisure time activities	337,237	(213,246)
Other	43,152	(43,152)
Interest and fiscal charges	52,827	(52,827)
<i>Business-Type Activities:</i>		
Water	912,997	(244,591)
Sewer	872,100	(170,042)
Total expenses	<u>\$ 5,543,554</u>	<u>\$ (3,152,115)</u>

The dependence upon general revenues for governmental activities is apparent, with 72.8% of expenses supported through taxes and other general revenues.

**Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The general fund is the main operating fund of the City. At the end of 2004, the fund balance of the general fund was \$688,642, a 21.6% increase from the prior year. The reason for the increase in the general fund balance was a result of increased revenues from intergovernmental resources and reductions in expenses. Spending in all expenditure categories were reduced in anticipation of reduced revenues resulting from the economic downturn. Leisure time activities expenditures were reduced by \$70,643.

## ***City of Louisville, Ohio***

Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2004  
Unaudited

### ***Budgeting Highlights - General Fund***

The City's budgeting process is prescribed by the Ohio Revised Code (ORC) and the provisions of the City's Charter. Essentially the budget is the City's appropriations that are restricted by the amounts of anticipated revenues certified by the County Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly.

There were no significant changes from the original budgeted revenues as compared to the final budgeted amounts. Actual revenues exceeded the original amount by \$88,644. This difference was caused by the conservative budgeting nature of the original budgeting process.

Final budgeted expenditures exceeded the original budgeted expenditures by \$340,028. The majority of this change was reported in safety services and leisure time activities which was due to increased fuel costs and support of Senior Citizens Center, respectively. Actual expenditures for the year were \$173,407 less than the final budgeted amounts. There were no individually significant events that led to this difference.

### **Capital Assets and Debt Administration**

#### ***Capital Assets***

At the end of 2004, the City had \$10,439,225 (net of accumulated depreciation) invested in land, land improvements, buildings, machinery, equipment and vehicles, infrastructure, and construction in progress. Of this total, \$2,143,550 was reported in governmental activities and \$8,295,675 was reported in business-type activities. Table 4 below reports fiscal year 2004 balances compared to 2003:

**Table 4**  
**Capital Assets, at December 31**  
**(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Land	\$ 53,194	\$ 53,194	\$ 303,986	\$ 183,858	\$ 357,180	\$ 237,052
Land improvements	536,383	547,970	8,599	8,599	544,982	556,569
Buildings	670,426	709,792	4,870,149	4,949,554	5,540,575	5,659,346
Machinery, equipment and vehicles	724,191	746,246	228,343	196,035	952,534	942,281
Infrastructure	137,394	-	2,741,748	2,878,056	2,879,142	2,878,056
Construction in progress	21,962	-	142,850	-	164,812	-
Total	<u>\$ 2,143,550</u>	<u>\$ 2,057,202</u>	<u>\$ 8,295,675</u>	<u>\$ 8,216,102</u>	<u>\$ 10,439,225</u>	<u>\$ 10,273,304</u>

## **City of Louisville, Ohio**

Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2004  
Unaudited

The most significant change during 2004 to the total amount of net capital assets was an increase of \$137,394 to infrastructure for governmental activities which was due to the inclusion of infrastructure in the City's capital assets. The most significant change in business-type activities is the start of construction on the well field project which incurred costs of \$120,128 for the acquisition of land and \$142,850 in construction. See Note 7 to the basic financial statements for detail on the governmental and business-type activities capital assets.

### **Debt Administration**

At December 31, 2004 the City had total long-term debt outstanding of \$5,425,786. Of this total, \$463,345 is due within one year and \$4,962,441 is due in more than one year. In 2004 the City's revenue bonds were called and retired in the amount of \$1,090,000.

**Table 5**  
**Outstanding Debt, at December 31**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Revenue bonds	\$ -	\$ -	\$ -	\$ 1,090,000	\$ -	\$ 1,090,000
General obligation bonds	635,000	765,000	4,067,738	4,335,603	4,702,738	5,100,603
OPWC loans	-	-	723,048	771,340	723,048	771,340
Total	<u>\$ 635,000</u>	<u>\$ 765,000</u>	<u>\$ 4,790,786</u>	<u>\$ 6,196,943</u>	<u>\$ 5,425,786</u>	<u>\$ 6,961,943</u>

In addition to the outstanding debt listed above, the City has other long-term obligations. These other obligations include capital leases and police pension obligations from past service costs in the amount of \$193,285 and \$48,443, respectively.

All governmental long-term debt will be repaid by the debt retirement debt service fund. The Ohio Public Works Commission (OPWC) loans will be repaid by the water enterprise fund. The business-type general obligation bonds will be repaid from both the water and sewer enterprise funds.

At December 31, 2004 the City's overall legal debt margin was \$15,665,960, with an unvoted debt margin of \$8,205,979. The City's credit rating remained unchanged in 2004 as compared to 2003. See Note 9 to the basic financial statements for details on the City's long-term obligations.

### **Current Issues Affecting Financial Condition**

The local tax base is under a state of transition. The City has experienced job losses from its largest taxpayer as well as another large employer within the City. With these job losses, the City is moving away from a large industrial tax base and changing to a strong residential community tax base. In order to continue with the present City services, homeowners need to take on more of the tax burden that was previously paid by the business community. The change in the income tax credit is part of that transition. Beginning on January 1, 2005 the income tax credit of 100% allowed for income taxes paid to another municipality will be reduced to 50%. This stopgap measure is subject to annual review of the City Council and was part of a quick solution to the large job loss.

## ***City of Louisville, Ohio***

Management's Discussion and Analysis  
For the Fiscal Year Ended December 31, 2004  
Unaudited

Currently, the City is contemplating increases in user fees and property taxes, as part of a long-term solution to the City's revenue problems.

In addition, the City is in the process of extending water and sewer lines to a large commercial property within the City. It is hoped this will lead to future development of a new tax base.

### **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact William Rouse, City of Louisville Finance Director, 215 South Mill Street, Louisville, Ohio 44641, (330) 875-3434, or visit our web site at [www.louisvilleohio.com](http://www.louisvilleohio.com)

**City of Louisville, Ohio**

**Statement of Net Assets**

**December 31, 2004**

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 995,754	\$ 935,372	\$ 1,931,126
Receivables:			
Income tax	583,046	194,348	777,394
Property and other taxes	439,706	-	439,706
Accounts	76,473	222,254	298,727
Accrued interest	2,558	-	2,558
Due from other governments	298,945	-	298,945
Materials and supplies inventory	7,970	-	7,970
Prepaid items	7,538	745	8,283
Deferred charges	-	37,842	37,842
Customer deposits	-	4,140	4,140
Internal balances	(200,000)	200,000	-
Nondepreciable capital assets	75,156	446,836	521,992
Depreciable capital assets, net	2,068,394	7,848,839	9,917,233
Total assets	<u>4,355,540</u>	<u>9,890,376</u>	<u>14,245,916</u>
<u>Liabilities:</u>			
Accounts payable	40,266	28,957	69,223
Contracts payable	17,916	9,817	27,733
Accrued wages and benefits	48,229	14,681	62,910
Compensated absences payable	-	113,379	113,379
Due to other governments	79,145	18,368	97,513
Deferred revenue	394,855	-	394,855
Undistributed monies	215	-	215
Income tax refunds payable	59,601	19,510	79,111
Accrued interest payable	2,991	23,156	26,147
Refundable deposits	-	4,140	4,140
Claims payable	2,093	-	2,093
Long-term liabilities:			
Due within one year	343,601	323,345	666,946
Due in more than one year	732,353	4,497,389	5,229,742
Total liabilities	<u>1,721,265</u>	<u>5,052,742</u>	<u>6,774,007</u>
<u>Net assets:</u>			
Invested in capital assets, net of related debt	1,315,265	3,504,889	4,820,154
Restricted for:			
Capital projects	89,369	-	89,369
Debt service	711	-	711
Transportation	265,307	-	265,307
Safety services	162,456	-	162,456
Other purposes	12,672	-	12,672
Unrestricted	788,495	1,332,745	2,121,240
Total net assets	<u>\$ 2,634,275</u>	<u>\$ 4,837,634</u>	<u>\$ 7,471,909</u>

See accompanying notes to the basic financial statements.

**City of Louisville, Ohio**  
**Statement of Activities**  
**For the Year Ended December 31, 2004**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
<u>Governmental Activities:</u>				
General government	\$ 799,136	\$ 153,639	\$ 24,423	\$ -
Security of persons and property	1,745,446	208,530	7,000	-
Public health and welfare	48,652	-	-	-
Transportation	427,472	-	382,382	-
Community environment	157,208	27,238	-	-
Basic utility services	147,327	-	93,772	-
Leisure time activities	337,237	93,835	12,506	17,650
Other	43,152	-	-	-
Interest and fiscal charges	52,827	-	-	-
Total governmental activities	<u>3,758,457</u>	<u>483,242</u>	<u>520,083</u>	<u>17,650</u>
<u>Business-Type Activities:</u>				
Water	912,997	661,149	7,257	-
Sewer	872,100	702,058	-	-
Total business-type activities	<u>1,785,097</u>	<u>1,363,207</u>	<u>7,257</u>	<u>-</u>
Total primary government	<u>\$ 5,543,554</u>	<u>\$ 1,846,449</u>	<u>\$ 527,340</u>	<u>\$ 17,650</u>

General revenues:  
Property taxes levied for:  
    General purposes  
Income tax levied for:  
    General purposes  
    Water utility services  
    Sewer utility services  
Grants and entitlements not restricted to specific programs  
Gain on sale of capital assets  
Investment earnings  
Contributions  
Other  
Total general revenues

Change in net assets  
Net assets, beginning of year (restated, see Note 2)  
Net assets, end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets

Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (621,074)	\$ -	\$ (621,074)
(1,529,916)	-	(1,529,916)
(48,652)	-	(48,652)
(45,090)	-	(45,090)
(129,970)	-	(129,970)
(53,555)	-	(53,555)
(213,246)	-	(213,246)
(43,152)	-	(43,152)
(52,827)	-	(52,827)
<u>(2,737,482)</u>	<u>-</u>	<u>(2,737,482)</u>
-	(244,591)	(244,591)
-	(170,042)	(170,042)
-	(414,633)	(414,633)
<u>\$ (2,737,482)</u>	<u>(414,633)</u>	<u>(3,152,115)</u>
498,705	-	498,705
2,122,773	-	2,122,773
-	362,674	362,674
-	341,793	341,793
313,728	-	313,728
22,640	-	22,640
26,557	-	26,557
-	1,078,106	1,078,106
79,781	-	79,781
<u>3,064,184</u>	<u>1,782,573</u>	<u>4,846,757</u>
326,702	1,367,940	1,694,642
<u>2,307,573</u>	<u>3,469,694</u>	<u>5,777,267</u>
<u>\$ 2,634,275</u>	<u>\$ 4,837,634</u>	<u>\$ 7,471,909</u>

**City of Louisville, Ohio**

**Balance Sheet**

**Governmental Funds**

**December 31, 2004**

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 540,691	\$ 453,889	\$ 994,580
Receivables:			
Income tax	583,046	-	583,046
Property and other taxes	439,706	-	439,706
Accounts	14,380	62,093	76,473
Accrued interest	2,558	-	2,558
Due from other governments	145,965	152,980	298,945
Materials and supplies inventory	-	7,970	7,970
Prepaid items	4,930	2,608	7,538
Interfund loans receivable	75,000	-	75,000
Total assets	<u>\$ 1,806,276</u>	<u>\$ 679,540</u>	<u>\$ 2,485,816</u>
<u>Liabilities:</u>			
Accounts payable	\$ 27,193	\$ 13,073	\$ 40,266
Contracts payable	3,066	14,850	17,916
Accrued wages and benefits	40,711	7,518	48,229
Due to other governments	69,639	9,506	79,145
Deferred revenue	718,280	124,234	842,514
Undistributed monies	215	-	215
Income tax refunds payable	58,530	1,071	59,601
Interfund loans payable	200,000	75,000	275,000
Total liabilities	<u>1,117,634</u>	<u>245,252</u>	<u>1,362,886</u>
<u>Fund balances:</u>			
Reserved for encumbrances	30,992	94,817	125,809
Reserved for interfund loans	75,000	-	75,000
Unreserved, undesignated, Reported in:			
General fund	582,650	-	582,650
Special revenue funds	-	332,550	332,550
Debt service fund	-	3,702	3,702
Capital projects fund	-	3,219	3,219
Total fund balances	<u>688,642</u>	<u>434,288</u>	<u>1,122,930</u>
Total liabilities and fund balances	<u>\$ 1,806,276</u>	<u>\$ 679,540</u>	<u>\$ 2,485,816</u>

See accompanying notes to the basic financial statements.



**City of Louisville, Ohio**

**Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
December 31, 2004**

Total governmental fund balances \$ 1,122,930

*Amounts reported for governmental activities in the  
statement of net assets are different because:*

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in funds. 2,143,550

An internal service fund is used by management to charge the  
costs of insurance to individual funds. The assets and liabilities  
of the internal service fund are included in governmental  
activities in the statement of net assets. (919)

Other long-term assets are not available to pay for current-period  
expenditures and therefore are deferred in the funds:

Property and other taxes	\$ 14,330	
Income taxes	237,422	
Intergovernmental	164,723	
Charges for services	31,184	
Total		447,659

Accrued interest payable is not due and payable in the current  
period and therefore is not reported in the funds. (2,991)

Long-term liabilities are not due and payable in the current  
period and therefore are not reported in the funds:

General obligation bonds	\$ (635,000)	
Capital lease payable	(193,285)	
Compensated absences	(199,226)	
Police pension liability	(48,443)	
Total		<u>(1,075,954)</u>

Net assets of governmental activities \$ 2,634,275

See accompanying notes to the basic financial statements.

**City of Louisville, Ohio**

**Statement of Revenues, Expenditures and Changes in Fund Balances**

**Governmental Funds**

**For the Year Ended December 31, 2004**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Income tax	\$ 2,086,152	\$ -	\$ 2,086,152
Property and other taxes	527,350	-	527,350
Charges for services	228,414	168,425	396,839
Licenses and permits	103,399	-	103,399
Fines and forfeitures	-	6,220	6,220
Intergovernmental	356,899	466,421	823,320
Investment income	26,412	1,751	28,163
Contributions and donations	-	7,000	7,000
Rentals	14,853	-	14,853
Other	33,069	7,667	40,736
Total revenue	<u>3,376,548</u>	<u>657,484</u>	<u>4,034,032</u>
<b>Expenditures:</b>			
Current:			
General government	746,534	25,453	771,987
Security of persons and property	1,509,340	178,882	1,688,222
Public health and welfare	48,652	-	48,652
Transportation	-	379,941	379,941
Community environment	166,113	10,888	177,001
Basic utility services	-	148,215	148,215
Leisure time activities	282,596	4,166	286,762
Other	43,152	-	43,152
Capital outlay	96,982	280,338	377,320
Debt service:			
Principal retirement	16,885	180,215	197,100
Interest and fiscal charges	1,079	52,452	53,531
Total expenditures	<u>2,911,333</u>	<u>1,260,550</u>	<u>4,171,883</u>
Excess of revenues over (under) expenditures	<u>465,215</u>	<u>(603,066)</u>	<u>(137,851)</u>
<b>Other financing sources (uses):</b>			
Sale of capital assets	12,355	17,335	29,690
Inception of capital lease	65,776	62,510	128,286
Transfers - in	-	421,062	421,062
Transfers - out	(421,062)	-	(421,062)
Total other financing sources (uses)	<u>(342,931)</u>	<u>500,907</u>	<u>157,976</u>
Net change in fund balance	122,284	(102,159)	20,125
Fund balances at beginning of year (restated, see Note 2)	566,358	536,447	1,102,805
Fund balances at end of year	<u>\$ 688,642</u>	<u>\$ 434,288</u>	<u>\$ 1,122,930</u>

See accompanying notes to the basic financial statements.

## City of Louisville, Ohio

### Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2004

Net change in fund balances - Total governmental funds \$ 20,125

*Amounts reported for governmental activities in the  
statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

In the current period, these amounts are:

Capital asset additions	\$ 377,320	
Depreciation expense	<u>(283,922)</u>	
Excess of capital asset additions over depreciation expense		93,398

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (7,050)

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

Property and other taxes	\$ (28,645)	
Income taxes	36,622	
Intergovernmental	11,293	
Charges for services	<u>9,217</u>	
Net change in deferred revenues during the year		28,487

Some items 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. These activities consist of:

Decrease in compensated absences	\$ 118,000	
Decrease in police pension liability	767	
Decrease in accrued interest	<u>704</u>	
Total additional expenditures		119,471

The internal service fund used by management to charge the costs of dental and vision claims to individual funds are not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. 3,457

Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 130,000

Payment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 67,100

Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability. (128,286)

Change in net assets of governmental activities \$ 326,702

See accompanying notes to the basic financial statements.

**City of Louisville, Ohio**  
**Statement of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Municipal income tax	\$ 2,259,000	\$ 2,210,437	\$ 2,184,322	\$ (26,115)
Property and other taxes	384,518	447,000	537,285	90,285
Charges for services	255,750	256,050	228,414	(27,636)
Licenses and permits	70,832	86,900	103,223	16,323
Fines and forfeitures	10,119	-	-	-
Intergovernmental	312,067	350,176	357,824	7,648
Investment income	60,476	60,000	23,854	(36,146)
Rentals	10,600	10,600	14,853	4,253
Other	30,838	15,900	33,069	17,169
Total revenue	<u>3,394,200</u>	<u>3,437,063</u>	<u>3,482,844</u>	<u>45,781</u>
<u>Expenditures:</u>				
Current:				
General government	756,259	805,524	744,688	60,836
Security of persons and property	1,568,938	1,664,114	1,606,605	57,509
Public health and welfare	49,225	55,675	49,307	6,368
Community environment	255,345	238,860	200,190	38,670
Leisure time activities	138,512	300,981	290,958	10,023
Other	-	43,153	43,152	1
Total expenditures	<u>2,768,279</u>	<u>3,108,307</u>	<u>2,934,900</u>	<u>173,407</u>
Excess of revenues over (under) expenditures	<u>625,921</u>	<u>328,756</u>	<u>547,944</u>	<u>219,188</u>
<u>Other financing sources (uses):</u>				
Sale of capital assets	-	-	12,355	12,355
Advances - in	102,771	143,711	61,831	(81,880)
Advances - out	-	(33,691)	(33,691)	-
Transfers - in	100,000	100,000	145,000	45,000
Transfers - out	(833,400)	(621,062)	(566,062)	55,000
Total other financing sources (uses)	<u>(630,629)</u>	<u>(411,042)</u>	<u>(380,567)</u>	<u>30,475</u>
Net change in fund balance	(4,708)	(82,286)	167,377	249,663
Fund balance at beginning of year	242,744	242,744	242,744	-
Prior year encumbrances appropriated	76,494	76,494	76,494	-
Fund balance at end of year	<u>\$ 314,530</u>	<u>\$ 236,952</u>	<u>\$ 486,615</u>	<u>\$ 249,663</u>

See accompanying notes to the basic financial statements.

**City of Louisville, Ohio**  
**Statement of Fund Net Assets**  
**Proprietary Funds**  
**December 31, 2004**

	Business-Type Activities - Enterprise Funds			Governmental
	Water	Sewer	Total	Activities Internal Service
<u>Assets:</u>				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 595,931	\$ 339,441	\$ 935,372	\$ 1,174
Receivables:				
Income tax	116,609	77,739	194,348	-
Accounts	96,908	125,346	222,254	-
Prepaid items	-	745	745	-
Deferred charges	7,857	29,985	37,842	-
Restricted assets:				
Customer deposits	-	4,140	4,140	-
Interfund loans receivable	200,000	-	200,000	-
Total current assets	1,017,305	577,396	1,594,701	1,174
Non-current assets:				
Capital assets:				
Land	213,278	90,708	303,986	-
Construction in progress	142,850	-	142,850	-
Depreciable capital assets, net	4,966,644	2,882,195	7,848,839	-
Total non-current assets	5,322,772	2,972,903	8,295,675	-
Total assets	6,340,077	3,550,299	9,890,376	1,174
<u>Liabilities:</u>				
Current liabilities:				
Accounts payable	5,461	23,496	28,957	-
Contracts payable	9,817	-	9,817	-
Accrued wages and benefits	7,682	6,999	14,681	-
Compensated absences payable	35,273	78,106	113,379	-
Due to other governments	6,812	11,556	18,368	-
Income tax refunds payable	11,706	7,804	19,510	-
Accrued interest payable	7,958	15,198	23,156	-
Claims payable	-	-	-	2,093
OPWC loans payable	48,292	-	48,292	-
General obligation bonds payable	89,253	185,800	275,053	-
Current liabilities payable from restricted assets:				
Refundable deposits	-	4,140	4,140	-
Total current liabilities	222,254	333,099	555,353	2,093
Long-term liabilities:				
Compensated absences payable	19,586	10,362	29,948	-
OPWC loans payable, net of current portion	674,756	-	674,756	-
General obligation bonds payable, net of current portion	1,625,711	2,166,974	3,792,685	-
Total long-term liabilities	2,320,053	2,177,336	4,497,389	-
Total liabilities	2,542,307	2,510,435	5,052,742	2,093
<u>Net assets:</u>				
Invested in capital assets, net of related debt	2,884,760	620,129	3,504,889	-
Unrestricted	913,010	419,735	1,332,745	(919)
Total net assets	\$ 3,797,770	\$ 1,039,864	\$ 4,837,634	\$ (919)

See accompanying notes to the basic financial statements.

**City of Louisville, Ohio**

**Statement of Revenues, Expenses and Changes in Fund Net Assets**

**Proprietary Funds**

**For the Year Ended December 31, 2004**

	Business-Type Activities - Enterprise Funds			Governmental
	Water	Sewer	Total	Activities Internal Service
<u>Operating revenues:</u>				
Charges for services	\$ 647,302	\$ 691,345	\$ 1,338,647	\$ 26,225
Other	13,847	10,713	24,560	-
Total operating revenue	<u>661,149</u>	<u>702,058</u>	<u>1,363,207</u>	<u>26,225</u>
<u>Operating expenses:</u>				
Personal services	267,171	236,793	503,964	-
Fringe benefits	111,029	107,092	218,121	-
Contractual services	125,416	64,281	189,697	-
Supplies and materials	42,025	121,098	163,123	-
Claims	-	-	-	22,768
Depreciation	212,825	183,258	396,083	-
Total operating expenses	<u>758,466</u>	<u>712,522</u>	<u>1,470,988</u>	<u>22,768</u>
Operating income (loss)	<u>(97,317)</u>	<u>(10,464)</u>	<u>(107,781)</u>	<u>3,457</u>
<u>Non-operating revenues (expenses):</u>				
Municipal income tax	362,674	341,793	704,467	-
Contributions	1,078,106	-	1,078,106	-
Grants	7,257	-	7,257	-
Interest and fiscal charges	(154,531)	(159,578)	(314,109)	-
Total non-operating revenues (expenses):	<u>1,293,506</u>	<u>182,215</u>	<u>1,475,721</u>	<u>-</u>
Change in net assets	1,196,189	171,751	1,367,940	3,457
Net assets at beginning of year (restated, see Note 2)	2,601,581	868,113	3,469,694	(4,376)
Net assets at end of year	<u>\$ 3,797,770</u>	<u>\$ 1,039,864</u>	<u>\$ 4,837,634</u>	<u>\$ (919)</u>

See accompanying notes to the basic financial statements.

**City of Louisville, Ohio**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2004**

	Business-Type Activities - Enterprise Funds			Governmental
	Water	Sewer	Total	Activities Internal Service
Cash flows from operating activities:				
Cash received from customers	\$ 653,432	\$ 691,890	\$ 1,345,322	\$ 26,225
Cash payments for employee services and benefits	(389,162)	(337,925)	(727,087)	-
Cash payments to suppliers for goods and services	(202,242)	(298,180)	(500,422)	(26,225)
Net cash provided by (used for) operating activities	62,028	55,785	117,813	-
Cash flows from noncapital financing activities:				
Income taxes received	374,984	350,000	724,984	-
Operating grants	7,257	-	7,257	-
Contributions received	1,078,106	-	1,078,106	-
Net cash provided by noncapital financing activities	1,460,347	350,000	1,810,347	-
Cash flows from capital and related financing activities:				
Interest paid on debt	(160,319)	(133,332)	(293,651)	-
Principal payment on bonds and loans	(1,227,292)	(206,000)	(1,433,292)	-
Acquisition of capital assets	(262,978)	(213,354)	(476,332)	-
Net cash used for capital and related financing activities	(1,650,589)	(552,686)	(2,203,275)	-
Net increase (decrease) in cash and cash equivalents	(128,214)	(146,901)	(275,115)	-
Cash and cash equivalents at beginning of year	724,145	490,482	1,214,627	1,174
Cash and cash equivalents at end of year	\$ 595,931	\$ 343,581	\$ 939,512	\$ 1,174
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (97,317)	\$ (10,464)	\$ (107,781)	\$ 3,457
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	212,825	183,258	396,083	-
Change in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	(7,717)	(10,844)	(18,561)	-
Prepaid items	-	(745)	(745)	-
Increase (decrease) in liabilities:				
Accounts payable	(44,618)	(35,984)	(80,602)	-
Claims payable	-	-	-	(3,457)
Contracts payable	9,817	(75,396)	(65,579)	-
Accrued wages and benefits	4,842	4,351	9,193	-
Compensated absences	(10,773)	3,318	(7,455)	-
Due to other governments	(5,031)	(1,709)	(6,740)	-
Net cash provided by (used for) operating activities	\$ 62,028	\$ 55,785	\$ 117,813	\$ -

See accompanying notes to the basic financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

---

The basic financial statements of the City of Louisville (the “City”) 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 City also applies Financial Accounting Standards Board Statements (FASB) and Interpretations issued on or before November 30, 1989, to its business-type activities and enterprise funds provided they do not conflict with or contradict GASB pronouncements. The City has elected not to follow FASB guidance for business-type activities and enterprise funds issued after November 30, 1989. For this year, the City has implemented GASB Statement No. 34 “Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments,” and other amending pronouncements. This change required restatement of beginning fund balances as explained in Note 2. The more significant of the City’s accounting policies are described below.

**A. City Government and Reporting Entity**

The City operates under its Charter and is governed by an elected Mayor-Council Member and four other Council Members.

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are fairly presented and complete. The primary government consists of all funds, departments, boards and commissions that are not legally separate from the City. The City provides municipal services such as police, fire fighting and prevention, parks and recreation, and street maintenance. The City also operates certain enterprise operations such as a sewage treatment plant and a water treatment plant. The operations of all of these services are included in the reporting entity.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization’s governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization’s resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt or the levying of taxes. The City has no blended or discretely presented component units.

The City is associated with the Stark County Council of Governments, which is defined as a Jointly Governed Organization. This organization is presented in Note 17.



## *Notes to the Basic Financial Statements*

### **B. Basis of Presentation**

The City's basic financial statements consist of government-wide statements, including a statement of net assets 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 assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. 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 City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

#### Fund Financial Statements

During the year, the City segregates transactions related to certain City 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 City at this more detailed level. The focus of governmental and proprietary 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. The internal service fund is presented in a single column on the face of the proprietary fund financial statements.

### **C. Fund Accounting**

The City 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. There are two categories of funds: governmental and proprietary.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use, and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of financial position and changes in financial position. The difference between governmental fund assets and liabilities is reported as fund balance. The City's only major governmental fund is the general fund:

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

Proprietary Funds

Proprietary funds are used to account for the City's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon determination of changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds

Enterprise activities are financed and operated in a manner similar to private sector business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds are:

*Sewer Fund:* The sewer fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

*Water Fund:* The water fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the City.

Internal Service Fund

The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund reports on a self-insurance program for employee dental and vision benefits.

## *Notes to the Basic Financial Statements*

### **D. Measurement Focus and Basis of Accounting**

#### Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the statement of net assets. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets. Internal transactions are eliminated within the governmental funds as well as within the business-type funds, provided they are from dissimilar programs. In addition, internal balances within the governmental funds have been eliminated.

#### 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 current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., 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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

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 and proprietary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue 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 City, “available” means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (see Note 11). Revenue from grants, entitlements and donations is recognized in the 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 City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange 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 year-end: income tax, state-levied locally shared taxes (including gasoline tax), fines and forfeitures, interest, grants, fees and rentals.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2004, but which were levied to finance 2005 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On the governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

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

## *Notes to the Basic Financial Statements*

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.

### **E. Budgets and Budgetary Accounting**

The City follows these procedures in establishing the budgetary data reported in the basic financial statements:

*Tax Budget:* A tax budget of estimated revenue and expenditures for all funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20th of each year, for the period January 1 to December 31 of the following year. All City funds are legally required to be budgeted. The purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

*Estimated Resources:* The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimates. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the Official Certificate of Estimated Resources, which states the projected revenue of each fund.

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the Finance Director determines that revenue to be collected will be greater than or less than the prior estimates and the budget commission find the revised estimates to be reasonable. The amounts set forth in the financial statements, as the original budgeted amounts, represent estimates from the certificate of estimated resources when the original appropriations were adopted, whereas the final budgeted amounts, represent estimates from the final amended certificate issued for 2004.

*Appropriations:* An appropriation ordinance (the appropriated budget), to control the level of expenditures for all funds, must be legally enacted on or about January 1. Appropriations may not exceed estimated resources as established in the Official Amended Certificate of Estimated Resources. Supplemental appropriations may be adopted by Council action. Amounts shown as original budgeted amounts in the financial statements represent carried-over appropriation plus the first appropriation ordinance for that fund that covered the entire year, whereas the final budgeted amount includes these same appropriated amounts and all supplemental appropriations. During the year, several supplemental appropriation measures were passed.

The City administration may at any time transfer unencumbered appropriation balance or portion thereof between general classifications of expenditures within an office, department or agency. Within the last three months of the budget year, Council may, by resolution, transfer any unencumbered appropriation balance or portion thereof from one department to another.

*The Appropriated Budget:* The legal level of control has been established by Council at the department level for all funds, except the internal service fund. Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation ordinance without authority from Council. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by Council. The appropriations set by Council must remain fixed unless amended by Council ordinance. The Finance Director may make more detailed appropriation allocations as long as the allocations are within Council's appropriated amount.

*Lapsing of Appropriations:* At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried over for the subsequent year's expenditures and is not reappropriated.

**F. Deposits and Investments**

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents" on the financial statements.

Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating repurchase agreements, which are reported at cost.

During 2004, investments were limited to an overnight repurchase agreement, interest in State Treasury Asset Reserve of Ohio (STAR Ohio) and money market investments. Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value, which is based on quoted market prices.

The City has invested funds in STAR Ohio during 2004. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2004.

## *Notes to the Basic Financial Statements*

Interest allocation is determined by the Ohio Constitution, state statutes and local ordinances adopted under City Charter. Under these provisions, City funds required to receive interest allocations are: 1) special tax levy funds; 2) sewer fund; 3) water fund and 4) under certain circumstances, the capital projects fund. All remaining interest is credited to the general fund.

For purposes of the statement of cash flows and for presentation on the statement of net assets, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments, if not purchased from the pool.

**G. Inventory of Supplies** On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories of governmental funds are stated at cost, while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure/expense in the governmental and proprietary funds when used under the consumption method.

**H. Prepaid Items** Payments made to vendors for services that will benefit periods beyond December 31, 2004 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 or expense is reported in the year in which services are consumed.

**I. Capital Assets and Depreciation** Governmental capital assets are those assets not specifically related to activities reported in the proprietary funds. 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 assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$1,000. The City's infrastructure consists of roads, and water and sewer lines. All infrastructure assets belonging to business-type activities are reported as such, whereas infrastructure belonging to governmental activity will be reported prospectively beginning in 2004. 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. Interest incurred during the construction of capital assets is also capitalized for business-type activities.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

---

<u>Asset Class</u>	<u>Governmental and Business-Type Activities Estimated Useful Life</u>
<i>Buildings</i>	<i>30 - 40 years</i>
<i>Building improvements</i>	<i>10 - 40 years</i>
<i>Land improvements</i>	<i>10 - 20 years</i>
<i>Equipment</i>	<i>3 - 15 years</i>
<i>Infrastructure</i>	<i>40 years</i>

---

**J. Compensated Absences** Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments. The entire compensated absences liability is reported on the government-wide financial statements.

**K. Accrued Liabilities and Long-term Obligations** All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund 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, compensated absences, and contractually-required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term loans are recognized as a liability on the fund financial statements when due.



## *Notes to the Basic Financial Statements*

**L. Fund Balance Reserves** Reserved or designated fund balances indicate that a portion of fund equity is not available for current appropriation or use. The unreserved or undesignated portions of fund equity reflected in the governmental funds are available for use within the specified purposes of the funds.

The City reports amounts representing encumbrances and interfund loans outstanding as reservations of fund balance in the governmental funds.

**M. Interfund Transactions**

During the course of normal operations, the City has numerous transactions between funds, most of which are in the form of transfers of resources to provide services, construct assets and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers. These amounts are eliminated in the governmental activities columns of the statement of net assets.

Transactions that constitute reimbursements for expenditures or expenses initially made from a fund that are properly allocable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditures and expenses in the fund that is reimbursed.

**N. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include amounts to provide transportation, general government, and public health and welfare services. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**O. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for sewer treatment and water services. Operating expenses are necessary costs that have been incurred in order to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

**P. 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.

**NOTE 2 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR  
FUND EQUITY**

---

**A. Changes in Accounting Principles** For 2004, the City has implemented GASB Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments,” GASB Statement No. 37, “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments: Omnibus,” GASB Statement No. 38, “Certain Financial Statement Note Disclosures,” and GASB Interpretation No. 6, “Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.”

GASB Statement No. 34 creates new basic financial statements for reporting on the City’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the City’s programs between business-type and governmental activities. Except for the restatement explained in section B, the beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at December 31, 2003, caused by the conversion to the accrual basis of accounting.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the Management’s Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

**B. Restatement of Fund Balance** The implementation of these changes had the following effects on fund balances of the major and nonmajor funds of the City as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

## Notes to the Basic Financial Statements

	<i>General Fund</i>	<i>Nonmajor Governmental Funds</i>	<i>Total</i>
<i>Fund balances at December 31, 2003</i>	\$ 554,984	\$ 520,122	\$ 1,075,106
<i>Compensated absences - Interpretation No. 6</i>	11,374	441	11,815
<i>Fund reclassifications</i>	-	15,216	15,216
<i>Correction of prior year error</i>	-	668	668
<i>Restated fund balances at December 31, 2003</i>	<u>\$ 566,358</u>	<u>\$ 536,447</u>	<u>\$ 1,102,805</u>
 <i><u>GASB Statement No. 34 adjustments:</u></i>			
<i>Internal service fund</i>			(4,376)
<i>Capital assets</i>			2,057,202
<i>Long-term liabilities</i>			(1,263,535)
<i>Accrued interest</i>			(3,695)
<i>Long-term deferred assets</i>			419,172
<i>Restated net assets</i>			<u>\$ 2,307,573</u>

The water and sewer department capital assets were restated due to a correction in calculating depreciation. The adjustment had the following effect on net assets of the water and sewer funds as previously reported:

	<i>Water Fund</i>	<i>Sewer Fund</i>	<i>Total</i>
<i>Fund equity at December 31, 2003</i>	\$ 2,590,511	\$ 1,001,535	\$ 3,592,046
<i>Adjustment for capital assets</i>	11,070	(133,422)	(122,352)
<i>Restated net assets at December 31, 2003</i>	<u>\$ 2,601,581</u>	<u>\$ 868,113</u>	<u>\$ 3,469,694</u>

### NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles, 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 balances - budget (Non-GAAP basis) and actual presented for the general fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

## City of Louisville, Ohio

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) Encumbrances are recorded as the equivalent of an expenditure (budget basis) in order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation as opposed to a reservation of fund (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the general fund are as follows:

---

<i>Net Change in Fund Balance</i>	
	<i>General Fund</i>
<i>GAAP Basis</i>	\$ 122,284
<i>Revenue accruals</i>	247,351
<i>Expenditure accruals</i>	(125,764)
<i>Encumbrances (Budget Basis) outstanding at year end</i>	<u>(76,494)</u>
<i>Budget Basis</i>	<u>\$ 167,377</u>

---

### NOTE 4 - DEPOSITS AND INVESTMENTS

---

The City's Charter specifies that deposits and investments of the City will adhere to State statutes, except as modified by Council Ordinance. The charter of the City and the City's investment policy indicate that the Director of Finance has responsibility for selecting depositories and investing funds that are not required to be used for a period of six months or more. Under these provisions, the City is to limit deposits and investments of City funds to insured demand deposit accounts, certificates of deposit, United States treasury obligations, obligations of any federal government agency or instrumentality, repurchase agreements, banker's acceptances, bonds and other obligations of the State of Ohio or the City of Louisville, Ohio, without regard to length of maturity or interest rate, no-load money market funds, NOW accounts, Super NOW accounts, or any other similar account authorized by the Federal Reserve's Depository Institutions Deregulation Committee, provided that such accounts are secured by collateral, and the State Treasurer's Investment Pool (Star Ohio). Before transacting a repurchase agreement with a particular broker/dealer, a master repurchase agreement must be entered into between the City and that particular broker.

## *Notes to the Basic Financial Statements*

Interest earnings are distributed to the street maintenance and repair and state highway special revenue funds and the capital improvements capital projects fund based on daily cash balances and the remainder is reported in the general fund. The interest earned in the water bond escrow account is credited to the water enterprise fund. Interest revenue credited to the general fund during fiscal year 2004 amounted to \$26,412, which includes \$21,958 assigned from other City funds.

Protection of City cash and investments is provided by the various federal deposit insurance corporations as well as qualified pledged or pooled securities by the institutions holding the assets. Such collateral is held by the various institutions or their trustees.

The following information classifies deposits and investments by categories of risk as defined by the GASB.

Deposits: At year-end, the carrying amount of the City's deposits including cash on hand of \$310, was \$355,725 and the bank balances totaled \$403,395. Of the bank balances,

1. \$103,395 was covered by federal depository insurance.
2. \$300,000 was covered by pooled and/or pledged collateral, as allowed by the Ohio Revised Code, but not necessarily held in the City's name (uncollateralized, risk Category 3).

Investments: The City's investments are categorized to give an indication of the level of risk assumed at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent but not in the City's name.

---

	<u>Category 3</u>	<u>Carrying Amounts</u>	<u>Fair Value</u>
<u>Categorized Investments</u>			
<i>Repurchase agreement</i>	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ 80,000</u>
<u>Noncategorized Investments</u>			
<i>STAR Ohio</i>		<u>1,499,541</u>	<u>1,499,541</u>
<i>Total Investments</i>		<u>\$ 1,579,541</u>	<u>\$ 1,579,541</u>

---

Investments with STAR Ohio are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

**NOTE 5 - RECEIVABLES**

Receivables at December 31, 2004 for governmental funds consisted primarily of municipal income taxes, property and other taxes, amounts due from other governments, accounts, special assessments, and accrued interest.

Due from other governments consists primarily of entitlements to be received from the state. A summary of the intergovernmental receivables follows:

---

<i>Governmental Activities</i>	<u>Amount</u>
<i>Cents per gallon and excise tax</i>	\$ 113,150
<i>Homestead and rollback</i>	22,621
<i>Local government</i>	122,179
<i>Motor vehicle tax</i>	27,516
<i>Permissive sales tax</i>	12,314
<i>Public utility property tax reimbursement</i>	<u>1,165</u>
<i>Total</i>	<u>\$ 298,945</u>

---

**NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund transfers for the year ended December 31, 2004, consisted of the following:

---

<i>Transfers to nonmajor governmental funds from:</i>	
<i>General fund</i>	\$ 421,062

---

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During the year ended December 31, 2004, the City made transfers totaling \$421,062 from the general fund to the street construction maintenance and repair, state highway, and motor vehicle license special revenue funds and the debt service fund. These transfers represent amounts necessary to carry out the purpose of the program prior to receiving additional funding and to cover shortages resulting from retiring debt.

## Notes to the Basic Financial Statements

Interfund balances at December 31, 2004 consisted of the following:

---

<i>Due to general fund from:</i>	
<i>Nonmajor governmental fund</i>	\$ 75,000
 <i>Due to water fund from:</i>	
<i>General fund</i>	<u>200,000</u>
<i>Total interfund loans receivable/payable</i>	<u><u>\$ 275,000</u></u>

---

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of December 31, 2004, all interfund loans outstanding are considered to be long-term and are not anticipated to be repaid by 2006.

### NOTE 7 - CAPITAL ASSETS

---

The capital asset balances of the governmental activities have been restated due to corrections in classification balances, inclusion of depreciation, and depreciation calculations. The restatement is presented below:

---

<u><i>Governmental Activities</i></u>	<u><i>Balance</i></u> <u><i>12/31/2003</i></u>	<u><i>Adjustments</i></u>	<u><i>Restated</i></u> <u><i>Balance</i></u> <u><i>12/31/2003</i></u>
<i>Land</i>	\$ 53,194	\$ -	\$ 53,194
<i>Land improvements</i>	793,486	-	793,486
<i>Buildings</i>	1,382,589	(11,612)	1,370,977
<i>Machinery, equipment and vehicles</i>	2,980,042	15,368	2,995,410
<i>Accumulated depreciation</i>	<u>-</u>	<u>(3,155,865)</u>	<u>(3,155,865)</u>
<i>Total</i>	<u><u>\$ 5,209,311</u></u>	<u><u>\$ (3,152,109)</u></u>	<u><u>\$ 2,057,202</u></u>

---

City of Louisville, Ohio

Governmental Activities: A summary of the governmental activities' capital asset activity as of December 31, 2004 follows:

<u>Governmental activities</u>	<u>Restated Balance 12/31/2003</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2004</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 53,194	\$ -	\$ -	\$ 53,194
Construction in progress	-	21,962	-	21,962
<i>Total capital assets, not being depreciated</i>	<u>53,194</u>	<u>21,962</u>	<u>-</u>	<u>75,156</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	793,486	9,000	-	802,486
Buildings	1,370,977	-	(4,994)	1,365,983
Machinery, equipment and vehicles	2,995,410	206,635	(111,553)	3,090,492
Infrastructure	-	139,723	-	139,723
<i>Total capital assets, being depreciated</i>	<u>5,159,873</u>	<u>355,358</u>	<u>(116,547)</u>	<u>5,398,684</u>
<i>Less accumulated depreciation:</i>				
Land improvements	(245,516)	(20,587)	-	(266,103)
Buildings	(661,185)	(35,985)	1,613	(695,557)
Machinery, equipment and vehicles	(2,249,164)	(225,021)	107,884	(2,366,301)
Infrastructure	-	(2,329)	-	(2,329)
<i>Total accumulated depreciation</i>	<u>(3,155,865)</u>	<u>(283,922)</u>	<u>109,497</u>	<u>(3,330,290)</u>
<i>Total capital assets being depreciated, net</i>	<u>2,004,008</u>	<u>71,436</u>	<u>(7,050)</u>	<u>2,068,394</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 2,057,202</u>	<u>\$ 93,398</u>	<u>\$ (7,050)</u>	<u>\$ 2,143,550</u>

Depreciation Expense: Depreciation expense charged to governmental functions for the year ending December 31, 2004 is as follows:

	<u>Amount</u>
General government	\$ 36,868
Security of persons and property	133,982
Transportation	55,172
Leisure time activities	57,900
<i>Total</i>	<u>\$ 283,922</u>



## Notes to the Basic Financial Statements

The capital asset balances of the business-type activities have also been restated due to corrections in classification balances, inclusion of depreciation, and depreciation calculations. The restatement is presented below:

<u>Business-Type Activities</u>	<u>Balance</u> <u>12/31/2003</u>	<u>Adjustments</u>	<u>Restated</u> <u>Balance</u> <u>12/31/2003</u>
Land	\$ 183,858	\$ -	\$ 183,858
Land improvements	12,697	-	12,697
Buildings	8,564,250	70,341	8,634,591
Machinery, equipment and vehicles	629,507	296	629,803
Infrastructure	7,029,123	-	7,029,123
Accumulated depreciation	<u>(8,080,981)</u>	<u>(192,989)</u>	<u>(8,273,970)</u>
Total	<u>\$ 8,338,454</u>	<u>\$ (122,352)</u>	<u>\$ 8,216,102</u>

Business-type Activities: A summary of the business-type activities' capital assets as of December 31, 2004 follows:

<u>Business-type activities</u>	<u>Restated</u> <u>Balance</u> <u>12/31/2003</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/2004</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 183,858	\$ 120,128	\$ -	\$ 303,986
Construction in progress	<u>-</u>	<u>142,850</u>	<u>-</u>	<u>142,850</u>
Total capital assets, not being depreciated	<u>183,858</u>	<u>262,978</u>	<u>-</u>	<u>446,836</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	12,697	-	-	12,697
Buildings	8,634,591	130,151	-	8,764,742
Machinery, equipment and vehicles	629,803	83,203	(18,821)	694,185
Infrastructure	<u>7,029,123</u>	<u>-</u>	<u>-</u>	<u>7,029,123</u>
Total capital assets, being depreciated	<u>16,306,214</u>	<u>213,354</u>	<u>(18,821)</u>	<u>16,500,747</u>
<i>Less accumulated depreciation:</i>				
Land improvements	(4,098)	-	-	(4,098)
Buildings	(3,685,037)	(209,556)	-	(3,894,593)
Machinery, equipment and vehicles	(433,768)	(50,219)	18,145	(465,842)
Infrastructure	<u>(4,151,067)</u>	<u>(136,308)</u>	<u>-</u>	<u>(4,287,375)</u>
Total accumulated depreciation	<u>(8,273,970)</u>	<u>(396,083)</u>	<u>18,145</u>	<u>(8,651,908)</u>
Total capital assets being depreciated, net	<u>8,032,244</u>	<u>(182,729)</u>	<u>(676)</u>	<u>7,848,839</u>
Business-type activities capital assets, net	<u>\$ 8,216,102</u>	<u>\$ 80,249</u>	<u>\$ (676)</u>	<u>\$ 8,295,675</u>

**NOTE 8 - COMPENSATED ABSENCES**

City employees earn vacation leave at varying rates based upon length of service, from two to five weeks per year. Vacation is required to be taken within one year of the date it is earned, except for certain circumstances. In the event of a termination of employment, death, or retirement, employees (or their estates) are paid for unused vacation leave.

City employees earn sick leave at the rate of 4.6 hours for each 80 hours worked. Sick leave accrual is continuous, without limit. In the case of death or retirement, employees (or the employees' estates) with ten years of service are paid a maximum of 1,200 hours of accumulated, unused sick leave.

**NOTE 9 - BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS**

Governmental Activities: A summary of the governmental activities' debt and other long-term obligations as of December 31, 2004 follows:

	<i>Balance January 1</i>	<i>Additions</i>	<i>Deletions</i>	<i>Amount Outstanding December 31</i>	<i>Amount Due in One Year</i>
<b><u>Governmental activities</u></b>					
<b><u>General obligation bonds</u></b>					
1991 Various Purpose Bonds 5.00 - 7.10%	\$ 355,000	\$ -	\$ 110,000	\$ 245,000	\$ 120,000
2001 Various Purpose Bonds 3.50-5.10%	<u>410,000</u>	<u>-</u>	<u>20,000</u>	<u>390,000</u>	<u>20,000</u>
<b>Total general obligation bonds</b>	<u>765,000</u>	<u>-</u>	<u>130,000</u>	<u>635,000</u>	<u>140,000</u>
<b><u>Other long-term obligations</u></b>					
Police pension liability 4.25%	49,210	-	767	48,443	800
Compensated absences	317,226	44,580	162,580	199,226	121,941
Capital leases	<u>132,099</u>	<u>128,286</u>	<u>67,100</u>	<u>193,285</u>	<u>80,860</u>
<b>Total governmental activities</b>	<u>\$ 1,263,535</u>	<u>\$ 172,866</u>	<u>\$ 360,447</u>	<u>\$ 1,075,954</u>	<u>\$ 343,601</u>

## Notes to the Basic Financial Statements

Business-type Activities: A summary of the business-type activities' debt and other long-term obligations as of December 31, 2004 follows:

	<u>Balance</u> <u>January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Amount</u> <u>Outstanding</u> <u>December 31</u>	<u>Amount</u> <u>Due in</u> <u>One Year</u>
<b><u>Business-type activities</u></b>					
<u>Revenue bonds</u>					
<u>1993 Water Utility revenue</u>					
Bonds 2.75-5.75%	\$ 1,090,000	\$ -	\$ 1,090,000	\$ -	\$ -
 <u>General obligation bonds</u>					
<u>1993 Capital Facilities Refunding</u>					
and Improvement 3.95-6.00%	2,855,000	-	215,000	2,640,000	220,000
Unamortized deferred cost					
of refunding	(175,548)	-	(29,761)	(145,787)	(27,370)
Unamortized premium	16,151	-	2,626	13,525	2,423
<u>2001 Various Purpose</u>					
Bonds 3.5-5.10%	1,640,000	-	80,000	1,560,000	80,000
<u>Total general obligation bonds</u>	<u>4,335,603</u>	<u>-</u>	<u>267,865</u>	<u>4,067,738</u>	<u>275,053</u>
 <u>Other long-term obligations</u>					
<u>1996 Ohio Public Works</u>					
Commission Loan 0%	329,577	-	24,413	305,164	24,413
<u>2001 Ohio Public Works</u>					
Commission Loan 0%	441,763	-	23,879	417,884	23,879
Compensated absences	150,782	75,044	82,499	143,327	113,379
<u>Total business-type activities</u>	<u>\$ 6,347,725</u>	<u>\$ 75,044</u>	<u>\$ 1,488,656</u>	<u>\$ 4,934,113</u>	<u>\$ 436,724</u>

General obligation bonds: General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. General obligation bonds are to be repaid from voted and unvoted general property taxes.

The \$245,000 Various Purpose Bonds mature serially in progressive annual amounts ranging from \$120,000 in 2005 to \$125,000 in 2006 and bear interest at rates ranging from 5.00% to 7.10%, respectively. The bonds represent general obligations of the City and were used in 1991 to retire the City's \$1,275,000 general obligation notes, which had been used to fund various capital projects and improvements. These bonds will be paid from revenues generated by municipal income taxes.

## *City of Louisville, Ohio*

The \$390,000 Various Purpose Bonds mature serially in progressive annual amounts ranging from \$20,000 in 2005 to \$28,000 in 2021 and bear interest at rates ranging from 3.50% to 5.10%, respectively. The bonds represent general obligations of the City and were used in 2001 to retire the City's \$593,250 bond anticipation notes, which had been used to fund various capital projects and improvements.

Of the \$2,640,000 Capital Facilities Refunding and Improvement Bonds, \$960,000 matures serially in progressive annual amounts ranging from \$220,000 in 2005 to \$260,000 in 2008 and bears interest at rates ranging from 4.55% to 5.00%. The remaining \$1,680,000 represents term bonds, which are subject to mandatory redemption ranging from \$270,000 in 2009 to \$50,000 in 2017 (the maturity of the issue) and bear interest at rates ranging from 5.125% to 5.20%, respectively. The Capital Facilities Refunding and Improvement Bonds are general obligations of the City. However, the debt is serviced from revenues generated from a .5% reallocation in the municipal income tax rate.

The \$1,560,000 Various Purpose Bonds mature serially in progressive annual amounts ranging from \$80,000 in 2005 to \$112,000 in 2021 and bear interest at rates ranging from 3.50% to 5.10%, respectively. The bonds represent general obligations of the City and were used in 2001 to retire the City's \$1,586,750 bond anticipation notes, which had been used to fund various projects and improvements.

Loans: The \$305,164 Ohio Public Works Commission (OPWC) Loan outstanding is an interest-free loan from the Ohio Public Works Commission for a water line project, and requires equal payments over twenty years. The \$417,884 OPWC Loan outstanding is an interest-free loan for a water tower, and requires equal payments over twenty years.

Police pension liability: The City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire personnel in 1967. The liability is payable semiannually from the general fund.

Compensated absences: Sick leave benefits will be paid from the fund from which the person is paid. Most sick leave is paid from the general fund and the water and sewer enterprise funds.

The annual requirements to amortize all bonded debt and loans as of December 31, 2004, including interest payments of \$1,693,270, are as follows:

*Notes to the Basic Financial Statements*

	<i>General</i>		<i>OPWC</i>	<i>Police</i>	<i>Total</i>
	<u><i>Obligation Bonds</i></u>		<u><i>Loans</i></u>	<u><i>Pension</i></u>	
	<u><i>Principal</i></u>	<u><i>Interest</i></u>	<u><i>Principal</i></u>	<u><i>Installment</i></u>	
2005	\$ 440,000	\$ 242,835	\$ 48,292	\$ 800	\$ 731,927
2006	470,000	220,075	48,292	835	739,202
2007	355,000	195,465	48,292	871	599,628
2008	375,000	175,772	48,292	908	599,972
2009	120,000	160,885	48,292	947	330,124
2010-2014	2,085,000	501,603	241,461	5,382	2,833,446
2015-2019	715,000	175,470	180,429	6,641	1,077,540
2020-2024	275,000	21,165	59,698	8,195	364,058
2025-2029	-	-	-	10,113	10,113
2030-2034	-	-	-	13,751	13,751
	<u>\$ 4,835,000</u>	<u>\$ 1,693,270</u>	<u>\$ 723,048</u>	<u>\$ 48,443</u>	<u>\$ 7,299,761</u>

**NOTE 10 - CAPITAL LEASE - LESSEE DISCLOSURE**

During the year the City entered into three new capital leases for the acquisition of vehicles for the police and EMS departments. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers all benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service payments in the basic financial statements for the governmental funds. These expenditures are reflected as function expenditures on a budgetary basis.

Governmental activities capital assets consisting of machinery, equipment, and vehicles have been capitalized in the amount of \$287,502. The capitalized amount consists of \$256,337 and \$31,165 equal to the present value of the future minimum lease payments and the down payment respectively, at the time of acquisition.

Following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2004:

<u><i>Year Ending December 31,</i></u>	<u><i>Amount</i></u>
2005	\$ 88,852
2006	85,001
2007	33,019
<i>Total minimum lease payments</i>	<u>206,872</u>
<i>Less: amount representing interest</i>	<u>(13,587)</u>
<i>Present value of net minimum lease payments</i>	<u>\$ 193,285</u>

**NOTE 11 - PROPERTY TAX**

---

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the City. The 2004 tax levy was based upon an assessed valuation of approximately \$149 million. Ohio law prohibits taxation of property from all taxing authorities in excess of 10 mills of assessed value without a vote of the people. Under current procedures, the City's share is 2.8 mills, all of which is dedicated to the general fund.

Real property taxes are levied after October 1, 2004 on the assessed values as of January 1, 2004 the lien date. Assessed values are established by State law at 35% of appraised market value. 2004 real property taxes are collected in and intended to finance 2005. A revaluation of all property is required to be completed no less than every six years, with a statistical update every third year. A revaluation was completed in 2003. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (net of depreciation, depletion, etc.). Tangible personal property assessments are 23% of true value for inventories and 25% of true value for capital assets.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Louisville. Taxes are payable to the County in two equal installments in February and July and, if not paid, are certified delinquent after August 10. The County Auditor periodically remits to the City its portion of the taxes collected, with final settlement in March and September for taxes payable in the first and second halves of the year, respectively. At time of collection, these taxes are available and are recorded as revenue by the City.

The assessed values upon which the 2004 taxes were collected are as follows:

---

<i>Property Category</i>	<i>Assessed Value</i>	<i>Percent</i>
<i>Real Property</i>		
<i>Residential and agricultural</i>	\$ 110,459,140	74.03 %
<i>Commercial and industrial</i>	18,647,370	12.50
<i>Public utilities</i>	8,830	0.01
<i>Tangible Personal Property</i>		
<i>General</i>	16,521,012	11.07
<i>Public utilities</i>	<u>3,563,270</u>	<u>2.39</u>
<i>Total</i>	<u>\$ 149,199,622</u>	<u>100.00 %</u>

---

**NOTE 12 - INCOME TAX**

---

The City's municipal income tax rate is levied on gross salaries, wages and other personal service compensation earned by residents both in and out of the City and to earnings of nonresidents (except certain transients) earned in the City. It also applies to net income of business organizations conducted within the City. Beginning January 1, 1988, the municipal income tax rate was increased by .5% to 2%, with the increase designated for the purpose of expansion of the City's wastewater treatment and water facilities as approved by voters. Tax receipts are therefore allocated 75% to the general fund and 25% to the enterprise funds.

The City allows a credit of 100% on income tax earned outside the City and paid to another municipality. Effective, January 1, 2005, the credit will be reduced to 50%.

**NOTE 13 - CONTINGENCIES**

---

A few claims and lawsuits are pending against the City. It is management's opinion that the ultimate liability will be covered by insurance, and/or will not have a material effect on the financial statements.

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, City management believes such disallowance, if any, will be immaterial.

**NOTE 14 - DEFINED BENEFIT PENSION PLANS**

---

All full-time employees of the City, other than non-administrative full-time police officers participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans: The Traditional Pension Plan (TP) is a cost sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan (MD) is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The third plan is the Combined Plan (CO), cost-sharing, multiple-employer defined benefit pension plan. Under the CO Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP benefit. Member contributions, the investment which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

All full-time uniformed City police participate in the Ohio Police and Fire Pension Fund (OP&F), also a cost-sharing, multiple-employer defined benefit pension plan. All members of these pension plans except those of the Member-Directed Plan are provided basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. Authority to establish and amend benefits for OPERS and OP&F is provided by the Ohio State Legislature and are codified in the Ohio Revised Code, Chapters 145 and 742 respectively.

Each retirement system prepares a stand-alone financial report that includes financial information and required supplementary information for the plans. These reports can be obtained by writing to OPERS at 277 East Town Street, Columbus, Ohio 43215-4642 and OP&F at 140 East Town Street, Columbus, Ohio 43215-5164.

OPERS: The Ohio Revised Code provides statutory authority for member and employer contributions. For 2004, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Separate divisions for law enforcement and public safety exist only within the Traditional Plan. The 2004 member contribution rates were 8.5% for members in classifications other than law enforcement and public safety. Members in the law enforcement classification, which consists generally of sheriffs and township police, contributed at a rate of 10.1%. Public safety division contributed at 9%. For 2004, the employer pension contribution rate for the City was 13.55% of covered payroll, with 9.55% to fund pension obligations. The 2004 employer contribution rate for both the law enforcement and public safety divisions was 16.70% of covered payroll, with 12.70% to fund pension obligations. The contribution rates are determined actuarially. The City's required pension contributions to OPERS for the years ending December 31, 2004, 2003, and 2002 were \$163,753, \$158,941 and \$149,769, respectively. The full amount has been contributed for 2003 and 2002. Approximately 89% had been contributed for 2004 with the remainder being reported as a liability within the respective funds.

OP&F: Plan members are required to contribute 10% of their covered salary to fund pension obligations, while employers are required to contribute 19.5% and 24% respectively for police officers and firefighters. The portion used to fund pension obligations were 11.75% and 16.25% respectively for police officers and firefighters. Contributions are authorized by state statute. The City's required contributions to OP&F for the years ending December 31, 2004, 2003, and 2002 were \$67,351, \$79,612 and \$76,429, respectively. The full amount has been contributed for 2003 and 2002. Approximately 76% has been contributed for 2004 with the remainder being reported as a liability within the respective funds.



**NOTE 15 - POSTEMPLOYMENT BENEFITS**

---

OPERS: The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans, the Traditional Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO), all of which are described in Note 14. OPERS provide retirement, disability, survivor and post-retirement health care benefits to qualifying members of both the TP and MD Plans; however, health care benefits are not statutorily guaranteed. Members of the MD Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age and service retirees must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the Retirement System is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No.12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employees". A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The OPERS law enforcement program is separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. The 2004 employer contribution rate for local government employers was 13.55% of covered payroll and 4.00% was the portion that was used to fund health care. For both the public safety and law enforcement divisions the 2004 employer rate was 16.70% of covered payroll and 4.00% was the portion used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The City's contribution actually made to fund post employment benefits was \$68,588.

OPEB are advanced-funded on an actuarially determined basis. An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. All investments are carried at market value. For actual valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually. The investment assumption rate for 2003 (latest information available) was 8.00%. An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%. Health care costs were assumed to increase 4.00% annually.

At year-end 2004, the number of active contributing participants in the TP and CO Plans totaled 369,885. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively. The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2003 (latest information available) was \$10.5 billion.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

OP&F: The Ohio Police and Fire Pension Fund (OP&F) provides post retirement health care coverage, also referred to as OPEB, to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3-time basis.

The health care coverage provided by the OP&F is considered an OPEB as described in GASB Statement No.12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that the health care costs are paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go-basis. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll, of which 7.75% of covered payroll was applied to the post-employment health care program in 2003 and in 2004. In addition, since July 1, 1992, most retirees and survivors were required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2004 that were used to fund post-employment benefits were \$44,423. The OP&F's total health care expense for the year ended December 31, 2003, (the latest information available) was \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003, was 13,662 for police and 10,474 for firefighters.

**NOTE 16 - RISK MANAGEMENT**

---

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City has contracted with Ohio Government Risk Management Plan, an Ohio government risk management program. The Plan was formed in June 1988 for the primary purpose of managing third-party liability claims against its members. The Plan provides property, liability, error and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its 616 members. The City's settled claims have not exceeded insurance coverage for the past three years. The Plan has chosen to adopt the forms and endorsements of conventional insurance coverage and to reinsure these coverages 100%, rather than utilize a risk pool of member funds to pay individual and collective losses up to a given retention, and then have excess reinsurance coverage above the retention amount. Therefore, the City is only responsible for its self-retention (deductible) amount. The Plan reinsures its coverage 100%, with various reinsurance companies up to a limit of \$5,000,000 per occurrence, per member. The City has not had any reduction in insurance coverage in the past three years.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The City has elected to provide dental and vision benefits through a self-insurance program. The City maintains a self-insurance internal service fund to account for and finance its risks of loss in this program. This plan provides a dental plan with \$50 per person deductible, and no deductible for the vision. A third party administrator reviews all claims, which are then paid by the City. The City pays into the self-insurance internal service fund all individual claims. The City contracts with a health insurance company to provide medical/health benefits for the City's employees. The City remits a payment to the insurance provider based on the number of participants.

The claims liability of \$2,093 reported in the fund at December 31, 2004 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the City's third party administrator. Changes in the fund's claims liability amount in 2004 and 2003 were:

---

	<i>Balance at</i>	<i>Current</i>	<i>Claim</i>	<i>Balance at</i>
	<u><i>beginning of year</i></u>	<u><i>year claims</i></u>	<u><i>payments</i></u>	<u><i>end of year</i></u>
2003	\$ 1,730	21,191	17,371	5,550
2004	\$ 5,550	22,768	26,225	2,093

---

**NOTE 17 – JOINTLY GOVERNED ORGANIZATION**

---

The City participates in the Stark County Council of Governments (the Council), which is a statutorily created political subdivision of the State. The Council is jointly governed among Stark County, municipalities and townships with twenty-four participants providing twenty-seven representatives, which direct the operations of the Stark County Metropolitan Narcotics Unit and the Stark County Crime Laboratory. The City appoints one representative which has a membership share based on the percentage of contractual financial contributions to the total funding. Each participant is entitled to vote its percentage share. The board exercises total authority over the operation of the Council including budgeting, appropriation, contracting and designating management. Continued existence of the Council is dependent on the County's continued participation. The Council does not provide specific financial benefits or impose specific financial burdens on the City. The City does not have an equity interest in the Council. Financial statements of the Council can be obtained from the Stark County Council of Governments, Canton, Ohio.

**NOTE 18 – CONDUIT DEBT OBLIGATIONS**

---

The City has issued Healthcare and Housing Facility Revenue Bonds to provide financial assistance to St. Joseph Care Center for the acquisition and construction of healthcare facilities deemed to be in the public interest. The bonds are secured by a letter of credit from First Merit Bank. Upon repayment of the bonds, ownership of the acquired facilities transfers back to St. Joseph Care Center through a sale and leaseback type transaction. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. In accordance with the Governmental Accounting Standards Board, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2004 there were two series of Healthcare and Housing Facility Bonds outstanding, with an aggregate principal amount of \$10.3 million.

**NOTE 19 – COMPLIANCE**

---

Ohio Revised Code (ORC) 5705.39 requires appropriations to not exceed estimated resources. The City had appropriations exceeding estimated resources for the street construction, maintenance and repair and the motor vehicle license special revenue funds in the amounts \$43,029 and \$18,644, respectively, for the original budget. Also, during the year, several of the City's funds had expenditures plus outstanding encumbrances exceeding appropriations at the legal level of control which is contrary to Ohio Revised Code Section (ORC) 5705.41(B) within various departments. The FEMA hazard mitigation grant special revenue fund had violations ranging from \$28,141 to \$179,014 in various departments. The water enterprise fund had violations ranging from \$26,768 to \$686,649, and the sewer enterprise fund had a violation of \$72,642.

## **Combining Statements**

## Combining Statements – Nonmajor Governmental Funds

### Nonmajor Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. A description of the City's special revenue funds follows:

- Street Construction, Maintenance and Repair - To account for revenue derived from gasoline taxes and vehicle registration fees at the State and County level; used to support the street maintenance and snow removal departments.
- State Highway - To account for the portion (7 ½%) of gasoline taxes and vehicle registration fees used to maintain state highways.
- Motor Vehicle License - To account for vehicle registration fees received via the municipal permissive tax; used entirely for the purchase of material for resurfacing City streets.
- Municipal Road - To account for municipal road entitlements passed through the Stark County Board of Commissioners; used to finance street improvement projects.
- Seniors Citizens Fund - To account for donations received and to be used for the benefit of Senior Citizens in the City of Louisville
- Mayor's Court Computerization - To account for additional court fees designated for computerization of the Mayor's court and for the acquisition and maintenance of legal research services for the Mayor's court.
- Emergency Services Donations - To account for donations made by individuals in support of the Fire and EMS Departments.
- Emergency Services Charges - To account for fees charged for paramedic services of the Fire and EMS Departments.
- Law Enforcement Education - To account for fine monies used to educate the general public regarding drunk driving.
- Law Enforcement Trust - To account for forfeiture monies used to educate the general public regarding drug abuse.
- Special Events - To account for contributions and miscellaneous revenues used to support special events held in the City's parks.
- Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant – To account for revenues received from the federal government and used to offset costs related to flood damage.

### **Nonmajor Debt Service Fund**

The debt service fund is used to account for the accumulation of resources and the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the government is obligated in some manner for the payment.

### **Nonmajor Capital Projects Fund**

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

**City of Louisville, Ohio**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**December 31, 2004**

	Nonmajor Special Revenue Funds	Debt Service Fund	Capital Improvements Fund	Total Nonmajor Governmental Funds
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 270,968	\$ 3,702	\$ 179,219	\$ 453,889
Receivables:				
Accounts	62,093	-	-	62,093
Due from other governments	152,980	-	-	152,980
Materials and supplies inventory	7,970	-	-	7,970
Prepaid items	2,608	-	-	2,608
Total assets	<u>\$ 496,619</u>	<u>\$ 3,702</u>	<u>\$ 179,219</u>	<u>\$ 679,540</u>
<u>Liabilities:</u>				
Accounts payable	\$ 13,073	\$ -	\$ -	\$ 13,073
Contracts payable	-	-	14,850	14,850
Accrued wages and benefits	7,518	-	-	7,518
Due to other governments	9,506	-	-	9,506
Deferred revenue	124,234	-	-	124,234
Income tax refunds payable	1,071	-	-	1,071
Interfund loans payable	-	-	75,000	75,000
Total liabilities	<u>155,402</u>	<u>-</u>	<u>89,850</u>	<u>245,252</u>
<u>Fund balances:</u>				
Reserved for encumbrances	8,667	-	86,150	94,817
Unreserved, undesignated, Reported in:				
Special revenue funds	332,550	-	-	332,550
Debt service fund	-	3,702	-	3,702
Capital projects fund	-	-	3,219	3,219
Total fund balances	<u>341,217</u>	<u>3,702</u>	<u>89,369</u>	<u>434,288</u>
Total liabilities and fund balances	<u>\$ 496,619</u>	<u>\$ 3,702</u>	<u>\$ 179,219</u>	<u>\$ 679,540</u>



**City of Louisville, Ohio**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Nonmajor Governmental Funds**

**For the Year Ended December 31, 2004**

	Nonmajor Special Revenue Funds	Debt Service Fund	Capital Improvements Fund	Total Nonmajor Governmental Funds
<u>Revenues:</u>				
Charges for services	168,425	-	-	168,425
Fines and forfeitures	6,220	-	-	6,220
Intergovernmental	466,421	-	-	466,421
Investment income	1,606	145	-	1,751
Contributions and donations	7,000	-	-	7,000
Other	7,667	-	-	7,667
Total revenue	<u>657,339</u>	<u>145</u>	<u>-</u>	<u>657,484</u>
<u>Expenditures:</u>				
Current:				
General government	-	-	25,453	25,453
Security of persons and property	178,882	-	-	178,882
Transportation	379,941	-	-	379,941
Community environment	-	-	10,888	10,888
Basic utility services	148,215	-	-	148,215
Leisure time activities	4,166	-	-	4,166
Capital outlay	265,488	-	14,850	280,338
Debt service:				
Principal retirement	50,215	130,000	-	180,215
Interest and fiscal charges	8,116	44,336	-	52,452
Total expenditures	<u>1,035,023</u>	<u>174,336</u>	<u>51,191</u>	<u>1,260,550</u>
Excess of revenues over (under) expenditures	(377,684)	(174,191)	(51,191)	(603,066)
<u>Other financing sources (uses):</u>				
Sale of capital assets	17,335	-	-	17,335
Inception of capital lease	62,510	-	-	62,510
Transfers - in	274,062	147,000	-	421,062
Total other financing sources (uses)	<u>353,907</u>	<u>147,000</u>	<u>-</u>	<u>500,907</u>
Net change in fund balance	(23,777)	(27,191)	(51,191)	(102,159)
Fund balances at beginning of year, as restated	364,994	30,893	140,560	536,447
Fund balances at end of year	<u>\$ 341,217</u>	<u>\$ 3,702</u>	<u>\$ 89,369</u>	<u>\$ 434,288</u>

**City of Louisville, Ohio**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2004**

	Street Construction, Maintenance and Repair Fund	State Highway Fund	Motor Vehicle License Fund	Municipal Road Fund	Senior Citizens Fund
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 123,892	\$ 16,610	\$ 4,050	\$ 6,405	\$ 866
Receivables:					
Accounts	-	-	-	-	-
Due from other governments	130,116	10,550	12,314	-	-
Materials and supplies inventory	7,970	-	-	-	-
Prepaid items	2,412	196	-	-	-
Total assets	<u>\$ 264,390</u>	<u>\$ 27,356</u>	<u>\$ 16,364</u>	<u>\$ 6,405</u>	<u>\$ 866</u>
<u>Liabilities:</u>					
Accounts payable	\$ 11,193	\$ 899	\$ -	\$ -	\$ -
Accrued wages and benefits	5,451	-	-	-	-
Due to other governments	5,739	910	-	-	-
Deferred revenue	86,071	6,979	-	-	-
Income tax refunds payable	-	-	-	-	-
Total liabilities	<u>108,454</u>	<u>8,788</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund balances:</u>					
Reserved for encumbrances	1,901	163	-	-	-
Unreserved, undesignated, Reported in:					
Special revenue funds	<u>154,035</u>	<u>18,405</u>	<u>16,364</u>	<u>6,405</u>	<u>866</u>
Total fund balances	<u>155,936</u>	<u>18,568</u>	<u>16,364</u>	<u>6,405</u>	<u>866</u>
Total liabilities and fund balances	<u>\$ 264,390</u>	<u>\$ 27,356</u>	<u>\$ 16,364</u>	<u>\$ 6,405</u>	<u>\$ 866</u>

Mayor's Court Computerization Fund	Emergency Services Donations Fund	Emergency Services Charges Fund	Law Enforcement Education Fund	Law Enforcement Trust Fund	Special Events Fund	FEMA Hazard Mitigation Fund	Total Nonmajor Special Revenue Funds
\$ 11,198	\$ 10,358	\$ 73,564	\$ 12,606	\$ 10,811	\$ 608	\$ -	\$ 270,968
-	-	62,093	-	-	-	-	62,093
-	-	-	-	-	-	-	152,980
-	-	-	-	-	-	-	7,970
-	-	-	-	-	-	-	2,608
<u>\$ 11,198</u>	<u>\$ 10,358</u>	<u>\$ 135,657</u>	<u>\$ 12,606</u>	<u>\$ 10,811</u>	<u>\$ 608</u>	<u>\$ -</u>	<u>\$ 496,619</u>
\$ -	\$ -	\$ 981	\$ -	\$ -	\$ -	\$ -	\$ 13,073
-	-	2,067	-	-	-	-	7,518
-	-	2,857	-	-	-	-	9,506
-	-	31,184	-	-	-	-	124,234
-	-	1,071	-	-	-	-	1,071
-	-	38,160	-	-	-	-	155,402
-	-	6,603	-	-	-	-	8,667
<u>11,198</u>	<u>10,358</u>	<u>90,894</u>	<u>12,606</u>	<u>10,811</u>	<u>608</u>	<u>-</u>	<u>332,550</u>
<u>11,198</u>	<u>10,358</u>	<u>97,497</u>	<u>12,606</u>	<u>10,811</u>	<u>608</u>	<u>-</u>	<u>341,217</u>
<u>\$ 11,198</u>	<u>\$ 10,358</u>	<u>\$ 135,657</u>	<u>\$ 12,606</u>	<u>\$ 10,811</u>	<u>\$ 608</u>	<u>\$ -</u>	<u>\$ 496,619</u>

**City of Louisville, Ohio**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

**Nonmajor Special Revenue Funds**

**For the Year Ended December 31, 2004**

	Street Construction, Maintenance and Repair Fund	State Highway Fund	Motor Vehicle License Fund	Municipal Road Fund	Senior Citizens Fund
<u>Revenues:</u>					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-
Intergovernmental	254,455	25,127	75,417	-	17,650
Investment income	-	-	1,606	-	-
Contributions and donations	-	-	-	-	-
Other	1,939	1,562	-	-	-
Total revenue	<u>256,394</u>	<u>26,689</u>	<u>77,023</u>	<u>-</u>	<u>17,650</u>
<u>Expenditures:</u>					
Current:					
Security of persons and property	-	-	-	-	-
Transportation	347,538	29,744	-	-	-
Basic utility services	-	-	-	-	-
Leisure time activities	-	-	-	-	-
Capital outlay	-	-	139,723	-	32,000
Debt service:					
Principal retirement	16,056	-	-	-	-
Interest and fiscal charges	4,406	-	-	-	-
Total expenditures	<u>368,000</u>	<u>29,744</u>	<u>139,723</u>	<u>-</u>	<u>32,000</u>
Excess of revenues over (under) expenditures	<u>(111,606)</u>	<u>(3,055)</u>	<u>(62,700)</u>	<u>-</u>	<u>(14,350)</u>
<u>Other financing sources (uses):</u>					
Sale of capital assets	17,335	-	-	-	-
Inception of capital lease	-	-	-	-	-
Transfers - in	207,286	13,776	53,000	-	-
Total other financing sources (uses)	<u>224,621</u>	<u>13,776</u>	<u>53,000</u>	<u>-</u>	<u>-</u>
Net change in fund balance	113,015	10,721	(9,700)	-	(14,350)
Fund balances at beginning of year, as restated	<u>42,921</u>	<u>7,847</u>	<u>26,064</u>	<u>6,405</u>	<u>15,216</u>
Fund balances at end of year	<u>\$ 155,936</u>	<u>\$ 18,568</u>	<u>\$ 16,364</u>	<u>\$ 6,405</u>	<u>\$ 866</u>

Mayor's Court Computerization Fund	Emergency Services Donations Fund	Emergency Services Charges Fund	Law Enforcement Education Fund	Law Enforcement Trust Fund	Special Events Fund	FEMA Hazard Mitigation Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 168,425	\$ -	\$ -	\$ -	\$ -	\$ 168,425
4,433	-	-	745	1,042	-	-	6,220
-	-	-	-	-	-	93,772	466,421
-	-	-	-	-	-	-	1,606
-	7,000	-	-	-	-	-	7,000
-	-	-	-	-	4,166	-	7,667
<u>4,433</u>	<u>7,000</u>	<u>168,425</u>	<u>745</u>	<u>1,042</u>	<u>4,166</u>	<u>93,772</u>	<u>657,339</u>
3,302	334	158,577	-	16,669	-	-	178,882
-	-	-	-	-	-	2,659	379,941
-	-	-	-	-	-	148,215	148,215
-	-	-	-	-	4,166	-	4,166
-	-	93,765	-	-	-	-	265,488
-	-	34,159	-	-	-	-	50,215
-	-	3,710	-	-	-	-	8,116
<u>3,302</u>	<u>334</u>	<u>290,211</u>	<u>-</u>	<u>16,669</u>	<u>4,166</u>	<u>150,874</u>	<u>1,035,023</u>
<u>1,131</u>	<u>6,666</u>	<u>(121,786)</u>	<u>745</u>	<u>(15,627)</u>	<u>-</u>	<u>(57,102)</u>	<u>(377,684)</u>
-	-	-	-	-	-	-	17,335
-	-	62,510	-	-	-	-	62,510
-	-	-	-	-	-	-	274,062
-	-	62,510	-	-	-	-	353,907
1,131	6,666	(59,276)	745	(15,627)	-	(57,102)	(23,777)
10,067	3,692	156,773	11,861	26,438	608	57,102	364,994
<u>\$ 11,198</u>	<u>\$ 10,358</u>	<u>\$ 97,497</u>	<u>\$ 12,606</u>	<u>\$ 10,811</u>	<u>\$ 608</u>	<u>\$ -</u>	<u>\$ 341,217</u>

Individual Fund Schedules of Revenues, Expenditures and  
Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual

**City of Louisville, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Municipal income tax	\$ 2,259,000	\$ 2,210,437	\$ 2,184,322	\$ (26,115)
Property and other taxes	384,518	447,000	537,285	90,285
Charges for services	255,750	256,050	228,414	(27,636)
Licenses and permits	70,832	86,900	103,223	16,323
Fines and forfeitures	10,119	-	-	-
Intergovernmental	312,067	350,176	357,824	7,648
Investment income	60,476	60,000	23,854	(36,146)
Rentals	10,600	10,600	14,853	4,253
Other	30,838	15,900	33,069	17,169
Total revenue	<u>3,394,200</u>	<u>3,437,063</u>	<u>3,482,844</u>	<u>45,781</u>
<u>Expenditures:</u>				
Current:				
General government				
Office of city council	44,412	45,329	45,329	-
Office of the city manager	164,193	177,353	168,197	9,156
Department of finance and tax	247,162	266,602	255,230	11,372
Mayor's court	30,659	28,438	25,628	2,810
Civil service commission	23,988	23,614	21,694	1,920
Division of lands and buildings	94,628	98,143	69,893	28,250
Department of law	46,731	49,712	48,615	1,097
Miscellaneous	104,486	116,333	110,102	6,231
Total general government	<u>756,259</u>	<u>805,524</u>	<u>744,688</u>	<u>60,836</u>
Security of persons and property				
Division of police	995,294	1,055,724	1,028,776	26,948
Division of fire	253,197	245,839	223,247	22,592
Division of communications	239,347	262,347	254,837	7,510
Division of street lighting	78,100	89,801	89,701	100
Department of traffic control maintenance	3,000	10,403	10,044	359
Total security of persons and property	<u>1,568,938</u>	<u>1,664,114</u>	<u>1,606,605</u>	<u>57,509</u>
Public health and welfare				
Board of health	49,225	55,675	49,307	6,368

(continued)

**City of Louisville, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community environment				
Division of planning and development	205,582	183,858	145,543	38,315
Division of housing and building code	49,763	55,002	54,647	355
Total community environment	255,345	238,860	200,190	38,670
Leisure time activities				
Division of parks	138,512	141,863	133,081	8,782
Senior citizens center	-	159,118	157,877	1,241
Total leisure time activities	138,512	300,981	290,958	10,023
Other	-	43,153	43,152	1
Total expenditures	2,768,279	3,108,307	2,934,900	173,407
Excess of revenues over (under) expenditures	625,921	328,756	547,944	219,188
<u>Other financing sources (uses):</u>				
Sale of capital assets	-	-	12,355	12,355
Advances - in	102,771	143,711	61,831	(81,880)
Advances - out	-	(33,691)	(33,691)	-
Transfers - in	100,000	100,000	145,000	45,000
Transfers - out	(833,400)	(621,062)	(566,062)	55,000
Total other financing sources (uses)	(630,629)	(411,042)	(380,567)	30,475
Net change in fund balance	(4,708)	(82,286)	167,377	249,663
Fund balance at beginning of year	242,744	242,744	242,744	-
Prior year encumbrances appropriated	76,494	76,494	76,494	-
Fund balance at end of year	\$ 314,530	\$ 236,952	\$ 486,615	\$ 249,663



**City of Louisville, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Street Construction, Maintenance and Repair Fund**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Intergovernmental	\$ 155,699	\$ 244,491	\$ 244,491	\$ -
Other	4,815	1,939	1,939	-
Total revenue	160,514	246,430	246,430	-
<u>Expenditures:</u>				
Current:				
Transportation				
Division of street maintenance	381,229	389,953	336,254	53,699
Division of snow and ice removal	51,705	42,981	42,937	44
Total expenditures	432,934	432,934	379,191	53,743
Excess of revenues over (under) expenditures	(272,420)	(186,504)	(132,761)	53,743
<u>Other financing sources (uses):</u>				
Sale of capital assets	-	17,335	17,335	-
Transfers - in	207,286	207,286	207,286	-
Total other financing sources (uses)	207,286	224,621	224,621	-
Net change in fund balance	(65,134)	38,117	91,860	53,743
Fund balance at beginning of year	9,257	9,257	9,257	-
Prior year encumbrances appropriated	12,848	12,848	12,848	-
Fund balance at end of year	\$ (43,029)	\$ 60,222	\$ 113,965	\$ 53,743

**City of Louisville, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**State Highway Fund**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Intergovernmental	\$ 13,224	\$ 25,706	\$ 25,706	\$ -
Other	-	1,562	1,562	-
Total revenue	13,224	27,268	27,268	-
<u>Expenditures:</u>				
Current:				
Transportation				
Division of street maintenance	35,072	32,739	28,116	4,623
Division of snow and ice removal	251	2,584	2,521	63
Total transportation	35,323	35,323	30,637	4,686
Excess of revenues over (under) expenditures	(22,099)	(8,055)	(3,369)	4,686
<u>Other financing sources (uses):</u>				
Transfers - in	17,776	13,776	13,776	-
Net change in fund balance	(4,323)	5,721	10,407	4,686
Fund balance at beginning of year	4,851	4,851	4,851	-
Prior year encumbrances appropriated	547	547	547	-
Fund balance at end of year	\$ 1,075	\$ 11,119	\$ 15,805	\$ 4,686

**City of Louisville, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Motor Vehicle License Fund**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Intergovernmental	\$ 50,760	\$ 74,811	\$ 74,811	\$ -
Investment income	3,240	1,502	1,606	104
Total revenue	<u>54,000</u>	<u>76,313</u>	<u>76,417</u>	<u>104</u>
<u>Expenditures:</u>				
Current:				
Transportation				
Division of street construction	<u>140,000</u>	<u>140,000</u>	<u>139,723</u>	<u>277</u>
Excess of revenues over (under) expenditures	<u>(86,000)</u>	<u>(63,687)</u>	<u>(63,306)</u>	<u>381</u>
<u>Other financing sources (uses):</u>				
Transfers - in	<u>53,000</u>	<u>53,000</u>	<u>53,000</u>	<u>-</u>
Net change in fund balance	(33,000)	(10,687)	(10,306)	381
Fund balance at beginning of year	<u>14,356</u>	<u>14,356</u>	<u>14,356</u>	<u>-</u>
Fund balance at end of year	<u>\$ (18,644)</u>	<u>\$ 3,669</u>	<u>\$ 4,050</u>	<u>\$ 381</u>

**City of Louisville, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Municipal Road Fund**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Total revenue	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	6,405	6,405	6,405	-
Fund balance at end of year	<u>\$ 6,405</u>	<u>\$ 6,405</u>	<u>\$ 6,405</u>	<u>\$ -</u>

**City of Louisville, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Senior Citizens Fund**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Total revenue	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Current:				
Leisure time activities				
Senior citizens center	14,350	14,350	14,350	-
Net change in fund balance	(14,350)	(14,350)	(14,350)	-
Fund balance at beginning of year	866	866	866	-
Prior year encumbrances appropriated	14,350	14,350	14,350	-
Fund balance at end of year	\$ 866	\$ 866	\$ 866	\$ -

**City of Louisville, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Mayor's Court Computerization Fund**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Fines and forfeitures	\$ -	\$ 4,433	\$ 4,433	\$ -
<u>Expenditures:</u>				
Current:				
Security of persons and property Division of police	7,500	7,500	3,302	4,198
Net change in fund balance	(7,500)	(3,067)	1,131	4,198
Fund balance at beginning of year	10,067	10,067	10,067	-
Fund balance at end of year	<u>\$ 2,567</u>	<u>\$ 7,000</u>	<u>\$ 11,198</u>	<u>\$ 4,198</u>

**City of Louisville, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Emergency Services Donations Fund**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Contributions and donations	\$ -	\$ 7,000	\$ 7,000	\$ -
<u>Expenditures:</u>				
Current:				
Security of persons and property				
Division of fire	1,800	1,800	334	1,466
Net change in fund balance	(1,800)	5,200	6,666	1,466
Fund balance at beginning of year	3,692	3,692	3,692	-
Fund balance at end of year	\$ 1,892	\$ 8,892	\$ 10,358	\$ 1,466

**City of Louisville, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Emergency Services Charges Fund**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Charges for services	\$ 144,000	\$ 166,108	\$ 168,454	\$ 2,346
<u>Expenditures:</u>				
Current:				
Security of persons and property				
Division of emergency services	236,477	252,366	240,138	12,228
Net change in fund balance	(92,477)	(86,258)	(71,684)	14,574
Fund balance at beginning of year	126,789	126,789	126,789	-
Prior year encumbrances appropriated	11,425	11,425	11,425	-
Fund balance at end of year	\$ 45,737	\$ 51,956	\$ 66,530	\$ 14,574



**City of Louisville, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Law Enforcement Education Fund**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Fines and forfeitures	\$ 1,900	\$ 745	\$ 745	\$ -
Other	100	-	-	-
Total revenue	<u>2,000</u>	<u>745</u>	<u>745</u>	<u>-</u>
<u>Expenditures:</u>				
Current:				
Security of persons and property				
Division of police	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Net change in fund balance	(3,000)	(4,255)	745	5,000
Fund balance at beginning of year	<u>11,861</u>	<u>11,861</u>	<u>11,861</u>	<u>-</u>
Fund balance at end of year	<u>\$ 8,861</u>	<u>\$ 7,606</u>	<u>\$ 12,606</u>	<u>\$ 5,000</u>

**City of Louisville, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Law Enforcement Trust Fund**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Fines and forfeitures	\$ 11,000	\$ 1,042	\$ 1,042	\$ -
Other	3,000	-	-	-
Total revenue	<u>14,000</u>	<u>1,042</u>	<u>1,042</u>	<u>-</u>
<u>Expenditures:</u>				
Current:				
Security of persons and property				
Division of police	<u>20,000</u>	<u>20,000</u>	<u>16,669</u>	<u>3,331</u>
Net change in fund balance	(6,000)	(18,958)	(15,627)	3,331
Fund balance at beginning of year	<u>26,438</u>	<u>26,438</u>	<u>26,438</u>	<u>-</u>
Fund balance at end of year	<u>\$ 20,438</u>	<u>\$ 7,480</u>	<u>\$ 10,811</u>	<u>\$ 3,331</u>

**City of Louisville, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Special Events Fund**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Other	\$ 19,500	\$ 4,166	\$ 4,166	\$ -
<u>Expenditures:</u>				
Current:				
Leisure time activities				
Special events	44,500	4,166	4,166	-
Excess of revenues over (under) expenditures	(25,000)	-	-	-
<u>Other financing sources (uses):</u>				
Transfers - in	25,000	-	-	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	608	608	608	-
Fund balance at end of year	<u>\$ 608</u>	<u>\$ 608</u>	<u>\$ 608</u>	<u>\$ -</u>

**City of Louisville, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**FEMA Hazard Mitigation Grant Fund**  
**For the Year Ended December 31, 2004**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$ 179,014	\$ 179,014	\$ 179,014	\$ -
<u>Expenditures:</u>				
Current:				
Transportation				
Division of street maintenance	2,659	2,659	2,659	-
Basic utility services				
Office of superintendent	3,989	3,989	3,989	-
Division of storm sewer maintenance	962	962	962	-
Division of wastewater treatment	143,264	143,264	143,264	-
Total basic utility services	148,215	148,215	148,215	-
Total expenditures	150,874	150,874	150,874	-
Excess of revenues over (under) expenditures	28,140	28,140	28,140	-
<u>Other financing sources (uses):</u>				
Advances - out	(28,140)	(28,140)	(28,140)	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Louisville, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Debt Retirement Fund**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Investment income	\$ -	\$ 145	\$ 145	\$ -
<u>Expenditures:</u>				
Debt service:				
Principal retirement	171,360	130,000	130,000	-
Interest and fiscal charges	60,207	45,000	44,336	664
Total expenditures	231,567	175,000	174,336	664
Excess of revenues over (under) expenditures	(231,567)	(174,855)	(174,191)	664
<u>Other financing sources (uses):</u>				
Transfers - in	202,952	146,910	147,000	90
Net change in fund balance	(28,615)	(27,945)	(27,191)	754
Fund balance at beginning of year	30,893	30,893	30,893	-
Fund balance at end of year	\$ 2,278	\$ 2,948	\$ 3,702	\$ 754

**City of Louisville, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Capital Improvements Fund**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Total revenue	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Current:				
General government				
Division of lands and buildings	142,000	131,112	71,453	59,659
Community environment				
Division of planning and development	55,000	65,888	65,888	-
Leisure time activities				
Senior citizens center	17,650	17,650	-	17,650
Total expenditures	214,650	214,650	137,341	77,309
Net change in fund balance	(214,650)	(214,650)	(137,341)	77,309
Fund balance at beginning of year	142,910	142,910	142,910	-
Prior year encumbrances appropriated	72,650	72,650	72,650	-
Fund balance at end of year	\$ 910	\$ 910	\$ 78,219	\$ 77,309

Individual Fund Schedules of Revenues, Expenses and  
Changes in Fund Equity – Budget (Non-GAAP Basis) and Actual

**City of Louisville, Ohio**  
**Schedule of Revenues, Expenses and Changes**  
**In Fund Equity - Budget (Non-GAAP Basis) and Actual**  
**Water Fund**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts			Variance with Final budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Municipal income tax	\$ 721,250	\$ 721,283	\$ 724,984	\$ 3,701
Charges for services	674,473	639,093	639,585	492
Intergovernmental	-	7,257	7,257	-
Other	12,300	12,330	13,847	1,517
<b>Total revenue</b>	<b>1,408,023</b>	<b>1,379,963</b>	<b>1,385,673</b>	<b>5,710</b>
<u>Expenses:</u>				
General government				
Miscellaneous	71,237	75,212	72,782	2,430
Basic utility services				
Division of water treatment	333,252	332,694	326,637	6,057
Division of water laboratory	17,494	16,432	14,974	1,458
Division of water distribution	577,340	736,799	726,576	10,223
Office of superintendent	57,568	56,203	53,184	3,019
Division of utility billing	40,139	39,095	33,136	5,959
<b>Total basic utility services</b>	<b>1,025,793</b>	<b>1,181,223</b>	<b>1,154,507</b>	<b>26,716</b>
Other				
Miscellaneous	-	14,359	14,359	-
Debt service:				
Principal retirement	85,331	186,871	186,870	1
Interest and fiscal charges	61,792	122,635	122,635	-
<b>Total expenses</b>	<b>1,244,153</b>	<b>1,580,300</b>	<b>1,551,153</b>	<b>29,147</b>
<b>Excess of revenues over (under) expenses</b>	<b>163,870</b>	<b>(200,337)</b>	<b>(165,480)</b>	<b>34,857</b>

(continued)



**City of Louisville, Ohio**  
**Schedule of Revenues, Expenses and Changes**  
**In Fund Equity - Budget (Non-GAAP Basis) and Actual**  
**Water Fund**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual	Variance with Final budget Positive (Negative)
	Original	Final		
<u>Other financing sources (uses):</u>				
Transfers - in	300,000	391,565	391,565	-
Transfers - out	(687,591)	(741,565)	(741,565)	-
Total other financing sources (uses)	(387,591)	(350,000)	(350,000)	-
Net change in fund equity	(223,721)	(550,337)	(515,480)	34,857
Fund equity at beginning of year	457,908	457,908	457,908	-
Prior year encumbrances appropriated	266,238	266,238	266,238	-
Fund equity at end of year	<u>\$ 500,425</u>	<u>\$ 173,809</u>	<u>\$ 208,666</u>	<u>\$ 34,857</u>

**City of Louisville, Ohio**  
**Schedule of Revenues, Expenses and Changes**  
**In Fund Equity - Budget (Non-GAAP Basis) and Actual**  
**Sewer Fund**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts			Variance with Final budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Charges for services	\$ 650,400	\$ 680,501	\$ 680,501	\$ -
Other	5,000	6,446	9,397	2,951
Total revenue	655,400	686,947	689,898	2,951
<u>Expenses:</u>				
General government				
Miscellaneous	52,122	68,541	65,288	3,253
Basic utility services				
Office of superintendent	91,322	122,146	120,593	1,553
Division of sewage laboratory	19,587	24,815	22,531	2,284
Division of sanitary sewer pumping	17,052	18,265	17,868	397
Division of sewer maintenance	30,685	33,011	31,026	1,985
Utility deposits	100	100	-	100
Division of wastewater treatment	725,439	634,253	588,158	46,095
Division of utility billing	26,048	34,899	30,476	4,423
Miscellaneous	6,512	439	439	-
Total basic utility services	916,745	867,928	811,091	56,837
Debt service:				
Principal retirement	234,292	206,000	206,000	-
Interest and fiscal charges	-	133,332	133,332	-
Total expenses	1,203,159	1,275,801	1,215,711	60,090
Excess of revenues over (under) expenses	(547,759)	(588,854)	(525,813)	63,041

(continued)

**City of Louisville, Ohio**  
**Schedule of Revenues, Expenses and Changes**  
**In Fund Equity - Budget (Non-GAAP Basis) and Actual**  
**Sewer Fund**  
**For the Year Ended December 31, 2004**

	Budgeted Amounts		Actual	Variance with Final budget Positive (Negative)
	Original	Final		
<u>Other financing sources (uses):</u>				
Sale of capital assets	-	1,992	1,992	-
Transfers - in	300,000	350,000	350,000	-
Total other financing sources (uses)	300,000	351,992	351,992	-
Net change in fund equity	(247,759)	(236,862)	(173,821)	63,041
Fund equity at beginning of year	288,322	288,322	288,322	-
Prior year encumbrances appropriated	202,160	202,160	202,160	-
Fund equity at end of year	<u>\$ 242,723</u>	<u>\$ 253,620</u>	<u>\$ 316,661</u>	<u>\$ 63,041</u>



---

## STATISTICAL SECTION



**CITY OF LOUISVILLE, OHIO**

Table 1

General Governmental Revenues by Source and  
 General Governmental Expenditures by Function  
 All Governmental Funds  
 Last Ten Years

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b><u>Revenues:</u></b>										
Local taxes	\$2,216,203	\$2,226,045	\$2,000,677	\$2,314,349	\$2,301,901	\$2,610,426	\$2,556,953	\$ 2,597,995	\$2,666,051	\$ 2,613,502
Intergovernmental revenues	1,248,119	1,148,210	823,713	776,649	1,267,043	868,653	658,334	771,164	843,237	823,320
Charges for services	174,207	190,052	284,577	235,133	257,876	349,856	348,242	390,075	412,921	396,839
Fines, licenses, and permits	85,457	82,370	76,482	80,183	95,176	103,746	88,396	116,721	113,212	109,619
Other revenues	79,594	66,321	119,196	176,141	309,833	138,264	176,077	107,771	107,901	90,752
Total	<u>\$3,803,580</u>	<u>\$3,712,998</u>	<u>\$3,304,645</u>	<u>\$3,582,455</u>	<u>\$4,231,829</u>	<u>\$4,070,945</u>	<u>\$3,828,002</u>	<u>\$ 3,983,726</u>	<u>\$4,143,322</u>	<u>\$ 4,034,032</u>
<b><u>Expenditures:</u></b>										
General government	\$ 821,944	\$ 768,678	\$ 663,438	\$ 664,781	\$ 659,093	\$ 662,026	\$ 710,883	\$ 741,922	\$ 749,920	\$ 771,987
Security of persons and property	1,418,490	1,505,843	1,507,263	1,521,808	1,552,470	1,655,688	1,583,923	1,687,404	1,878,135	1,688,222
Public health and welfare	44,581	28,194	28,698	30,649	30,283	29,262	51,043	51,910	50,508	48,652
Transportation	309,890	386,444	356,965	303,475	378,728	374,057	351,005	395,796	636,157	379,941
Community environment	236,038	180,971	202,192	200,652	195,631	215,283	195,215	196,790	173,935	177,001
Basic utility services	-	-	-	-	-	-	-	-	75,273	148,215
Leisure time activities	179,333	222,604	207,763	201,736	233,209	339,780	380,496	351,965	383,104	286,762
Other	-	19,064	23,564	115,864	78,030	32,071	39,135	52,398	45,584	43,152
Capital outlay	1,258,882	608,022	157,228	225,108	932,496	249,314	222,354	151,068	133,937	377,320
Debt service	155,756	263,068	560,787	566,864	883,592	775,012	802,268	207,389	267,888	250,631
Total	<u>\$4,424,914</u>	<u>\$3,982,888</u>	<u>\$3,707,898</u>	<u>\$3,830,937</u>	<u>\$4,943,532</u>	<u>\$4,332,493</u>	<u>\$4,336,322</u>	<u>\$ 3,836,642</u>	<u>\$4,394,441</u>	<u>\$ 4,171,883</u>

85

Note: Financial information provided excludes other financing sources and uses.

**CITY OF LOUISVILLE, OHIO**

Table 2

Property Tax Levies and Collections  
Last Ten Years and  
Largest Property Taxpayers by Assessment

**Property Tax Levies and Collections**

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Net tax levy	\$ 256,749	257,556	273,493	296,062	337,665	340,814	387,089	387,265	387,094	427,776
Taxes collected	\$ 254,792	254,520	269,138	290,543	331,196	336,909	381,050	379,486	378,806	375,616
Percentage collected	99.24	98.82	98.41	98.14	98.08	98.85	98.44	97.99	97.86	87.81

**Largest Property Taxpayers by Assessment**

	<u>Name of Taxpayer</u>	<u>Assessment</u>	Percentage of	<u>Name of Taxpayer</u>	<u>Assessment</u>	Percentage of
			Total Assessed			Total Assessed
			<u>Valuation</u>			<u>Valuation</u>
<b><u>Real Property</u></b>				<b><u>Tangible Personal Property</u></b>		
98	Jewel Acquisition LLC	\$ 1,490,700	1.00 %	J&L Specialty Steel Inc.	\$ 9,630,270	6.45 %
	HP Products Inc.	1,306,390	0.88	HP Products Inc.	1,927,370	1.29
	Louisville Ventures Ltd.	1,205,710	0.81	Transportation Center of Louisville	672,630	0.45
	Mckinley Development Company Ltd.	1,026,740	0.69	Parksite, Inc.	527,281	0.35
	Roy T Rhodes	744,560	0.50	Sypolt Chevrolet & Charda Inc.	519,420	0.35
	WNBC LLC	488,120	0.33	Trilogy Plastics, Inc.	415,355	0.28
	Frederick K & Judith R Peters	468,850	0.31	Tamarkin Company	330,960	0.22
	J B Metzger Co.	439,960	0.29	JCM Family, Inc.	326,840	0.22
	Donald W Jr. & Sue Ann Geitgey	417,630	0.28	SD Meyers, Inc.	252,570	0.17
	Brahler, Richard V.	375,590	0.25	Time Warner Entertainment Company	248,310	0.17
	<u>\$ 7,964,250</u>	<u>5.34</u>		<u>\$ 14,851,006</u>	<u>9.95</u>	
<b><u>Public Utility (Real and Personal Property)</u></b>				<b>Total Assessed Valuation</b>		
	Ohio Power	\$ 2,262,390	1.52 %		<u>\$ 149,199,622</u>	<u>17.72 %</u>
	Ohio Bell Telephone	919,020	0.62			
	Norfolk Southern Combined Railroad	241,070	0.16			
	East Ohio Gas	188,240	0.13			
		<u>\$ 3,610,720</u>	<u>2.43</u>			

Source: Stark County Auditor

Notes: Collections presented on a cash basis, same millage for each year.



**CITY OF LOUISVILLE, OHIO**

Table 3

Direct and Overlapping Property Tax Rates and  
Assessed and Estimated Valuation of Property  
Last Ten Years

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b><u>Property tax rates - All direct and overlapping governments (per \$1,000 of assessed tax valuation)</u></b>										
Joint Vocational	\$ 2.00	2.00	3.50	3.50	3.30	3.30	3.20	2.00	2.00	2.00
Stark County	8.40	10.30	9.80	10.10	10.10	10.10	10.10	9.60	12.00	12.00
Louisville Schools	49.00	49.00	49.00	49.00	49.00	49.00	49.00	55.90	55.90	55.90
City of Louisville	<u>2.80</u>	<u>2.80</u>	<u>2.80</u>	<u>2.80</u>	<u>2.80</u>	<u>2.80</u>	<u>2.80</u>	<u>2.80</u>	<u>2.80</u>	<u>2.80</u>
Total	<u>\$ 62.20</u>	<u>64.10</u>	<u>65.10</u>	<u>65.40</u>	<u>65.20</u>	<u>65.20</u>	<u>65.10</u>	<u>70.30</u>	<u>72.70</u>	<u>72.70</u>
<b><u>Assessed valuation</u></b>										
Real property	\$ 75,100,860	75,457,790	78,011,150	89,793,620	92,523,760	95,358,280	109,646,050	113,920,700	116,572,560	129,106,510
Public utility	4,642,160	4,481,580	4,345,260	4,359,640	4,415,780	4,052,660	4,103,090	3,374,300	3,485,590	3,572,100
Personal property	<u>20,490,978</u>	<u>21,421,120</u>	<u>24,855,325</u>	<u>22,544,697</u>	<u>23,654,903</u>	<u>22,308,127</u>	<u>24,496,624</u>	<u>21,806,152</u>	<u>18,189,506</u>	<u>16,521,012</u>
Total	<u>\$ 100,233,998</u>	<u>101,360,490</u>	<u>107,211,735</u>	<u>116,697,957</u>	<u>120,594,443</u>	<u>121,719,067</u>	<u>138,245,764</u>	<u>139,101,152</u>	<u>138,247,656</u>	<u>149,199,622</u>
<b><u>Estimated valuation</u></b>										
Total	<u>\$ 286,382,851</u>	<u>286,382,851</u>	<u>314,082,680</u>	<u>333,422,734</u>	<u>344,555,551</u>	<u>347,768,763</u>	<u>394,987,897</u>	<u>397,431,863</u>	<u>394,993,303</u>	<u>426,284,634</u>

87

Source: Stark County Auditor's Office

Note: There are no debt service levies in the City millage.

Stark County property tax rate includes .50 millage from the Stark County Park District.

**CITY OF LOUISVILLE, OHIO**  
 Computation of Legal Debt Margin and  
 Direct and Overlapping Debt Analysis  
 December 31, 2004

Total assessed valuation \$ 149,199,622

**Legal Debt Margin - Unvoted Debt:**

Debt limitation - 5.5% of assessed valuation \$ 8,205,979

Debt applicable to limitation:

Total bonded debt and loans \$ 5,558,048

Exempt debt:

OPWC Loan 305,164

OPWC Loan 417,884

Debt payable from income tax 4,835,000

Total debt applicable to limitation \$ -

Legal debt margin \$ 8,205,979

**Legal Debt Margin - Unvoted and Voted Debt:**

Debt limitation - 10.5% of assessed valuation \$ 15,665,960

Debt applicable to limitation:

Total bonded debt and loans \$ 5,558,048

Exempt debt:

OPWC Loan 305,164

OPWC Loan 417,884

Debt payable from income tax 4,835,000

Total debt applicable to limitation \$ -

Legal debt margin \$ 15,665,960

Overlapping Debt Allocations:

	<u>Assessed valuations</u>	<u>Net debt outstanding</u>	<u>Percentage applicable to City</u>	<u>Amount applicable to City</u>
Direct:				
City of Louisville	\$ 149,199,622	<u>\$ 5,558,048</u>	100.00%	<u>\$ 5,558,048</u>
Overlapping:				
Louisville Schools	\$ 325,151,336	\$ 25,280,000	45.9%	\$ 11,957,440
Stark County, Ohio	\$6,985,334,407	<u>\$ 23,478,282</u>	2.1%	<u>\$ 516,522</u>
Total overlapping:		<u>\$ 48,758,282</u>		<u>\$ 12,473,962</u>
Total direct and overlapping debt:		<u>\$ 54,316,330</u>		<u>\$ 18,032,010</u>

Sources: Stark County Auditor's Office and Louisville City Schools

**CITY OF LOUISVILLE, OHIO**

Table 5

Ratio of Outstanding General Obligation Debt to Assessed Value and per Capita and Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures and Revenue Bond Coverage Last Ten Years

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b><u>General Obligation Debt</u></b>										
Assessed value	\$ 100,233,998	101,360,490	107,211,735	116,697,957	120,594,443	121,719,067	138,245,764	139,101,152	138,247,656	149,199,622
Population	8,492	8,596	8,652	8,728	8,818	8,904	8,904	8,904	8,904	8,904
Debt outstanding	\$ 5,295,000	5,080,000	5,255,000	5,715,000	5,560,000	5,275,000	6,060,000	5,670,000	5,260,000	4,835,000
Ratio of debt to assessed value	5.28%	5.01	4.90	4.90	4.61	4.33	4.38	4.08	3.80	3.24
Debt per capita	\$ 623.53	590.97	607.37	654.79	630.53	592.43	680.59	636.79	590.75	543.01
<b><u>General Bonded Debt</u></b>										
Debt service	\$ 137,840	139,103	139,938	135,363	135,675	135,555	199,691	178,691	176,275	174,336
General governmental expenditures	\$ 4,424,914	3,982,888	3,707,898	3,830,937	4,943,532	4,332,493	4,336,322	3,836,642	4,394,441	4,171,883
Ratio of debt service to general governmental expenditures	3.12%	3.49	3.77	3.53	2.74	3.13	4.61	4.66	4.01	4.18
<b><u>Water Revenue Bond</u></b>										
Revenues <sup>1</sup>	\$ 1,024,715	940,252	730,767	1,004,656	1,069,591	865,221	1,430,722	1,191,649	1,151,014	1,023,823
Operating expenses <sup>2</sup>	\$ 425,853	585,479	632,378	555,612	677,359	647,493	411,892	1,011,375	640,579	545,641
Net revenue available for debt service	\$ 598,862	354,773	98,389	449,044	392,232	217,728	1,018,830	180,274	510,435	478,182
Debt service requirements	\$ 144,097	147,118	144,718	147,198	144,338	146,413	143,158	144,798	146,123	147,123
Coverage	\$ 4.16	2.41	0.68	3.05	2.72	1.49	7.12	1.25	3.49	3.25

Notes: <sup>1</sup> Total revenue including local taxes and interest. <sup>2</sup> Total operating expenses exclusive of depreciation.

**CITY OF LOUISVILLE, OHIO**

Table 6

Residential and Commercial Building Permits,  
Bank Deposits - Stark County, Ohio - and Unemployment Rates  
Last Ten Years

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b><u>Building permits</u></b>										
<i>Residential:</i>										
Number issued	52	40	32	34	34	51	42	53	51	64
Value	\$4,518,248	4,106,444	4,107,800	5,013,650	4,606,083	8,122,510	7,368,020	7,483,695	8,041,164	9,612,196
<i>Commercial:</i>										
Number issued	11	3	7	4	8	3	3	1	1	1
Value	\$ 920,000	730,000	2,565,000	1,040,000	4,084,500	9,765,000	477,000	13,231,000	300,000	720,000
<b><u>Bank deposits (\$000's omitted)</u></b>										
Stark County	\$ 1,589,558	1,570,223	1,623,273	843,638	916,844	1,021,596	1,029,891	2,153,245	2,197,639	2,081,380
<b><u>Unemployment rates</u></b>										
Stark County	5.3	5.4	4.8	4.1	4.3	4.1	4.1	5.5	6.0	6.5
State of Ohio	4.8	4.9	4.6	3.9	4.3	4.1	4.8	5.7	6.0	5.2
United States	5.2	5.4	4.4	4.3	4.2	4.0	5.8	5.8	5.7	5.7

06

Sources: City of Louisville, Building Department  
Federal Reserve Bank of Cleveland, Ohio  
Ohio Department of Job and Family Services, Division of Research and Statistics

**CITY OF LOUISVILLE, OHIO**

Table 7

**Largest Employers Within City Corporate Limits and  
Income Tax Collections Last Ten Years**

<u>Employer</u>	<u>Industry</u>	<u>Number of Employees</u>
J&L Specialty Steel, Inc.	Stainless steel	491
H-P Products	Specialty tubing	375
Louisville City Schools	Public education	371
St. Joseph's Hospice	Hospice facility	255
Tamarkin, Inc.	Grocery	130
City of Louisville	Municipal government	125
St. Thomas Aquinas	Private High School	116
SDM Acquisition	Transformer rebuilding	74
Montrose Chrysler	Car Dealership	71
Midlake Products	Fasteners manufacturing	66

<u>Year</u>	<u>Collections</u>
1995	\$ 2,746,480
1996	2,595,461
1997	2,410,044
1998	2,548,673
1999	2,671,288
2000	2,929,773
2001	2,796,610
2002	2,757,672
2003	2,842,964
2004	2,909,059

Source: City of Louisville, Income Tax Department

Note: Presented on a cash basis.

**CITY OF LOUISVILLE, OHIO**

Table 8

Miscellaneous Statistics, December 31, 2004 and  
Population and School Enrollment Last Ten Years

Date of incorporation	1872	Area (square miles)	5.40
Form of government	Council-Manager	Miles of Streets	45.7
Employees		Number of street lights	687
Classified service	54	Number of traffic lights	7
Exempt	41	Wastewater Treatment Department	
Fire Protection		Number of treatment plants	1
Number of stations	1	Number of customers	3,525
Number of part-time personnel	27	Treatment plant capacity (million gallons/day)	2
Police Protection		Average flow treated daily (gallons)	1,400,000
Number of stations	1	Percent of capacity	69
Number of full-time officers	9	Collection system (miles)	45.00
Number of part-time officers	10	Recreation and cultural	
Municipal Water Department		Number of parks	7
Number of treatment plants	1	Total park acreage	126
Number of customers	3,472	Number of libraries	1
Treatment plant capacity (million gallons/day)	1.5	Number of volumes in library	110,000
Average water treated daily (gallons)	873,000		
Percent of capacity	56		
Distribution system (miles)	41.00		

Population and School Enrollment

<u>Year</u>	<u>Population</u>	<u>School Enrollment</u>
1995	8,492	3,048
1996	8,596	3,085
1997	8,652	3,076
1998	8,728	3,108
1999	8,818	3,187
2000	8,904	3,150
2001	8,904	3,186
2002	8,904	3,240
2003	8,904	3,239
2004	8,904	3,240

Source: City of Louisville, Department of Finance  
Population: 2000 - United States Census Bureau;  
all other years - Ohio Data Users Center,  
Enrollment: Louisville City Schools Web page



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**CITY OF LOUISVILLE**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 9, 2006**