



OHIO AUDITOR OF STATE
KEITH FABER



CITY OF LOUISVILLE
STARK COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



101 Central Plaza South
700 Chase Tower
Canton, Ohio 44702-1509
(330) 438-0617 or (800) 443-9272
EastRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the discretely presented component unit and remaining fund information of the City of Louisville, Stark County, (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 30, 2019 wherein we noted the City adopted Government Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the 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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

July 30, 2019

City of Louisville, Ohio

Comprehensive Annual Financial Report



For the year ended
December 31, 2018



CITY OF LOUISVILLE, OHIO

Comprehensive Annual Financial Report

Year Ended December 31, 2018

Prepared By: Department of Finance



City of Louisville, Ohio
Comprehensive Annual Financial Report
Year Ended December 31, 2018

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City of Louisville, Ohio
Comprehensive Annual Financial Report
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INTRODUCTORY SECTION





Department of Finance

July 30, 2019

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

We are pleased to present our 2018 Comprehensive Annual Financial Report (CAFR) for the City of Louisville for your review. This report, for the year ended December 31, 2018, has been prepared using generally accepted accounting principles for governments, and contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of the City of Louisville ("the City"). This report represents the commitment of the City to adhere to nationally recognized standards of excellence in financial reporting. Ohio law requires that every City prepare and publish their financial statements in accordance with generally accepted accounting principles (GAAP) and have at a minimum a biennial audit. The City chooses to have an annual audit and this report is published to fulfill that requirement for the year ended December 31, 2018.

Responsibility for both the accuracy of the data and completeness and fairness of the entire presentation rests with the management of the City, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

State statutes require the City to be subjected to an examination by the Auditor of State. Either the Auditor of State of Ohio or, if the Auditor permits, an independent public accounting firm conducts these audits. The Auditor of State of Ohio performed these services and has issued an unmodified ("clean") opinion on the City's financial statements for the year ended December 31, 2018. The Independent Auditors' Report on the basic financial statements is included in the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditors' Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

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 9,186 as reported in 2010 by the Bureau of Census. State Route 44 (North Chapel Street) and State Route 153 (Main Street) intersect in the City's business district, and United States Route 62 passes through the northwestern corner of the City. In addition to the highway system, Norfolk Southern Corporation operates a railroad 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 Council members 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 over the last 100 years. Even during the decade of the 1970’s, when every other city in Stark County’s population declined, 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 City is empowered to levy a property tax on real property located within its boundaries. It also is empowered by Ohio statute to extend its corporate limits by annexation, which it has done from time to time. 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.

Water service within the City is provided by the City water system and is purchased directly by the consumers. Sewage collection and disposal is also provided by the City. Electricity is obtained from American Electric Power (AEP), and natural gas is supplied by Dominion East Ohio Gas Company. Fire protection is provided by the City’s Fire Suppression and Emergency Medical Services Department. Solid waste collection is provided by private contractors selected by residents (the City does not contract with those private contractors), and solid waste from the City is sent to American Landfill.

The City carries several types of insurance: property, fleet, general liability, public officials’ liability, police professional liability, paramedic liability, employee medical, dental, vision, prescription and life insurances, 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.

Profile of the City

The City of Louisville residents are served by a diversified set of nearby transportation facilities, including State highways, 44 and 153, U.S. Highway 62 and I-77 in Canton. It is served by Norfolk Southern Corporation for freight rail services, Amtrak for passenger rail services located in nearby Alliance, and is served by passenger and freight air services at Akron-Canton Regional Airport, located within 20 miles of the City. Public mass transit for the area is provided by the Stark Area Regional Transit Authority (SARTA) which offers fixed route and curb service within and between the cities of Stark County.

Banking and financial services are provided to the City area by offices of local commercial banks and savings banks, all of which have their principal offices elsewhere.

Two daily newspapers and one weekly newspaper serve the City. The City is within the broadcast area of numerous television stations and AM and FM radio stations. Multichannel cable TV service, including educational, governmental and public access channels, is provided by Spectrum.

A quality education for our children is provided by the Louisville City School District. The individual schools have earned many state and national recognitions, including the National Blue Ribbon School of Excellence Award and the U.S. News & World Report's "Top High Schools in America" Silver Award.

Within commuting distance are several public and private two-year and four-year colleges and universities, including the University of Mount Union, the University of Akron, Kent State University, Northeast Ohio Medical University, Walsh University, Malone University and the Stark State College.

The City is served by two acute-care hospitals located nearby in the City of Canton: Aultman Hospital (682 beds) and Mercy Medical Center (476 beds); and an additional acute-care hospital located in the County: Alliance Community Hospital (184 beds). Heartland Behavioral Healthcare Hospital, a 157-bed public adult psychiatric hospital operated by the State, is also located in the County.

The YMCA, Arts in Stark and the Louisville-Nimishillen Historical Society are located in the City. Within a 20-minute drive from the City are the locations of the Pro Football Hall of Fame and McKinley Presidential Library and Museum. These and other facilities in the area offer an extensive variety of cultural and educational programs to the residents of Louisville. The City of Louisville owns seven parks totaling 120 acres offering residents a variety of activities to improve health and fitness. Various features include a fish pond, walking trails, children play areas, picnic areas, sports fields, skate ramps, volleyball and basketball courts. Pavilions with restrooms, electrical amenities, and grilling are available for special occasions.

Reporting Entity

A reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading. 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.

The City provides the full range of municipal services contemplated by its charter. These services include security of persons and property (police and fire), public health and welfare, leisure time activities, community environment, basic utility services (water and sewer), transportation (street maintenance, ice and snow removal), and general government (administration). Council and the City Manager have ultimate responsibility for these services. 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, Police, Emergency Medical Services, Fire and 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 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 support of special events and park areas for activities that are varied, safe, and enjoyable for individuals, groups and families.
- *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 Inspections and Code Enforcement.
- *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 streets and highways.
- *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, 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 citizens evaluate 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.

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 fund/department/object (personal services/other expenses). 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 submitted 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 and Federal financial statutes, City Council and administration policies, and the City Charter.

Relevant Financial Policies

It is the mission of the City to develop, maintain and implement financial accounting policies and procedures and protect and optimize the financial resources of the City. The City provides a sound accounting system for safeguarding the City's assets through recording and reporting of financial transactions according to mandated laws and guidelines of the Federal law, Ohio Revised Codes, GAAP, and the City's Codified Ordinances. The department goals are to develop sound fiscal policies, provide solid financial management for the City, maintain reserves and fiscal integrity, and protect the assets of the citizens of Louisville.

The City's positive financial position and outlook are largely due to alignment of the City's budget with the strategies identified in the City's Comprehensive Plan ("Plan"). The 2000 Plan was updated in 2015, and outlines the City's vision and strategies for community services and facilities, housing, economic development, land use and infrastructure. The Plan serves as a resourceful guide for Council and management to responsibly and efficiently allocate the City resources. In 2019, the City will obtain feedback and create strategies to implement the Plan with appropriate methodologies to foster economic development, improve facilities and services, and increase connectivity and collaboration within the community.

The City's investment policy, as updated in 2019, is to invest public funds in a manner which will ensure the preservation of capital while providing the highest investment return with the maximum security, meeting the daily cash flow needs of the City, and conforming to all State and local statutes governing the investment of public funds.

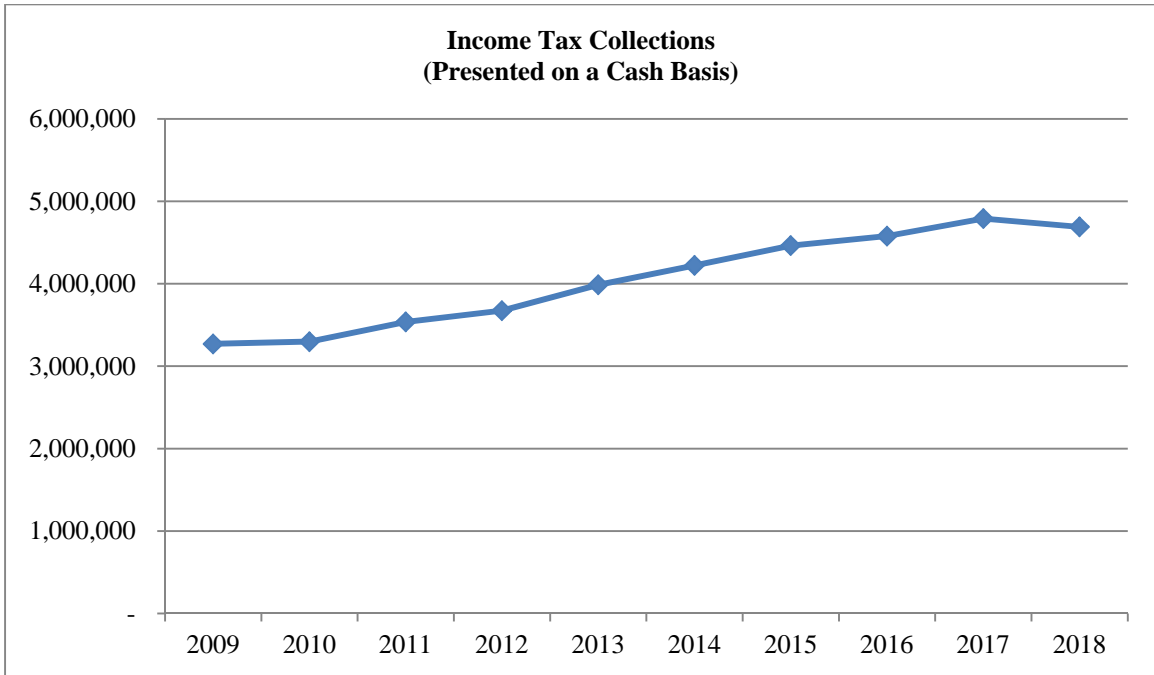
Local Economy

The City's economy benefits from the strong retail, manufacturing and warehousing bases of the County and surrounding areas. The area's well-established transportation network, with access to rail, air, water and land travel, provides access to regional markets. The City is within 20 miles of the Akron-Canton Regional Airport, the state-of-the-art, 28-acre Northeast Ohio Intermodal Terminal (NEOMODAL), and Foreign Trade Zone No. 181.

Once dominated by the steel industry, the City's economic base continues to diversify. In 2009, the City revised its Unified Development Code to enable further development of properties and expansion of economic opportunities in the City. Following the adoption of a Comprehensive Land Use Plan in 2016, the Louisville Community Reinvestment Area was expanded to incentivize investment as well as the development of a revolving loan fund (through the City's Community Improvement Corporation).

The City's residential base includes new construction as well as century homes ranging in value from \$150,000 to \$400,000. Prior to 2008, the City was experiencing annual growth in its housing stock as evidenced by increased population. The City currently expects construction of new housing in the City to resume with improvement in the general economy.

Income Tax Collections: The City of Louisville's income tax is governed and administered by Chapters 191 and 192 of the City Charter, which was originally passed on December 29, 1958, and the Internal Revenue Code. Louisville income tax is levied at 2% of all salaries, wages, commissions and other compensations earned by residents, sixteen years of age or older, and for nonresidents' labor performed or services rendered within Louisville City limits. Income tax revenue comprises 74% of the funding for general City operations.



The City's income tax ordinance provides for 75% be used for general operations and 25% be used for enterprise operations of the City. Effective January 1, 2007, an income tax credit allowance of 60% is allowed for taxes paid to another municipality for residential filers.

The History of Property Tax Collections: The second largest source of revenue to the City of Louisville's general fund is property tax. Louisville is a growing community and property tax revenue has fluctuated under Ohio Law since the City levies 2.8 inside (unvoted) tax mills.

**Property Tax Revenue
(Presented on a Cash Basis)**

<u>Year</u>	<u>Collections</u>	<u>Percentage Increase (Decrease)</u>
2009	405,895	(8.55) %
2010	376,972	(7.13)
2011	373,338	(0.96)
2012	386,280	3.47
2013	329,343	(14.74)
2014	362,778	10.15
2015	356,032	(1.86)
2016	420,399	18.08
2017	405,928	(3.44)
2018	401,273	(1.15)

Long-Term Financial Planning

As part of the annual budget process, the City Manager and City Council review five-year capital budget projections. Based on these estimates, financial strategies are developed to maximize services supplied and infrastructure improvements needed.

The City continues to adhere to a pay as you go philosophy as it relates to small projects and equipment purchases. By only borrowing for large projects, capital leases and keeping debt levels low, it provides the City the opportunity to borrow in low interest environments. By continuing to pay down its debt the City reduced its overall debt principal by \$327,924 in 2018.

Major Initiatives

The City continues to explore further annexation options. At the request of property owners outside but adjacent to the City, the City annexed 135.659 acres in 2014. Water and sewer utilities were extended to these properties in 2015, and the owners plan to develop the land with businesses as allowed by the City's zoning code.

The City received grants and other funds to develop the Beck Industrial Commerce Center. Upon completion of development in 2013, Chesapeake, a major oil and gas company, purchased the entire industrial park and relocated its regional headquarters to the site. In 2019, Encino Energy purchased the entire industrial park from Chesapeake. The complex includes 80 acres housing a five-story building with over 200,000 square feet of space. Located in the southwest portion of the City, the Beck Industrial Commerce Center also includes 200 acres of green-fields for further industrial development between State Route 44 and Beck Road. The Beck Industrial Commerce Center property aids the City in improving its economic development by revitalizing non-residential resources, encouraging commercial and industrial development within the City's tax base, expanding current businesses and employment opportunities to reflect a diversifying market, and hopes to attract more employers to raise the tax base. The Beck Industrial Commerce Center development is expected to create over 500 jobs in the Louisville area. With the Beck Industrial Commerce Center, the City, along with its private partners, Groffre Investments, enabled offering of premium industrial sites for this business development.

The City partnered with JENCAR Developers Inc., property owners of vacant land located at the intersection of US 62 and Broadway. During 2016, the City extended water lines and constructed and installed a sanitary package duplex pump station, force main and gravity sewer lines to serve the future sanitary needs of this area. JENCAR is currently developing the land with Redwood Living's distinctive single-story apartment rental homes, along with future retail businesses.

In 2016, the City applied for and received notification of award from Ohio Public Works Commission for a \$1,500,000, thirty-year, zero-percent loan to assist with replacing the final clarifiers at the wastewater treatment plant. Total cost of this project is estimated at \$3,548,188, with completion in 2019. The City's local share of \$2,048,188 will be funded with utility income tax.

During 2018, expenditures included the repair and rebuilding of neighborhood streets, city-owned sidewalks, curbing improvements, and miscellaneous roadway sealing and patching throughout the City. The City was able to utilize funds from the water and sewer funds for replacement of water and sewer lines, fire hydrants and appurtenances and underground utilities, roadway earthwork and miscellaneous base and drainage work.

Awards and Acknowledgements

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, 2017. 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 (CAFR) 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 consecutively since 1991. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA for award consideration.

For 2017, Ohio Auditor of State also presented the Finance Director with an Award of Distinction for excellence in financial reporting of the City's CAFR. To receive this award, the entity must file timely CAFRs; the audit report may not contain any findings for recovery, material citations, material weaknesses, significant deficiencies, Single Audit findings or questioned costs; and the entity's management letter must contain no comments related to ethics referrals, questioned costs less than \$25,000, lack of timely report submission, reconciliation, failure to obtain a timely single audit, findings for recovery less than \$500, or public meetings or public records. This achievement award is valid for a period of one year only. The City's Finance Director has received an Award of Distinction consecutively since 2013.

Successful preparation of a report of this scope could not have been accomplished without the dedication of the Finance Department staff. Further appreciation is extended to the Office of the City Manager, City Council, Stark County Auditor's Office, and City department heads and staff, for their assistance with research and gathering pertinent information in compiling this report.

In addition, we would like to thank the residents and taxpayers of the City of Louisville for entrusting us with the administration of their local government.

Respectfully submitted,



Jina E. Alaback
Finance Director

City of Louisville, Ohio

Public Officials Roster

December 31, 2018

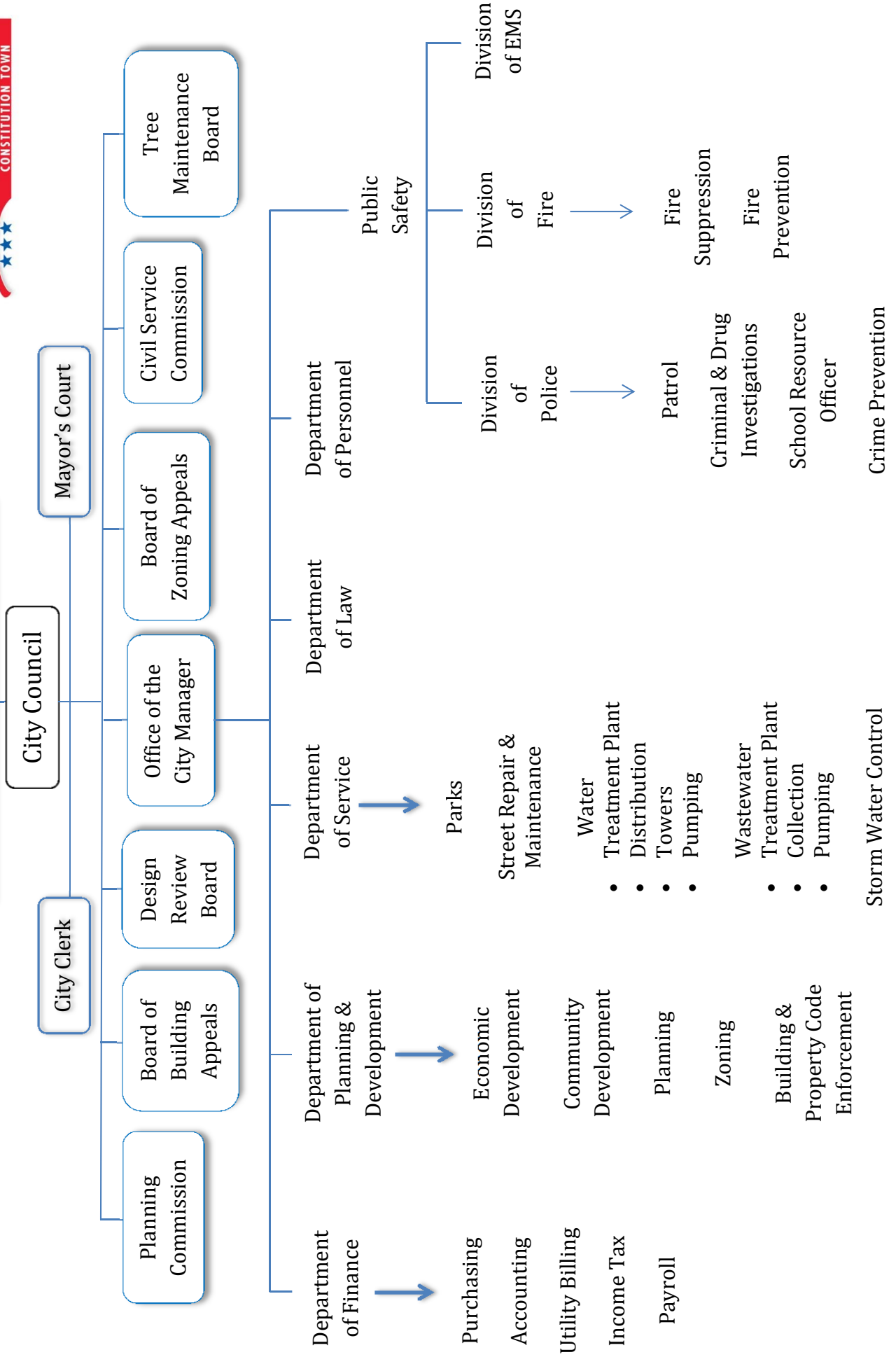
Elected Officials

Patricia Fallot	Mayor – Councilmember
Joan Aljancic	Councilmember
Richard Flory	Councilmember
Richard Guiley	Councilmember
Corey Street	Councilmember

Appointed Officials

Larry Collins.....	City Manager
Peggy Howald.....	City Clerk
Jina Alaback.....	Finance Director
Robert Duffrin	Law Director
Rodney Bordner.....	Fire Chief
Andrew Turowski	Police Chief
Daniel Millsap	Service Director
Vincent Marion.....	Planning & Economic Development Director

Citizens of Louisville





Government Finance Officers Association

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, 2017

Christopher P. Morrill

Executive Director/CEO



FINANCIAL SECTION



OHIO AUDITOR OF STATE KEITH FABER



101 Central Plaza South
700 Chase Tower
Canton, Ohio 44702-1509
(330) 438-0617 or (800) 443-9272
EastRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the discretely presented component unit and the remaining fund information of the City of Louisville, Stark County, Ohio (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the discretely presented component unit and the remaining fund information of the City of Louisville, Stark County, Ohio, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Street Construction, Maintenance and Repair Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the financial statements, during 2018, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

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

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2019, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Keith Faber
Auditor of State

Columbus, Ohio

July 30, 2019

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City of Louisville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
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 year ended December 31, 2018. 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.

Financial Highlights

Key financial highlights for 2018 are as follows:

- The total net position of the City increased \$954,251. Net position of governmental activities decreased \$387,309, which represents a 3.4% decrease over 2017, as restated. Net position of business-type activities increased \$1,341,560 or 7.7% from 2017.
- General revenues for governmental activities, accounted for \$4,548,770 or 74.0% of total governmental activities revenue. Program specific revenues accounted for \$1,595,223 or 26.0% of total governmental activities revenue.
- The City had \$6,531,302 in expenses related to governmental activities; only \$1,595,223 of these expenses were offset by program specific charges for services and sales and operating grants. General revenues of \$4,548,770 were not adequate to provide for these programs.
- The general fund, the City's largest and a major governmental fund, had revenues of \$5,008,123 in 2018, or 80% of total governmental funds. Expenditures of the general fund were \$4,645,455, or 74.7% of total governmental funds. The general fund balance decreased \$5,677 or 0.2% in 2018.
- During 2018, the City had an inception of capital lease in the amount of \$167,838 for the acquisition of police and fire radio equipment.

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 position 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.

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 are two major governmental funds and two major business-type funds.

City of Louisville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

Reporting the City as a Whole

Statement of Net Position 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 2018"? These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources 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 position and changes in this position. This change in net position 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 position 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, transportation and community environment. 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 major governmental funds are the general fund and the street construction, maintenance and repair fund. An analysis of the City's major governmental funds begins on page 14.

City of Louisville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
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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 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 eleven 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 fund, which was 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 94-97 in this report. The basic governmental fund financial statements can be found on pages 22-27 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 28-31 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 32-78 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents the required supplementary information which can be found on pages 80-88 and the combining and individual fund statements and schedules, which can be found beginning on page 92 of this report.

Government-Wide Financial Analysis

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

City of Louisville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

Table 1 below provides a summary of the City's net position for 2018 compared to 2017:

Table 1
Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>Restated 2017</u>	<u>2018</u>	<u>Restated 2017</u>	<u>2018</u>	<u>Restated 2017</u>
<u>Assets</u>						
Current and other assets	\$ 6,244,105	\$ 6,027,552	\$ 7,820,955	\$ 7,973,673	\$ 14,065,060	\$ 14,001,225
Capital assets	<u>12,832,055</u>	<u>12,904,428</u>	<u>13,828,633</u>	<u>11,172,661</u>	<u>26,660,688</u>	<u>24,077,089</u>
Total assets	<u>19,076,160</u>	<u>18,931,980</u>	<u>21,649,588</u>	<u>19,146,334</u>	<u>40,725,748</u>	<u>38,078,314</u>
<u>Deferred outflows of resources</u>						
Pension	896,872	1,438,406	155,266	345,073	1,052,138	1,783,479
OPEB	<u>310,618</u>	<u>17,176</u>	<u>31,076</u>	<u>5,542</u>	<u>341,694</u>	<u>22,718</u>
Total deferred outflows of resources	<u>1,207,490</u>	<u>1,455,582</u>	<u>186,342</u>	<u>350,615</u>	<u>1,393,832</u>	<u>1,806,197</u>
<u>Liabilities</u>						
Other liabilities	284,163	234,304	146,241	101,177	430,404	335,481
Long-term liabilities:						
Due within one year	314,987	330,840	191,858	184,792	506,845	515,632
Due within more than one year:						
Net pension liability	3,739,380	4,406,267	590,550	867,487	4,329,930	5,273,754
Net OPEB liability	3,178,502	2,744,754	422,277	399,685	3,600,779	3,144,439
Other amounts	<u>882,446</u>	<u>915,960</u>	<u>1,527,932</u>	<u>494,998</u>	<u>2,410,378</u>	<u>1,410,958</u>
Total liabilities	<u>8,399,478</u>	<u>8,632,125</u>	<u>2,878,858</u>	<u>2,048,139</u>	<u>11,278,336</u>	<u>10,680,264</u>
<u>Deferred inflows of resources</u>						
Property taxes	456,496	405,218	-	-	456,496	405,218
Pension	473,571	115,269	145,692	15,128	619,263	130,397
OPEB	<u>106,464</u>	<u>-</u>	<u>36,138</u>	<u>-</u>	<u>142,602</u>	<u>-</u>
Total deferred inflows of resources	<u>1,036,531</u>	<u>520,487</u>	<u>181,830</u>	<u>15,128</u>	<u>1,218,361</u>	<u>535,615</u>
<u>Net Position</u>						
Net investment in capital assets	12,094,042	12,008,865	12,207,266	10,587,689	24,301,308	22,596,554
Restricted	1,090,384	963,782	-	-	1,090,384	963,782
Unrestricted	<u>(2,336,785)</u>	<u>(1,737,697)</u>	<u>6,567,976</u>	<u>6,845,993</u>	<u>4,231,191</u>	<u>5,108,296</u>
Total net position	<u>\$ 10,847,641</u>	<u>\$ 11,234,950</u>	<u>\$ 18,775,242</u>	<u>\$ 17,433,682</u>	<u>\$ 29,622,883</u>	<u>\$ 28,668,632</u>

City of Louisville, Ohio
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The net position at December 31, 2017 has been restated as described in Note 20.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2018, the City's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$29,622,883. This amounts to \$10,847,641 in governmental activities and \$18,775,242 in business-type activities.

The largest portion of the City's net position, 82%, reflects its investment in capital assets less any related debt used to acquire those assets. Capital assets include land, right of ways, land improvements, buildings and improvements, machinery and equipment, vehicles, infrastructure, and construction in progress. Capital assets, net of related debt to acquire the assets at December 31, 2018, were \$24,301,308. 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, 2018, the City is able to report positive balances in all categories of net position, for the government as a whole.

A portion of the City's governmental net position, \$1,090,384 or 10.1%, represent resources that are subject to external restrictions on how they may be used. Of total restricted net position, \$30,192 for debt service, \$829,896 for transportation, \$90,597 for safety services programs, \$123,721 for capital projects and \$15,978 for other purposes. The remaining deficit balance of governmental unrestricted net position of \$2,336,785 is not available to meet the City's ongoing obligations to citizens and creditors.

For 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits other than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). Users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

The City's statement of activities prepared on an accrual basis of accounting includes an annual pension expense and annual OPEB expense equal to its proportionate share of each plan's change in net pension liability and net OPEB liability not accounted for as deferred inflows/outflows.

Table 2 shows the changes in net position for governmental and business-type activities for years 2018 and 2017.

City of Louisville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

Table 2
Changes in Net Position

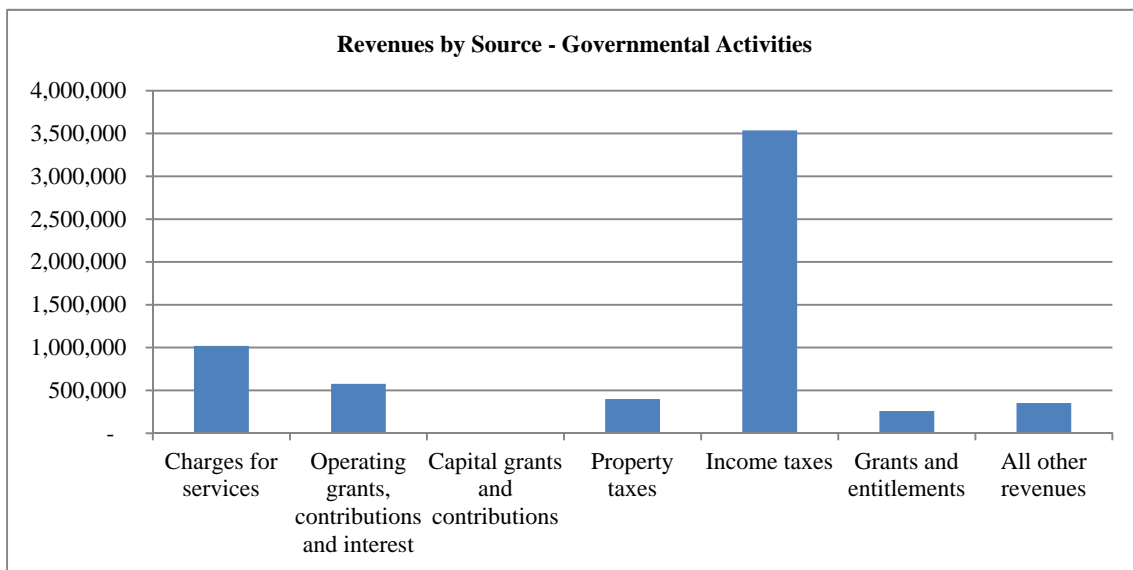
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues						
Program revenues:						
Charges for services	\$ 1,019,141	\$ 870,200	\$ 2,682,540	\$ 2,494,773	\$ 3,701,681	\$ 3,364,973
Operating grants, contributions and interest	576,082	650,272	-	-	576,082	650,272
General revenues:						
Property and other taxes	399,997	409,494	-	-	399,997	409,494
Municipal income taxes	3,536,558	3,611,791	1,178,652	1,203,925	4,715,210	4,815,716
Grants and entitlements	258,997	192,844	-	-	258,997	192,844
Gain on sale of capital assets	-	-	-	-	-	-
Investment earnings	168,956	71,596	-	-	168,956	71,596
Other	184,262	40,096	1,775	-	186,037	40,096
Total revenues	<u>\$ 6,143,993</u>	<u>\$ 5,846,293</u>	<u>\$ 3,862,967</u>	<u>\$ 3,698,698</u>	<u>\$ 10,006,960</u>	<u>\$ 9,544,991</u>
Program Expenses						
<i>Governmental Activities:</i>						
General government	\$ 1,316,959	\$ 1,452,835	\$ -	\$ -	\$ 1,316,959	\$ 1,452,835
Security of persons and property	3,426,558	3,042,626	-	-	3,426,558	3,042,626
Public health and welfare	95,667	113,804	-	-	95,667	113,804
Transportation	1,175,784	1,063,987	-	-	1,175,784	1,063,987
Community environment	298,476	308,542	-	-	298,476	308,542
Leisure time activities	182,535	185,225	-	-	182,535	185,225
Interest and fiscal charges	35,323	33,705	-	-	35,323	33,705
<i>Business-Type Activities:</i>						
Water	-	-	1,160,327	1,172,017	1,160,327	1,172,017
Sewer	-	-	1,361,080	1,011,187	1,361,080	1,011,187
Total program expenses	<u>6,531,302</u>	<u>6,200,724</u>	<u>2,521,407</u>	<u>2,183,204</u>	<u>9,052,709</u>	<u>8,383,928</u>
Change in net position	(387,309)	(354,431)	1,341,560	1,515,494	954,251	1,161,063
Net position, beginning of year	11,234,950	14,316,959	17,433,682	16,312,331	28,668,632	30,629,290
Restatement	-	(2,727,578)	-	(394,143)	-	(3,121,721)
Net position, end of year	<u>\$ 10,847,641</u>	<u>\$ 11,234,950</u>	<u>\$ 18,775,242</u>	<u>\$ 17,433,682</u>	<u>\$ 29,622,883</u>	<u>\$ 28,668,632</u>

City of Louisville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

Governmental Activities

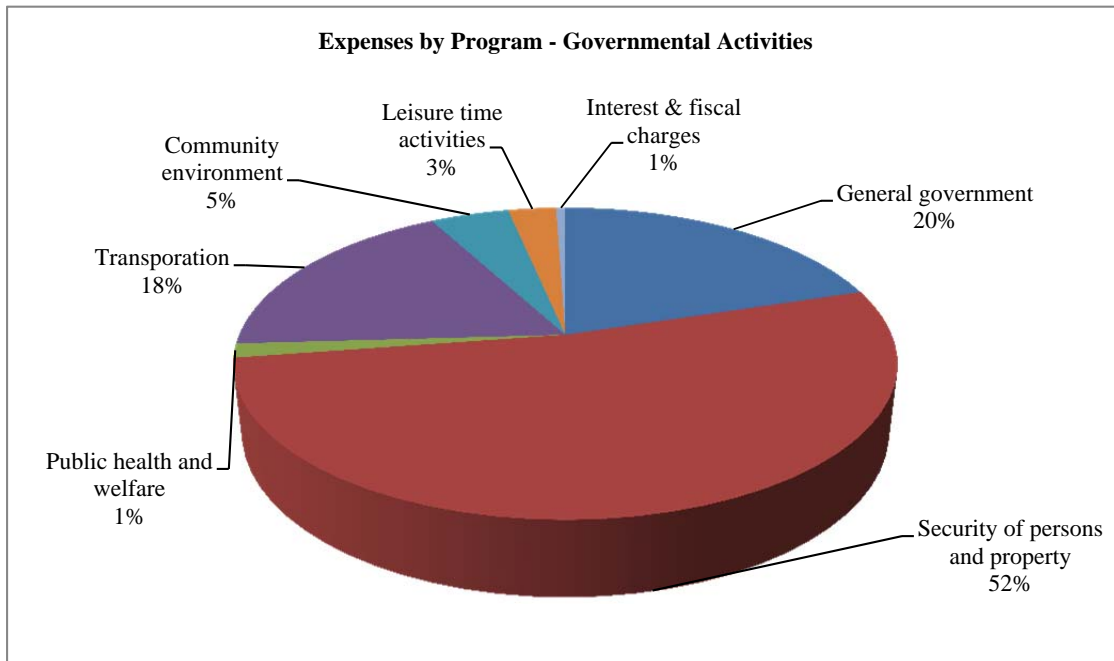
Governmental activities net position decreased \$387,309 or 3.4% in 2018 from 2017, as restated. This decrease was not due to any one item but rather an overall increase in expenses and only a slight increase in revenues. The City's funding for these governmental activities comes from a variety of sources, the most significant being the \$3,536,558 of municipal income tax. See Note 12 for further information on income tax revenues.

Intergovernmental revenue (i.e. state shared support) represents a large source of general revenue for governmental activities. In 2018, the City received \$258,997 in unrestricted intergovernmental revenues or 4.2% of total revenues.



Program restricted charges for services and operating grants, contributions and interest represent monies the City is awarded that are required to be used for specific purposes. In 2018, the City received \$1,019,141 in charges for services and a combined total of \$576,082 in various operating grants, contributions and interest.

City of Louisville, Ohio
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The City's governmental activity expenses totaled \$6,531,302 in 2018, with security of persons and property, general government and transportation representing the largest portion of this figure at 90.6%. The City's governmental activity expenses increased by \$330,578 from 2017, this was mainly related to an increase in salaries, pension and OPEB expense.

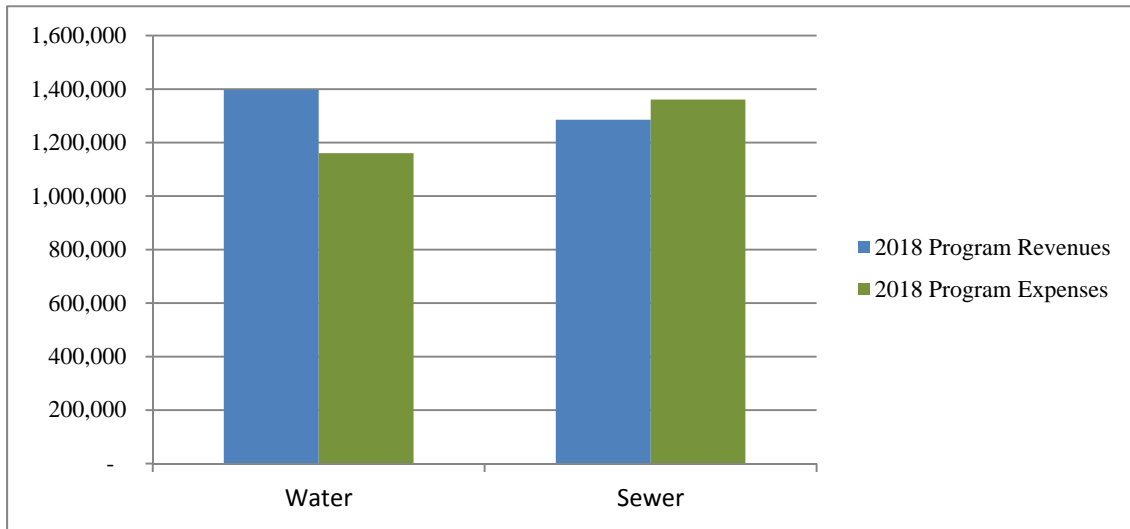
Security of persons and property, which primarily supports the operations of the City's police, fire and emergency medical services, accounts for \$3,426,558 of expenses, or 52% of total governmental expenses of the City. These expenses were funded by \$453,175 in charges to users of services, operating grants, contributions and interest. General government expenses, which primarily include legislative, executive and financial management, totaled \$1,316,959 or 20% of total governmental expenses. General government expenses were covered by \$292,143 of direct charges to users.

At \$1,175,784 or 18%, transportation represents the City's third largest category of governmental activity expenses. This category of governmental expenses supports the operations of the maintenance division for street and highway activities. These expenses were funded by \$778,554 in direct charges to users, operating grants, contributions and interest.

Business-Type Activities

The water and sewer funds represent the City's business-type activities. These programs had program revenues of \$2,682,540 and expenses of \$2,521,407 for the year 2018. Business-type activities reported an increase in net position of \$1,341,560, or 7.7% as compared to 2017, as restated. For this year, the increase in net position was attributed to an increase in charges for services and current year revenues exceeding current year expenses.

City of Louisville, Ohio
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As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from \$13,962,528 to \$11,234,950 for governmental activities and from \$17,827,825 to \$17,433,682 for business-type activities. See Note 20 to the basic financial statements for further discussion on the implementation of GASB 75.

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$22,718 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$285,245.

As a result of implementing the accounting standards for pension and OPEB, the City is reporting a significant net pension liability, net OPEB liability, related deferred inflows of resources and an increase in expenses related to pension and OPEB for the year which have a negative effect on net position. In addition, the City is reporting deferred outflows of resources, which have a positive consequence on net position. The increase in pension and OPEB expense is the difference between the contractually required contributions and the pension/OPEB expense resulting from the change in the net liability that is not reported as deferred inflows or outflows. These amounts can be found in the reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities. To further explain the impact of this accounting standard on the City's net position, additional information is presented below.

City of Louisville, Ohio
Management's Discussion and Analysis
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	2018	2017	2018	2017
	Governmental	Governmental	Business-Type	Business-Type
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>
Deferred outflows - pension	\$ 896,872	\$ 1,438,406	\$ 155,266	\$ 345,073
Deferred outflows - OPEB	310,618	17,176	31,076	5,542
Deferred inflows - pension	(473,571)	(115,269)	(145,692)	(15,128)
Deferred inflows - OPEB	(106,464)	(2,744,754)	(36,138)	(399,685)
Net pension liability	(3,739,380)	(4,406,267)	(590,550)	(867,487)
Net OPEB liability	<u>(3,178,502)</u>	<u>-</u>	<u>(422,277)</u>	<u>-</u>
Impact of GASB 68 and 75 on net position	<u>\$ (6,290,427)</u>	<u>\$ (5,810,708)</u>	<u>\$ (1,008,315)</u>	<u>\$ (931,685)</u>

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. At December 31, 2018, governmental funds reported a combined fund balance of \$4,718,594, an increase of \$229,166 as compared to the prior year. Of this amount \$2,081,866 or 44.1% has an unassigned fund balance that is available for spending at the discretion of the City. The remainder fund balance of \$2,636,728 consists of \$158,563 or 3.4% as nonspendable, related to materials and supplies and prepaid items that are not in spendable form; \$897,574 or 19% that is restricted for various purposes; \$649,686 or 13.8% committed for emergency service charges and storm water and \$930,905 or 19.7% assigned for next years budget and purchases on order.

The general fund is the main governmental operating fund of the City. At the end of 2018, the fund balance of the general fund was \$3,055,007, a 0.2% decrease from the prior year. The reason for the decrease in the general fund balance was primarily due an increase in capital related expenditures.

At the end of 2018, the street construction, maintenance and repair fund balance was \$613,192, a 8.5% increase from the prior year. The reason for the increase in the street construction, maintenance and repair fund balance was primarily due an increase in intergovernmental revenues.

Table 3 below reports year 2018 balances compared to 2017:

Table 3
Change in Fund Balance

	Fund Balance		Increase (Decrease)	Percent Change
	December 31, <u>2018</u>	December 31, <u>2017</u>		
General	\$ 3,055,007	\$ 3,060,684	\$ (5,677)	-0.2%
Street construction, maintenance and repair	613,192	565,028	48,164	8.5%
Other governmental funds	<u>1,050,395</u>	<u>863,716</u>	<u>186,679</u>	21.6%
	<u>\$ 4,718,594</u>	<u>\$ 4,489,428</u>	<u>\$ 229,166</u>	

City of Louisville, Ohio
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Table 4 below assists in illustrating the changes in financial activities for the general fund for year 2018 balances compared to 2017:

Table 4
Change in Financial Activities for the General Fund

	December 31, <u>2018</u>	December 31, <u>2017</u>	Increase (Decrease)	Percent Change
<u>Revenues:</u>				
Income tax	\$ 3,669,464	\$ 3,626,452	\$ 43,012	1.2%
Property and other taxes	399,604	403,782	(4,178)	-1.0%
Charges for services	141,956	133,338	8,618	6.5%
Licenses and permits	163,820	141,509	22,311	15.8%
Fines and forfeitures	29,751	35,401	(5,650)	-16.0%
Intergovernmental	265,018	216,344	48,674	22.5%
Investment income	168,956	71,596	97,360	136.0%
Contributions and donations	6,913	6,600	313	4.7%
Other	<u>162,641</u>	<u>33,496</u>	<u>129,145</u>	<u>385.6%</u>
Total revenue	<u>\$ 5,008,123</u>	<u>\$ 4,668,518</u>	<u>\$ 339,605</u>	
<u>Expenditures:</u>				
Current:				
General government	\$ 1,206,388	\$ 1,027,949	\$ 178,439	17.4%
Security of persons and property	2,490,555	2,235,983	254,572	11.4%
Public health and welfare	95,667	113,804	(18,137)	-15.9%
Community environment	270,729	263,441	7,288	2.8%
Leisure time activities	107,188	115,646	(8,458)	-7.3%
Capital outlay	321,414	138,843	182,571	131.5%
Debt service:				
Principal retirement	120,656	78,281	42,375	54.1%
Interest and fiscal charges	<u>32,858</u>	<u>29,093</u>	<u>3,765</u>	<u>12.9%</u>
Total expenditures	<u>\$ 4,645,455</u>	<u>\$ 4,003,040</u>	<u>\$ 642,415</u>	

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.

Final general fund budgeted revenues and other financing sources increased \$380,750, from \$4,450,000 to the final budgeted amount of \$4,830,750 for the year end December 31, 2018. This increase was primarily for an increase in municipal income tax revenues. This is due to the municipal tax revenues being unknown at the original budgeting process. Actual revenues were higher than the final budgeted amount by \$24,274 mainly due to an increase in other revenues received during the year.

City of Louisville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

Final budgeted expenditures and other financing uses were more than the original budgeted expenditures and other financing uses by \$90,275. This was due to increases in security of persons and property and transfers out from what was originally budgeted. Actual expenditures and other financing uses of \$5,338,698 for the year were \$297,148 less than the \$5,635,846 final budgeted amounts. The majority of this change was reported in general government and security of persons and property due to conservative spending.

Capital Assets and Debt Administration

Capital Assets

At the end of 2018, the City had \$26,660,688 (net of accumulated depreciation) invested in land, right of ways, land improvements, buildings and improvements, machinery and equipment, vehicles, infrastructure and construction in progress. Of this total, \$12,832,055 was reported in governmental activities and \$13,828,633 was reported in business-type activities. Table 5 below reports the year 2018 balances compared to 2017:

Table 5
Capital Assets, at December 31
(Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 449,020	\$ 380,520	\$ 312,987	\$ 312,987	\$ 762,007	\$ 693,507
Right of ways	812,350	812,350	-	-	812,350	812,350
Land improvements	119,995	145,233	4,312	7,608	124,307	152,841
Buildings and building improvements	818,203	876,248	3,450,861	3,632,198	4,269,064	4,508,446
Machinery and equipment	434,818	410,011	672,167	232,478	1,106,985	642,489
Vehicles	1,419,166	1,621,548	239,681	278,339	1,658,847	1,899,887
Infrastructure	8,672,973	8,644,147	6,215,133	6,392,927	14,888,106	15,037,074
Construction in progress	105,530	14,371	2,933,492	316,124	3,039,022	330,495
Total	<u>\$12,832,055</u>	<u>\$12,904,428</u>	<u>\$13,828,633</u>	<u>\$11,172,661</u>	<u>\$26,660,688</u>	<u>\$24,077,089</u>

The most significant change during 2018 to the amount of net capital assets was due to an increase of ongoing construction projects. See Note 7 to the basic financial statements for detail on the governmental and business-type activities capital assets.

City of Louisville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

Debt Administration

At December 31, 2018, the City had total long-term debt outstanding of \$2,487,641. Of this total, \$287,197 is due within one year and \$2,200,444 is due in more than one year.

Table 6
Outstanding Debt, at December 31

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General obligation bonds	\$ 83,268	\$ 109,443	\$ 333,884	\$ 439,114	\$ 417,152	\$ 548,557
OPWC loans	-	-	1,263,979	119,396	1,263,979	119,396
OWDA loan	-	-	23,504	26,462	23,504	26,462
Capital leases	<u>783,006</u>	<u>786,120</u>	<u>-</u>	<u>-</u>	<u>783,006</u>	<u>786,120</u>
Total	<u>\$ 866,274</u>	<u>\$ 895,563</u>	<u>\$ 1,621,367</u>	<u>\$ 584,972</u>	<u>\$ 2,487,641</u>	<u>\$ 1,480,535</u>

In addition to the outstanding debt listed above, the City has other long-term obligations. These other obligations include police pension obligations from past service costs in the amount of \$33,501.

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

At December 31, 2018 the City's overall legal debt margin was \$17,646,351, with an unvoted debt margin of \$9,243,327. The City's credit rating remained unchanged in 2018 as compared to 2017. See Note 9 and 10 to the basic financial statements for details on the City's long-term obligations.

Current Issues Affecting Financial Condition

The City of Louisville is strong financially. In addition, the City of Louisville's systems of budgeting and internal controls are well regarded and the City is well prepared to meet the challenges of the future. In conclusion, management has been committed to provide the residents of the City of Louisville with full disclosure of the financial position of the City.

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 Jina Alaback, City of Louisville Finance Director, 215 South Mill Street, Louisville, Ohio 44641, (330) 875-3434, or visit our web site at www.louisvilleohio.com.



City of Louisville, Ohio

Statement of Net Position

December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	LCIC
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 4,035,183	\$ 6,907,816	\$ 10,942,999	\$ 192,491
Receivables:				
Income tax	1,017,427	339,142	1,356,569	-
Property and other taxes	486,648	-	486,648	-
Accounts	184,177	559,149	743,326	-
Due from other governments	362,107	-	362,107	-
Materials and supplies inventory	97,581	2,672	100,253	-
Loans receivable	-	-	-	8,998
Prepaid items	60,982	12,176	73,158	406
Land held for resale	-	-	-	111,252
Noncurrent loans receivable	-	-	-	12,467
Nondepreciable capital assets	1,366,900	3,246,479	4,613,379	-
Depreciable capital assets, net	11,465,155	10,582,154	22,047,309	-
Total assets	<u>19,076,160</u>	<u>21,649,588</u>	<u>40,725,748</u>	<u>325,614</u>
<u>Deferred outflows of resources:</u>				
Pension	896,872	155,266	1,052,138	-
OPEB	310,618	31,076	341,694	-
Total deferred outflows of resources	<u>1,207,490</u>	<u>186,342</u>	<u>1,393,832</u>	<u>-</u>
<u>Liabilities:</u>				
Accounts payable	52,755	90,042	142,797	-
Contracts payable	-	6,875	6,875	-
Accrued wages and benefits	64,685	14,218	78,903	-
Due to other governments	82,630	13,232	95,862	-
Undistributed monies	6,807	-	6,807	-
Income tax refunds payable	61,944	20,648	82,592	-
Accrued interest payable	12,847	691	13,538	-
Claims payable	2,495	535	3,030	-
Long-term liabilities:				
Due within one year	314,987	191,858	506,845	-
Due in more than one year:				
Net pension liability	3,739,380	590,550	4,329,930	-
Net OPEB liability	3,178,502	422,277	3,600,779	-
Other amounts due in more than one year	882,446	1,527,932	2,410,378	-
Total liabilities	<u>8,399,478</u>	<u>2,878,858</u>	<u>11,278,336</u>	<u>-</u>
<u>Deferred inflows of resources:</u>				
Property taxes	456,496	-	456,496	-
Pension	473,571	145,692	619,263	-
OPEB	106,464	36,138	142,602	-
Total deferred inflows of resources	<u>1,036,531</u>	<u>181,830</u>	<u>1,218,361</u>	<u>-</u>
<u>Net position:</u>				
Net investment in capital assets	12,094,042	12,207,266	24,301,308	-
Restricted for:				
Capital projects	123,721	-	123,721	-
Debt service	30,192	-	30,192	-
Transportation	829,896	-	829,896	-
Safety services	90,597	-	90,597	-
Other purposes	15,978	-	15,978	46,000
Unrestricted	(2,336,785)	6,567,976	4,231,191	279,614
Total net position	<u>\$ 10,847,641</u>	<u>\$ 18,775,242</u>	<u>\$ 29,622,883</u>	<u>\$ 325,614</u>

See accompanying notes to the basic financial statements.

City of Louisville, Ohio
Statement of Activities
For the Year Ended December 31, 2018

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
<u>Governmental Activities:</u>				
General government	\$ 1,316,959	\$ 292,143	\$ -	\$ -
Security of persons and property	3,426,558	449,375	3,800	-
Public health and welfare	95,667	-	-	-
Transportation	1,175,784	206,272	572,282	-
Community environment	298,476	65,441	-	-
Leisure time activities	182,535	5,910	-	-
Interest and fiscal charges	35,323	-	-	-
Total governmental activities	<u>6,531,302</u>	<u>1,019,141</u>	<u>576,082</u>	<u>-</u>
<u>Business-Type Activities:</u>				
Water	1,160,327	1,397,230	-	-
Sewer	1,361,080	1,285,310	-	-
Total business-type activities	<u>2,521,407</u>	<u>2,682,540</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 9,052,709</u>	<u>\$ 3,701,681</u>	<u>\$ 576,082</u>	<u>\$ -</u>
<u>Component Unit:</u>				
LCIC	<u>\$ 17,754</u>	<u>\$ 689</u>	<u>\$ -</u>	<u>\$ -</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
Investment earnings
Other
Total general revenues

Change in net position

Net position, beginning of year, restated
Net position, end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position			Component Unit
Primary Government			LCIC
Governmental Activities	Business-Type Activities	Total	
\$ (1,024,816)	\$ -	\$ (1,024,816)	\$ -
(2,973,383)	-	(2,973,383)	-
(95,667)	-	(95,667)	-
(397,230)	-	(397,230)	-
(233,035)	-	(233,035)	-
(176,625)	-	(176,625)	-
(35,323)	-	(35,323)	-
<u>(4,936,079)</u>	<u>-</u>	<u>(4,936,079)</u>	<u>-</u>
-	236,903	236,903	-
<u>-</u>	<u>(75,770)</u>	<u>(75,770)</u>	<u>-</u>
-	161,133	161,133	-
<u>(4,936,079)</u>	<u>161,133</u>	<u>(4,774,946)</u>	<u>-</u>
-	-	-	(17,065)
399,997	-	399,997	-
3,536,558	-	3,536,558	-
-	600,418	600,418	-
-	578,234	578,234	-
258,997	-	258,997	-
168,956	-	168,956	1,177
184,262	1,775	186,037	-
<u>4,548,770</u>	<u>1,180,427</u>	<u>5,729,197</u>	<u>1,177</u>
(387,309)	1,341,560	954,251	(15,888)
11,234,950	17,433,682	28,668,632	341,502
<u>\$ 10,847,641</u>	<u>\$ 18,775,242</u>	<u>\$ 29,622,883</u>	<u>\$ 325,614</u>

City of Louisville, Ohio

Balance Sheet

Governmental Funds

December 31, 2018

	General	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 2,618,174	\$ 476,796	\$ 940,213	\$ 4,035,183
Receivables:				
Income tax	1,017,427	-	-	1,017,427
Property and other taxes	486,648	-	-	486,648
Accounts	31,920	-	152,257	184,177
Due from other governments	173,941	167,673	20,493	362,107
Materials and supplies inventory	-	90,262	7,319	97,581
Prepaid items	42,236	6,310	12,436	60,982
Total assets	<u>\$ 4,370,346</u>	<u>\$ 741,041</u>	<u>\$ 1,132,718</u>	<u>\$ 6,244,105</u>
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	\$ 41,094	\$ 6,000	\$ 5,661	\$ 52,755
Accrued wages and benefits	55,383	5,827	3,475	64,685
Due to other governments	66,780	4,544	11,306	82,630
Undistributed monies	6,807	-	-	6,807
Income tax refunds payable	61,944	-	-	61,944
Claims payable	2,279	216	-	2,495
Total liabilities	<u>234,287</u>	<u>16,587</u>	<u>20,442</u>	<u>271,316</u>
Deferred inflows of resources:				
Property taxes	456,496	-	-	456,496
Unavailable revenue - other	597,769	111,262	61,881	770,912
Unavailable revenue - delinquent property taxes	26,787	-	-	26,787
Total deferred inflows of resources	<u>1,081,052</u>	<u>111,262</u>	<u>61,881</u>	<u>1,254,195</u>
Fund balances:				
Nonspendable	42,236	96,572	19,755	158,563
Restricted	-	516,620	380,954	897,574
Committed	-	-	649,686	649,686
Assigned	930,905	-	-	930,905
Unassigned	2,081,866	-	-	2,081,866
Total fund balances	<u>3,055,007</u>	<u>613,192</u>	<u>1,050,395</u>	<u>4,718,594</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,370,346</u>	<u>\$ 741,041</u>	<u>\$ 1,132,718</u>	<u>\$ 6,244,105</u>

See accompanying notes to the basic financial statements.

City of Louisville, Ohio

**Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2018**

Total governmental fund balances \$ 4,718,594

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 12,832,055

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

Property and other taxes	\$ 26,787	
Income taxes	522,889	
Intergovernmental	191,198	
Charges for services	52,860	
Other	3,965	
Total	797,699	797,699

The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the funds:

Deferred outflows - pension	\$ 896,872	
Deferred inflows - pension	(473,571)	
Net pension liability	(3,739,380)	
Deferred outflows - OPEB	310,618	
Deferred inflows - OPEB	(106,464)	
Net OPEB liability	(3,178,502)	
Total		(6,290,427)

Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds. (12,847)

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

General obligation bonds	\$ (83,000)	
Premium on bonds	(268)	
Capital lease payable	(783,006)	
Compensated absences	(297,658)	
Police pension liability	(33,501)	
Total		(1,197,433)

Net position of governmental activities \$ 10,847,641

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, 2018

	General	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
Revenues:				
Income tax	\$ 3,669,464	\$ -	\$ -	\$ 3,669,464
Property and other taxes	399,604	-	-	399,604
Charges for services	141,956	-	551,183	693,139
Licenses and permits	163,820	-	-	163,820
Fines and forfeitures	29,751	-	92,229	121,980
Intergovernmental	265,018	441,071	123,903	829,992
Investment income	168,956	-	7,083	176,039
Contributions and donations	6,913	1,707	-	8,620
Other	162,641	7,363	26,699	196,703
Total revenue	<u>5,008,123</u>	<u>450,141</u>	<u>801,097</u>	<u>6,259,361</u>
Expenditures:				
Current:				
General government	1,206,388	-	5,335	1,211,723
Security of persons and property	2,490,555	-	306,168	2,796,723
Public health and welfare	95,667	-	-	95,667
Transportation	-	593,082	133,533	726,615
Community environment	270,729	-	-	270,729
Leisure time activities	107,188	-	-	107,188
Capital outlay	321,414	108,895	347,528	777,837
Debt service:				
Principal retirement	120,656	-	76,296	196,952
Interest and fiscal charges	32,858	-	4,258	37,116
Total expenditures	<u>4,645,455</u>	<u>701,977</u>	<u>873,118</u>	<u>6,220,550</u>
Excess of revenues over (under) expenditures	<u>362,668</u>	<u>(251,836)</u>	<u>(72,021)</u>	<u>38,811</u>
Other financing sources (uses):				
Sale of capital assets	22,517	-	-	22,517
Inception of capital lease	167,838	-	-	167,838
Transfers - in	-	300,000	258,700	558,700
Transfers - out	(558,700)	-	-	(558,700)
Total other financing sources (uses)	<u>(368,345)</u>	<u>300,000</u>	<u>258,700</u>	<u>190,355</u>
Net change in fund balance	(5,677)	48,164	186,679	229,166
Fund balances at beginning of year	3,060,684	565,028	863,716	4,489,428
Fund balances at end of year	<u>\$ 3,055,007</u>	<u>\$ 613,192</u>	<u>\$ 1,050,395</u>	<u>\$ 4,718,594</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, 2018**

Net change in fund balances - Total governmental funds \$ 229,166

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 a depreciation expense.

In the current period, these amounts are:

Capital outlay	\$ 777,837	
Depreciation expense	(798,500)	
Excess of depreciation expense over capital outlay		(20,663)

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. (51,710)

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	\$ 393	
Income taxes	(132,906)	
Intergovernmental	5,842	
Charges for services	7,338	
Other	3,965	
Net change in deferred inflows of resources during the year		(115,368)

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

Pension		378,616
OPEB		5,279

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

Pension		(611,565)
OPEB		(252,049)

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	\$ 18,695	
Decrease in police pension liability	1,383	
Decrease in accrued interest	1,618	
Amortization of premium	175	
Total additional expenditures		21,871

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 26,000

Payment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 170,952

In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. (167,838)

Change in net position of governmental activities \$ (387,309)

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, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Municipal income tax	\$ 3,398,300	\$ 3,581,200	\$ 3,517,198	\$ (64,002)
Property and other taxes	410,000	402,550	401,273	(1,277)
Charges for services	136,850	142,075	141,956	(119)
Licenses and permits	143,550	160,200	160,870	670
Fines and forfeitures	33,000	33,000	29,601	(3,399)
Intergovernmental	223,800	287,050	265,440	(21,610)
Interest	60,600	150,900	168,956	18,056
Contributions and donations	4,000	7,000	6,913	(87)
Other	39,900	43,600	139,659	96,059
Total revenues	4,450,000	4,807,575	4,831,866	24,291
Expenditures:				
Current:				
General government	1,649,817	1,608,267	1,531,952	76,315
Security of persons and property	2,897,691	2,949,166	2,742,204	206,962
Public health and welfare	126,850	121,550	119,654	1,896
Community environment	307,444	280,444	273,881	6,563
Leisure time activities	153,969	117,719	112,307	5,412
Total expenditures	5,135,771	5,077,146	4,779,998	297,148
Excess of revenues over (under) expenditures	(685,771)	(269,571)	51,868	321,439
Other financing sources (uses):				
Sale of capital assets	-	23,175	23,158	(17)
Transfers - out	(409,800)	(558,700)	(558,700)	-
Total other financing sources (uses)	(409,800)	(535,525)	(535,542)	(17)
Net change in fund balance	(1,095,571)	(805,096)	(483,674)	321,422
Fund balance at beginning of year	2,597,218	2,597,218	2,597,218	-
Prior year encumbrances appropriated	199,971	199,971	199,971	-
Fund balance at end of year	\$ 1,701,618	\$ 1,992,093	\$ 2,313,515	\$ 321,422

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
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Intergovernmental	\$ 335,000	\$ 440,950	\$ 440,782	\$ (168)
Contributions and donations	1,000	1,800	1,707	(93)
Other	2,000	2,800	5,833	3,033
Total revenues	<u>338,000</u>	<u>445,550</u>	<u>448,322</u>	<u>2,772</u>
<u>Expenditures:</u>				
Current:				
Transportation	<u>786,538</u>	<u>767,288</u>	<u>758,333</u>	<u>8,955</u>
Excess of revenues under expenditures	<u>(448,538)</u>	<u>(321,738)</u>	<u>(310,011)</u>	<u>11,727</u>
Other financing sources:				
Sale of capital assets	-	1,550	1,530	(20)
Transfers - in	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Total other financing sources	<u>300,000</u>	<u>301,550</u>	<u>301,530</u>	<u>(20)</u>
Net change in fund balance	(148,538)	(20,188)	(8,481)	11,707
Fund balance at beginning of year	318,180	318,180	318,180	-
Prior year encumbrances appropriated	<u>94,438</u>	<u>94,438</u>	<u>94,438</u>	<u>-</u>
Fund balance at end of year	<u>\$ 264,080</u>	<u>\$ 392,430</u>	<u>\$ 404,137</u>	<u>\$ 11,707</u>

See accompanying notes to the basic financial statements.

City of Louisville, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2018

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
<u>Assets:</u>			
Current assets:			
Equity in pooled cash and cash equivalents	\$ 3,441,421	\$ 3,466,395	\$ 6,907,816
Receivables:			
Income tax	176,354	162,788	339,142
Accounts	282,285	276,864	559,149
Materials and supplies inventory	2,431	241	2,672
Prepaid items	5,920	6,256	12,176
Total current assets	3,908,411	3,912,544	7,820,955
Noncurrent assets:			
Capital assets:			
Land	213,279	99,708	312,987
Construction in progress	169,271	2,764,221	2,933,492
Depreciable capital assets, net	5,726,948	4,855,206	10,582,154
Total noncurrent assets	6,109,498	7,719,135	13,828,633
Total assets	10,017,909	11,631,679	21,649,588
<u>Deferred outflows of resources:</u>			
Pension	90,154	65,112	155,266
OPEB	18,044	13,032	31,076
Total deferred outflows of resources	108,198	78,144	186,342
<u>Liabilities:</u>			
Current liabilities:			
Accounts payable	47,244	42,798	90,042
Contracts payable	585	6,290	6,875
Accrued wages and benefits	7,259	6,959	14,218
Due to other governments	6,136	7,096	13,232
Income tax refunds payable	10,737	9,911	20,648
Accrued interest payable	553	138	691
Claims payable	340	195	535
Compensated absences payable	32,214	24,548	56,762
OPWC loans payable	23,879	-	23,879
OWDA loans payable	3,217	-	3,217
General obligation bonds payable	86,400	21,600	108,000
Total current liabilities	218,564	119,535	338,099
Long-term liabilities:			
Compensated absences payable	22,839	18,822	41,661
OPWC loans payable, net of current portion	71,638	1,168,462	1,240,100
OWDA loans payable, net of current portion	20,287	-	20,287
General obligation bonds payable, net of current portion	180,327	45,557	225,884
Net pension liability	342,900	247,650	590,550
Net OPEB liability	245,193	177,084	422,277
Total long-term liabilities	883,184	1,657,575	2,540,759
Total liabilities	1,101,748	1,777,110	2,878,858

City of Louisville, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2018
(Continued)

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
<u>Deferred inflows of resources:</u>			
Pension	84,596	61,096	145,692
OPEB	20,983	15,155	36,138
Total deferred inflows of resources	<u>105,579</u>	<u>76,251</u>	<u>181,830</u>
<u>Net position:</u>			
Net investment in capital assets	5,723,750	6,483,516	12,207,266
Unrestricted	3,195,030	3,372,946	6,567,976
Total net position	<u>\$ 8,918,780</u>	<u>\$ 9,856,462</u>	<u>\$ 18,775,242</u>

See accompanying notes to the basic financial statements.

City of Louisville, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
<u>Operating revenues:</u>			
Charges for services	\$ 1,375,329	\$ 1,257,952	\$ 2,633,281
Tap-in fees	18,100	23,650	41,750
Other	3,801	3,708	7,509
Total operating revenues	1,397,230	1,285,310	2,682,540
<u>Operating expenses:</u>			
Personal services	328,455	329,786	658,241
Fringe benefits	156,724	148,141	304,865
Contractual services	338,522	535,478	874,000
Supplies and materials	58,903	75,503	134,406
Depreciation	268,945	252,684	521,629
Total operating expenses	1,151,549	1,341,592	2,493,141
Operating income (loss)	245,681	(56,282)	189,399
<u>Nonoperating revenues (expenses):</u>			
Municipal income tax	600,418	578,234	1,178,652
Other non-operating revenues	25	1,750	1,775
Loss on sale of capital assets	-	(17,893)	(17,893)
Interest and fiscal charges	(8,778)	(1,595)	(10,373)
Total nonoperating revenues (expenses)	591,665	560,496	1,152,161
Change in net position	837,346	504,214	1,341,560
Net position at beginning of year, restated	8,081,434	9,352,248	17,433,682
Net position at end of year	\$ 8,918,780	\$ 9,856,462	\$ 18,775,242

See accompanying notes to the basic financial statements.

City of Louisville, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Total
Cash flows from operating activities:			
Cash received from customers	\$ 1,380,886	\$ 1,271,423	\$ 2,652,309
Cash payments for employee services and benefits	(438,872)	(441,968)	(880,840)
Cash payments to suppliers for goods and services	(363,276)	(572,287)	(935,563)
Net cash provided by operating activities	<u>578,738</u>	<u>257,168</u>	<u>835,906</u>
Cash flows from noncapital financing activities:			
Income taxes received	<u>609,543</u>	<u>562,655</u>	<u>1,172,198</u>
Net cash provided by noncapital financing activities	<u>609,543</u>	<u>562,655</u>	<u>1,172,198</u>
Cash flows from capital and related financing activities:			
Loan issued	135	1,168,462	1,168,597
Interest paid on bonds and capital leases	(9,670)	(2,128)	(11,798)
Principal payment on bonds and loans	(110,172)	(20,800)	(130,972)
Acquisition of capital assets	(444,616)	(2,781,401)	(3,226,017)
Proceeds from sale of capital assets	25	1,750	1,775
Net cash used for capital and related financing activities	<u>(564,298)</u>	<u>(1,634,117)</u>	<u>(2,198,415)</u>
Net increase (decrease) in cash and cash equivalents	623,983	(814,294)	(190,311)
Cash and cash equivalents at beginning of year	2,817,438	4,280,689	7,098,127
Cash and cash equivalents at end of year	<u>\$ 3,441,421</u>	<u>\$ 3,466,395</u>	<u>\$ 6,907,816</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 245,681	\$ (56,282)	\$ 189,399
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	268,945	252,684	521,629
Change in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	(15,066)	(17,990)	(33,056)
Materials and supplies inventory	(1,059)	2,802	1,743
Prepaid items	(565)	(511)	(1,076)
Increase in deferred outflows of resources - pension/OPEB	95,385	68,888	164,273
Increase (decrease) in liabilities:			
Accounts payable	33,512	38,957	72,469
Claims payable	(614)	(846)	(1,460)
Accrued wages and benefits	132	517	649
Compensated absences	1,664	1,941	3,605
Due to other governments	1,612	3,762	5,374
Net pension liability	(160,802)	(116,135)	(276,937)
Net OPEB liability	13,118	9,474	22,592
Decrease in deferred inflows of resources - pension/OPEB	96,795	69,907	166,702
Net cash provided by operating activities	<u>\$ 578,738</u>	<u>\$ 257,168</u>	<u>\$ 835,906</u>

See accompanying notes to the basic financial statements.

City of Louisville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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 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 assumed a financial burden of the Louisville Community Improvement Corporation (LCIC) as a result of various transactions including the sale and purchase of land. Also, the majority of the LCIC's board is appointed by the City. The City has chosen the discrete method of presentation of the LCIC because it provides services to the primary government and the citizens of the City as opposed to only the primary government. The discrete method of presentation requires component unit data to be reported together with, but separately from the data of the primary government in the government-wide financial statements. See Note 18 for more information.

A complete copy of the LCIC financial statements may be obtained by contacting the City's Finance Department.

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.

B. Basis of Presentation

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

City of Louisville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government and its component unit. The statements of the primary government distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net position 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 are 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.

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 and deferred inflows of resources is reported as fund balance. The City's major governmental funds are the general fund and the street construction, maintenance and repair 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.

City of Louisville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Street Construction, Maintenance and Repair Fund – To account for restricted 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.

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 position, financial position and cash flows. Proprietary funds are classified as enterprise.

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:

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

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

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, liabilities, deferred outflows of resources and deferred inflows of resources associated with the operation of the City are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position. 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, deferred outflows of resources, current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

City of Louisville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Like the government-wide statements, all proprietary funds and the component unit are accounted for on a flow of economic resources measurement focus. All assets, liabilities, deferred outflows of resources and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement revenues, expenses and changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. 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 outflows/inflows and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange 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.

Nonexchange 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 nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline and motor vehicle license taxes), fines and forfeitures, grants and entitlements, fees and rentals.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension and other postemployment benefits (OPEB). The deferred outflows of resources related to pension and OPEB are explained in Notes 14 and 15.

City of Louisville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported on the governmental funds balance sheet, and represents revenues which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, intergovernmental grants, and charges for services. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position and the proprietary funds statement of fund net position. (See Notes 14 and 15)

Expenses/Expenditures

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

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

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, 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 or less than the prior estimates and the budget commission finds 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 2018.

City of Louisville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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 appropriations 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 an 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 and within each department, the amount for personal services. 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 2018, investments were limited to interest in the State Treasury Asset Reserve of Ohio (STAR Ohio). 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's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

City of Louisville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

For 2018, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice is appreciated 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest allocation is determined by the Ohio Constitution, state statutes and local ordinances adopted under City Charter. Under these provisions, City funds that may be required to receive interest allocations are: 1) special tax levy funds, 2) the motor vehicle license fund and 3) 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 position, 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, 2018 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 position 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 position 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 acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000. 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 activities is 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.

City of Louisville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

All reported capital assets are depreciated except for land, right of ways 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>	Governmental and Business-Type Activities <u>Estimated Useful Life</u>
Buildings	30 - 40 years
Building improvements	10 - 40 years
Land improvements	10 - 20 years
Machinery, equipment and vehicles	3 - 15 years
Infrastructure	40 years

J. Pension and other postemployment benefits (OPEB)

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

The current accounting standard requires Cities to report their proportionate share of the net pension/OPEB liability using the earning approach to pension and OPEB accounting instead of the funding approach as previously used. The funding approach limited pension and postemployment costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan’s net pension/OPEB liability. Under the new standards, the net pension/OPEB liability equals the City’s proportionate share of each plan’s collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees’ past service minus plan assets available to pay these benefits.

Pension and OPEB obligations, whether funded or unfunded, are part of the employment exchange. The employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. The unfunded portion of this benefit of exchange is a liability of the City. However, the City is not responsible for key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension/OPEB benefits with the employer. Benefit provisions and both employer and employee contribution rates are determined by State statute. The employee and employer enter the employment exchange with the knowledge that the exchange is limited by law. The pension system is responsible for the administration of the pension and OPEB plans.

There is no repayment schedule for the net pension/OPEB liability. The City has no control over the changes in the benefits, contributions rates, and return on investments affecting the balance of the liabilities. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not identify the responsible party for the unfunded portion. Due to the unique nature of how the pension/OPEB liability is satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

City of Louisville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

K. 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.

L. 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 the net pension/OPEB liability 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. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

M. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party, such as citizens, public interest groups, or the judiciary, to use resources created by enabling legislation only for the purposes specified by the legislation.

City of Louisville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council or a City official (typically the Finance Director) delegated that authority by City Charter or ordinance, or by State Statute.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

N. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

O. Bond Premiums

In governmental fund types, bond premiums are recognized in the current period. Bond premiums for proprietary fund types are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds payable.

P. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “interfund receivables/payables.” Interfund loans, which do not represent available expendable resources, are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

City of Louisville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Q. 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 column of the statement of net position.

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.

R. Net Position

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. Net investment in capital assets 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 position is 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 position restricted for other purposes includes amounts to provide general government services. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

S. 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 nonoperating.

T. 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.

City of Louisville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

NOTE 2 – FUND BALANCE

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

Fund Balances	General	Street Construction, Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable</u>				
Materials and supplies inventory	\$ -	\$ 90,262	\$ 7,319	\$ 97,581
Prepays	42,236	6,310	12,436	60,982
Total nonspendable	<u>42,236</u>	<u>96,572</u>	<u>19,755</u>	<u>158,563</u>
<u>Restricted for</u>				
Streets and highways	-	516,620	120,293	636,913
Court activities	-	-	15,978	15,978
Police services	-	-	90,597	90,597
Capital improvements	-	-	123,721	123,721
Debt service payments	-	-	30,365	30,365
Total restricted	<u>-</u>	<u>516,620</u>	<u>380,954</u>	<u>897,574</u>
<u>Committed</u>				
Fire and EMS services	-	-	213,433	213,433
Storm water	-	-	436,253	436,253
Total committed	<u>-</u>	<u>-</u>	<u>649,686</u>	<u>649,686</u>
<u>Assigned</u>				
General government	202,444	-	-	202,444
Security of persons and property	55,114	-	-	55,114
Public health and welfare	17,166	-	-	17,166
Community environment	2,931	-	-	2,931
Leisure time activities	4,500	-	-	4,500
Next year's budget	648,750	-	-	648,750
Total assigned	<u>930,905</u>	<u>-</u>	<u>-</u>	<u>930,905</u>
Unassigned	<u>2,081,866</u>	<u>-</u>	<u>-</u>	<u>2,081,866</u>
Total fund balances	<u>\$ 3,055,007</u>	<u>\$ 613,192</u>	<u>\$ 1,050,395</u>	<u>\$ 4,718,594</u>

City of Louisville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance 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 and street construction, maintenance and repair 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:

- 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. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
- d. Encumbrances are treated as expenditures (budget basis) rather than assigned fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and the street construction, maintenance and repair fund.

	Net Change in Fund Balance	
	<u>General</u>	<u>Street Construction, Maintenance and Repair</u>
GAAP Basis	\$ (5,677)	\$ 48,164
Revenue accruals	(343,454)	(289)
Expenditure accruals	170,116	16,303
Encumbrances (Budget Basis) outstanding at year end	<u>(304,659)</u>	<u>(72,659)</u>
Budget Basis	<u>\$ (483,674)</u>	<u>\$ (8,481)</u>

City of Louisville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

NOTE 4 – DEPOSITS AND INVESTMENTS

A. Primary Government

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 Treasury Asset Reserve (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.

The City had \$410 in undeposited cash on hand which is included as part of "equity in pooled cash and cash equivalents."

A. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. If the institution participates in the Ohio Pooled Collateral System (OPCS), the total market value of the securities pledged can be one hundred two percent or lower if permitted by the Treasurer of State.

At year-end, the carrying amount of the City's deposits was \$1,758,641, and \$658,621 of the City's total bank balance of \$1,927,065 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized.

City of Louisville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

B. Investments

As of December 31, the City had the following investment and maturity:

<u>Investment Type</u>	Fair		<u>Rating</u> ⁽¹⁾
	<u>Value</u>	<u>Maturity</u>	
STAR Ohio	\$9,183,948	44.9 ⁽²⁾	AAAm

⁽¹⁾ Standard and Poor's rating

⁽²⁾ Days (Average)

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The preceding table identifies the City's recurring fair value measurement as of December 31, 2018. As previously discussed, Star Ohio is reported at its net asset value.

Interest earnings are distributed to certain special revenue funds based on daily cash balances and the remainder is reported in the general fund. Interest revenue credited to the general fund during 2018 amounted to \$168,956, which includes \$126,475 assigned from other City funds.

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. Standard and Poor's has assigned STAR Ohio an AAAM rating. The City's investment policy allows certain investments, however does not specify credit ratings.

B. Component Unit

Deposits

The carrying amount of the Louisville Community Improvement Corporation's deposits was \$192,491 and the bank balance was \$192,491 at December 31, 2018. Of the bank balances, none of the monies were collateralized with securities held by the pledging financial institution's trust department or agent but not in the Corporation's name.

NOTE 5 - RECEIVABLES

Receivables at December 31, 2018 for governmental funds consisted primarily of municipal income taxes, property and other taxes, amounts due from other governments and accounts.

City of Louisville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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

<u>Governmental Activities</u>	<u>Amount</u>
Cents per gallon and excise tax	\$ 149,416
Homestead and rollback	31,878
Local government	58,274
Motor vehicle tax	31,852
Permissive sales tax	6,898
State and Federal grants	2,866
Other	<u>80,923</u>
Total	<u><u>\$ 362,107</u></u>

NOTE 6 – INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2018, consisted of the following:

<u>Transfer to</u>	<u>General fund</u>
Street Construction, Maintenance and Repair fund	\$ 300,000
Other governmental funds	<u>258,700</u>
Total transfers	<u><u>\$ 558,700</u></u>

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.

City of Louisville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

NOTE 7 - CAPITAL ASSETS

Governmental Activities: The summary of the governmental capital asset activity as of December 31, 2018 follows:

<u>Governmental activities</u>	<u>Balance</u> <u>12/31/2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2018</u>
Capital assets, not being depreciated:				
Land	\$ 380,520	\$ 68,500	\$ -	\$ 449,020
Right of ways	812,350	-	-	812,350
Construction in progress	<u>14,371</u>	<u>169,454</u>	<u>(78,295)</u>	<u>105,530</u>
Total capital assets, not being depreciated	<u>1,207,241</u>	<u>237,954</u>	<u>(78,295)</u>	<u>1,366,900</u>
Capital assets, being depreciated:				
Land improvements	797,824	15,000	-	812,824
Buildings and building improvements	1,948,577	-	-	1,948,577
Machinery and equipment	881,342	134,139	(80,887)	934,594
Vehicles	3,345,293	80,006	(44,168)	3,381,131
Infrastructure	<u>10,465,193</u>	<u>389,033</u>	<u>-</u>	<u>10,854,226</u>
Total capital assets, being depreciated	<u>17,438,229</u>	<u>618,178</u>	<u>(125,055)</u>	<u>17,931,352</u>
Less accumulated depreciation:				
Land improvements	(652,591)	(40,238)	-	(692,829)
Buildings and building improvements	(1,072,329)	(58,045)	-	(1,130,374)
Machinery and equipment	(471,331)	(73,964)	45,519	(499,776)
Vehicles	(1,723,745)	(266,046)	27,826	(1,961,965)
Infrastructure	<u>(1,821,046)</u>	<u>(360,207)</u>	<u>-</u>	<u>(2,181,253)</u>
Total accumulated depreciation	<u>(5,741,042)</u>	<u>(798,500)</u>	<u>73,345</u>	<u>(6,466,197)</u>
Total capital assets being depreciated, net	<u>11,697,187</u>	<u>(180,322)</u>	<u>(51,710)</u>	<u>11,465,155</u>
Governmental activities capital assets, net	<u>\$ 12,904,428</u>	<u>\$ 57,632</u>	<u>\$ (130,005)</u>	<u>\$ 12,832,055</u>

Depreciation Expense: Depreciation expense charged to governmental functions for the year ending December 31, 2018 is as follows:

	<u>Amount</u>
General government	\$ 60,053
Security of persons and property	275,471
Transportation	411,880
Leisure time activities	<u>51,096</u>
	<u>\$ 798,500</u>

City of Louisville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Business-type Activities: The summary of the business-type activities' capital asset activity as of December 31, 2018 follows:

<u>Business-type activities</u>	Balance <u>12/31/2017</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12/31/2018</u>
Capital assets, not being depreciated:				
Land	\$ 312,987	\$ -	\$ -	\$ 312,987
Construction in progress	<u>316,124</u>	<u>2,703,908</u>	<u>(86,540)</u>	<u>2,933,492</u>
Total capital assets, not being depreciated	<u>629,111</u>	<u>2,703,908</u>	<u>(86,540)</u>	<u>3,246,479</u>
Capital assets, being depreciated:				
Land improvements	73,970	-	-	73,970
Buildings and building improvements	9,216,401	-	(205,264)	9,011,137
Machinery and equipment	347,334	491,252	-	838,586
Vehicles	570,232	31,539	(54,508)	547,263
Infrastructure	<u>13,174,114</u>	<u>55,335</u>	<u>-</u>	<u>13,229,449</u>
Total capital assets, being depreciated	<u>23,382,051</u>	<u>578,126</u>	<u>(259,772)</u>	<u>23,700,405</u>
Less accumulated depreciation:				
Land improvements	(66,362)	(3,296)	-	(69,658)
Buildings and building improvements	(5,584,203)	(181,337)	205,264	(5,560,276)
Machinery and equipment	(114,856)	(51,563)	-	(166,419)
Vehicles	(291,893)	(52,304)	36,615	(307,582)
Infrastructure	<u>(6,781,187)</u>	<u>(233,129)</u>	<u>-</u>	<u>(7,014,316)</u>
Total accumulated depreciation	<u>(12,838,501)</u>	<u>(521,629)</u>	<u>241,879</u>	<u>(13,118,251)</u>
Total capital assets being depreciated, net	<u>10,543,550</u>	<u>56,497</u>	<u>(17,893)</u>	<u>10,582,154</u>
Business-type activities capital assets, net	<u>\$ 11,172,661</u>	<u>\$ 2,760,405</u>	<u>\$ (104,433)</u>	<u>\$ 13,828,633</u>

Depreciation Expense: Depreciation expense charged to business-type activities for the year ending December 31, 2018 is as follows:

	<u>Amount</u>
Water	\$ 268,945
Sewer	<u>252,684</u>
Total	<u>\$ 521,629</u>

City of Louisville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

NOTE 8 - COMPENSATED ABSENCES

City employees earn vacation leave at varying rates based upon length of service, from two to six weeks per year. Vacation is required to be taken within two years 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, full-time employees hired prior to January 1, 2006, (or the employees' estates) with ten years or more of service are paid a maximum of 1,200 hours of accumulated, unused sick leave. Full-time employees hired on or after January 1, 2006, with ten or more years of service with the City, are paid 50% of accumulated, unused sick leave to a maximum of 1,200 hours plus 25% for hours in excess of 1,200 to a maximum of 2,400 hours.

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, 2018 follows:

	Restated Balance <u>January 1</u>	<u>Additions</u>	<u>Reductions</u>	Amount Outstanding <u>December 31</u>	Amount Due in <u>One Year</u>
<u>Governmental activities</u>					
<u>General obligation bonds</u>					
2011 Refunding bonds	\$ 109,000	\$ -	\$ (26,000)	\$ 83,000	\$ 27,000
2011 Refunding premium	443	-	(175)	268	-
Total general obligation bonds	<u>109,443</u>	<u>-</u>	<u>(26,175)</u>	<u>83,268</u>	<u>27,000</u>
<u>Other long-term obligations</u>					
Police pension liability, 4.25%	34,884	-	(1,383)	33,501	1,442
Compensated absences	316,353	153,387	(172,082)	297,658	161,444
Capital leases	786,120	167,838	(170,952)	783,006	125,101
Net pension liability:					
OPERS	1,930,857	-	(616,406)	1,314,451	-
OP&F	2,475,410	-	(50,481)	2,424,929	-
Net OPEB liability:					
OPERS	889,623	50,286	-	939,909	-
OP&F	1,855,131	383,462	-	2,238,593	-
Total other long-term obligations	<u>8,288,378</u>	<u>754,973</u>	<u>(1,011,304)</u>	<u>8,032,047</u>	<u>287,987</u>
Total governmental activities	<u>\$ 8,397,821</u>	<u>\$ 754,973</u>	<u>\$ (1,037,479)</u>	<u>\$ 8,115,315</u>	<u>\$ 314,987</u>

City of Louisville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Business-type Activities: A summary of the business-type activities' debt and other long-term obligations as of December 31, 2018 follows:

	Restated Balance <u>January 1</u>	<u>Additions</u>	<u>Reductions</u>	Amount Outstanding <u>December 31</u>	Amount Due in <u>One Year</u>
<u>Business-type activities</u>					
<u>General obligation bonds</u>					
2011 Refunding bonds	\$ 436,000	\$ -	\$ (104,000)	\$ 332,000	\$ 108,000
Unamortized premium	<u>3,114</u>	<u>-</u>	<u>(1,230)</u>	<u>1,884</u>	<u>-</u>
Total general obligation bonds	<u>439,114</u>	<u>-</u>	<u>(105,230)</u>	<u>333,884</u>	<u>108,000</u>
<u>Other long-term obligations</u>					
2001 Ohio Public Works					
Commission Loan 0%	119,396	-	(23,879)	95,517	23,879
2018 Ohio Public Works					
Commission Loan 0%	-	1,168,462	-	1,168,462	-
2005 Ohio Water Development					
Authority Loan 3.98%	26,462	-	(3,093)	23,369	3,217
2018 Ohio Water Development					
Authority Loan 0%	-	135	-	135	-
Compensated absences	94,818	57,425	(53,820)	98,423	56,762
Net pension liability:					
OPERS - Water portion	503,702	-	(160,802)	342,900	-
OPERS - Sewer portion	363,785	-	(116,135)	247,650	-
Net OPEB liability:					
OPERS - Water portion	232,075	13,118	-	245,193	-
OPERS - Sewer portion	<u>167,610</u>	<u>9,474</u>	<u>-</u>	<u>177,084</u>	<u>-</u>
Total other long-term obligations	<u>1,507,848</u>	<u>1,248,614</u>	<u>(357,729)</u>	<u>2,398,733</u>	<u>83,858</u>
Total business-type activities	<u>\$ 1,946,962</u>	<u>\$ 1,248,614</u>	<u>\$ (462,959)</u>	<u>\$ 2,732,617</u>	<u>\$ 191,858</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.

During 2011, the City issued \$2,020,000 Limited Tax General Obligation Refunding Bonds (LTGO) which includes serial and term bonds with interest rates ranging from 2.00% to 2.50%. The LTGO bonds were used to refund the \$845,000, 1993 Capital Facilities Refunding and Improvement Bonds and the \$1,175,000, 2001 Various Purpose Bonds, which were called on February 1, 2012 and subsequently redeemed. The obligations are to be paid from the debt retirement, water and sewer funds.

City of Louisville, Ohio
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Loans: The \$95,517 OPWC Loan outstanding is an interest-free loan for a water tower, and requires equal payments over twenty years. The 2018 OPWC loan outstanding has not yet been finalized but will require equal payments over thirty years for a wastewater treatment clarifier project. The \$23,369 Ohio Water Development Authority (OWDA) Loan outstanding is a loan for the East Well Field conversion and raw water main, and requires principal and interest payments over twenty years. The 2018 OWDA loan is in the planning phase for a water treatment plant project and has not yet been finalized.

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.

Normally the City would pay net pension/OPEB liability obligations from the fund benefitting from employee services. However, in Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB against the public employer.

The annual requirements to amortize all bonded debt and loans as of December 31, 2018, including interest payments of \$4,175 and \$20,084, respectively for governmental and business-type activities, are as follows:

Governmental Activities:

	General Obligation Debt		Police Pension
	Principal	Interest	Installment
2019	\$ 27,000	\$ 2,075	\$ 1,442
2020	28,000	1,400	1,504
2021	28,000	700	1,569
2022	-	-	1,636
2023	-	-	1,706
2024-2028	-	-	9,697
2029-2033	-	-	11,966
2034-2035	-	-	3,981
	<u>\$ 83,000</u>	<u>\$ 4,175</u>	<u>\$ 33,501</u>

Business-type Activities:

	General Obligation Debt		OWDA Loan		OPWC Loan
	Principal	Interest	Principal	Interest	Principal
2019	\$ 108,000	\$ 8,300	\$ 3,217	\$ 898	\$ 23,879
2020	112,000	5,600	3,347	769	23,879
2021	112,000	2,800	3,481	635	23,879
2022	-	-	3,621	495	23,880
2023	-	-	3,767	349	-
2024-2025	-	-	5,936	238	-
	<u>\$ 332,000</u>	<u>\$ 16,700</u>	<u>\$ 23,369</u>	<u>\$ 3,384</u>	<u>\$ 95,517</u>

City of Louisville, Ohio
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NOTE 10 – CAPITALIZED LEASE

During 2018, the City entered into a capital lease for the acquisition of radios. In a prior year, the City entered into a capital lease for the acquisition of an aerial ladder truck and for the acquisition of an ambulance to be used in governmental activities. 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 capital assets consisting of vehicles have been capitalized in the amount of \$1,175,453. The depreciation expense of these assets is reported within governmental activities. The capitalized amount equals a portion of the present value of the future minimum lease payments and the down payment respectively, at the time of acquisition. The remaining portion of the capital lease was used for noncapitalizable improvements.

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, 2018:

<u>Year</u>	Lease Payments Governmental <u>Activities</u>
2019	\$ 153,514
2020	153,514
2021	153,513
2022	107,374
2023	107,374
2024-2025	<u>214,748</u>
Total minimum lease payments	890,037
Less: amount representing interest	<u>(107,031)</u>
Total	<u>\$ 783,006</u>

NOTE 11 - PROPERTY TAX

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

City of Louisville, Ohio
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Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Louisville. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2018 and for which there is an enforceable legal claim. In the governmental funds, the current portion of the receivable has been offset by deferred inflows of resources since the current taxes were not levied to finance 2018 operations and the collection of delinquent taxes has been offset by deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On the accrual basis, collectible delinquent property taxes have been recorded as a revenue while on a modified accrual basis the revenue is a deferred inflow.

The full tax rate for all City operations for the year ended December 31, 2018, was \$2.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2017 property tax receipts were based are as follows:

<u>Property Category</u>	<u>Valuations for 2018 Collections</u>	
	<u>Assessed Value</u>	<u>Percent</u>
<u>Real Property</u>		
Residential and agricultural	\$ 128,351,220	76.37 %
Commercial and industrial	35,213,670	20.95
Public utilities	<u>4,495,600</u>	<u>2.68</u>
Total	<u>\$ 168,060,490</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 60% (up to a 2% rate) on income tax earned outside the City and paid to another municipality.

City of Louisville, Ohio
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For the Year Ended December 31, 2018

NOTE 13 - CONTINGENCIES

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

Net pension liability

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

City of Louisville, Ohio
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The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *due to other governments* on both the accrual and modified accrual bases of accounting.

Ohio Public Employees Retirement System

Plan Description – City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. 1.) The traditional pension plan (TP) - a cost-sharing, multiple-employer defined benefit pension plan. 2.) The member-directed plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Members accumulate retirement assets equal to the value of the member and (vested) employer contributions, plus any investment earnings thereon. 3.) The combined plan (CP) - a cost-sharing, multiple-employer defined benefit pension plan. Employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the MD. While members (e.g. City employees) may elect the MD and the CP, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after <u>January 7, 2013</u>	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after <u>January 7, 2013</u>	Members not in other Groups and members hired on or after <u>January 7, 2013</u>
State and Local	State and Local	State and Local
Age and service requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and service requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and service requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

City of Louisville, Ohio
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Final average salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirements for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
2018 Statutory maximum contribution rates	
Employer	14.00 %
Employee	10.00 %
2018 Actual contribution rates	
Employer:	
Pension	14.00 %
Post-employment health care benefits	-
Total employer	<u>14.00 %</u>
Employee	<u>10.00 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$251,844 for 2018. Of this amount, \$40,074 is reported as due to other governments.

Ohio Police and Fire Pension Fund

Plan Description - City full-time police and firefighters participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information, required supplementary information and detailed information about OP&F’s fiduciary net position. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

City of Louisville, Ohio
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Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit. (See OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan (DROP) provisions and reduced and unreduced benefits.)

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement with less than 15 years of service credit as of July 1, 2013 will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Police</u>	<u>Firefighters</u>
2018 Statutory maximum contribution rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
2018 Actual contribution rates		
Employer:		
Pension	19.00%	23.50%
Post-employment health care benefits	<u>0.50%</u>	<u>0.50%</u>
Total employer	<u>19.50%</u>	<u>24.00%</u>
Employee	12.25%	12.25%

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Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$204,844 for 2018. Of this amount, \$31,402 is reported as due to other governments.

In addition to current contributions, the City pays installments on a specific liability of the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2018, the specific liability of the City was \$33,501 payable in semi-annual payments through the year 2035.

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

The net pension liability for OPERS was measured as of December 31, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2017 and was determined by rolling forward the total pension liability as of January 1, 2017 to December 31, 2017. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net pension liability - prior measurement date	0.012323%	0.039082%	
Proportion of the net pension liability - current measurement date	<u>0.012143%</u>	<u>0.039510%</u>	
Change in proportionate share	<u>-0.000180%</u>	<u>0.000428%</u>	
Proportionate share of the net pension liability	\$ 1,905,001	\$ 2,424,929	\$ 4,329,930
Pension expense	\$ 391,963	\$ 341,108	\$ 733,071

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At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 1,945	\$ 36,800	\$ 38,745
Changes of assumptions	227,660	105,666	333,326
Changes in proportion and differences between City contributions and proportionate share of contributions	19,407	203,972	223,379
City contributions subsequent to the measurement date	<u>251,844</u>	<u>204,844</u>	<u>456,688</u>
Total deferred outflows of resources	<u>\$ 500,856</u>	<u>\$ 551,282</u>	<u>\$ 1,052,138</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 37,542	\$ 4,387	\$ 41,929
Net difference between projected and actual earnings on pension plan investments	408,979	83,883	492,862
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>23,457</u>	<u>61,015</u>	<u>84,472</u>
Total deferred inflows of resources	<u>\$ 469,978</u>	<u>\$ 149,285</u>	<u>\$ 619,263</u>

\$456,688 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year ending December 31:			
2019	\$ 174,260	\$ 107,551	\$ 281,811
2020	(47,078)	85,497	38,419
2021	(180,093)	(1,387)	(181,480)
2022	(168,055)	(31,487)	(199,542)
2023	-	29,544	29,544
Thereafter	<u>-</u>	<u>7,435</u>	<u>7,435</u>
Total	<u>\$ (220,966)</u>	<u>\$ 197,153</u>	<u>\$ (23,813)</u>

City of Louisville, Ohio
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Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.25 percent
Future salary increases, including inflation	3.25 percent to 10.75 percent
COLA or Ad Hoc COLA	Pre January 7, 2013 retirees, 3.00 percent, simple Post January 7, 2013 retirees, 3.00 percent, simple through 2018, then 2.15 percent, simple
Investment rate of return	7.50 percent
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio.

City of Louisville, Ohio
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The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82% for 2017.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

<u>Asset class</u>	<u>Target allocation</u>	<u>Weighted average long-term expected real rate of return (arithmetic)</u>
Fixed income	23.00%	2.20%
Domestic equities	19.00%	6.37%
Real estate	10.00%	5.26%
Private equity	10.00%	8.97%
International equities	20.00%	7.88%
Other investments	<u>18.00%</u>	<u>5.26%</u>
Total	<u>100.00%</u>	<u>5.66%</u>

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current rate:

	1% Decrease <u>(6.50%)</u>	Current discount rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
City's proportionate share of the net pension liability	\$ 3,382,797	\$ 1,905,001	\$ 672,965

City of Louisville, Ohio
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Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2017, are presented below:

Valuation date	January 1, 2017
Actuarial cost method	Entry age normal
Investment rate of return	8.00 percent
Projected salary increases	3.75 percent to 10.50 percent
Payroll increases	3.25 percent
Inflation assumptions	2.75 percent
Cost of living adjustments	2.20 percent and 3.00 percent

For the January 1, 2017 valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68 - 77	105%	87%
78 and up	115%	120%

For the January 1, 2017 valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60 - 69	60%	45%
70 - 79	75%	70%
80 and up	100%	90%

The most recent experience study was completed December 31, 2016.

City of Louisville, Ohio
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For the Year Ended December 31, 2018

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017 are summarized below:

Asset <u>class</u>	Target <u>allocation</u>	Long-term expected <u>real rate of return</u>
Cash and cash equivalents	0.00%	0.00%
Domestic equity	16.00%	5.21%
Non-US equity	16.00%	5.40%
Core fixed income *	20.00%	2.37%
Global inflation protected securities*	20.00%	2.33%
High yield	15.00%	4.48%
Real estate	12.00%	5.65%
Private markets	8.00%	7.99%
Real assets	5.00%	6.87%
Master limited partnerships	<u>8.00%</u>	7.36%
Total	<u>120.00%</u>	

Note: Assumptions are geometric

* Levered 2x.

OP&F's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total pension liability was calculated using the discount rate of 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

City of Louisville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease <u>(7.00%)</u>	Current discount rate <u>(8.00%)</u>	1% Increase <u>(9.00%)</u>
City's proportionate share of the net pension liability	\$ 3,361,574	\$ 2,424,929	\$ 1,660,992

NOTE 15 - POSTEMPLOYMENT BENEFITS

Net OPEB liability

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual bases of accounting.

City of Louisville, Ohio
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For the Year Ended December 31, 2018

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

City of Louisville, Ohio
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Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2018.

Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, and Medicare Part B Premiums to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

City of Louisville, Ohio
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OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A health care trust accrual account is maintained for health care benefits under an IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contractually required contribution to OP&F was \$5,279 for 2018. Of this amount, \$811 is reported as due to other governments.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net OPEB liability - current measurement date	0.012544%	0.039510%	
Proportion of the net OPEB liability - prior measurement date	<u>0.012765%</u>	<u>0.039082%</u>	
Change in proportionate share	<u>0.000221%</u>	<u>-0.000428%</u>	
Proportionate share of the net OPEB liability	\$ 1,362,186	\$ 2,238,593	\$ 3,600,779
OPEB expense	\$ 107,087	\$ 178,158	\$ 285,245

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

City of Louisville, Ohio
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	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 1,061	\$ -	\$ 1,061
Changes of assumptions	99,182	218,439	317,621
Changes in proportion and differences between City contributions and proportionate share of contributions	-	17,733	17,733
City contributions subsequent to the measurement date	-	5,279	5,279
Total deferred outflows of resources	<u>\$ 100,243</u>	<u>\$ 241,451</u>	<u>\$ 341,694</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 11,290	\$ 11,290
Net difference between projected and actual earnings on OPEB plan investments	101,474	14,736	116,210
Changes in proportion and differences between City contributions and proportionate share of contributions	15,102	-	15,102
Total deferred inflows of resources	<u>\$ 116,576</u>	<u>\$ 26,026</u>	<u>\$ 142,602</u>

\$5,279 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year ending December 31:			
2019	\$ 15,338	\$ 29,193	\$ 44,531
2020	15,338	29,193	44,531
2021	(21,639)	29,193	7,554
2022	(25,370)	29,193	3,823
2023	-	32,877	32,877
Thereafter	-	60,497	60,497
Total	<u>\$ (16,333)</u>	<u>\$ 210,146</u>	<u>\$ 193,813</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

City of Louisville, Ohio
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Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage inflation	3.25 percent
Projected salary increases, including inflation	3.25 to 10.75 percent
Single discount rate:	
Current measurement date	3.85 percent
Prior measurement date	4.23 percent
Investment rate of return	6.50 percent
Municipal bond rate	3.31 percent
Health care cost trend rate	7.50 percent initial, 3.25 percent ultimate in 2028
Actuarial cost method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

City of Louisville, Ohio
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The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

<u>Asset class</u>	<u>Target allocation</u>	<u>Weighted average long-term expected real rate of return (arithmetic)</u>
Fixed income	34.00%	1.88%
Domestic equities	21.00%	6.37%
Real estate investment trust	6.00%	5.91%
International equities	22.00%	7.88%
Other investments	<u>17.00%</u>	<u>5.39%</u>
Total	<u>100.00%</u>	<u>4.98%</u>

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.85 percent) or one percentage point higher (4.85 percent) than the current rate:

	<u>1% Decrease (2.85%)</u>	<u>Current discount rate (3.85%)</u>	<u>1% Increase (4.85%)</u>
City's proportionate share of the net OPEB liability	\$ 1,809,723	\$ 1,362,186	\$ 1,000,133

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Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	<u>1% Decrease</u>	Current Health Care Cost Trend Rate <u>Assumption</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$ 1,303,322	\$ 1,362,186	\$ 1,422,991

Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017, rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

City of Louisville, Ohio
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For the Year Ended December 31, 2018

Valuation date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial cost method	Entry age normal
Investment rate of return	8.00 percent
Projected salary increases	3.75 percent to 10.50 percent
Payroll growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.50 percent
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of living adjustments	3.00 percent simple; 2.20 percent simple for increases based on the lesser of the increase in CPI and 3.00 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68 - 77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60 - 69	60%	45%
70 - 79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017 are summarized below:

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Asset class	Target <u>Allocation</u>	Long-term expected <u>real rate of return</u>
Cash and cash equivalents	0.00%	0.00%
Domestic equity	16.00%	5.21%
Non-US equity	16.00%	5.40%
Core fixed income *	20.00%	2.37%
Global inflation protected securities	20.00%	2.33%
High yield	15.00%	4.48%
Real estate	12.00%	5.65%
Private markets	8.00%	7.99%
Real Assets	5.00%	6.87%
Master limited partnerships	<u>8.00%</u>	7.36%
Total	<u>120.00%</u>	

Note: Assumptions are geometric

* Levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate. To illustrate the potential impact, the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent) or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease <u>(2.24%)</u>	Current discount rate <u>(3.24%)</u>	1% Increase <u>(4.24%)</u>
City's proportionate share of the net OPEB liability	\$ 2,798,268	\$ 2,238,593	\$ 1,807,947

City of Louisville, Ohio
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Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

<u>Year</u>	<u>Non-Medicare</u>	<u>Non-AARP</u>	<u>AARP</u>	<u>Rx Drug</u>	<u>Medicare Part B</u>
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	<u>1% Decrease</u>	<u>Current rates</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$ 1,738,979	\$ 2,238,593	\$ 2,911,903

Changes between Measurement Date and Report Date

In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place will be a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City’s net OPEB liability is not known.

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 members. 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.

City of Louisville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

The City's settled claims have not exceeded insurance coverage and 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 does not use a single fund to account for and finance its risks of loss in this program. This plan provides a dental plan with a \$50 per person deductible, and no deductible for the vision plan. A third party administrator reviews all claims, which are then paid by the City. The City pays all individual claims from the fund in which the employee's wages are paid. 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 \$3,030 reported in the funds at December 31, 2018 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 (IBNR), 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 2018 and 2017 were:

	Year ended <u>12/31/2018</u>	Year ended <u>12/31/2017</u>
Unpaid claims, beginning of fiscal year	\$ 4,951	\$ 2,437
Incurred claims (including IBNRs)	33,800	37,288
Claim payments	<u>(35,721)</u>	<u>(34,774)</u>
Unpaid claims, end of fiscal year	<u>\$ 3,030</u>	<u>\$ 4,951</u>

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. During 2018, the City did not contribute to the Council. Financial statements of the Council can be obtained from the Stark County Council of Governments P.O. Box 21451, Canton, Ohio 44701-1451.

City of Louisville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

NOTE 18 – DISCRETELY PRESENTED COMPONENT UNIT

The component unit column in the basic financial statements identifies the financial data of the City’s component unit, Louisville Community Improvement Corporation. It is reported separately to emphasize that it is legally separate from the City.

Louisville Community Improvement Corporation (LCIC): The Louisville Community Improvement Corporation is a not-for-profit, community improvement corporation, as authorized under Chapter 1724 of the Ohio Revised Code. The sole purpose for which the LCIC was organized was to advance, encourage, and promote the industrial, commercial, and civic development of the City of Louisville, Ohio by acting as a designated agency of the City, for the industrial, commercial, distribution, and research development. Complete financial statements can be obtained from the Louisville Community Improvement Corporation.

NOTE 19 – 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 Huntington National 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, 2018 there were two series of Healthcare and Housing Facility Bonds outstanding, with an aggregate principal amount of \$1.680 million.

NOTE 20 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For 2018, the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits other than Pensions.” GASB 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

	Governmental Activities	Business -Type Activities	Total
Net position December 31, 2017	\$ 13,962,528	\$ 17,827,825	\$ 31,790,353
Adjustments:			
Net OPEB liability	(2,744,754)	(399,685)	(3,144,439)
Deferred outflow - payments subsequent to measurement date	<u>17,176</u>	<u>5,542</u>	<u>22,718</u>
Restated net position January 1, 2018	<u>\$ 11,234,950</u>	<u>\$ 17,433,682</u>	<u>\$ 28,668,632</u>

City of Louisville, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

	<u>Water</u>	<u>Sewer</u>	<u>Total Enterprise</u>
Net position December 31, 2017	\$ 8,310,291	\$ 9,517,534	\$ 17,827,825
Adjustments:			
Net OPEB liability	(232,075)	(167,610)	(399,685)
Deferred outflow - payments Subsequent to measurement date	<u>3,218</u>	<u>2,324</u>	<u>5,542</u>
Restated net position January 1, 2018	<u>\$ 8,081,434</u>	<u>\$ 9,352,248</u>	<u>\$ 17,433,682</u>

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

NOTE 21 – SUBSEQUENT EVENTS

The City was awarded a \$1,173,000 interest-free loan and a \$207,000 grant from the Ohio Public Works Commission (OPWC) for a water treatment plant improvement project. This loan requires equal payments over thirty years. Construction is expected to begin in the summer of 2019 and will continue through 2020.

The City has also applied for a 30 year, 3.03% OWDA loan in the amount of \$1,299,533 for the water treatment plant improvement project and is waiting for the loan to be finalized.

Required Supplementary Information

City of Louisville, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Last Five Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Ohio Public Employees Retirement System - Traditional Plan				
City's proportion of the net pension liability	0.012143%	0.012323%	0.011884%	0.012634%
City's proportionate share of the net pension liability	\$ 1,905,001	\$ 2,798,344	\$ 2,058,459	\$ 1,523,802
City's covered payroll	\$ 1,626,715	\$ 1,570,433	\$ 1,446,942	\$ 1,445,233
City's proportionate share of the net pension liability as a percentage of its covered payroll	117.11%	178.19%	142.26%	105.44%
Plan fiduciary net position as a percentage of total pension liability	84.66%	77.25%	81.08%	86.45%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Ohio Police and Fire Pension Fund				
City's proportion of the net pension liability	0.039510%	0.039082%	0.040762%	0.033764%
City's proportionate share of the net pension liability	\$ 2,424,929	\$ 2,475,410	\$ 2,622,234	\$ 1,749,127
City's covered payroll	\$ 885,007	\$ 846,141	\$ 854,166	\$ 650,589
City's proportionate share of the net pension liability as a percentage of its covered payroll	274.00%	292.55%	306.99%	268.85%
Plan fiduciary net position as a percentage of total pension liability	70.91%	68.36%	66.77%	71.71%

(1) Information prior to 2014 is not available and the amounts presented are as of the City's measurement date which is the prior year end.
(2) Restated during 2015.

2014

0.012634%

\$ 1,489,384

\$ 1,397,185

106.60%

86.36%

2014

0.033764%

\$ 1,644,422

\$ 537,418

305.99%

72.53% (2)

City of Louisville, Ohio
Required Supplementary Information
Schedule of the City's Contributions
Last Six Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Ohio Public Employees Retirement System - Traditional Plan					
Contractually required contribution	\$ 251,844	\$ 211,473	\$ 188,452	\$ 173,633	\$ 173,428
Contributions in relation to contractually required contribution	<u>(251,844)</u>	<u>(211,473)</u>	<u>(188,452)</u>	<u>(173,633)</u>	<u>(173,428)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 1,798,886	\$ 1,626,715	\$ 1,570,433	\$ 1,446,942	\$ 1,445,233
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%	12.00%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Ohio Police and Fire Pension Fund					
Contractually required contribution	\$ 204,844	\$ 188,064	\$ 179,805	\$ 171,602	\$ 132,460
Contributions in relation to contractually required contribution	<u>(204,844)</u>	<u>(188,064)</u>	<u>(179,805)</u>	<u>(171,602)</u>	<u>(132,460)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 963,972	\$ 885,007	\$ 846,141	\$ 854,166	\$ 650,589
Contributions as a percentage of covered payroll	21.25%	21.25%	21.25%	20.09%	20.36%

(1) Information prior to 2013 is not available.

2013

\$ 181,634

(181,634)

\$ -

\$ 1,397,185

13.00%

2013

\$ 91,791

(91,791)

\$ -

\$ 537,418

17.08%



City of Louisville, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability
Last Two Years (1)

	<u>2018</u>	<u>2017 (2)</u>
Ohio Public Employees Retirement System		
City's proportion of the net OPEB liability	0.012544%	0.012765%
City's proportionate share of the net OPEB liability	\$ 1,362,186	\$ 1,289,308
City's covered payroll	\$ 1,787,600	\$ 1,764,550
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	76.20%	73.07%
Plan fiduciary net position as a percentage of total OPEB liability	54.14%	54.05%

	<u>2018</u>	<u>2017 (2)</u>
Ohio Police and Fire Pension Fund		
City's proportion of the net OPEB liability	0.039510%	0.039082%
City's proportionate share of the net OPEB liability	\$ 2,238,593	\$ 1,855,131
City's covered payroll	\$ 968,400	\$ 926,200
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	231.16%	200.29%
Plan fiduciary net position as a percentage of total OPEB liability	14.13%	15.96%

(1) Information prior to 2017 is not available and the amounts presented are as of the City's measurement date which is the prior year end.

(2) Restated during 2018.

City of Louisville, Ohio
Required Supplementary Information
Schedule of the City's Contributions - OPEB
Last Six Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Ohio Public Employees Retirement System					
Contractually required contribution	\$ -	\$ 17,876	\$ 35,291	\$ 33,309	\$ 33,454
Contributions in relation to contractually required contribution	<u>-</u>	<u>(17,876)</u>	<u>(35,291)</u>	<u>(33,309)</u>	<u>(33,454)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ -	\$ 1,787,600	\$ 1,764,550	\$ 1,665,450	\$ 1,672,700
Contributions as a percentage of covered payroll	0.00%	1.00%	2.00%	2.00%	2.00%

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Ohio Police and Fire Pension Fund					
Contractually required contribution	\$ 5,279	\$ 4,842	\$ 4,631	\$ 4,422	\$ 3,477
Contributions in relation to contractually required contribution	<u>(5,279)</u>	<u>(4,842)</u>	<u>(4,631)</u>	<u>(4,422)</u>	<u>(3,477)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 1,055,800	\$ 968,400	\$ 926,200	\$ 884,400	\$ 695,400
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%	0.50%

(1) Information prior to 2013 is not available.

2013

\$ 15,310

(15,310)

\$ -

\$ 1,531,000

1.00%

2013

\$ 21,962

(21,962)

\$ -

\$ 582,546

3.77%

City of Louisville, Ohio
Notes to Required Supplementary Information
For the Year Ended December 31, 2018

Net Pension Liability

Ohio Public Employees Retirement System - Traditional Plan

Changes in benefit terms: There were no significant changes in benefit terms during 2018.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2018. See the notes to the basic financials for the methods and assumptions in this calculation.

Ohio Police and Fire Pension Fund

Changes in benefit terms: There were no significant changes in benefit terms during 2018.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2018. See the notes to the basic financials for the methods and assumptions in this calculation.

Net OPEB Liability

Ohio Public Employees Retirement System (OPERS)

Changes in benefit terms: There were no significant changes in benefit terms during 2018.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2018. See the notes to the basic financials for the methods and assumptions in this calculation.

Ohio Police and Fire Pension Fund

Changes in benefit terms: There were no significant changes in benefit terms during 2018.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2018. See the notes to the basic financials for the methods and assumptions in this calculation.



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 or committed to expenditures for specified purposes. A description of the City's special revenue funds follows:

- State Highway - To account for the portion (7 ½%) of gasoline taxes and vehicle registration fees restricted for maintenance of state highways.
- Motor Vehicle License - To account for vehicle registration fees received via the municipal permissive tax; used entirely for the purchase of material restricted to resurfacing City streets.
- Mayor's Court Computerization - To account for additional court fees restricted for computerization of the Mayor's court and for the acquisition and maintenance of legal research services for the Mayor's court.
- Emergency Services Charges - To account for fees committed to paramedic services of the Fire and EMS Departments.
- Law Enforcement Education - To account for fine monies restricted to educate the general public regarding drunk driving.
- Law Enforcement Trust - To account for forfeiture monies restricted to educate the general public regarding drug abuse.
- Storm Water – To account for the storm water user's fee committed for storm water maintenance and repairs.

Nonmajor Debt Service Fund

The debt service fund is used to account for the accumulation of resources that are restricted, committed or assigned for 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

The capital projects fund is 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, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 788,575	\$ 30,365	\$ 121,273	\$ 940,213
Receivables:				
Accounts	149,809	-	2,448	152,257
Due from other governments	20,493	-	-	20,493
Materials and supplies inventory	7,319	-	-	7,319
Prepaid items	12,436	-	-	12,436
Total assets	<u>\$ 978,632</u>	<u>\$ 30,365</u>	<u>\$ 123,721</u>	<u>\$ 1,132,718</u>
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	\$ 5,661	\$ -	\$ -	\$ 5,661
Accrued wages and benefits	3,475	-	-	3,475
Due to other governments	11,306	-	-	11,306
Total liabilities	<u>20,442</u>	<u>-</u>	<u>-</u>	<u>20,442</u>
Deferred inflows of resources:				
Unavailable revenue - other	<u>61,881</u>	<u>-</u>	<u>-</u>	<u>61,881</u>
Fund balances:				
Nonspendable	19,755	-	-	19,755
Restricted	226,868	30,365	123,721	380,954
Committed	649,686	-	-	649,686
Total fund balances	<u>896,309</u>	<u>30,365</u>	<u>123,721</u>	<u>1,050,395</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 978,632</u>	<u>\$ 30,365</u>	<u>\$ 123,721</u>	<u>\$ 1,132,718</u>

City of Louisville, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues:				
Charges for services	\$ 551,183	\$ -	\$ -	\$ 551,183
Fines and forfeitures	92,229	-	-	92,229
Intergovernmental	123,903	-	-	123,903
Investment income	7,083	-	-	7,083
Other	11,489	-	15,210	26,699
Total revenue	<u>785,887</u>	<u>-</u>	<u>15,210</u>	<u>801,097</u>
Expenditures:				
Current:				
General government	2,323	-	3,012	5,335
Security of persons and property	306,168	-	-	306,168
Transportation	133,533	-	-	133,533
Capital outlay	215,104	-	132,424	347,528
Debt service:			-	
Principal retirement	50,296	26,000	-	76,296
Interest and fiscal charges	1,598	2,660	-	4,258
Total expenditures	<u>709,022</u>	<u>28,660</u>	<u>135,436</u>	<u>873,118</u>
Excess of revenues over (under) expenditures	<u>76,865</u>	<u>(28,660)</u>	<u>(120,226)</u>	<u>(72,021)</u>
Other financing sources:				
Transfers - in	<u>80,000</u>	<u>28,700</u>	<u>150,000</u>	<u>258,700</u>
Net change in fund balance	156,865	40	29,774	186,679
Fund balances at beginning of year	<u>739,444</u>	<u>30,325</u>	<u>93,947</u>	<u>863,716</u>
Fund balances at end of year	<u>\$ 896,309</u>	<u>\$ 30,365</u>	<u>\$ 123,721</u>	<u>\$ 1,050,395</u>

City of Louisville, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018

	State Highway Fund	Motor Vehicle License Fund	Mayor's Court Computerization Fund	Emergency Services Charges Fund
Assets:				
Equity in pooled cash and cash equivalents	\$ 53,250	\$ 55,894	\$ 15,978	\$ 172,719
Receivables:				
Accounts	-	-	-	109,588
Due from other governments	13,595	6,898	-	-
Materials and supplies inventory	7,319	-	-	-
Prepaid items	284	-	-	12,152
Total assets	<u>\$ 74,448</u>	<u>\$ 62,792</u>	<u>\$ 15,978</u>	<u>\$ 294,459</u>
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	\$ 323	\$ -	\$ -	\$ 5,073
Accrued wages and benefits	-	-	-	3,475
Due to other governments	-	-	-	7,466
Total liabilities	<u>323</u>	<u>-</u>	<u>-</u>	<u>16,014</u>
Deferred inflows of resources:				
Unavailable revenue - other	<u>9,021</u>	<u>-</u>	<u>-</u>	<u>52,860</u>
Fund balances:				
Nonspendable	7,603	-	-	12,152
Restricted	57,501	62,792	15,978	-
Committed	-	-	-	213,433
Total fund balances	<u>65,104</u>	<u>62,792</u>	<u>15,978</u>	<u>225,585</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 74,448</u>	<u>\$ 62,792</u>	<u>\$ 15,978</u>	<u>\$ 294,459</u>

Law Enforcement Education Fund	Law Enforcement Trust Fund	Storm Water Fund	Total Nonmajor Special Revenue Funds
\$ 1,721	\$ 88,876	\$ 400,137	\$ 788,575
-	-	40,221	149,809
-	-	-	20,493
-	-	-	7,319
-	-	-	12,436
<u>\$ 1,721</u>	<u>\$ 88,876</u>	<u>\$ 440,358</u>	<u>\$ 978,632</u>
\$ -	\$ -	\$ 265	\$ 5,661
-	-	-	3,475
-	-	3,840	11,306
-	-	4,105	20,442
-	-	-	61,881
-	-	-	19,755
1,721	88,876	-	226,868
-	-	436,253	649,686
<u>1,721</u>	<u>88,876</u>	<u>436,253</u>	<u>896,309</u>
<u>\$ 1,721</u>	<u>\$ 88,876</u>	<u>\$ 440,358</u>	<u>\$ 978,632</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, 2018

	State Highway Fund	Motor Vehicle License Fund	Mayor's Court Computerization Fund	Emergency Services Charges Fund
Revenues:				
Charges for services	\$ -	\$ -	\$ -	\$ 349,161
Fines and forfeitures	-	-	3,212	-
Intergovernmental	31,375	88,728	-	3,800
Investment income	-	7,083	-	-
Other	-	-	-	7,630
Total revenue	<u>31,375</u>	<u>95,811</u>	<u>3,212</u>	<u>360,591</u>
Expenditures:				
Current:				
General government	-	-	2,323	-
Security of persons and property	-	-	-	288,311
Transportation	19,073	-	-	-
Capital outlay	22,080	193,024	-	-
Debt service:				
Principal retirement	-	-	-	50,296
Interest and fiscal charges	-	-	-	1,598
Total expenditures	<u>41,153</u>	<u>193,024</u>	<u>2,323</u>	<u>340,205</u>
Excess of revenues over (under) expenditures	<u>(9,778)</u>	<u>(97,213)</u>	<u>889</u>	<u>20,386</u>
Other financing sources:				
Transfers - in	-	80,000	-	-
Net change in fund balance	(9,778)	(17,213)	889	20,386
Fund balances at beginning of year	74,882	80,005	15,089	205,199
Fund balances at end of year	<u>\$ 65,104</u>	<u>\$ 62,792</u>	<u>\$ 15,978</u>	<u>\$ 225,585</u>

Law Enforcement Education Fund	Law Enforcement Trust Fund	Storm Water Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 202,022	\$ 551,183
1,411	87,606	-	92,229
-	-	-	123,903
-	-	-	7,083
-	3,859	-	11,489
<u>1,411</u>	<u>91,465</u>	<u>202,022</u>	<u>785,887</u>
-	-	-	2,323
1,396	16,461	-	306,168
-	-	114,460	133,533
-	-	-	215,104
-	-	-	50,296
-	-	-	1,598
<u>1,396</u>	<u>16,461</u>	<u>114,460</u>	<u>709,022</u>
<u>15</u>	<u>75,004</u>	<u>87,562</u>	<u>76,865</u>
-	-	-	80,000
15	75,004	87,562	156,865
1,706	13,872	348,691	739,444
<u>\$ 1,721</u>	<u>\$ 88,876</u>	<u>\$ 436,253</u>	<u>\$ 896,309</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, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Municipal income tax	\$ 3,398,300	\$ 3,581,200	\$ 3,517,198	\$ (64,002)
Property and other taxes	410,000	402,550	401,273	(1,277)
Charges for services	136,850	142,075	141,956	(119)
Licenses and permits	143,550	160,200	160,870	670
Fines and forfeitures	33,000	33,000	29,601	(3,399)
Intergovernmental	223,800	287,050	265,440	(21,610)
Interest	60,600	150,900	168,956	18,056
Contributions and donations	4,000	7,000	6,913	(87)
Other	39,900	43,600	139,659	96,059
Total revenues	4,450,000	4,807,575	4,831,866	24,291
Expenditures:				
Current:				
General government				
Office of city council				
Personal services	46,849	47,224	46,226	998
Operations and maintenance	31,650	25,475	25,398	77
Total office of city council	78,499	72,699	71,624	1,075
Office of the city manager				
Personal services	375,000	350,525	295,826	54,699
Operations and maintenance	16,048	11,023	10,921	102
Total office of the city manager	391,048	361,548	306,747	54,801
Department of finance and tax				
Personal services	379,100	396,025	386,693	9,332
Operations and maintenance	40,705	45,980	45,789	191
Total department of finance and tax	419,805	442,005	432,482	9,523
Mayor's court				
Personal services	16,800	16,800	16,333	467
Operations and maintenance	17,200	17,200	9,445	7,755
Total mayor's court	34,000	34,000	25,778	8,222
Civil service commission				
Operations and maintenance	30,630	37,330	37,274	56
Division of lands and buildings				
Personal services	32,500	7,225	6,134	1,091
Operations and maintenance	393,375	379,275	379,181	94
Total division of lands and buildings	425,875	386,500	385,315	1,185

(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, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Department of law				
Personal services	50,325	50,800	49,709	1,091
Operations and maintenance	43,475	56,950	56,940	10
Total department of law	93,800	107,750	106,649	1,101
Other administrative				
Operations and maintenance	176,160	166,435	166,083	352
Total general government	1,649,817	1,608,267	1,531,952	76,315
Security of persons and property				
Division of police				
Personal services	1,666,800	1,632,400	1,444,496	187,904
Operations and maintenance	401,570	388,370	388,162	208
Total division of police	2,068,370	2,020,770	1,832,658	188,112
Division of fire				
Personal services	301,050	339,075	325,861	13,214
Operations and maintenance	370,671	432,896	430,131	2,765
Total division of fire	671,721	771,971	755,992	15,979
Division of street lighting				
Operations and maintenance	130,000	123,325	123,270	55
Division of traffic control maintenance				
Operations and maintenance	14,200	22,875	22,604	271
Division of fire prevention/inspections				
Personal services	10,400	7,375	4,873	2,502
Operations and maintenance	3,000	2,850	2,807	43
Total division of fire prevention/inspections	13,400	10,225	7,680	2,545
Total security of persons and property	2,897,691	2,949,166	2,742,204	206,962
Public health and welfare				
Board of health				
Operations and maintenance	126,850	121,550	119,654	1,896
Community environment				
Division of planning and development				
Personal services	190,700	187,825	183,729	4,096
Operations and maintenance	41,705	26,805	26,709	96
Total division of planning and development	232,405	214,630	210,438	4,192

(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, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Division of housing and building code				
Personal services	69,500	61,700	59,372	2,328
Operations and maintenance	5,539	4,114	4,071	43
Total division of housing and building code	75,039	65,814	63,443	2,371
Total community environment	307,444	280,444	273,881	6,563
Leisure time activities				
Division of parks				
Personal services	85,750	59,250	53,914	5,336
Operations and maintenance	58,219	44,469	44,393	76
Total division of parks	143,969	103,719	98,307	5,412
Special events				
Operations and maintenance	10,000	14,000	14,000	-
Total leisure time activities	153,969	117,719	112,307	5,412
Total expenditures	5,135,771	5,077,146	4,779,998	297,148
Excess of revenues over (under) expenditures	(685,771)	(269,571)	51,868	321,439
Other financing sources (uses):				
Sale of capital assets	-	23,175	23,158	(17)
Transfers - out	(409,800)	(558,700)	(558,700)	-
Total other financing sources (uses)	(409,800)	(535,525)	(535,542)	(17)
Net change in fund balance	(1,095,571)	(805,096)	(483,674)	321,422
Fund balance at beginning of year	2,597,218	2,597,218	2,597,218	-
Prior year encumbrances appropriated	199,971	199,971	199,971	-
Fund balance at end of year	\$ 1,701,618	\$ 1,992,093	\$ 2,313,515	\$ 321,422

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, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Intergovernmental	\$ 335,000	\$ 440,950	\$ 440,782	\$ (168)
Contributions and donations	1,000	1,800	1,707	(93)
Other	2,000	2,800	5,833	3,033
Total revenues	<u>338,000</u>	<u>445,550</u>	<u>448,322</u>	<u>2,772</u>
<u>Expenditures:</u>				
Current:				
Transportation				
Division of street maintenance				
Personal services	355,750	340,225	331,479	8,746
Operations and maintenance	197,598	255,148	254,946	202
Total division of street maintenance	<u>553,348</u>	<u>595,373</u>	<u>586,425</u>	<u>8,948</u>
Division of snow and ice removal				
Operations and maintenance	233,190	171,915	171,908	7
Total expenditures	<u>786,538</u>	<u>767,288</u>	<u>758,333</u>	<u>8,955</u>
Excess of revenues under expenditures	<u>(448,538)</u>	<u>(321,738)</u>	<u>(310,011)</u>	<u>11,727</u>
Other financing sources:				
Sale of capital assets	-	1,550	1,530	(20)
Transfers - in	300,000	300,000	300,000	-
Total other financing sources	<u>300,000</u>	<u>301,550</u>	<u>301,530</u>	<u>(20)</u>
Net change in fund balance	(148,538)	(20,188)	(8,481)	11,707
Fund balance at beginning of year	318,180	318,180	318,180	-
Prior year encumbrances appropriated	94,438	94,438	94,438	-
Fund balance at end of year	<u>\$ 264,080</u>	<u>\$ 392,430</u>	<u>\$ 404,137</u>	<u>\$ 11,707</u>

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$ 28,000	\$ 31,400	\$ 31,352	\$ (48)
<u>Expenditures:</u>				
Current:				
Transportation				
Division of street maintenance				
Operations and maintenance	18,400	35,225	35,124	101
Division of snow and ice removal				
Operations and maintenance	14,200	10,375	10,355	20
Total expenditures	32,600	45,600	45,479	121
Net change in fund balance	(4,600)	(14,200)	(14,127)	73
Fund balance at beginning of year	55,758	55,758	55,758	-
Prior year encumbrances appropriated	6,000	6,000	6,000	-
Fund balance at end of year	\$ 57,158	\$ 47,558	\$ 47,631	\$ 73

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, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$ 89,800	\$ 88,800	\$ 88,786	\$ (14)
Interest	<u>3,300</u>	<u>6,700</u>	<u>7,083</u>	<u>383</u>
Total revenues	<u>93,100</u>	<u>95,500</u>	<u>95,869</u>	<u>369</u>
<u>Expenditures:</u>				
Current:				
Transportation				
Division of street construction				
Operations and maintenance	<u>200,000</u>	<u>193,025</u>	<u>193,024</u>	<u>1</u>
Excess of revenues under expenditures	<u>(106,900)</u>	<u>(97,525)</u>	<u>(97,155)</u>	<u>370</u>
Other financing sources:				
Transfers - in	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>
Net change in fund balance	(26,900)	(17,525)	(17,155)	370
Fund balance at beginning of year	<u>73,049</u>	<u>73,049</u>	<u>73,049</u>	<u>-</u>
Fund balance at end of year	<u>\$ 46,149</u>	<u>\$ 55,524</u>	<u>\$ 55,894</u>	<u>\$ 370</u>

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Fines and forfeitures	\$ 4,000	\$ 4,000	\$ 3,212	\$ (788)
<u>Expenditures:</u>				
Current:				
General government				
Mayor's court				
Operations and maintenance	4,000	4,000	2,392	1,608
Net change in fund balance	-	-	820	820
Fund balance at beginning of year	15,158	15,158	15,158	-
Fund balance at end of year	\$ 15,158	\$ 15,158	\$ 15,978	\$ 820

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, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Charges for services	\$ 334,000	\$ 343,800	\$ 344,433	\$ 633
Intergovernmental	-	3,800	3,800	-
Other	-	-	7,630	7,630
Total revenues	<u>334,000</u>	<u>347,600</u>	<u>355,863</u>	<u>8,263</u>
<u>Expenditures:</u>				
Current:				
Security of persons and property				
Division of emergency services				
Personal services	178,775	207,750	197,328	10,422
Operations and maintenance	181,066	166,041	164,831	1,210
Total expenditures	<u>359,841</u>	<u>373,791</u>	<u>362,159</u>	<u>11,632</u>
Net change in fund balance	(25,841)	(26,191)	(6,296)	19,895
Fund balance at beginning of year	161,645	161,645	161,645	-
Prior year encumbrances appropriated	1,241	1,241	1,241	-
Fund balance at end of year	<u>\$ 137,045</u>	<u>\$ 136,695</u>	<u>\$ 156,590</u>	<u>\$ 19,895</u>

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Fines and forfeitures	\$ 1,000	\$ 1,500	\$ 1,411	\$ (89)
<u>Expenditures:</u>				
Current:				
Security of persons and property				
Division of police				
Operations and maintenance	1,400	1,400	1,396	4
Net change in fund balance	(400)	100	15	(85)
Fund balance at beginning of year	1,706	1,706	1,706	-
Fund balance at end of year	\$ 1,306	\$ 1,806	\$ 1,721	\$ (85)

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, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Fines and forfeitures	\$ 1,500	\$ 87,975	\$ 87,606	\$ (369)
<u>Expenditures:</u>				
Current:				
Security of persons and property				
Division of police				
Personal services	-	15,825	15,825	-
Operations and maintenance	1,000	750	636	114
Total expenditures	1,000	16,575	16,461	114
Excess of revenues over expenditures	500	71,400	71,145	(255)
Other financing sources:				
Sale of capital assets	-	3,875	3,859	(16)
Net change in fund balance	500	75,275	75,004	(271)
Fund balance at beginning of year	13,872	13,872	13,872	-
Fund balance at end of year	\$ 14,372	\$ 89,147	\$ 88,876	\$ (271)

City of Louisville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Storm Water Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Charges for services	\$ 199,800	\$ 203,000	\$ 203,262	\$ 262
<u>Expenditures:</u>				
Current:				
Transportation				
Division of storm water maintenance				
Operations and maintenance	181,568	113,493	113,340	153
Net change in fund balance	18,232	89,507	89,922	415
Fund balance at beginning of year	304,147	304,147	304,147	-
Prior year encumbrances appropriated	6,068	6,068	6,068	-
Fund balance at end of year	\$ 328,447	\$ 399,722	\$ 400,137	\$ 415

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Debt service:				-
Principal retirement	26,000	26,000	26,000	-
Interest and fiscal charges	2,675	2,675	2,660	15
Total expenditures	28,675	28,675	28,660	15
Excess of revenues under expenditures	(28,675)	(28,675)	(28,660)	15
Other financing sources:				
Transfers - in	28,700	28,700	28,700	-
Net change in fund balance	25	25	40	15
Fund balance at beginning of year	30,325	30,325	30,325	-
Fund balance at end of year	\$ 30,350	\$ 30,350	\$ 30,365	\$ 15

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, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Other	\$ -	\$ 15,000	\$ 15,210	\$ 210
<u>Expenditures:</u>				
Current:				
General government				
Division of lands and buildings				
Operations and maintenance	35,082	138,882	137,884	998
Excess of revenues under expenditures	(35,082)	(123,882)	(122,674)	1,208
Other financing sources:				
Transfers - in	-	150,000	150,000	-
Net change in fund balance	(35,082)	26,118	27,326	1,208
Fund balance at beginning of year	58,865	58,865	58,865	-
Prior year encumbrances appropriated	35,082	35,082	35,082	-
Fund balance at end of year	<u>\$ 58,865</u>	<u>\$ 120,065</u>	<u>\$ 121,273</u>	<u>\$ 1,208</u>

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

City of Louisville, Ohio
Schedule of Revenues, Expenditures and Changes
In Net Position - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for services	\$ 1,262,100	\$ 1,372,075	\$ 1,358,985	\$ (13,090)
Tap-in fees	8,400	18,100	18,100	-
Other	-	-	3,801	3,801
Total revenues	<u>1,270,500</u>	<u>1,390,175</u>	<u>1,380,886</u>	<u>(9,289)</u>
Expenses:				
Personal services	323,375	328,450	328,323	127
Fringe benefits	119,700	119,600	110,549	9,051
Contractual services	403,407	343,532	326,591	16,941
Materials and supplies	63,208	60,233	60,169	64
Capital outlay	701,658	633,883	574,936	58,947
Total expenses	<u>1,611,348</u>	<u>1,485,698</u>	<u>1,400,568</u>	<u>85,130</u>
Operating loss	<u>(340,848)</u>	<u>(95,523)</u>	<u>(19,682)</u>	<u>75,841</u>
Nonoperating revenue (expenses):				
Municipal income taxes	1,132,700	1,193,800	921,493	(272,307)
Sale of capital assets	-	25	25	-
Principal retirement	(110,150)	(110,175)	(110,172)	3
Interest and fiscal charges	(9,575)	(9,550)	(9,670)	(120)
Total nonoperating revenue (expenses)	<u>1,012,975</u>	<u>1,074,100</u>	<u>801,676</u>	<u>(272,424)</u>
Income before other financing sources (uses)	<u>672,127</u>	<u>978,577</u>	<u>781,994</u>	<u>(196,583)</u>
Other financing sources (uses):				
Proceeds of OWDA loans	-	-	135	135
Transfers - in	389,750	389,750	337,725	(52,025)
Transfers - out	(701,700)	(701,700)	(649,675)	52,025
Total other financing sources (uses)	<u>(311,950)</u>	<u>(311,950)</u>	<u>(311,815)</u>	<u>135</u>
Change in fund position	360,177	666,627	470,179	(196,448)
Net position at beginning of year	2,771,940	2,771,940	2,771,940	-
Prior year encumbrances appropriated	45,498	45,498	45,498	-
Net position at end of year	<u>\$ 3,177,615</u>	<u>\$ 3,484,065</u>	<u>\$ 3,287,617</u>	<u>\$ (196,448)</u>

City of Louisville, Ohio
Schedule of Revenues, Expenditures and Changes
In Net Position - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for services	\$ 1,191,000	\$ 1,244,000	\$ 1,244,065	\$ 65
Tap-in fees	6,000	23,650	23,650	-
Other	-	-	3,708	3,708
Total revenues	1,197,000	1,267,650	1,271,423	3,773
Expenses:				
Personal services	316,100	329,400	329,269	131
Fringe benefits	120,550	121,850	112,699	9,151
Contractual services	495,933	420,883	436,963	(16,080)
Materials and supplies	92,744	74,694	73,812	882
Capital outlay	2,861,234	4,088,846	3,029,330	1,059,516
Total expenses	3,886,561	5,035,673	3,982,073	1,053,600
Operating loss	(2,689,561)	(3,768,023)	(2,710,650)	1,057,373
Nonoperating revenue (expenses):				
Municipal income tax	-	-	250,705	250,705
Sale of capital assets	-	1,750	1,750	-
Principal retirement	(70,800)	(20,800)	(20,800)	-
Interest and fiscal charges	(2,150)	(2,150)	(2,128)	22
Total nonoperating revenue (expenses)	(72,950)	(21,200)	229,527	250,727
Loss before other financing sources	(2,762,511)	(3,789,223)	(2,481,123)	1,308,100
Other financing sources:				
Proceeds of OPWC loans	-	1,168,462	1,168,462	-
Transfers - in	311,950	311,950	311,950	-
Total other financing sources	311,950	1,480,412	1,480,412	-
Change in fund position	(2,450,561)	(2,308,811)	(1,000,711)	1,308,100
Net position at beginning of year	1,891,128	1,891,128	1,891,128	-
Prior year encumbrances appropriated	2,389,561	2,389,561	2,389,561	-
Net position at end of year	\$ 1,830,128	\$ 1,971,878	\$ 3,279,978	\$ 1,308,100

STATISTICAL SECTION



Statistical Section

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial position has changed over time.	S2 - S10
Revenue Capacity These schedules contain information to help the reader understand and assess the factors affecting the City's ability to generate its most significant local revenue source(s), the property tax and the income tax.	S11 - S15
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S16 - S21
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	S22 - S23
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S24 - S27

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF LOUISVILLE, OHIO
Net Position by Component (1)
Last Ten Years

	<u>2018</u>	Restated <u>2017 (2)</u>	<u>2016</u>	<u>2015</u>	Restated <u>2014 (3)</u>
<u>Governmental Activities</u>					
Net investment in capital assets	\$ 12,094,042	\$ 12,008,865	\$ 12,281,304	\$ 12,229,376	\$ 12,214,763
Restricted	1,090,384	963,782	845,644	750,487	592,027
Unrestricted	<u>(2,336,785)</u>	<u>(1,737,697)</u>	<u>1,190,011</u>	<u>1,005,040</u>	<u>763,304</u>
Total governmental activities net position	<u>10,847,641</u>	<u>11,234,950</u>	<u>14,316,959</u>	<u>13,984,903</u>	<u>13,570,094</u>
<u>Business-Type Activities</u>					
Net investment in capital assets	12,207,266	10,587,689	10,502,851	10,336,346	9,916,725
Unrestricted	<u>6,567,976</u>	<u>6,845,993</u>	<u>5,809,480</u>	<u>4,370,633</u>	<u>3,336,946</u>
Total business-type activities net position	<u>18,775,242</u>	<u>17,433,682</u>	<u>16,312,331</u>	<u>14,706,979</u>	<u>13,253,671</u>
<u>Primary Government</u>					
Net investment in capital assets	24,301,308	22,596,554	22,784,155	22,565,722	22,131,488
Restricted	1,090,384	963,782	845,644	750,487	592,027
Unrestricted	<u>4,231,191</u>	<u>5,108,296</u>	<u>6,999,491</u>	<u>5,375,673</u>	<u>4,100,250</u>
Total primary government net position	<u>\$ 29,622,883</u>	<u>\$ 28,668,632</u>	<u>\$ 30,629,290</u>	<u>\$ 28,691,882</u>	<u>\$ 26,823,765</u>

Source: City of Louisville basic financial statements.

(1) Accrual basis of accounting.

(2) The City implemented GASB 75 during 2018 and as a result 2017 was restated.

(3) The City implemented GASB 68 during 2015 and as a result 2014 was restated.

(4) The City reclassified the storm water fund as a governmental fund during 2013 and as a result 2012 was restated.

(5) The City implemented GASB 65 during 2012 and as a result 2011 was restated.

<u>2013</u>	Restated <u>2012 (4)</u>	Restated <u>2011 (5)</u>	<u>2010</u>	<u>2009</u>
\$ 12,033,892	\$ 11,560,990	\$ 5,930,971	\$ 4,238,952	\$ 3,251,988
731,396	1,162,743	593,508	916,049	1,011,949
<u>3,360,551</u>	<u>2,922,623</u>	<u>2,604,346</u>	<u>2,065,143</u>	<u>1,842,352</u>
<u>16,125,839</u>	<u>15,646,356</u>	<u>9,128,825</u>	<u>7,220,144</u>	<u>6,106,289</u>
9,923,854	9,675,807	8,520,159	8,083,638	7,415,753
<u>2,718,611</u>	<u>2,080,876</u>	<u>1,854,803</u>	<u>1,696,699</u>	<u>1,706,905</u>
<u>12,642,465</u>	<u>11,756,683</u>	<u>10,374,962</u>	<u>9,780,337</u>	<u>9,122,658</u>
21,957,746	21,236,797	14,451,130	12,322,590	10,667,741
731,396	1,162,743	593,508	916,049	1,011,949
<u>6,079,162</u>	<u>5,003,499</u>	<u>4,459,149</u>	<u>3,761,842</u>	<u>3,549,257</u>
<u>\$ 28,768,304</u>	<u>\$ 27,403,039</u>	<u>\$ 19,503,787</u>	<u>\$ 17,000,481</u>	<u>\$ 15,228,947</u>

CITY OF LOUISVILLE, OHIO

Changes in Net Position (1)

Last Ten Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenses					
Governmental Activities:					
General government	\$ 1,316,959	\$ 1,452,835	\$ 1,045,516	\$ 1,118,995	\$ 1,181,784
Security of persons and property	3,426,558	3,042,626	2,895,871	2,500,837	2,398,630
Public health and welfare	95,667	113,804	94,167	90,079	81,088
Transportation	1,175,784	1,063,987	996,489	835,810	1,068,168
Community environment	298,476	308,542	261,543	291,723	295,526
Leisure time activities	182,535	185,225	181,311	201,622	205,010
Interest and fiscal charges	35,323	33,705	26,193	14,623	7,611
Total governmental activities expenses	<u>6,531,302</u>	<u>6,200,724</u>	<u>5,501,090</u>	<u>5,053,689</u>	<u>5,237,817</u>
Business-Type Activities:					
Water	1,160,327	1,172,017	1,056,055	1,106,846	1,151,358
Sewer	1,361,080	1,011,187	958,109	966,393	1,092,329
Storm water	-	-	-	-	-
Total business-type activities expenses	<u>2,521,407</u>	<u>2,183,204</u>	<u>2,014,164</u>	<u>2,073,239</u>	<u>2,243,687</u>
Total primary government expenses	<u>\$ 9,052,709</u>	<u>\$ 8,383,928</u>	<u>\$ 7,515,254</u>	<u>\$ 7,126,928</u>	<u>\$ 7,481,504</u>
Program Revenues					
Governmental Activities:					
Charges for services					
General government	\$ 292,143	\$ 259,659	\$ 255,490	\$ 238,558	\$ 238,853
Security of persons and property	449,375	345,998	368,166	335,212	282,619
Transportation	206,272	201,519	201,900	154,036	142,775
Community environment	65,441	57,826	56,855	48,819	49,813
Leisure time activities	5,910	5,198	5,545	6,704	7,005
Operating grants, contributions and interest	576,082	650,272	584,732	577,606	486,861
Capital grants and contributions	-	-	-	27,250	21,175
Total governmental activities program revenues	<u>1,595,223</u>	<u>1,520,472</u>	<u>1,472,688</u>	<u>1,388,185</u>	<u>1,229,101</u>
Business-Type Activities:					
Charges for services					
Water	1,397,230	1,270,817	1,226,405	1,304,450	1,140,104
Sewer	1,285,310	1,223,956	1,211,860	1,242,146	1,090,972
Storm water	-	-	-	-	-
Operating grants, contributions and interest	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>2,682,540</u>	<u>2,494,773</u>	<u>2,438,265</u>	<u>2,546,596</u>	<u>2,231,076</u>
Total primary government program revenues	<u>\$ 4,277,763</u>	<u>\$ 4,015,245</u>	<u>\$ 3,910,953</u>	<u>\$ 3,934,781</u>	<u>\$ 3,460,177</u>
Net (expense)/revenue					
Governmental activities	\$ (4,936,079)	\$ (4,680,252)	\$ (4,028,402)	\$ (3,665,504)	\$ (4,008,716)
Business-type activities	161,133	311,569	424,101	473,357	(12,611)
Total primary government net expense	<u>\$ (4,774,946)</u>	<u>\$ (4,368,683)</u>	<u>\$ (3,604,301)</u>	<u>\$ (3,192,147)</u>	<u>\$ (4,021,327)</u>

CITY OF LOUISVILLE, OHIO

Changes in Net Position (1)

Last Ten Years

Continued

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property taxes levied for:					
General purposes	\$ 399,997	\$ 409,494	\$ 423,129	\$ 359,702	\$ 348,892
Income tax levied for:					
General purposes	3,536,558	3,611,791	3,538,813	3,318,897	3,214,022
Grants and entitlements not restricted to specific programs	258,997	192,844	220,627	219,958	234,565
Gain on sale of capital assets	-	-	119,017	-	1,206
Investment earnings	168,956	71,596	22,758	4,445	1,798
Other	184,262	40,096	36,114	53,186	32,981
Transfers	-	-	-	124,125	-
Total governmental activities	<u>4,548,770</u>	<u>4,325,821</u>	<u>4,360,458</u>	<u>4,080,313</u>	<u>3,833,464</u>
Business-Type Activities:					
Income tax levied for:					
Water utility services	600,418	898,261	869,245	729,063	601,286
Sewer utility services	578,234	305,664	309,031	374,453	469,956
Investment earnings	-	-	-	-	-
Grants and entitlements not restricted to specific programs	-	-	-	-	-
Gain on sale of capital assets	-	-	-	-	-
Capital contributions	-	-	-	-	-
Other	1,775	-	2,975	560	-
Transfers	-	-	-	(124,125)	-
Total business-type activities	<u>1,180,427</u>	<u>1,203,925</u>	<u>1,181,251</u>	<u>979,951</u>	<u>1,071,242</u>
Total primary government	<u>\$ 5,729,197</u>	<u>\$ 5,529,746</u>	<u>\$ 5,541,709</u>	<u>\$ 5,060,264</u>	<u>\$ 4,904,706</u>
Change in net position					
Governmental activities	\$ (387,309)	\$ (354,431)	\$ 332,056	\$ 414,809	\$ (175,252)
Business-type activities	1,341,560	1,515,494	1,605,352	1,453,308	1,058,631
Total primary government	<u>\$ 954,251</u>	<u>\$ 1,161,063</u>	<u>\$ 1,937,408</u>	<u>\$ 1,868,117</u>	<u>\$ 883,379</u>

Source: City of Louisville basic financial statements.

(1) Accrual basis of accounting.

(2) The storm water fund was moved to governmental activities in 2013 and as a result 2012 was restated.

CITY OF LOUISVILLE, OHIO

Changes in Net Position (1)

Last Ten Years

Continued

	<u>2013</u>	<u>2012 (2)</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Expenses					
Governmental Activities:					
General government	\$ 1,063,115	\$ 1,257,674	\$ 1,041,834	\$ 891,233	\$ 907,759
Security of persons and property	2,169,438	2,179,718	2,008,185	2,183,465	2,086,776
Public health and welfare	79,746	66,050	65,093	50,860	77,436
Transportation	1,014,335	675,174	519,001	681,247	512,414
Community environment	204,758	160,529	169,936	147,504	204,539
Leisure time activities	209,294	192,361	234,722	214,946	377,890
Interest and fiscal charges	11,125	7,464	16,096	17,085	21,268
Total governmental activities expenses	<u>4,751,811</u>	<u>4,538,970</u>	<u>4,054,867</u>	<u>4,186,340</u>	<u>4,188,082</u>
Business-Type Activities:					
Water	1,103,801	1,161,768	1,144,617	1,199,786	1,020,190
Sewer	1,095,660	1,113,201	1,082,752	1,074,184	1,059,981
Storm water	-	86,353	90,263	60,182	-
Total business-type activities expenses	<u>2,199,461</u>	<u>2,361,322</u>	<u>2,317,632</u>	<u>2,334,152</u>	<u>2,080,171</u>
Total primary government expenses	<u>\$ 6,951,272</u>	<u>\$ 6,900,292</u>	<u>\$ 6,372,499</u>	<u>\$ 6,520,492</u>	<u>\$ 6,268,253</u>
Program Revenues					
Governmental Activities:					
Charges for services					
General government	\$ 232,077	\$ 434,958	\$ 391,958	\$ 234,515	\$ 202,740
Security of persons and property	384,506	322,745	284,646	329,559	359,129
Transportation	137,923	10,375	8,142	-	2,655
Community environment	42,119	7,739	4,470	4,535	5,740
Leisure time activities	8,153	5,590	6,058	31,227	78,195
Operating grants, contributions and interest	472,525	927,554	457,775	684,907	551,468
Capital grants and contributions	133,801	4,992,360	1,330,182	405,488	206,169
Total governmental activities program revenues	<u>1,411,104</u>	<u>6,701,321</u>	<u>2,483,231</u>	<u>1,690,231</u>	<u>1,406,096</u>
Business-Type Activities:					
Charges for services					
Water	1,045,752	996,464	950,304	863,578	797,045
Sewer	1,027,080	994,360	938,589	882,329	974,631
Storm water	-	139,494	114,048	130,395	-
Operating grants, contributions and interest	9,940	1,392,596	126,853	-	-
Capital grants and contributions	-	-	-	385,583	92,696
Total business-type activities program revenues	<u>2,082,772</u>	<u>3,522,914</u>	<u>2,129,794</u>	<u>2,261,885</u>	<u>1,864,372</u>
Total primary government program revenues	<u>\$ 3,493,876</u>	<u>\$ 10,224,235</u>	<u>\$ 4,613,025</u>	<u>\$ 3,952,116</u>	<u>\$ 3,270,468</u>
Net (expense)/revenue					
Governmental activities	\$ (3,340,707)	\$ 2,162,351	\$ (1,571,636)	\$ (2,496,109)	\$ (2,781,986)
Business-type activities	(116,689)	1,161,592	(187,838)	(72,267)	(215,799)
Total primary government net expense	<u>\$ (3,457,396)</u>	<u>\$ 3,323,943</u>	<u>\$ (1,759,474)</u>	<u>\$ (2,568,376)</u>	<u>\$ (2,997,785)</u>

CITY OF LOUISVILLE, OHIO

Changes in Net Position (1)

Last Ten Years

Continued

	<u>2013</u>	<u>2012 (2)</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property taxes levied for:					
General purposes	\$ 345,077	\$ 376,095	\$ 248,169	\$ 496,221	\$ 409,330
Income tax levied for:					
General purposes	3,007,404	2,817,361	2,663,045	2,497,694	2,366,926
Grants and entitlements not restricted to specific programs	362,979	412,228	499,385	363,559	576,332
Gain on sale of capital assets	-	-	-	-	-
Investment earnings	380	1,485	1,629	2,967	3,465
Other	104,350	23,288	6,541	136,573	130,514
Transfers	-	(604,950)	67,421	112,950	153,228
Total governmental activities	<u>3,820,190</u>	<u>3,025,507</u>	<u>3,486,190</u>	<u>3,609,964</u>	<u>3,639,795</u>
Business-Type Activities:					
Income tax levied for:					
Water utility services	505,613	473,485	408,241	262,921	402,106
Sewer utility services	496,858	465,638	478,852	569,643	448,213
Investment earnings	-	98	-	-	-
Grants and entitlements not restricted to specific programs	-	-	-	-	73,970
Gain on sale of capital assets	-	-	-	-	-
Capital contributions	-	-	-	-	-
Other	-	5,631	7,398	10,332	-
Transfers	-	604,950	(67,421)	(112,950)	(153,228)
Total business-type activities	<u>1,002,471</u>	<u>1,549,802</u>	<u>827,070</u>	<u>729,946</u>	<u>771,061</u>
Total primary government	<u>\$ 4,822,661</u>	<u>\$ 4,575,309</u>	<u>\$ 4,313,260</u>	<u>\$ 4,339,910</u>	<u>\$ 4,410,856</u>
Change in net position					
Governmental activities	\$ 479,483	\$ 5,187,858	\$ 1,914,554	\$ 1,113,855	\$ 857,809
Business-type activities	885,782	2,711,394	639,232	657,679	555,262
Total primary government	<u>\$ 1,365,265</u>	<u>\$ 7,899,252</u>	<u>\$ 2,553,786</u>	<u>\$ 1,771,534</u>	<u>\$ 1,413,071</u>

Source: City of Louisville basic financial statements.

(1) Accrual basis of accounting.

(2) The storm water fund was moved to governmental activities in 2013 and as a result 2012 was restated.

CITY OF LOUISVILLE, OHIO
Fund Balances, Governmental Funds (1)
Last Ten Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund					
Nonspendable	\$ 42,236	\$ 37,003	\$ 36,835	\$ 9,656	\$ 8,490
Assigned	930,905	1,081,341	847,582	534,215	102,453
Unassigned	2,081,866	1,942,340	1,979,422	2,215,335	2,425,929
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Total general fund	<u>\$ 3,055,007</u>	<u>\$ 3,060,684</u>	<u>\$ 2,863,839</u>	<u>\$ 2,759,206</u>	<u>\$ 2,536,872</u>
All Other Governmental Funds					
Nonspendable	\$ 116,327	\$ 121,187	\$ 151,126	\$ 115,007	\$ 52,442
Restricted	897,574	756,385	575,760	511,700	434,601
Committed	649,686	551,172	411,280	341,992	350,370
Unassigned	-	-	-	-	-
Reserved	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Total all other governmental funds	<u>\$ 1,663,587</u>	<u>\$ 1,428,744</u>	<u>\$ 1,138,166</u>	<u>\$ 968,699</u>	<u>\$ 837,413</u>

Source: City of Louisville basic financial statements.

(1) Modified accrual basis of accounting.

(2) The City reclassified the storm water fund as a governmental fund during 2013 and as a result 2012 was restated.

(3) Change in fund balance due to implementing Governmental Accounting Standards Board Statement 54 in 2010.

<u>2013</u>	Restated <u>2012 (2)</u>	<u>2011</u>	Restated <u>2010 (3)</u>	<u>2009</u>
\$ 7,810	\$ 2,272	\$ 3,141	\$ 32,564	\$ -
1,030,771	152,936	53,805	28,886	-
1,650,589	2,478,854	2,138,647	1,721,833	-
-	-	-	-	46,232
-	-	-	-	1,570,808
<u>\$ 2,689,170</u>	<u>\$ 2,634,062</u>	<u>\$ 2,195,593</u>	<u>\$ 1,783,283</u>	<u>\$ 1,617,040</u>

\$ 63,643	\$ 65,191	\$ 16,522	\$ 122,502	\$ -
558,624	434,006	452,329	495,281	-
348,895	365,060	183,195	192,040	-
-	(206,796)	(83,585)	(4,993)	-
-	-	-	-	124,347
-	-	-	-	384,404
-	-	-	-	49,130
-	-	-	-	16,516
<u>\$ 971,162</u>	<u>\$ 657,461</u>	<u>\$ 568,461</u>	<u>\$ 804,830</u>	<u>\$ 574,397</u>

CITY OF LOUISVILLE, OHIO
Changes in Fund Balance, Governmental Funds (1)
Last Ten Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>Revenues</u>										
Taxes	\$ 4,069,068	\$ 4,030,234	\$ 3,668,779	\$ 3,675,861	\$ 3,551,081	\$ 3,369,640	\$ 3,131,479	\$ 2,955,928	\$ 2,959,442	\$ 2,816,445
Charges for services	693,139	675,343	671,376	591,617	569,033	573,919	555,012	489,370	558,729	561,915
Fines, licenses and permits	285,800	195,144	184,758	166,889	197,463	184,963	179,437	182,907	137,544	154,015
Intergovernmental revenues	829,992	892,730	803,716	816,170	745,403	1,368,270	4,024,929	2,169,197	1,721,226	1,003,338
Investment income	176,039	74,339	23,924	4,664	1,909	392	1,588	1,777	3,484	18,365
Contributions and donations	8,620	7,600	9,491	8,310	4,050	5,025	14,981	10,680	14,356	14,200
Rentals	-	-	-	-	-	-	-	-	11,307	24,193
Other	196,703	35,117	35,470	54,002	34,729	108,625	74,677	47,697	75,153	52,330
Total revenues	<u>6,259,361</u>	<u>5,910,507</u>	<u>5,397,514</u>	<u>5,317,513</u>	<u>5,103,668</u>	<u>5,610,834</u>	<u>7,982,103</u>	<u>5,857,556</u>	<u>5,481,241</u>	<u>4,644,801</u>
<u>Expenditures</u>										
General government	1,211,723	1,047,651	953,372	1,058,754	1,116,650	1,013,492	1,187,652	883,541	847,125	883,666
Security of persons and property	2,796,723	2,522,778	2,393,046	2,265,913	2,189,232	2,004,392	2,019,392	1,878,556	2,055,272	1,981,918
Public health and welfare	95,667	113,804	94,167	90,079	81,088	79,746	66,050	65,093	50,860	77,436
Transportation	726,615	599,030	626,022	512,457	791,766	768,679	567,702	440,086	610,206	457,680
Community environment	270,729	263,441	253,266	291,349	286,094	196,848	158,639	149,141	151,145	211,481
Leisure time activities	107,188	115,646	111,898	121,746	128,965	136,631	123,443	130,297	149,882	335,071
Capital outlay	777,837	582,937	1,472,416	458,588	1,028,059	941,200	3,575,978	2,173,898	1,098,608	505,922
Debt service:										
Principal retirement	196,952	153,028	261,148	150,045	156,500	114,352	88,377	67,415	104,290	100,144
Interest and fiscal charges	37,116	35,486	10,733	14,962	7,987	11,539	7,553	12,798	17,177	21,355
Issuance costs	-	-	-	-	-	-	-	5,873	-	-
Total expenditures	<u>6,220,550</u>	<u>5,433,801</u>	<u>6,176,068</u>	<u>4,963,893</u>	<u>5,786,341</u>	<u>5,266,879</u>	<u>7,794,786</u>	<u>5,806,698</u>	<u>5,084,565</u>	<u>4,574,673</u>
Excess of revenues over (under) expenditures	<u>38,811</u>	<u>476,706</u>	<u>(778,554)</u>	<u>353,620</u>	<u>(682,673)</u>	<u>343,955</u>	<u>187,317</u>	<u>50,858</u>	<u>396,676</u>	<u>70,128</u>
<u>Other financing sources (uses)</u>										
Bonds issued	-	-	-	-	-	-	-	235,000	-	-
Inception of capital lease	167,838	-	921,479	-	377,126	-	190,000	120,000	-	-
Premium on bonds issued	-	-	-	-	-	-	-	2,301	-	-
Sale of capital assets	22,517	10,717	131,175	-	19,500	24,854	-	-	-	73,709
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(232,218)	-	-
Transfers in	558,700	479,350	438,750	454,150	471,700	316,620	282,250	415,866	449,260	445,788
Transfers out	(558,700)	(479,350)	(438,750)	(454,150)	(471,700)	(316,620)	(282,250)	(415,866)	(449,260)	(445,788)
Total other financing sources (uses)	<u>190,355</u>	<u>10,717</u>	<u>1,052,654</u>	<u>-</u>	<u>396,626</u>	<u>24,854</u>	<u>190,000</u>	<u>125,083</u>	<u>-</u>	<u>73,709</u>
Net change in fund balance	<u>\$ 229,166</u>	<u>\$ 487,423</u>	<u>\$ 274,100</u>	<u>\$ 353,620</u>	<u>\$ (286,047)</u>	<u>\$ 368,809</u>	<u>\$ 377,317</u>	<u>\$ 175,941</u>	<u>\$ 396,676</u>	<u>\$ 143,837</u>
Debt service as a percentage of noncapital expenditures	4.3%	3.9%	5.8%	3.7%	3.5%	2.9%	2.3%	2.2%	3.0%	3.0%

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Source: City of Louisville basic financial statements.
(1) Modified accrual basis of accounting.

CITY OF LOUISVILLE, OHIO
Assessed and Estimated Actual Value of Taxable Property
Last Ten Collection Years

Collection Year	Real Property (1)		Public Utility (2)		Tangible Personal Property (3)		Total		Weighted Average Tax Rate	Total City Direct Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2018	\$ 163,564,890	\$ 467,328,257	\$ 4,495,600	\$ 11,545,518	\$ -	\$ -	\$ 168,060,490	\$ 478,873,775	34.76%	\$ 2.80
2017	161,336,550	460,961,571	4,155,920	10,673,158	-	-	165,492,470	471,634,729	34.77%	2.80
2016	156,526,470	447,218,486	4,128,460	10,602,636	-	-	160,654,930	457,821,122	34.77%	2.80
2015	140,134,930	400,385,514	3,943,800	10,128,395	-	-	144,078,730	410,513,909	34.75%	2.80
2014	138,789,440	396,541,257	3,946,340	10,134,919	-	-	142,735,780	406,676,176	34.75%	2.80
2013	134,678,410	384,795,457	3,775,250	9,695,528	-	-	138,453,660	394,490,985	34.75%	2.80
2012	151,437,700	432,679,143	3,541,180	9,094,394	-	-	154,978,880	441,773,537	34.79%	2.80
2011	150,983,120	431,380,343	3,386,030	8,695,941	-	-	154,369,150	440,076,284	34.80%	2.80
2010	150,819,270	430,912,200	3,202,410	8,224,371	102,620	205,240	154,124,300	439,341,811	34.80%	2.80
2009	157,324,730	449,499,229	3,145,410	8,077,985	201,070	2,010,700	160,671,210	459,587,914	34.67%	2.80

Source: Stark County Auditor

- (1) Real estate value is assessed at 35% of appraised market value.
- (2) Public utility personal property is assessed at 88% of true value for half of 2009-2018 and the other half at 25% of true value.
- (3) Tangible personal property is assessed at 0% for 2009-2018.

CITY OF LOUISVILLE, OHIO
Property Tax Levies and Collections
Last Ten Calendar Years

<u>Year</u>	<u>Current Tax Levy</u>	<u>(1) Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Outstanding Delinquent Taxes to Current Tax Levy</u>	<u>Total Direct Tax Rate</u>
2018	\$ 470,526	\$ 456,189	96.95%	\$ 26,787	5.69%	\$ 77.00
2017	463,802	454,323	97.96%	26,394	5.69%	77.80
2016	449,790	442,776	98.44%	20,682	4.60%	77.90
2015	403,370	394,577	97.82%	15,977	3.96%	79.00
2014	399,609	390,425	97.70%	14,767	3.70%	79.00
2013	387,670	379,681	97.94%	14,810	3.82%	73.70
2012	433,912	424,825	97.91%	14,414	3.32%	71.20
2011	432,205	421,559	97.54%	19,526	4.52%	70.70
2010	431,515	423,913	98.24%	21,005	4.87%	69.70
2009	446,879	437,592	97.92%	49,380	11.05%	69.20

Source: Stark County Auditor

(1) Represents amounts collected by the County for the City during the year indicated.

CITY OF LOUISVILLE, OHIO
Schedules of Principal Taxpayers - Real Property
Current Year and Nine Years Ago

	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<u>Taxpayer</u>						
Chesapeake Land Development Co LLC	\$ 4,649,400	1	2.84%	\$ -		0.00%
St. Joseph Care Center	2,564,170	2	1.57%	-		0.00%
HP Products Inc.	1,719,470	3	1.05%	1,573,780	3	1.00%
Covington Ridge One LLC	1,565,960	4	0.96%	-		0.00%
Jewel Acquisition LLC	1,350,080	5	0.83%	2,023,430	1	1.29%
Louisville Ventures LTD	1,310,280	6	0.80%	1,610,970	2	1.02%
Groffre Investments	871,230	7	0.53%	748,970	6	0.48%
Arc Ralvlohood LLC	840,000	8	0.51%	-		0.00%
McKinley Development Company LTD	600,390	9	0.37%	1,160,310	4	0.74%
CRC Ohio Properties LLC	525,000	10	0.32%	-		0.00%
Metzger J B Co.	-		0.00%	567,290	8	0.36%
Rhodes Roy T	-		0.00%	751,140	5	0.48%
WNBC LLC	-		0.00%	591,500	7	0.37%
Peters Frederick K & Judith R	-		0.00%	536,740	9	0.34%
Geitgey Donald W Jr & Sue Ann	-		0.00%	484,620	10	0.31%
Total of above	<u>\$ 15,995,980</u>		<u>9.78%</u>	<u>\$ 10,048,750</u>		<u>6.39%</u>
Total City	<u>\$ 163,564,890</u>			<u>\$ 157,324,730</u>		

Source: Stark County Auditor

CITY OF LOUISVILLE, OHIO
Schedules of Principal Taxpayers - Public Utility
Current Year and Nine Years Ago

	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<u>Taxpayer</u>						
Ohio Power	\$ 4,237,170	1	94.25%	\$ 2,856,490	1	90.82%
East Ohio Gas Co.	250,260	2	5.57%	191,040	2	6.07%
GE Capital	8,170	3	0.18%	-		0.00%
Ohio Bell Telephone Co.	-		0.00%	-		0.00%
Norfolk Southern	-		0.00%	122,730	3	3.90%
Time Warner Entertainment	-		0.00%	-		0.00%
Total of above	<u>\$ 4,495,600</u>		<u>100.00%</u>	<u>\$ 3,170,260</u>		<u>100.79%</u>
Total City	<u>\$ 4,495,600</u>			<u>\$ 3,145,410</u>		

Source: Stark County Auditor

CITY OF LOUISVILLE, OHIO
Income Tax Rates and Collections
Last Ten Calendar Years

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax Collected</u>	<u>Taxes from Withholding</u>	<u>Percentage of Taxes from Withholding</u>	<u>Taxes From Net Profits</u>	<u>Percentage of Taxes from Net Profits</u>	<u>Taxes From Individuals</u>	<u>Percentage of Taxes from Individuals</u>	<u>Percentage Change from Prior Year</u>
2018	2.00%	\$ 4,689,396	\$ 2,959,144	63.10%	\$ 181,341	3.87%	\$ 1,548,911	33.03%	-2.10%
2017	2.00%	4,790,202	2,929,582	61.16%	211,205	4.41%	1,649,415	34.43%	4.63%
2016	2.00%	4,578,245	2,783,713	60.80%	237,393	5.19%	1,557,139	34.01%	2.60%
2015	2.00%	4,462,328	2,778,171	62.26%	273,911	6.14%	1,410,246	31.60%	5.68%
2014	2.00%	4,222,348	2,714,872	64.30%	174,282	4.13%	1,333,194	31.57%	5.89%
2013	2.00%	3,987,405	2,417,243	60.62%	260,830	6.54%	1,309,333	32.84%	8.54%
2012	2.00%	3,673,573	2,283,392	62.16%	217,054	5.91%	1,173,127	31.93%	3.85%
2011	2.00%	3,537,290	2,160,932	61.09%	218,115	6.17%	1,158,243	32.74%	7.29%
2010	2.00%	3,296,913	1,977,803	59.99%	237,806	7.21%	1,081,304	32.80%	0.83%
2009	2.00%	3,269,768	1,907,604	58.34%	206,364	6.31%	1,155,800	35.35%	-5.45%

Source: City income tax records. The City is legally prohibited from disclosing individual revenue payers and therefore this schedule is presented as an alternative.

CITY OF LOUISVILLE, OHIO
Ratios of Outstanding Debt by Type
Last Ten Years

Fiscal Year	Governmental Activities (1)			Business-Type Activities (1)				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases	Loans	General Obligation Bonds	OPWC Loans	OWDA Loans	Capital Leases			
2018	\$ 83,268	\$ 783,006	\$ -	\$ 333,884	\$ 1,263,979	\$ 23,504	\$ -	\$ 2,487,641	1.02%	\$271
2017	109,443	786,120	-	439,114	119,396	26,462	-	1,480,535	0.58%	161
2016	135,660	913,148	-	594,743	167,688	29,435	51,598	1,892,272	0.75%	206
2015	160,917	227,817	-	741,749	215,980	32,294	101,925	1,480,682	0.62%	161
2014	186,214	352,862	-	889,133	264,272	35,042	151,012	1,878,535	0.82%	204
2013	210,550	108,236	109,571	1,032,882	288,420	37,684	198,890	1,986,233	0.91%	216
2012	234,924	182,208	219,142	1,478,711	336,712	40,224	57,476	2,549,397	1.18%	278
2011	237,301	78,585	-	1,808,224	385,004	42,666	112,872	2,664,652	1.23%	290
2010	254,000	-	-	2,122,030	433,296	45,013	225,145	3,079,484	1.42%	335
2009	279,000	79,290	-	2,494,636	481,588	47,270	115,392	3,497,176	1.67%	393

(1) Details regarding the City's outstanding debt can be found in Note 9 in the current financial statements.

Source: City of Louisville basic financial statements.

CITY OF LOUISVILLE, OHIO
Ratios of General Bonded Debt Outstanding (1)
Last Ten Years

<u>General Bonded Debt Outstanding</u>				
<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Outstanding Debt Per Capita</u>	<u>Outstanding Debt to Personal Income</u>
2018	\$ 417,152	0.25%	\$ 45.41	0.17%
2017	548,557	0.33%	59.72	0.22%
2016	730,403	0.45%	79.51	0.29%
2015	902,666	0.63%	98.27	0.38%
2014	1,075,347	0.75%	117.06	0.47%
2013	1,243,432	0.90%	135.36	0.57%
2012	1,713,635	1.11%	186.55	0.80%
2011	2,045,525	1.33%	222.68	0.94%
2010	2,376,030	1.54%	258.66	1.09%
2009	2,773,636	1.73%	311.50	1.33%

Source: City of Louisville basic financial statements.

(1) Details regarding the City's outstanding debt can be found in Note 9 in the current financial statements.

CITY OF LOUISVILLE, OHIO
Legal Debt Margin Information
Last Ten Years

Legal Debt Margin Calculation for Year Ending December 31, 2018	Unvoted	Overall
Total assessed valuation	\$ 168,060,490	\$ 168,060,490
Debt limitation - 5.5% of assessed valuation	<u>9,243,327</u>	
Debt limitation - 10.5% of assessed valuation		<u>17,646,351</u>
Debt applicable to limitation:		
Total bonded debt and loans	1,704,635	1,704,635
Exempt debt:		
OWDA loans	23,504	23,504
OPWC loans	1,263,979	1,263,979
Debt payable from income tax	417,152	417,152
Total debt applicable to limitation	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 9,243,327</u>	<u>\$ 17,646,351</u>

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	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 16,870,477	\$ 16,183,052	\$ 16,208,761	\$ 16,272,872	\$ 14,537,634	\$ 14,987,257	\$ 15,128,267	\$ 16,868,768	\$ 17,376,709	\$ 17,646,351
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	16,870,477	16,183,052	16,208,761	16,272,872	14,537,634	14,987,257	15,128,267	16,868,768	17,376,709	17,646,351
Total net debt applicable to limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: City of Louisville basic financial statements.

CITY OF LOUISVILLE, OHIO
Direct and Overlapping Governmental Activities Debt
December 31, 2018

Governmental Unit	<u>Debt Outstanding</u>	<u>Percentage applicable to City (1)</u>	<u>Amount applicable to City</u>
Direct - City of Louisville:			
General Obligation Bonds	\$ 83,268	100.00%	\$ 83,268
Capital Leases	783,006	100.00%	<u>783,006</u>
Total direct debt			<u>866,274</u>
Overlapping:			
Louisville Schools	23,465,000	45.29%	10,627,299
County of Stark	28,791,554	2.25%	<u>647,810</u>
Total overlapping debt			<u>11,275,109</u>
Total direct and overlapping debt			<u><u>\$ 12,141,383</u></u>

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

(1) Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

CITY OF LOUISVILLE, OHIO

**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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<u>General Obligation Debt</u>					
Assessed value	\$ 168,060,490	\$ 165,492,470	\$ 160,654,930	\$ 144,078,730	\$ 142,735,780
Population	9,186	9,186	9,186	9,186	9,186
Debt outstanding	\$ 417,152	\$ 548,557	\$ 730,403	\$ 902,666	\$ 1,075,347
Ratio of debt to assessed value	0.25%	0.33%	0.45%	0.63%	0.75%
Debt per capita	\$ 45.41	\$ 59.72	\$ 79.51	\$ 98.27	\$ 117.06
<u>General Bonded Debt</u>					
Debt service	\$ 28,660	\$ 29,245	\$ 28,745	\$ 29,245	\$ 28,725
General governmental expenditures	\$ 6,220,550	\$ 5,433,801	\$ 6,176,068	\$ 4,963,893	\$ 5,786,341
Ratio of debt service to general governmental expenditures	0.46%	0.54%	0.47%	0.59%	0.50%
<u>Water Revenue Bond</u>					
Revenues ¹	\$ 1,997,673	\$ 1,871,656	\$ 2,095,650	\$ 2,033,513	\$ 1,741,390
Operating expenses ²	\$ 882,604	\$ 910,838	\$ 792,924	\$ 844,251	\$ 879,951
Net revenue available for debt service	\$ 1,115,069	\$ 960,818	\$ 1,302,726	\$ 1,189,262	\$ 861,439
Debt service requirements	-	-	-	-	-
Coverage	100.00%	100.00%	100.00%	100.00%	100.00%

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

Source: City of Louisville basic financial statements.

	<u>2013</u>		<u>2012</u>		<u>2011</u>		<u>2010</u>		<u>2009</u>
\$	138,453,660	\$	154,978,880	\$	154,369,150	\$	154,124,300	\$	160,671,210
	9,186		9,186		9,186		9,186		8,904
\$	1,353,003	\$	1,932,777	\$	2,022,301	\$	2,395,000	\$	2,805,000
	0.98%		1.25%		1.31%		1.55%		1.75%
\$	147.29	\$	210.40	\$	220.15	\$	260.72	\$	315.03
\$	29,205	\$	6,954	\$	52,883	\$	38,898	\$	38,930
\$	5,266,879	\$	7,794,786	\$	5,806,698	\$	5,084,565	\$	4,574,673
	0.55%		0.09%		0.91%		0.77%		0.85%
\$	1,556,331	\$	1,471,978	\$	1,365,943	\$	1,152,855	\$	1,199,151
\$	839,301	\$	917,703	\$	866,865	\$	933,926	\$	742,980
\$	717,030	\$	554,275	\$	499,078	\$	218,929	\$	456,171
	-		-		-		-		-
	100.00%		100.00%		100.00%		100.00%		100.00%

CITY OF LOUISVILLE, OHIO
Schedules of Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>Industry</u>	<u>2018</u>			<u>2009</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Employment</u>
HP Products Inc.	Specialty tubing	458	1	7.33%	314	2	13.15%
St. Joseph's Hospice	Hospice facility	370	2	5.93%	284	3	11.90%
Louisville Board of Education	Public education	369	3	5.91%	366	1	15.33%
J&J Foods LLC/Tamarkin Company	Grocery	212	4	3.40%	117	7	4.90%
Jewel Acquisition LLC/J&L Specialty Steel, Inc.	Stainless steel	152	5	2.43%	125	4	5.24%
OTC Transformer	Transformer rebuilding	108	6	1.73%	-	-	0.00%
City of Louisville	Municipal government	92	7	1.47%	120	5	5.03%
Chesapeake	Petroleum Operations	88	8	1.41%	-	-	0.00%
County of Stark	Municipal government	83	9	1.33%	-	-	0.00%
St Thomas Aquinas	Private education	68	10	1.09%	109	8	4.57%
Midlake Products	Manufacturing	-	-	0.00%	122	6	5.11%
Montrose Chrysler	Car dealership	-	-	0.00%	44	9	1.84%
Magnetic Technologies	Transformers	-	-	0.00%	36	10	1.51%
Total Top Ten Employers		<u>2,000</u>		<u>32.03%</u>	<u>1,637</u>		<u>68.58%</u>
Total employment within the City		<u>6,245</u>			<u>2,387</u>		

Source: City of Louisville

CITY OF LOUISVILLE, OHIO
Demographic and Economic Statistics
Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (4)</u>	<u>Personal Income Per Capita (3)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>	
					<u>Stark County</u>	<u>State of Ohio</u>
2018	9,186	\$244,852,830	\$26,655	2,927	5.2%	4.8%
2017	9,186	254,939,058	27,753	2,857	5.2%	5.0%
2016	9,186	251,191,170	27,345	2,917	5.2%	4.7%
2015	9,186	237,494,844	25,854	3,053	5.1%	4.6%
2014	9,186	229,199,886	24,951	3,065	4.6%	4.7%
2013	9,186	218,075,640	23,740	3,110	6.9%	6.6%
2012	9,186	215,384,142	23,447	3,192	6.7%	7.6%
2011	9,186	216,918,204	23,614	3,215	8.1%	7.6%
2010	9,186	217,340,760	23,660	3,260	11.3%	10.1%
2009	8,904	208,923,456	23,464	3,199	8.0%	7.7%

(1) Source: U. S. Census

(a) Year 2009, 2000 Federal Census

(b) Year 2010 - 2018, 2010 Federal Census

(2) Source: Ohio Department of Education

(3) Source: Ohio Department of Job and Family Services

(4) Computation of per capita personal income multiplied by population

Note: Information directly related the City of Louisville is not available.

CITY OF LOUISVILLE, OHIO

Operating Indicators by Function/Program

Last Ten Years

Function/Program	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General government					
Council and clerk					
Number of legislation passed	51	41	46	54	64
Number of planning commission docket items	12	6	5	11	9
Number of zoning board of appeals docket items	6	8	6	12	9
Finance Department					
Number of W-2's issued	92	94	101	101	99
Number of checks issued	2,323	2,240	2,427	2,776	2,256
Amount of checks paid	\$ 6,352,690	\$ 3,834,480	\$ 4,213,385	\$ 4,443,726	\$ 4,422,424
Interest earnings for fiscal year (cash basis)	\$ 176,039	\$ 74,339	\$ 23,924	\$ 4,664	\$ 1,909
General fund year end cash balances	\$ 2,611,367	\$ 2,790,663	\$ 2,582,564	\$ 2,387,398	\$ 2,108,631
Water revenue fund year end cash balances	\$ 1,830,770	\$ 1,620,652	\$ 1,428,466	\$ 1,158,658	\$ 827,630
Sewer revenue fund year end cash balances	\$ 1,897,128	\$ 1,724,482	\$ 1,293,825	\$ 992,037	\$ 800,457
Property tax revenue	\$ 401,273	\$ 405,928	\$ 420,399	\$ 356,032	\$ 362,778
Income Tax Department					
Number of individual returns	4,295	4,293	4,322	3,618	3,648
Number of business returns	629	533	522	544	517
Number of business withholding accounts	814	721	789	712	678
Income tax receipts collected	\$ 4,689,396	\$ 4,790,202	\$ 4,578,245	\$ 4,462,328	\$ 4,222,348
Building Department Indicators					
Residential permits issued	19	3	7	7	9
Estimated value of residential permits	\$ 3,334,907	\$ 699,700	\$ 1,782,300	\$ 1,549,400	\$ 1,901,958
Commercial/institutional permits issued	3	2	-	11	1
Estimated value of commercial/insitutional permits	\$ 390,000	\$ 535,000	\$ -	\$ 6,600,000	\$ 4,000,000
Total zoning permit fees	\$ 8,015	\$ 7,750	\$ 5,270	\$ 8,712	\$ 5,221
Security of persons & property					
Police					
Total calls for services	5,086	5,424	5,477	5,818	5,624
Number of traffic citations issued	423	469	397	412	578
Number of criminal arrests	174	165	192	178	183
Number of accident reports completed	131	169	191	196	193
Number of motor vehicle accidents	131	169	191	196	193
Gasoline costs of fleet	\$ 31,414	\$ 28,128	\$ 27,541	\$ 30,311	\$ 43,480
Fire					
EMS calls	1,300	1,164	1,065	1,326	1,003
EMS collections	\$ 343,690	\$ 351,689	\$ 331,949	\$ 322,675	\$ 302,621
Fire calls	15	15	16	15	19
Leisure time activities					
Recreation					
Adult volleyball and softball leagues	-	-	-	-	-
Youth baseball leagues	-	-	-	-	-
Jump rope clinics	-	-	-	-	-
Fishing derbies (2 per year)	-	-	-	-	-
Bowling leagues (kids)	-	-	-	-	-
Transportation					
Amount spent on paving streets	\$ 193,024	\$ 203,862	\$ 296,355	\$ 315,518	\$ 287,510
Gasoline fuel in gallons	18,101	18,055	18,331	20,163	27,386
Cost of salt purchased	\$ 86,515	\$ 36,754	\$ 78,183	\$ 53,990	\$ 127,740
Cost of salt per ton	\$ 48	\$ 55	\$ 54	\$ 54	\$ 54
Utility Departments					
Total water billed (in dollars)	\$ 1,124,951	\$ 1,094,401	\$ 1,066,118	\$ 1,012,388	\$ 978,683
Total sewer billed (in dollars)	\$ 1,241,058	\$ 1,213,172	\$ 1,188,041	\$ 1,103,260	\$ 1,065,724
Total storm water billed (in dollars)	\$ 202,192	\$ 201,040	\$ 194,166	\$ 140,140	\$ 139,945
Water bills issued	21,817	21,653	21,554	21,476	21,468
Average water treated daily (million gallons/day)	871,000	860,000	860,000	854,000	821,000
Total flow of wastewater treatment plant (millions of gallons)	614.2	564.5	476.0	499.8	576.7
Average daily flow (millions of gallons per day)	1.7	1.6	1.3	1.4	1.6
Tons of dry sludge removed	200.44	215.41	139.76	136.14	166.25

Source: City of Louisville

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
	63	60	55	76	73
	15	21	15	9	17
	9	10	15	10	12
	102	101	100	107	120
	2,125	2,171	1,965	2,327	2,585
\$	5,023,591	\$ 6,448,318	\$ 4,295,131	\$ 5,333,471	\$ 3,483,854
\$	393	\$ 1,896	\$ 1,469	\$ 6,242	\$ 22,487
\$	2,231,635	\$ 1,027,817	\$ 619,763	\$ 1,378,449	\$ 1,275,097
\$	690,658	\$ 513,860	\$ 424,203	\$ 366,130	\$ 251,353
\$	624,099	\$ 488,286	\$ 313,473	\$ 203,009	\$ 132,385
\$	329,344	\$ 397,244	\$ 390,212	\$ 414,335	\$ 448,812
	3,790	3,366	3,286	3,323	3,378
	536	500	457	464	442
	666	662	384	381	500
\$	3,987,405	\$ 3,673,573	\$ 3,537,290	\$ 3,296,913	\$ 3,221,415
	9	2	3	4	6
\$	2,099,864	\$ 360,000	\$ 1,243,771	\$ 720,000	\$ 1,004,900
	1	4	2	5	3
\$	845,000	\$ 13,285,000	\$ 686,076	\$ 35,684,160	\$ 1,519,000
\$	5,864	\$ 7,034	\$ 4,470	\$ 4,535	\$ 4,413
	5,769	6,413	5,495	4,486	4,052
	556	661	438	555	507
	261	416	391	388	266
	170	200	207	181	179
	170	200	207	181	179
\$	40,364	\$ 39,515	\$ 40,318	\$ 29,637	\$ 21,612
	1,100	1,027	885	965	916
\$	339,301	\$ 305,431	\$ 259,033	\$ 312,588	\$ 323,875
	382	349	280	350	473
	-	-	-	-	300
	-	-	-	-	800
	-	-	-	-	100
	-	55	70	80	80
	-	-	-	-	60
\$	178,693	\$ 124,875	\$ 118,087	\$ 124,325	\$ 90,786
	20,079	25,748	28,458	27,427	24,564
\$	83,731	\$ 86,082	\$ 56,237	\$ 18,632	\$ 38,045
\$	44	\$ 48	\$ 45	\$ 46	\$ 47
\$	954,261	\$ 932,046	\$ 881,575	\$ 765,648	\$ 736,910
\$	1,026,263	\$ 995,861	\$ 904,161	\$ 864,779	\$ 866,087
\$	138,938	\$ 138,683	\$ 108,242	\$ 111,044	\$ 111,426
	21,462	21,559	21,865	21,485	21,508
	974,000	850,000	843,835	864,000	931,000
	480.2	438.5	615	476	500
	1.3	1.2	2	1	2
	201.00	87.49	159	157	225

CITY OF LOUISVILLE, OHIO

**Full-Time Equivalent City Government Employees by Function/Program
Last Ten Years**

<u>Function/Program</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General government										
City Manager	2.50	2.70	2.70	2.70	2.70	2.80	2.80	2.00	2.00	2.00
Finance	4.00	4.50	4.50	4.50	4.50	4.50	4.50	3.50	4.00	4.50
Law	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Planning	2.00	2.00	2.00	2.00	2.00	0.00	0.00	0.00	0.00	0.00
Council	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Civil service	0.00	0.00	0.00	0.00	0.50	0.50	0.50	0.50	0.50	0.50
Security of persons and property										
Police	14.50	14.00	14.50	15.00	15.50	15.00	14.00	14.50	11.50	12.50
Fire and EMS	7.00	9.00	9.50	11.00	13.00	11.00	12.00	12.00	14.00	14.50
Dispatchers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.50
Administration	3.00	3.00	3.00	3.00	1.00	1.00	0.50	0.50	0.50	0.00
School crossing guards	3.00	5.00	5.00	5.00	5.00	4.50	4.50	3.00	2.50	4.00
Leisure time activities: Recreation										
Parks	3.00	4.20	4.25	4.00	3.00	4.50	7.00	6.00	6.00	6.00
Community environment										
Building	1.30	1.80	2.05	1.80	1.80	2.80	3.00	3.00	2.00	2.50
Transportation										
Service	5.00	4.75	4.50	4.50	7.50	4.00	3.00	3.00	3.00	8.00
Basic utility services										
Water	4.25	5.00	5.00	5.00	3.75	5.00	5.00	5.00	4.50	1.50
Sewer	5.25	3.75	4.00	4.00	2.75	5.00	5.00	4.50	4.00	4.00
Totals:	<u>57.80</u>	<u>62.70</u>	<u>64.00</u>	<u>65.50</u>	<u>66.00</u>	<u>63.60</u>	<u>64.80</u>	<u>60.50</u>	<u>57.50</u>	<u>68.50</u>

Source: City Payroll Department W2 Audit Listing

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee at year end.

CITY OF LOUISVILLE, OHIO
Capital Assets Statistics by Function/Program
Last Ten Years

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government										
Square footage occupied	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Administrative vehicles	1	1	1	1	1	1	4	4	4	4
Inspection vehicles	1	1	1	1	1	1	1	1	1	1
Security: Police										
Stations	1	1	1	1	1	1	1	1	1	1
Square footage of building	2,500	2,500	2,500	2,500	2,500	2,500	965	965	965	965
Vehicles	10	9	12	10	11	12	11	13	11	10
Security: Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Number of fire hydrants	566	566	566	564	564	577	644	611	611	534
Square footage of building	4,500	4,500	4,500	4,500	4,500	4,500	7,500	7,500	7,500	7,500
Vehicles	9	9	9	9	9	8	8	8	8	9
Leisure time activities: Recreation										
Number of parks	7	7	7	7	7	7	7	7	7	7
Total park acreage	126	126	126	126	126	126	126	126	126	126
Number of libraries	1	1	1	1	1	1	1	1	1	1
Number of baseball diamonds	8	8	8	8	8	8	8	8	8	8
Number of soccer fields	7	7	7	7	7	7	7	7	7	7
Vehicles	3	3	3	3	3	5	8	5	0	1
Tranportation services										
Streets (miles)	56.1	56.1	56.1	56.1	55.7	55.7	55.7	55.0	55.0	55.0
Number of streetlights	857	857	857	857	857	857	857	687	687	687
Number of traffic lights	9	9	9	9	9	9	7	7	7	7
Service vehicles	17	13	13	12	13	11	13	21	21	21
Storm sewers (miles)	42.1	42.1	42.1	42.1	42.1	42.1	42.1	40	40	40
Sewer Department										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	42.8	42.8	42.8	42.8	42.3	42.3	42.3	42	42	42
Vehicles	3	4	3	2	2	4	2	2	2	2
Water Department										
Water lines (miles)	54.2	54.2	54.2	54.2	53.3	53.3	53.3	52	52	52
Vehicles	1	1	2	2	2	4	1	1	1	1

Source: City of Louisville



OHIO AUDITOR OF STATE KEITH FABER



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
AUGUST 13, 2019**