

---

*ALGER & ASSOCIATES, Inc*

CERTIFIED PUBLIC ACCOUNTANTS



---

CITY OF LOUISVILLE

STARK COUNTY, OHIO

**AAAA**  
REGULAR AUDIT

FOR THE YEAR ENDED

DECEMBER 31, 2011





# Dave Yost • Auditor of State

City Council  
City of Louisville  
215 S. Mill Street  
Louisville, Ohio 44641

We have reviewed the *Independent Accountants' Report* of the City of Louisville, Stark County, prepared by Alger & Associates, LLC, for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Louisville is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

December 11, 2012



CITY OF LOUISVILLE  
STARK COUNTY  
FOR THE YEAR ENDING DECEMBER 31, 2011

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	1
Schedule of Finding .....	3

**This page intentionally left blank.**



# ALGER & ASSOCIATES, Inc.

Certified Public Accountants

---

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

City of Louisville  
215 S. Mill Street  
Louisville, OH 44641

To the Members of Council:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Louisville, Stark County, Ohio (the City), as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 19, 2012, wherein, we noted the city adopted Governmental Accounting Standard Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as we described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

6927 Burgundy Ave. N.W.  
North Canton, OH 44720  
(330) 353-5851

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-01 described in the accompanying schedule of findings to be a material weakness.

### **Compliance and Other Matters**

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-01.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, Council, and others within the City. We intend it for no one other than these specified parties.

**Alger & Associates, Inc.**  
July 19, 2012

CITY OF LOUISVILLE  
STARK COUNTY

SCHEDULE OF FINDING  
DECEMBER 31, 2011

FINDING RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2011-001

NONCOMPLIANCE AND MATERIAL WEAKNESS

**Ohio Rev. Code Sections 5705.42, 5705.39 and Auditor of State Bulletin 2000-008**

**Ohio Rev. Code Section 5705.42** states when the United States government or the state or any department, division, agency, authority, or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, or enters into an agreement with the subdivision for the making of any such grant or loan of money, the amount thereof is deemed appropriated for such purpose by the taxing authority of the subdivision as provided by law and shall be recorded as such by the fiscal officer of the subdivision, and is deemed in process of collection within the meaning of section 5705.41 of the Revised Code. **Auditor of State Bulletin 2000-008** states when a local government enters into an on-behalf-of program agreement with another local government or the State (or the federal government, if applicable), whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made.

**Ohio Rev. Code Section 5705.39** states that total appropriations from each fund shall not exceed the total estimated resources. An appropriation measure is not effective until the County Auditor certifies that appropriations from each fund do not exceed the total official estimate approved by the County Budget Commission.

The Ohio Public Works Commission made on-behalf-of payment, for the City's West Main Street Reconstruction Project. The City did not initially post monies from the Ohio Public Works Commission in the amount of \$957,198 as a memorandum receipt and disbursement. The City did not obtain an amended certificate as required.

We recommend the City review the accounting requirements outlined in Auditor of State Bulletin 2000-008 when awarded a grant or loan from a State or Federal agency for a capital improvement project. Following the requirements will ensure the City complies with applicable laws governing the reporting of project activities.

We also recommend the City monitor the appropriations throughout the year to ensure that they do not exceed the total estimated resources. No expenditures or commitments should be made until the County Auditor certifies that the appropriations from each fund do not exceed the official estimates.

The City's accompanying financial statements have been updated to correct this oversight noted.

**Official's Response:** The Finance Director has implemented controls to assure on-behalf-payments are timely reported and certified.

**This page intentionally left blank.**

# City of Louisville, Ohio



## Comprehensive Annual Financial Report

For The Fiscal Year Ended December 31, 2011



# CITY OF LOUISVILLE, OHIO

---

## Comprehensive Annual Financial Report

Year Ended December 31, 2011

PREPARED BY: DEPARTMENT OF FINANCE

Jina Alaback Lingle, Finance Director  
Laurie Tournoux, Tax Administrator  
Claudia Sell, Account Clerk  
Amy Brown, Account Clerk



**City of Louisville, Ohio**  
**Comprehensive Annual Financial Report**  
**Year Ended December 31, 2011**

Table of Contents

<b>Introductory Section</b>	<b>Page</b>
Letter of Transmittal.....	v
Public Officials Roster .....	xii
Organization Chart .....	xiii
Certificate of Achievement.....	xiv
<b>Financial Section</b>	
Independent Accountants' Report .....	1
Management's Discussion and Analysis .....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	15
Statement of Activities .....	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	18
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual - General Fund.....	22
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – Street Construction, Maintenance and Repair Fund.....	23
Statement of Fund Net Assets – Proprietary Funds.....	24
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	25
Statement of Cash Flows – Proprietary Funds .....	26
Notes to the Basic Financial Statements.....	27
Combining Statements:	
Combining Statements – Nonmajor Governmental Funds:	
Fund Descriptions.....	58
Combining Balance Sheet – Nonmajor Governmental Funds.....	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	61
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	64
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual:	
Major Funds:	
General Fund .....	67

**City of Louisville, Ohio**  
**Comprehensive Annual Financial Report**  
**Year Ended December 31, 2011**

Table of Contents  
(Continued)

	<b>Page</b>
Street Construction, Maintenance and Repair Fund.....	71
Nonmajor Funds:	
State Highway Fund .....	72
Motor Vehicle License Fund .....	73
Mayor’s Court Computerization Fund .....	74
Emergency Services Donations Fund.....	75
Emergency Services Charges Fund .....	76
Law Enforcement Education Fund.....	77
Law Enforcement Trust Fund.....	78
Community Crime Prevention Grant Fund .....	79
Local Drug Enforcement Grant Fund.....	80
Debt Retirement Fund .....	81
Capital Improvements Fund .....	82
Individual Fund Schedules of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual:	
Major Funds:	
Water Fund .....	84
Sewer Fund.....	85
Storm Water Utility Fund.....	86

**Statistical Section**

Net Assets by Components - Last Eight Years.....	S-2
Changes in Net Assets - Last Eight Years.....	S-4
Fund Balances, Governmental Funds - Last Eight Years.....	S-8
Changes in Fund Balance, Governmental Funds - Last Ten Years.....	S-10
Assessed and Estimated Actual Value of Taxable Property - Last Ten Collection Years .....	S-11
Property Tax Levies and Collections - Last Ten Calendar Years .....	S-12
Schedules of Principal Taxpayers - Real Property – Current Year and Nine Years Ago .....	S-13
Schedules of Principal Taxpayers - Public Utility - Current Year and Nine Years Ago .....	S-14
Income Tax Rates and Collections - Last Ten Calendar Years .....	S-15
Ratio of Outstanding Debt by Type - Last Ten Years.....	S-16
Ratio of General Bonded Debt Outstanding - Last Ten Years .....	S-17
Legal Debt Margin Information - Last Ten Years.....	S-18
Direct and Overlapping Governmental Activities Debt - December 31, 2011.....	S-19

***City of Louisville, Ohio***  
**Comprehensive Annual Financial Report**  
**Year Ended December 31, 2011**

Table of Contents  
(Continued)

	<b>Page</b>
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.....	S-20
Schedule of Principal Employers – Current year and Nine Years Ago.....	S-22
Demographic and Economic Statistics - Last Ten Years .....	S-23
Operating Indicators by Function/Program - Last Ten Years .....	S-24
Full-Time Equivalent City Government Employees by Function/Program - Last Six Years .....	S-28
Capital Assets Statistics by Function/Program - Last Ten Years .....	S-29



---

## INTRODUCTORY SECTION





## Department of Finance

July 19, 2012

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

The Comprehensive Annual Financial Report (CAFR) of the City of Louisville (the City), Ohio for the fiscal year ended December 31, 2011 is hereby submitted. This CAFR represents the official report of the City of Louisville's operations and financial position for the year ended December 31, 2011, and has been developed to accurately detail the status of the City finances to Louisville residents and elected officials, investment banks and underwriters and other interested parties. This report is presented in compliance with Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments". It is intended to provide pertinent and necessary information to the citizens of Louisville.

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

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

### **Background and General Information**

The City of Louisville, encompassing an area of approximately 5.4 square miles, is located in the east central portion of Stark County, Ohio. The City had a population of 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 business district, and United States Route 62 passes through the northwestern corner of the City. In addition to the highway system, Norfolk and Southern Railroad operates a line running between Chicago and New York that passes through the center of the City.

Louisville is a "home-rule" city as defined by the State of Ohio Revised Code and operates pursuant to its Charter under a Council-Manager form of government. The Mayor-Councilmember and four 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 development of the Colonial Foundry and the Superior Sheet Steel Corporation contributed directly to the large population growth during the sub-urbanization trends and the City's active annexation program. When Louisville passed the 5,000-population mark in the 1950s, its status was changed from a village to a city.

### **Reporting Entity**

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

### **Services Provided**

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

- **SECURITY OF PERSONS AND PROPERTY** - To reduce the amounts and effect of external harms and to ensure an atmosphere of personal security from external events. This includes, but is not limited to, Police, Emergency Medical Services, and Fire Divisions 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 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 and Building Inspection.
- **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.

### **Controlling Expenditures**

While the adopted budget establishes appropriation levels, specific procedures for controlling expenditures continue to be developed, expanded, and refined to ensure that day-to-day execution is in compliance with the approved program. The City Manager, in conjunction with the Director of Finance, is responsible for reviewing all requests for expenditures initiated by designated requisitioning authorities to determine their compliance with the adopted budget. The City designs its budget of expenditures/expenses based on the collaborative efforts of the City's management and department heads. The budget/appropriation is at the 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 policy, and the City Charter.

## Internal Control Structure

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

## Enterprise Operations

The City owns and operates both a water and sewer utility department. Combined operating revenue for 2011 was \$2,010,339 an increase of 6.6% from 2010's operating revenue. Operating expenses decreased 0.1% from 2010, to a total of \$2,157,959.

## Economic Conditions

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

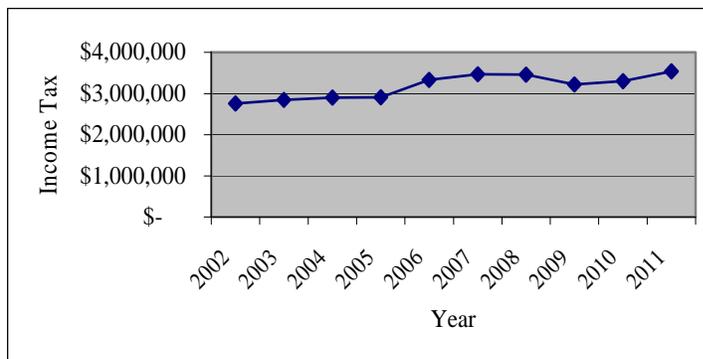
### Local Economy

Louisville was not immune to the downturn in the national economy that took place over the last half of 2008, 2009, and 2010. The City continued to closely monitor the two main revenue sources being income taxes and property taxes. The City's management considers both of these revenues indicators of the strengths or weaknesses of the local economy. In monitoring property tax revenues, the City takes in account several factors, including tax collections, the values of new construction and revaluations. Likewise with income tax, the City must take into account certain factors such as, tax collections, tax refunds, new jobs and the unemployment rate.

Income Tax Collections 2002 - 2011: The economic recovery from the recession that started in 2001 has been very sluggish. The City's financial condition finally turned around in 2006 after six years of budget reductions. This can be seen clearly with the City's income tax collections. Income tax is the City's largest revenue source.

**Income Tax Collections**  
(Presented on a Cash Basis)

<u>Year</u>	<u>Collections</u>
2002	\$ 2,757,672
2003	2,842,964
2004	2,900,015
2005	2,910,456
2006	3,332,796
2007	3,463,645
2008	3,458,404
2009	3,221,415
2010	3,296,913
2011	3,537,290



In 2003 the City saw a 3.1% increase and continued to increase into 2007. Income tax collections at the end of 2005 were 0.2% above the 2004 level. The 2005 and 2006 increases in income tax revenue were mainly attributed to the 50% reduction of the tax credit allowance on income earned outside the City and respective taxes paid to another municipality. Effective January 1, 2007, the income tax credit allowance was changed to 60%. This volatility has resulted in close monitoring of income tax collections.

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

<b>Property Tax Revenue (Presented on a Cash Basis)</b>		
<b>Year</b>	<b>Collections</b>	<b>Percentage Increase (Decrease)</b>
2002	\$ 379,486	13.10 %
2003	378,806	(0.18)
2004	375,616	(0.84)
2005	404,521	7.70
2006	413,019	2.10
2007	* 449,811	8.91
2008	445,017	(1.07)
2009	437,592	(1.67)
2010	423,913	(3.13)
2011	421,559	(0.56)

\* Increase due to revaluation in prior year.

### **Long-Term Financial Planning**

The residential growth that the City is experiencing was predicted several years ago. As part of the 1998 goal-setting process, City Council decided to take a closer look at the way the City was developing to ensure a wise use of capital resources and to enhance service delivery for the future needs of its citizens. The City selected Northstar Planning and Design Incorporated to guide the City in this community planning process. In 2000, after months of hard work by many dedicated City and community members, the *Louisville Community Plan* was completed and approved by City Council as a strategic approach to growth management and capital project planning. This document guides City Management through decisions when formulating future budgets and considering possible capital improvements. The Director of Finance, City Manager and other management of the City work closely with local businesses, developers and other employers to be informed of changes in the local economy. As a result, the City adjusts the financial forecasts as a tool to be proactive in managing the City.

### **Financial Policy**

The City's Charter was designed several years ago with a mechanism that facilitated constructive budgeting policy. As a part of the budget process, the City Manager is required to present a statement of approved, pending and proposed capital projects to Council for the current budget year.

## **Major Initiatives**

During 2011, continuing efforts were made to upgrade services and improve the quality of life for the citizens of the City. The City has continued reconstruction of State Route 153, in cooperation with the Ohio Department of Transportation. Another major project, which began in 2010, is the Jobs-Ready Sites Project, in cooperation with private business and Ohio Department of Development to develop future manufacturing sites in an industrial park environment. While this industrial park is nearing completion (November 2012), it was announced on July 15, 2012 that Chesapeake Energy purchased the entire 291-acre site, “Beck Industrial Commerce Park” to construct facilities to its Utica shale headquarters and operations. This is a major capital investment in the City limits that will result in a broad range of job opportunities for area residents and will generate significant new tax revenues to support the local governments.

## **Risk Management**

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

## **Financial Reporting**

The City has prepared financial statements following GASB Statement No. 34 “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments”. GASB Statement No. 34 creates basic financial statements for reporting on the City’s financial activities as follows:

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

As part of this model, management is responsible for preparing a Management’s Discussion and Analysis of the City. This discussion follows the Independent Accountants’ Report, providing an assessment of the City’s finances for 2011 and a discussion of current issues affecting the City.

## **Independent Annual Audit**

The City is not legally required to obtain an independent annual audit. The minimum requirement is for the State of Ohio to perform an audit, directly or indirectly through an independent auditing firm, at least every two years. The City, consistent with the professional manner in which it has conducted its financial affairs, has chosen and funded annual audits. The City’s financial statements have been audited by an independent accounting firm. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the year ended December 31, 2011, are free of material misstatement.

The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Alger & Associates, Inc., Certified Public Accountants, concluded, based upon their audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the year ended December 31, 2011 are fairly presented in conformity with GAAP. The Independent Auditor's Report is presented as the first component of the financial section of this report.

### **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Louisville, Ohio for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2010. 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 for seventeen years. 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.

### **Acknowledgments**

Preparation of this report 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.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jina Alaback Lingle".

Jina Alaback Lingle  
Finance Director

***City of Louisville, Ohio***

Public Officials Roster

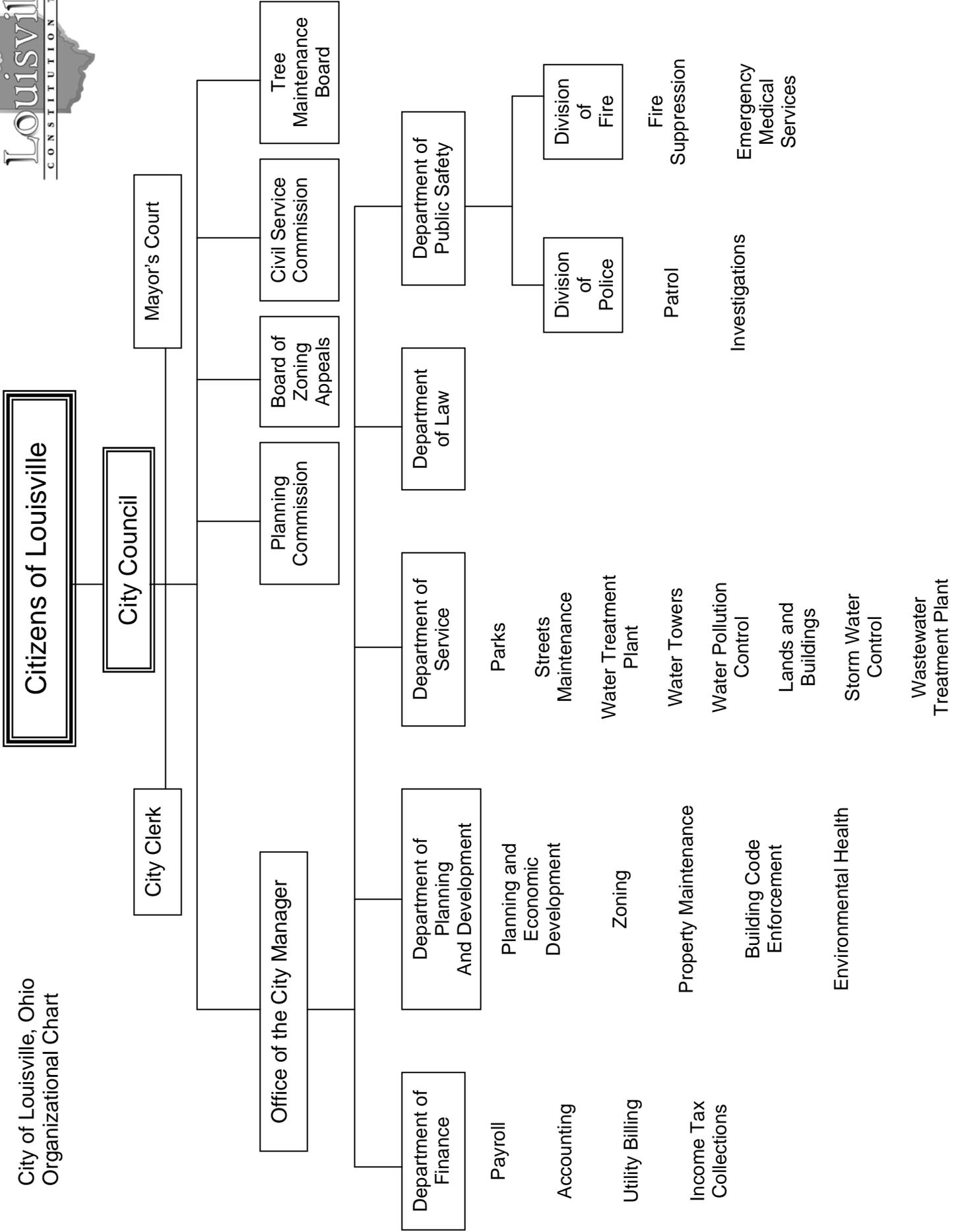
December 31, 2011

**Elected Officials**

Patricia Fallot	Mayor – Councilmember
Cheryle Casar	Councilmember
Guy Guidone	Councilmember
Richard Guiley	Councilmember
Thomas McAlister	Councilmember

**Appointed Officials**

E. Thomas Ault .....	City Manager
Jina Alaback Lingle .....	Director of Finance
Peggy Howald.....	City Clerk
Robert Duffrin .....	Law Director
James McBeath .....	Superintendent of Service
Andy Turowski .....	Chief of Police
John Fetty.....	Chief of Fire



# 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, 2010

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



*Linda C. Davidson*

President

*Jeffrey R. Emery*

Executive Director

---

## FINANCIAL SECTION



# ALGER & ASSOCIATES, Inc.

Certified Public Accountants

---

## INDEPENDENT ACCOUNTANTS' REPORT

City of Louisville  
215 S. Mill Street  
Louisville, OH 44641

To the Members of Council and Mayor:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Louisville, Stark County, Ohio (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Louisville, Stark County, Ohio as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparisons for the General Fund and the Street Construction, Maintenance and Repair Fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, during the year ended December 31, 2011, the City of Louisville adopted the provisions of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

6927 Burgundy Ave. N.W.  
North Canton, OH 44720  
(330) 350-2553

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2012, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, as 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the City' 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 provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject 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 assurances on them.

**Alger & Associates, Inc.**  
July 19, 2012



***City of Louisville, Ohio***  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2011**  
**Unaudited**

The management's discussion and analysis of the City of Louisville's (the "City") financial statements provides an overall review of the City's financial activities for the fiscal year ended December 31, 2011. 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 2011 are as follows:

- The total net assets of the City increased \$2,553,786. Net assets of governmental activities increased \$1,914,554, which represents a 26.5% increase over fiscal year 2010. Net assets of business-type activities increased \$639,232 or 6.5% from fiscal year 2010.
- General revenues, for governmental activities, accounted for \$3,486,190 or 58.4% of total governmental activities revenue. Program specific revenues accounted for \$2,483,231 or 41.6% of total governmental activities revenue.
- The City had \$4,054,867 in expenses related to governmental activities; \$2,483,231 of these expenses was offset by program specific charges for services and sales, operating grants, contributions and interest and capital grants and contributions. General revenues (primarily taxes) of \$3,486,190 were sufficient to offset these remaining program expenses.
- The general fund, the City's largest and major governmental fund, had revenues of \$3,852,149 in 2011, or 65.8% of total governmental funds. Expenditures of the general fund were \$3,029,127, or 52.2% of total governmental funds. The general fund balance increased \$412,310 or 23.1% in 2011.
- The City issued \$2,020,000 in Limited Tax General Obligation Refunding Bonds for the purpose of refunding at a lower interest cost.

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

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

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

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 Fiscal Year Ended December 31, 2011**  
**Unaudited**

**Reporting the City as a Whole**

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

While this document contains a number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and answers the question, "How did we do financially during 2011"? These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. These two statements report the City's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions and other factors.

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

- **Governmental Activities** – Most of the City's programs and services are reported here including general government, security of persons and property, 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, sewer and storm water 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 street construction, maintenance and repair special revenue fund. An analysis of the City's major governmental fund begins on page 10.

***City of Louisville, Ohio***  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2011**  
**Unaudited**

***Governmental Funds***

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

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

The City maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements, which can be found on pages 62-65 in this report. The basic governmental fund financial statements can be found on pages 18-23 of this report.

***Proprietary Funds***

Proprietary funds (water, sewer and storm water) 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 24-26 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 27-57 of this report.

***Other Information***

In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules, which can be found beginning on page 60 of this report.

**City of Louisville, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2011**  
**Unaudited**

**Government-Wide Financial Analysis**

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

Table 1 below provides a summary of the City's net assets for 2011 compared to 2010:

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Assets</u>						
Current and other assets	\$ 4,651,411	\$ 3,859,669	\$ 3,915,947	\$ 1,977,792	\$ 8,567,358	\$ 5,837,461
Capital assets	<u>6,246,857</u>	<u>4,492,952</u>	<u>10,804,589</u>	<u>10,814,353</u>	<u>17,051,446</u>	<u>15,307,305</u>
Total assets	<u>10,898,268</u>	<u>8,352,621</u>	<u>14,720,536</u>	<u>12,792,145</u>	<u>25,618,804</u>	<u>21,144,766</u>
<u>Liabilities</u>						
Other liabilities	1,238,946	674,382	1,859,705	114,745	3,098,651	789,127
Long-term liabilities outstanding	<u>524,624</u>	<u>458,095</u>	<u>2,441,262</u>	<u>2,897,063</u>	<u>2,965,886</u>	<u>3,355,158</u>
Total liabilities	<u>1,763,570</u>	<u>1,132,477</u>	<u>4,300,967</u>	<u>3,011,808</u>	<u>6,064,537</u>	<u>4,144,285</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	5,930,971	4,238,952	8,520,159	8,083,638	14,451,130	12,322,590
Restricted	593,508	916,049	-	-	593,508	916,049
Unrestricted	<u>2,610,219</u>	<u>2,065,143</u>	<u>1,899,410</u>	<u>1,696,699</u>	<u>4,509,629</u>	<u>3,761,842</u>
Total net assets	<u>\$ 9,134,698</u>	<u>\$ 7,220,144</u>	<u>\$ 10,419,569</u>	<u>\$ 9,780,337</u>	<u>\$ 19,554,267</u>	<u>\$ 17,000,481</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2011, the City's assets exceeded liabilities by \$19,554,267. This amounts to \$9,134,698 in governmental activities and \$10,419,569 in business-type activities.

The largest portion of the City's net assets 73.9% reflects its investment in capital assets less any related debt used to acquire those assets. Capital assets include land, land improvements, buildings, machinery and equipment, vehicles, infrastructure, and construction in progress. Capital assets, net of related debt to acquire the assets at December 31, 2011, were \$14,451,130. 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.

**City of Louisville, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2011**  
**Unaudited**

As of December 31, 2011, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

A portion of the City's governmental net assets, \$593,508 or 6.5%, represent resources that are subject to external restrictions on how they may be used. Of total restricted net assets \$24,584 for debt service, \$520,577 for transportation, \$26,977 for safety services programs and \$21,370 for other purposes. The remaining balance of governmental unrestricted net assets of \$2,610,219 may be used to meet the government's ongoing obligations to citizens and creditors.

Table 2 below shows the changes in net assets for governmental and business-type activities for fiscal years 2011 and 2010.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 695,274	\$ 599,836	\$ 2,002,941	\$ 1,876,302	\$ 2,698,215	\$ 2,476,138
Operating grants, contributions, and interest	457,775	684,907	126,853	385,583	584,628	1,070,490
Capital grants and contributions	1,330,182	405,488	-	-	1,330,182	405,488
General revenues:						
Property and other taxes	248,169	496,221	-	-	248,169	496,221
Municipal income taxes	2,663,045	2,497,694	887,093	832,564	3,550,138	3,330,258
Grants and entitlements	499,385	363,559	-	-	499,385	363,559
Investment earnings	1,629	2,967	-	-	1,629	2,967
Other	6,541	136,573	7,398	10,332	13,939	146,905
Total revenues	<u>\$ 5,902,000</u>	<u>\$ 5,187,245</u>	<u>\$ 3,024,285</u>	<u>\$ 3,104,781</u>	<u>\$ 8,926,285</u>	<u>\$ 8,292,026</u>

(Continued)

**City of Louisville, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2011**  
**Unaudited**

**Table 2**  
**Changes in Net Assets (Continued)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Program Expenses</b>						
<i>Governmental Activities:</i>						
General government	\$ 1,041,834	\$ 891,233	\$ -	\$ -	\$ 1,041,834	\$ 891,233
Security of persons and property	2,008,185	2,183,465	-	-	2,008,185	2,183,465
Public health and welfare	65,093	50,860	-	-	65,093	50,860
Transportation	519,001	681,247	-	-	519,001	681,247
Community environment	169,936	147,504	-	-	169,936	147,504
Leisure time activities	234,722	214,946	-	-	234,722	214,946
Interest and fiscal charges	16,096	17,085	-	-	16,096	17,085
<i>Business-Type Activities:</i>						
Water	-	-	1,144,617	1,199,786	1,144,617	1,199,786
Sewer	-	-	1,082,752	1,074,184	1,082,752	1,074,184
Storm sewer	-	-	90,263	60,182	90,263	60,182
Total program expenses	<u>4,054,867</u>	<u>4,186,340</u>	<u>2,317,632</u>	<u>2,334,152</u>	<u>6,372,499</u>	<u>6,520,492</u>
Change in net assets before transfers	<u>1,847,133</u>	<u>1,000,905</u>	<u>706,653</u>	<u>770,629</u>	<u>2,553,786</u>	<u>1,771,534</u>
Transfers	<u>67,421</u>	<u>112,950</u>	<u>(67,421)</u>	<u>(112,950)</u>	<u>-</u>	<u>-</u>
Change in net assets	1,914,554	1,113,855	639,232	657,679	2,553,786	1,771,534
Net assets, beginning of year	<u>7,220,144</u>	<u>6,106,289</u>	<u>9,780,337</u>	<u>9,122,658</u>	<u>17,000,481</u>	<u>15,228,947</u>
Net assets, end of year	<u>\$ 9,134,698</u>	<u>\$ 7,220,144</u>	<u>\$ 10,419,569</u>	<u>\$ 9,780,337</u>	<u>\$ 19,554,267</u>	<u>\$ 17,000,481</u>

***Governmental Activities***

Governmental activities net assets increased \$1,914,554 or 26.5% in 2011 over 2010. This increase was due to continued conservative spending measures. The City's funding for these governmental activities comes from a variety of sources, the most significant being the \$2,663,045 of municipal income tax. See Note 13 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 2011, the City received \$499,385 in unrestricted intergovernmental revenues or 8.4% of total revenues.

***City of Louisville, Ohio***  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2011**  
**Unaudited**

Program restricted charges for services and operating and capital grants, contributions and interest represent monies the City is awarded that are required to be used for specific purposes. In 2011, the City received \$695,274 in charges for services, a combined total of \$457,775 in various operating grants, contributions and interest and \$1,330,182 in capital grants and contributions.

The City's governmental activity expenses totaled \$4,054,867 in 2011, with security of persons and property, general government and transportation representing the largest portion of this figure at 88%. The City's governmental activity expenses decreased by \$131,473 from 2010, not related to any one single event.

Security of persons and property, which primarily supports the operations of the City's police, fire and emergency medical services, accounts for \$2,008,185 of expenses, or 49.5% of total governmental expenses of the City. These expenses were funded by \$298,476 in charges to users of services and operating grants. General government expenses, which primarily include legislative, executive and financial management, totaled \$1,041,834 or 25.7% of total governmental expenses. General government expenses were covered by \$400,008 of direct charges to users and operating grants.

At \$519,001 or 12.8%, 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 \$1,774,219 in direct charges to users, operating and capital grants.

***Business-Type Activities***

The water, sewer and storm water funds represent the City's business-type activities. These programs had program revenues of \$2,129,794 and expenses of \$2,317,632 for fiscal year 2011. Business-type activities reported an increase in net assets of \$639,232, or 6.5% as compared to 2010. For this year, the increase in net assets was attributed to an increase in certain user fees and operating grants.

***Program Expenses***

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government-wide activities, the total cost of services and the net cost of services for 2011 and 2010. That is, it identifies the cost of these services supported by general revenues.

**City of Louisville, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2011**  
**Unaudited**

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

	<u>2011</u>		<u>2010</u>		<u>Net Change</u>	
	<u>Total Cost</u> <u>of Services</u>	<u>Net Cost</u> <u>of Services</u>	<u>Total Cost</u> <u>of Services</u>	<u>Net Cost</u> <u>of Services</u>	<u>Total Cost</u> <u>of Services</u>	<u>Net Cost</u> <u>of Services</u>
<i>Governmental Activities:</i>						
General government	\$ 1,041,834	\$ (641,826)	\$ 891,233	\$ (639,912)	\$ 150,601	\$ (1,914)
Security of persons and property	2,008,185	(1,709,709)	2,183,465	(1,750,088)	(175,280)	40,379
Public health and welfare	65,093	(65,093)	50,860	(50,860)	14,233	(14,233)
Transportation	519,001	1,255,218	681,247	288,524	(162,246)	966,694
Community environment	169,936	(165,466)	147,504	(142,969)	22,432	(22,497)
Leisure time activities	234,722	(228,664)	214,946	(183,719)	19,776	(44,945)
Interest and fiscal charges	16,096	(16,096)	17,085	(17,085)	(989)	989
<i>Business-Type Activities:</i>						
Water	1,144,617	(194,313)	1,199,786	(318,455)	(55,169)	124,142
Sewer	1,082,752	(17,310)	1,074,184	175,525	8,568	(192,835)
Storm sewer	90,263	23,785	60,182	70,663	30,081	(46,878)
Total expenses	<u>\$ 6,372,499</u>	<u>\$ (1,759,474)</u>	<u>\$ 6,520,492</u>	<u>\$ (2,568,376)</u>	<u>\$ (147,993)</u>	<u>\$ 808,902</u>

The dependence upon general revenues for governmental activities is apparent, with 38.8% of expenses supported through taxes and other general revenues.

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

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The general fund is the main governmental operating fund of the City. At the end of 2011, the fund balance of the general fund was \$2,195,593, a 23.1% increase from the prior year. The reason for the increase in the general fund balance was primarily due to an increase in intergovernmental revenue and an overall decrease in expenditures. At the end of 2011, the fund balance of the street construction, maintenance and repair fund was \$271,538, a .8% increase from the prior year. The reason for the increase in the street construction, maintenance and repair fund balance was primarily due to an increase in intergovernmental revenues used for the City's street construction projects. At the end of 2011, the deficit fund balance of the capital improvement fund was \$81,165, a 162.4% decrease from the prior year. The reason for the decrease in the capital improvement fund balance was primarily due to an increase in capital expenditures used for the City's construction projects.

**City of Louisville, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2011**  
**Unaudited**

Table 4 below reports year 2011 balances compared to 2010:

**Table 4**  
**Change in Fund Balance**

	Fund Balance		Increase (Decrease)	Percent Change
	December 31, 2011	December 31, 2010		
General	\$ 2,195,593	\$ 1,783,283	\$ 412,310	23.1%
Street Construction, Maintenance and Repair	271,538	269,356	2,182	0.8%
Capital improvements	(81,165)	129,975	(211,140)	-162.4%
Other Governmental Funds	378,088	405,499	(27,411)	-6.8%
	<u>\$ 2,764,054</u>	<u>\$ 2,588,113</u>	<u>\$ 175,941</u>	

Table 5 below assists in illustrating the changes in financial activities for the general fund for year 2011 balances compared to 2010:

**Table 5**  
**Change in Financial Activities for the General Fund**

	December 31, 2011	December 31, 2010	Increase (Decrease)	Percent Change
<u>Revenues:</u>				
Income tax	\$ 2,674,757	\$ 2,491,850	\$ 182,907	7.3%
Property and other taxes	281,171	467,592	(186,421)	-39.9%
Charges for services	227,524	235,554	(8,030)	-3.4%
Licenses and permits	149,538	95,826	53,712	56.1%
Fines and forfeitures	13,029	3,699	9,330	252.2%
Intergovernmental	456,896	366,425	90,471	24.7%
Investment income	1,629	2,967	(1,338)	-45.1%
Contributions and donations	8,050	8,321	(271)	-3.3%
Rentals	-	11,307	(11,307)	-100.0%
Other	39,555	55,708	(16,153)	-29.0%
Total revenue	<u>\$ 3,852,149</u>	<u>\$ 3,739,249</u>	<u>\$ 112,900</u>	
<u>Expenditures:</u>				
Current:				
General government	\$ 859,227	\$ 847,125	\$ 12,102	1.4%
Security of persons and property	1,628,014	1,758,457	(130,443)	-7.4%
Public health and welfare	65,093	50,860	14,233	28.0%
Community environment	149,141	151,145	(2,004)	-1.3%
Leisure time activities	130,297	149,882	(19,585)	-13.1%
Capital outlay	197,355	135,426	61,929	45.7%
Debt service:				
Principal retirement	-	29,761	(29,761)	-100.0%
Interest and fiscal charges	-	1,090	(1,090)	-100.0%
Total expenditures	<u>\$ 3,029,127</u>	<u>\$ 3,123,746</u>	<u>\$ (94,619)</u>	

**City of Louisville, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2011**  
**Unaudited**

***Budgeting Highlights - General Fund***

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

There most significant changes from the original budgeted revenues as compared to the final budgeted amounts was an increase of \$170,870 in municipal income tax revenue. This difference was caused by the municipal income tax revenues being unknown at the original budgeting process. Actual revenues were greater than the final budgeted amount by \$4,805 mainly due to an increase in municipal income tax revenue received during the year.

Final budgeted expenditures were less than the original budgeted expenditures by \$222,425. This was due to an overall decrease in expenditures due to the local economy. Actual expenditures of \$3,089,128 for the year were \$28,572 less than the \$3,117,700 final budgeted amounts. The majority of this change was reported in leisure time activities, security of persons and property and general government due to conservative spending.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of 2011, the City had \$17,051,446 (net of accumulated depreciation) invested in land, land improvements, buildings, machinery and equipment, vehicles, infrastructure and construction in progress. Of this total, \$6,246,857 was reported in governmental activities and \$10,804,589 was reported in business-type activities. Table 6 below reports fiscal year 2011 balances compared to 2010:

**Table 6**  
**Capital Assets, at December 31**  
**(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 197,763	\$ 197,763	\$ 312,987	\$ 312,987	\$ 510,750	\$ 510,750
Land improvements	357,878	383,501	50,151	57,548	408,029	441,049
Buildings and building improvements	735,020	754,345	4,609,652	4,786,490	5,344,672	5,540,835
Machinery and equipment	352,329	286,723	119,082	45,313		
Vehicles	872,930	832,040	295,787	340,152	1,168,717	1,172,192
Infrastructure	419,360	293,273	5,167,581	4,615,876	5,586,941	4,909,149
Construction in progress	3,311,577	1,745,307	249,349	655,987	3,560,926	2,401,294
<b>Total</b>	<b>\$ 6,246,857</b>	<b>\$ 4,492,952</b>	<b>\$ 10,804,589</b>	<b>\$ 10,814,353</b>	<b>\$ 17,051,446</b>	<b>\$ 15,307,305</b>

***City of Louisville, Ohio***  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2011**  
**Unaudited**

The most significant change during 2011 to the amount of net capital assets was due to an increase of \$1,159,632 in construction in progress. For governmental activities an increase of \$1,566,270 in construction in progress was due to continuing construction projects. See Note 8 to the basic financial statements for detail on the governmental and business-type activities capital assets.

***Debt Administration***

At December 31, 2011 the City had total long-term debt outstanding of \$2,664,652. Of this total, \$469,732 is due within one year and \$2,194,920 is due in more than one year.

**Table 7**  
**Outstanding Debt, at December 31**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
General obligation bonds	\$ 237,301	\$ 254,000	\$ 1,808,224	\$ 2,122,030	\$ 2,045,525	\$ 2,376,030
OPWC loans	-	-	385,004	433,296	385,004	433,296
OWDA loan	-	-	42,666	45,013	42,666	45,013
Capital leases	<u>78,585</u>	<u>-</u>	<u>112,872</u>	<u>225,145</u>	<u>191,457</u>	<u>225,145</u>
Total	<u>\$ 315,886</u>	<u>\$ 254,000</u>	<u>\$ 2,348,766</u>	<u>\$ 2,825,484</u>	<u>\$ 2,664,652</u>	<u>\$ 3,079,484</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 \$42,064.

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

At December 31, 2011 the City's overall legal debt margin was \$16,208,761, with an unvoted debt margin of \$8,490,303. The City's credit rating remained unchanged in 2011 as compared to 2010. See Note 10 and 11 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.

***City of Louisville, Ohio***  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended December 31, 2011**  
**Unaudited**

**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 Lingle, City of Louisville Finance Director, 215 South Mill Street, Louisville, Ohio 44641, (330) 875-3434, or visit our web site at [www.louisvilleohio.com](http://www.louisvilleohio.com).

**City of Louisville, Ohio**

**Statement of Net Assets**

**December 31, 2011**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	LCIC
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 2,416,437	\$ 1,476,519	\$ 3,892,956	\$ 57,233
Receivables:				
Income tax	752,942	250,981	1,003,923	-
Property and other taxes	395,136	-	395,136	-
Accounts	110,347	372,023	482,370	-
Accrued interest	308	-	308	-
Due from other governments	719,655	646	720,301	-
Materials and supplies inventory	14,583	7,517	22,100	-
Prepaid items	3,912	828	4,740	366
Restricted assets:				
Equity in pooled cash and cash equivalents	232,218	1,762,826	1,995,044	-
Deferred charges	5,873	44,607	50,480	-
Nondepreciable capital assets	3,509,340	562,336	4,071,676	30,994
Depreciable capital assets, net	2,737,517	10,242,253	12,979,770	-
<b>Total assets</b>	<b>10,898,268</b>	<b>14,720,536</b>	<b>25,618,804</b>	<b>88,593</b>
<u>Liabilities:</u>				
Accounts payable	37,564	16,972	54,536	-
Contracts payable	389,802	-	389,802	-
Accrued wages and benefits	59,976	20,373	80,349	-
Compensated absences payable	1,990	-	1,990	-
Due to other governments	112,174	46,353	158,527	-
Deferred revenue	365,337	-	365,337	-
Undistributed monies	1,027	-	1,027	-
Income tax refunds payable	36,377	12,125	48,502	-
Accrued interest payable	146	1,056	1,202	-
Liabilities payable from restricted assets	232,218	1,762,826	1,995,044	-
Claims payable	2,335	-	2,335	-
Long-term liabilities:				
Due within one year	135,484	484,388	619,872	-
Due in more than one year	389,140	1,956,874	2,346,014	-
<b>Total liabilities</b>	<b>1,763,570</b>	<b>4,300,967</b>	<b>6,064,537</b>	<b>-</b>
<u>Net assets:</u>				
Invested in capital assets				
net of related debt, where applicable	5,930,971	8,520,159	14,451,130	30,994
Restricted for:				
Debt service	24,584	-	24,584	-
Transportation	520,577	-	520,577	-
Safety services	26,977	-	26,977	-
Other purposes	21,370	-	21,370	-
Unrestricted	2,610,219	1,899,410	4,509,629	57,599
<b>Total net assets</b>	<b>\$ 9,134,698</b>	<b>\$ 10,419,569</b>	<b>\$ 19,554,267</b>	<b>\$ 88,593</b>

See accompanying notes to the basic financial statements.

**City of Louisville, Ohio**  
**Statement of Activities**  
**For the Year Ended December 31, 2011**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
<u>Governmental Activities:</u>				
General government	\$ 1,041,834	\$ 391,958	\$ 8,050	\$ -
Security of persons and property	2,008,185	284,646	13,830	-
Public health and welfare	65,093	-	-	-
Transportation	519,001	8,142	435,895	1,330,182
Community environment	169,936	4,470	-	-
Leisure time activities	234,722	6,058	-	-
Interest and fiscal charges	16,096	-	-	-
Total governmental activities	<u>4,054,867</u>	<u>695,274</u>	<u>457,775</u>	<u>1,330,182</u>
<u>Business-Type Activities:</u>				
Water	1,144,617	950,304	-	-
Sewer	1,082,752	938,589	126,853	-
Storm water	90,263	114,048	-	-
Total business-type activities	<u>2,317,632</u>	<u>2,002,941</u>	<u>126,853</u>	<u>-</u>
Total primary government	<u>\$ 6,372,499</u>	<u>\$ 2,698,215</u>	<u>\$ 584,628</u>	<u>\$ 1,330,182</u>
<u>Component Unit:</u>				
LCIC	<u>\$ 1,111</u>	<u>\$ -</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  
Transfers  
Total general revenues and transfers  
  
Change in net assets  
  
Net assets, beginning of year  
Net assets, end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	LCIC
\$ (641,826)	\$ -	\$ (641,826)	\$ -
(1,709,709)	-	(1,709,709)	-
(65,093)	-	(65,093)	-
1,255,218	-	1,255,218	-
(165,466)	-	(165,466)	-
(228,664)	-	(228,664)	-
(16,096)	-	(16,096)	-
<u>(1,571,636)</u>	<u>-</u>	<u>(1,571,636)</u>	<u>-</u>
-	(194,313)	(194,313)	-
-	(17,310)	(17,310)	-
-	23,785	23,785	-
-	(187,838)	(187,838)	-
<u>(1,571,636)</u>	<u>(187,838)</u>	<u>(1,759,474)</u>	<u>-</u>
-	-	-	(1,111)
248,169	-	248,169	-
2,663,045	-	2,663,045	-
-	408,241	408,241	-
-	478,852	478,852	-
499,385	-	499,385	-
1,629	-	1,629	50
6,541	7,398	13,939	-
67,421	(67,421)	-	-
<u>3,486,190</u>	<u>827,070</u>	<u>4,313,260</u>	<u>50</u>
1,914,554	639,232	2,553,786	(1,061)
<u>7,220,144</u>	<u>9,780,337</u>	<u>17,000,481</u>	<u>89,654</u>
<u>\$ 9,134,698</u>	<u>\$ 10,419,569</u>	<u>\$ 19,554,267</u>	<u>\$ 88,593</u>

**City of Louisville, Ohio**

**Balance Sheet**

**Governmental Funds**

**December 31, 2011**

	General	Street Construction, Maintenance and Repair	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	\$ 620,789	\$ 223,434	\$ 1,250,284	\$ 321,930	\$ 2,416,437
Receivables:					
Income tax	752,942	-	-	-	752,942
Property and other taxes	395,136	-	-	-	395,136
Accounts	25,105	2,794	-	82,448	110,347
Interfund	1,240,477	-	-	-	1,240,477
Accrued interest	308	-	-	-	308
Restricted assets:					
Equity in pooled cash and cash equivalents	-	-	-	232,218	232,218
Due from other governments	197,236	198,456	297,930	26,033	719,655
Materials and supplies inventory	-	14,583	-	-	14,583
Prepaid items	1,973	650	-	1,289	3,912
Total assets	<u>\$ 3,233,966</u>	<u>\$ 439,917</u>	<u>\$ 1,548,214</u>	<u>\$ 663,918</u>	<u>\$ 5,886,015</u>
Liabilities:					
Accounts payable	\$ 29,484	\$ 3,436	\$ 2,601	\$ 2,043	\$ 37,564
Contracts payable	-	1,884	387,918	-	389,802
Interfund payable	-	-	1,238,057	2,420	1,240,477
Accrued wages and benefits	48,630	6,036	-	5,310	59,976
Compensated absences payable	1,990	-	-	-	1,990
Due to other governments	95,593	10,494	-	6,087	112,174
Deferred revenue	822,937	146,529	803	37,752	1,008,021
Undistributed monies	1,027	-	-	-	1,027
Income tax refunds payable	36,377	-	-	-	36,377
Liabilities payable from restricted assets	-	-	-	232,218	232,218
Claims and judgments payable	2,335	-	-	-	2,335
Total liabilities	<u>1,038,373</u>	<u>168,379</u>	<u>1,629,379</u>	<u>285,830</u>	<u>3,121,961</u>
Fund balances:					
Nonspendable	3,141	15,233	-	1,289	19,663
Restricted	-	256,305	-	196,024	452,329
Committed	-	-	-	183,195	183,195
Assigned	53,805	-	-	-	53,805
Unassigned	2,138,647	-	(81,165)	(2,420)	2,055,062
Total fund balances	<u>2,195,593</u>	<u>271,538</u>	<u>(81,165)</u>	<u>378,088</u>	<u>2,764,054</u>
Total liabilities and fund balances	<u>\$ 3,233,966</u>	<u>\$ 439,917</u>	<u>\$ 1,548,214</u>	<u>\$ 663,918</u>	<u>\$ 5,886,015</u>

See accompanying notes to the basic financial statements.

**City of Louisville, Ohio**

**Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
December 31, 2011**

Total governmental fund balances \$ 2,764,054

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

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in funds. 6,246,857

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

Property and other taxes	\$ 19,526	
Income taxes	319,060	
Intergovernmental	275,146	
Charges for services	28,952	
Total	<u>642,684</u>	642,684

Deferred charges are included in the governmental activities in the statement  
of net assets. 5,873

Accrued interest payable is not due and payable in the current  
period and therefore is not reported in the funds. (146)

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

General obligation bonds	\$ (235,000)	
Premium	(2,301)	
Capital lease payable	(78,585)	
Compensated absences	(166,674)	
Police pension liability	(42,064)	
Total	<u>(524,624)</u>	(524,624)

Net assets of governmental activities \$ 9,134,698

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, 2011**

	General	Street Construction, Maintenance and Repair	Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Income tax	\$ 2,674,757	\$ -	\$ -	\$ -	\$ 2,674,757
Property and other taxes	281,171	-	-	-	281,171
Charges for services	227,524	-	-	261,846	489,370
Licenses and permits	149,538	-	-	-	149,538
Fines and forfeitures	13,029	-	-	20,340	33,369
Intergovernmental	456,896	1,297,758	316,913	97,630	2,169,197
Investment income	1,629	-	-	148	1,777
Contributions and donations	8,050	1,500	-	1,130	10,680
Other	39,555	8,009	-	133	47,697
Total revenue	<u>3,852,149</u>	<u>1,307,267</u>	<u>316,913</u>	<u>381,227</u>	<u>5,857,556</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	859,227	-	22,387	1,927	883,541
Security of persons and property	1,628,014	-	-	250,542	1,878,556
Public health and welfare	65,093	-	-	-	65,093
Transportation	-	384,330	-	55,756	440,086
Community environment	149,141	-	-	-	149,141
Leisure time activities	130,297	-	-	-	130,297
Capital outlay	197,355	1,020,755	726,666	229,122	2,173,898
<b>Debt service:</b>					
Principal retirement	-	-	-	67,415	67,415
Interest and fiscal charges	-	-	-	12,798	12,798
Issuance costs	-	-	-	5,873	5,873
Total expenditures	<u>3,029,127</u>	<u>1,405,085</u>	<u>749,053</u>	<u>623,433</u>	<u>5,806,698</u>
Excess of revenues over (under) expenditures	<u>823,022</u>	<u>(97,818)</u>	<u>(432,140)</u>	<u>(242,206)</u>	<u>50,858</u>
<b>Other financing sources (uses):</b>					
Bonds issued	-	-	-	235,000	235,000
Payment to refunded bond escrow agent	-	-	-	(232,218)	(232,218)
Inception of capital lease	-	-	-	120,000	120,000
Premium on bonds issued	-	-	-	2,301	2,301
Transfers - in	-	100,000	221,000	94,866	415,866
Transfers - out	(410,712)	-	-	(5,154)	(415,866)
Total other financing sources (uses)	<u>(410,712)</u>	<u>100,000</u>	<u>221,000</u>	<u>214,795</u>	<u>125,083</u>
Net change in fund balance	412,310	2,182	(211,140)	(27,411)	175,941
Fund balances at beginning of year	<u>1,783,283</u>	<u>269,356</u>	<u>129,975</u>	<u>405,499</u>	<u>2,588,113</u>
Fund balances at end of year	<u>\$ 2,195,593</u>	<u>\$ 271,538</u>	<u>\$ (81,165)</u>	<u>\$ 378,088</u>	<u>\$ 2,764,054</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, 2011**

Net change in fund balances - Total governmental funds \$ 175,941

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

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

In the current period, these amounts are:

Capital outlay	\$	2,173,898	
Capital assets transferred		67,421	
Depreciation expense		(306,188)	
Excess of capital outlay and capital contributions over depreciation expense			1,935,131

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. (181,226)

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	\$	(33,002)	
Income taxes		(11,712)	
Intergovernmental		83,827	
Charges for services		5,331	
Net change in deferred revenues during the year			44,444

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:

Increase in compensated absences	\$	(5,673)	
Decrease in police pension liability		1,030	
Decrease in accrued interest		920	
Amortization of:			
Issuance cost		5,873	
Premium		(2,301)	
Total additional expenditures			(151)

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

Refunding of bond principal is a financing use in the governmental funds, but the refunding reduces long-term liabilities in the statement of net assets. 228,000

Payment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 41,415

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities. (235,000)

Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability. (120,000)

Change in net assets of governmental activities \$ 1,914,554

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, 2011**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Municipal income tax	\$ 2,477,230	\$ 2,648,100	\$ 2,653,410	\$ 5,310
Property and other taxes	348,040	373,350	373,338	(12)
Charges for services	212,765	227,535	227,524	(11)
Licenses and permits	98,185	124,035	124,433	398
Fines and forfeitures	13,000	13,000	13,029	29
Intergovernmental	420,900	455,200	455,073	(127)
Interest	1,300	1,300	1,321	21
Contributions and donations	6,850	7,850	8,050	200
Other	34,620	39,620	38,617	(1,003)
Total revenues	<u>3,612,890</u>	<u>3,889,990</u>	<u>3,894,795</u>	<u>4,805</u>
<u>Expenditures:</u>				
Current:				
General government	1,021,258	933,283	921,214	12,069
Security of persons and property	1,796,443	1,720,293	1,713,599	6,694
Public health and welfare	59,125	69,025	68,058	967
Community environment	208,954	153,154	151,802	1,352
Leisure time activities	254,345	241,945	234,455	7,490
Total expenditures	<u>3,340,125</u>	<u>3,117,700</u>	<u>3,089,128</u>	<u>28,572</u>
Excess of revenues over expenditures	<u>272,765</u>	<u>772,290</u>	<u>805,667</u>	<u>33,377</u>
Other financing sources (uses):				
Advances - in	-	-	330,102	330,102
Advances - out	-	-	(1,549,205)	(1,549,205)
Transfers - in	10	10	6	(4)
Transfers - out	(297,800)	(410,722)	(410,718)	4
Total other financing sources (uses)	<u>(297,790)</u>	<u>(410,712)</u>	<u>(1,629,815)</u>	<u>(1,219,103)</u>
Net change in fund balance	(25,025)	361,578	(824,148)	(1,185,726)
Fund balance at beginning of year	1,312,707	1,312,707	1,312,707	-
Prior year encumbrances appropriated	<u>67,707</u>	<u>67,707</u>	<u>67,707</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,355,389</u>	<u>\$ 1,741,992</u>	<u>\$ 556,266</u>	<u>\$ (1,185,726)</u>

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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$ 2,567,350	\$ 438,100	\$ 1,395,180	\$ 957,080
Contributions and donations	-	1,500	1,500	-
Other	6,450	8,010	8,009	(1)
Total revenues	<u>2,573,800</u>	<u>447,610</u>	<u>1,404,689</u>	<u>957,079</u>
<u>Expenditures:</u>				
Current:				
Transportation	<u>2,777,255</u>	<u>1,444,713</u>	<u>1,438,352</u>	<u>6,361</u>
Excess of revenues under expenditures	<u>(203,455)</u>	<u>(997,103)</u>	<u>(33,663)</u>	<u>963,440</u>
Other financing sources:				
Transfers - in	<u>102,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	(101,455)	(897,103)	66,337	963,440
Fund balance at beginning of year	106,671	106,671	106,671	-
Prior year encumbrances appropriated	<u>31,804</u>	<u>31,804</u>	<u>31,804</u>	<u>-</u>
Fund balance at end of year	<u>\$ 37,020</u>	<u>\$ (758,628)</u>	<u>\$ 204,812</u>	<u>\$ 963,440</u>

See accompanying notes to the basic financial statements.

**City of Louisville, Ohio**  
**Statement of Fund Net Assets**  
**Proprietary Funds**  
**December 31, 2011**

Business-Type Activities - Enterprise Funds

	Water	Sewer	Storm Water	Total
<u>Assets:</u>				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 730,345	\$ 658,698	\$ 87,476	\$ 1,476,519
Receivables:				
Income tax	100,392	150,589	-	250,981
Accounts	172,580	176,867	22,576	372,023
Due from other governments	-	646	-	646
Materials and supplies inventory	1,732	5,785	-	7,517
Prepaid items	407	421	-	828
Deferred charges	25,319	19,288	-	44,607
Restricted assets:				
Equity in pooled cash and cash equivalents	1,000,865	761,961	-	1,762,826
<b>Total current assets</b>	<b>2,031,640</b>	<b>1,774,255</b>	<b>110,052</b>	<b>3,915,947</b>
Non-current assets:				
Capital assets:				
Land	213,279	99,708	-	312,987
Construction in progress	191,749	57,600	-	249,349
Depreciable capital assets, net	5,242,798	4,999,455	-	10,242,253
<b>Total non-current assets</b>	<b>5,647,826</b>	<b>5,156,763</b>	<b>-</b>	<b>10,804,589</b>
<b>Total assets</b>	<b>\$ 7,679,466</b>	<b>\$ 6,931,018</b>	<b>\$ 110,052</b>	<b>\$ 14,720,536</b>
<u>Liabilities:</u>				
Current liabilities:				
Accounts payable	\$ 11,425	\$ 4,116	\$ 1,431	\$ 16,972
Accrued wages and benefits	10,745	9,628	-	20,373
Compensated absences payable	25,635	29,623	-	55,258
Due to other governments	18,500	24,521	3,332	46,353
Income tax refunds payable	4,850	7,275	-	12,125
Accrued interest payable	519	537	-	1,056
Capital lease payable	15,788	23,820	15,788	55,396
OPWC loans payable	48,292	-	-	48,292
General obligation bonds payable	41,400	281,600	-	323,000
Liabilities payable from restricted asset	1,000,865	761,961	-	1,762,826
OWDA loans payable	2,442	-	-	2,442
<b>Total current liabilities</b>	<b>1,180,461</b>	<b>1,143,081</b>	<b>20,551</b>	<b>2,344,093</b>
Long-term liabilities:				
Compensated absences payable	16,035	21,203	-	37,238
Capital leases payable, net of current portion	16,380	24,716	16,380	57,476
OPWC loans payable, net of current portion	336,712	-	-	336,712
OWDA loans payable, net of current portion	40,224	-	-	40,224
General obligation bonds payable, net of current portion	983,296	501,928	-	1,485,224
<b>Total long-term liabilities</b>	<b>1,392,647</b>	<b>547,847</b>	<b>16,380</b>	<b>1,956,874</b>
<b>Total liabilities</b>	<b>2,573,108</b>	<b>1,690,928</b>	<b>36,931</b>	<b>4,300,967</b>
<u>Net assets:</u>				
Invested in capital assets, net of related debt	4,195,460	4,324,699	-	8,520,159
Unrestricted	910,898	915,391	73,121	1,899,410
<b>Total net assets</b>	<b>\$ 5,106,358</b>	<b>\$ 5,240,090</b>	<b>\$ 73,121</b>	<b>\$ 10,419,569</b>

See accompanying notes to the basic financial statements.

***City of Louisville, Ohio***

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

**Proprietary Funds**

**For the Year Ended December 31, 2011**

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Storm Water	Total
<u>Operating revenues:</u>				
Charges for services	\$ 950,304	\$ 938,589	\$ 114,048	\$ 2,002,941
Other	7,398	-	-	7,398
Total operating revenue	957,702	938,589	114,048	2,010,339
<u>Operating expenses:</u>				
Personal services	297,000	297,530	-	594,530
Fringe benefits	112,867	112,750	-	225,617
Contractual services	333,789	299,869	54,830	688,488
Supplies and materials	123,209	82,896	33,655	239,760
Depreciation	205,112	204,452	-	409,564
Total operating expenses	1,071,977	997,497	88,485	2,157,959
Operating income (loss)	(114,275)	(58,908)	25,563	(147,620)
<u>Non-operating revenues (expenses):</u>				
Municipal income tax	408,241	478,852	-	887,093
Grants	-	126,853	-	126,853
Loss on sale of capital assets	(14,969)	(14,970)	(37,482)	(67,421)
Interest and fiscal charges	(72,640)	(85,255)	(1,778)	(159,673)
Total non-operating revenues (expenses)	320,632	505,480	(39,260)	786,852
Change in net assets	206,357	446,572	(13,697)	639,232
Net assets at beginning of year	4,900,001	4,793,518	86,818	9,780,337
Net assets at end of year	\$ 5,106,358	\$ 5,240,090	\$ 73,121	\$ 10,419,569

See accompanying notes to the basic financial statements.

**City of Louisville, Ohio**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2011**

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Storm Water	Total
Cash flows from operating activities:				
Cash received from customers	\$ 945,178	\$ 934,053	\$ 111,160	\$ 1,990,391
Cash payments for employee services and benefits	(395,914)	(402,595)	-	(798,509)
Cash payments to suppliers for goods and services	(453,507)	(396,983)	(85,928)	(936,418)
Net cash provided by for operating activities	95,757	134,475	25,232	255,464
Cash flows from noncapital financing activities:				
Advances from other funds	305,413	-	-	305,413
Advances to other funds	(305,413)	-	-	(305,413)
Income taxes received	444,659	439,221	-	883,880
Operating grants	-	132,187	-	132,187
Net cash provided by noncapital financing activities	444,659	571,408	-	1,016,067
Cash flows from capital and related financing activities:				
Refunding bonds issued	1,013,000	772,000	-	1,785,000
Interest paid on debt	(59,499)	(58,196)	(1,778)	(119,473)
Principal payment on bonds, loans and capital lease	(184,055)	(367,640)	(15,217)	(566,912)
Premium on bonds issued	11,696	11,528	-	23,224
Bond issuance costs	(25,319)	(19,288)	-	(44,607)
Acquisition of capital assets	(186,999)	(243,642)	(37,482)	(468,123)
Net cash provided by (used for) capital and related financing activities	568,824	94,762	(54,477)	609,109
Net increase (decrease) in cash and cash equivalents	1,109,240	800,645	(29,245)	1,880,640
Cash and cash equivalents at beginning of year	621,970	620,014	116,721	1,358,705
Cash and cash equivalents at end of year	\$ 1,731,210	\$ 1,420,659	\$ 87,476	\$ 3,239,345
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (114,275)	\$ (58,908)	\$ 25,563	\$ (147,620)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	205,112	204,452	-	409,564
Change in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	(12,524)	(4,536)	(2,888)	(19,948)
Materials and supplies inventory	734	(1,414)	-	(680)
Prepaid items	(6)	(9)	-	(15)
Increase (decrease) in liabilities:				
Accounts payable	2,763	(13,763)	(455)	(11,455)
Accrued wages and benefits	814	(2,635)	-	(1,821)
Compensated absences	10,153	10,638	-	20,791
Due to other governments	2,986	650	3,012	6,648
Net cash provided by operating activities	\$ 95,757	\$ 134,475	\$ 25,232	\$ 255,464
Non-cash capital and related financing activities:				
Transfers of capital assets	\$ (14,969)	\$ (14,970)	\$ (37,482)	\$ (67,421)

See accompanying notes to the basic financial statements.

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

---

The basic financial statements of the City of Louisville (the "City") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board Statements (FASB) and Interpretations issued on or before November 30, 1989, to its business-type activities and enterprise funds provided they do not conflict with or contradict GASB pronouncements. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification. The City has elected not to follow FASB guidance for business-type activities and enterprise funds issued after November 30, 1989. 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 19 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 18.

**B. Basis of Presentation**

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

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government 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 activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. However, the services provided and used are not eliminated in the process of consolidation.

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

Fund Financial Statements

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

## *Notes to the Basic Financial Statements*

### **C. Fund Accounting**

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds: governmental and proprietary.

#### Governmental Funds

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

*Street Construction, Maintenance and Repair Fund:* This special revenue fund is used 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.

*Capital Improvements Fund:* This 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.

#### Proprietary Funds

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

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

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

Storm Water Utility Fund: The storm water utility fund accounts for the storm water user's fee which will be used for the payment of cost related to the storm drainage system.

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

Government-wide Financial Statements

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

Fund Financial Statements

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

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

## *Notes to the Basic Financial Statements*

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

### Revenues - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (see Note 12). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

### Deferred Revenue

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

Property taxes receivables has been offset by deferred revenue since the current taxes were not levied to finance 2011 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified basis the revenue is deferred. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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

**E. Budgets and  
Budgetary Accounting**

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

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

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

## *Notes to the Basic Financial Statements*

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the Finance Director determines that revenue to be collected will be greater than or less than the prior estimates and the budget commission find the revised estimates to be reasonable. The amounts set forth in the financial statements, as the original budgeted amounts, represent estimates from the certificate of estimated resources when the original appropriations were adopted, whereas the final budgeted amounts, represent estimates from the final amended certificate issued for 2011.

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

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

*The Appropriated Budget:* The legal level of control has been established by Council at the department level for all funds. 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.

## *City of Louisville, Ohio*

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 2011, investments were limited to interest in 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.

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

### **G. Inventory of Supplies**

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

### **H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2011 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure or expense is reported in the year in which services are consumed.

### **I. Capital Assets and Depreciation**

Governmental capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

## *Notes to the Basic Financial Statements*

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$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 activity 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.

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

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

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

**K. Accrued Liabilities and Long-term Obligations** All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences 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.

## **L. 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.

**Committed** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) 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 or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. 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.

## *Notes to the Basic Financial Statements*

**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 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.

### **M. Deferred Charges and Bond Premiums**

In governmental fund types, bond premiums and issuance costs are recognized in the current period. Bond premiums and issuance costs 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, whereas issuance costs are recorded as deferred charges.

### **N. 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 assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

### **O. Interfund Transactions**

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

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

## *City of Louisville, Ohio*

### **P. Net Assets**

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

### **Q. Operating Revenues and Expenses**

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

### **R. Estimates**

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

## **NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES**

---

For 2011, the City has implemented Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”. GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement did not result in a change in total fund balance, but only the classification of fund balance on the City’s financial statements.

For 2011, the City has also implemented Statement No. 59, “Financial Statement Omnibus: GASB Statement No. 59 updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the City.

*Notes to the Basic Financial Statements*

**NOTE 3 – 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 funds and all other governmental funds are presented below:

Fund Balances	<u>General</u>	<u>Street Construction, Maintenance and Repair</u>	<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Nonspendable</u>					
Materials and supplies inventory	\$ -	\$ 14,583	\$ -	\$ -	\$ 14,583
Prepays	3,141	650	-	1,289	5,080
Total nonspendable	<u>3,141</u>	<u>15,233</u>	<u>-</u>	<u>1,289</u>	<u>19,663</u>
<u>Restricted for</u>					
Streets and highways	-	256,305	-	122,947	379,252
Court activities	-	-	-	22,524	22,524
Police services	-	-	-	25,823	25,823
Debt service payments	-	-	-	24,730	24,730
Total restricted	<u>-</u>	<u>256,305</u>	<u>-</u>	<u>196,024</u>	<u>452,329</u>
<u>Committed</u>					
Fire and EMS services	<u>-</u>	<u>-</u>	<u>-</u>	<u>183,195</u>	<u>183,195</u>
<u>Assigned</u>					
Encumbrances	50,332	-	-	-	50,332
Next year's budget	3,473	-	-	-	3,473
Total assigned	<u>53,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>53,805</u>
Unassigned (deficit)	<u>2,138,647</u>	<u>-</u>	<u>(81,165)</u>	<u>(2,420)</u>	<u>2,055,062</u>
Total fund balances	<u>\$ 2,195,593</u>	<u>\$ 271,538</u>	<u>\$ (81,165)</u>	<u>\$ 378,088</u>	<u>\$ 2,764,054</u>

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

*City of Louisville, Ohio*

The statement of revenues, expenditures, and changes in fund balances - budget (Non-GAAP basis) and actual presented for the general fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- 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).
- e. The revenues, expenditures and other financing sources and uses of the general fund include activity that is budgeted within special revenue funds (GAAP basis). However, on the budgetary basis, the activity of the special revenue funds is excluded resulting in perspective differences.

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

	Net Change in Fund Balance	
	<u>General</u>	<u>Street Construction, Maintenance and Repair</u>
GAAP Basis	\$ 412,310	\$ 2,182
Revenue accruals	42,652	97,422
Advances	330,102	-
Expenditure accruals	(1,544,689)	(14,645)
Encumbrances (Budget Basis) outstanding at year end	<u>(64,523)</u>	<u>(18,622)</u>
Budget Basis	<u>\$ (824,148)</u>	<u>\$ 66,337</u>

NOTE 5 – 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 Treasurer's Investment Pool (Star Ohio).

Before transacting a repurchase agreement with a particular broker/dealer, a master repurchase agreement must be entered into between the City and that particular broker.

The City had \$310 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. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The City's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of December 31 2011, the carrying amount of the City's deposits was \$4,882,214 and the bank balance was \$4,952,908. The City's deposits were not exposed to custodial credit risk as they were either insured or secured by a collateral pool of eligible securities held at the Federal Reserve in a pledge account.

## City of Louisville, Ohio

### B. Investments

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u> <sup>(1)</sup>
STAR Ohio	\$ 1,005,476	57 <sup>(2)</sup>	AAAm

<sup>(1)</sup> Standard and Poor's rating

<sup>(2)</sup> Days (Average)

The City has invested funds in STAR Ohio during 2011. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2011.

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 2011 amounted to \$1,629, which includes \$1,237 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 STAROhio an AAAM rating. The City's investment policy allows certain investments, however does not specify credit ratings.

### B. Component Unit

#### Deposits

The carrying amount and bank balance of the Louisville Community Corporation's deposits at December 31, 2011 were \$57,233. Of the bank balances, none of the monies were collateralized with securities held by the pledging financial institutions trust department or agent but not in the Corporation's name.

## NOTE 6 - RECEIVABLES

---

Receivables at December 31, 2011 for governmental funds consisted primarily of municipal income taxes, property and other taxes, amounts due from other governments, accounts, special assessments, and accrued interest.

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

*Notes to the Basic Financial Statements*

<u>Governmental Activities</u>	<u>Amount</u>
Cents per gallon and excise tax	\$ 141,448
Homestead and rollback	29,138
Local government	116,491
Motor vehicle tax	32,018
Estate tax	50,518
Permissive sales tax	13,023
Public utility property tax reimbursement	1,089
State and Federal grants	<u>335,930</u>
Total	<u>\$ 719,655</u>

**NOTE 7 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund transfers for the year ended December 31, 2011, consisted of the following:

<u>Transfer to</u>	<u>Transfer from</u>		<u>Total</u>
	<u>General fund</u>	<u>Nonmajor governmental funds</u>	
Street Construction, Maintenance and Repair fund	\$ 100,000	\$ -	\$ 100,000
Capital improvements fund	221,000	-	221,000
Nonmajor governmental funds	<u>89,712</u>	<u>5,154</u>	<u>94,866</u>
Total transfers	<u>\$ 410,712</u>	<u>\$ 5,154</u>	<u>\$ 415,866</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.

Transfers of capital assets between the business-type funds and governmental activities during 2011 are reported as transfers.

Interfund balances at December 31, 2011 consisted of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$1,240,477	\$ -
Capital improvements fund	-	1,238,057
Nonmajor governmental fund	-	2,420
Totals	<u>\$1,240,477</u>	<u>\$1,240,477</u>

## City of Louisville, Ohio

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of December 31, 2011, all interfund loans outstanding are anticipated to be repaid by 2012.

### NOTE 8 - CAPITAL ASSETS

#### A. Primary Government

*Governmental Activities:* The summary of the governmental capital asset activity as of December 31, 2011 follows:

<u>Governmental activities</u>	<u>Balance</u> <u>12/31/2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2011</u>
Capital assets, not being depreciated:				
Land	\$ 197,763	\$ -	\$ -	\$ 197,763
Construction in progress	1,745,307	1,732,451	(166,181)	3,311,577
Total capital assets, not being depreciated	<u>1,943,070</u>	<u>1,732,451</u>	<u>(166,181)</u>	<u>3,509,340</u>
Capital assets, being depreciated:				
Land improvements	568,844	32,907	-	601,751
Buildings and building improvements	1,477,982	11,078	-	1,489,060
Machinery and equipment	1,099,330	148,334	(63,916)	1,183,748
Vehicles	1,748,480	199,978	(122,244)	1,826,214
Infrastructure	717,982	152,449	-	870,431
Total capital assets, being depreciated	<u>5,612,618</u>	<u>544,746</u>	<u>(186,160)</u>	<u>5,971,204</u>
Less accumulated depreciation:				
Land improvements	(185,343)	(58,530)	-	(243,873)
Buildings and building improvements	(723,637)	(30,403)	-	(754,040)
Machinery and equipment	(812,607)	(46,509)	27,697	(831,419)
Vehicles	(916,440)	(144,384)	107,540	(953,284)
Infrastructure	(424,709)	(26,362)	-	(451,071)
Total accumulated depreciation	<u>(3,062,736)</u>	<u>(306,188)</u>	<u>135,237</u>	<u>(3,233,687)</u>
Total capital assets being depreciated, net	<u>2,549,882</u>	<u>238,558</u>	<u>(50,923)</u>	<u>2,737,517</u>
Governmental activities capital assets, net	<u>\$ 4,492,952</u>	<u>\$ 1,971,009</u>	<u>\$ (217,104)</u>	<u>\$ 6,246,857</u>

*Depreciation Expense:* Depreciation expense charged to governmental functions for the year ending December 31, 2011 is as follows:

	<u>Amount</u>
General government	\$ 39,485
Security of persons and property	122,742
Transportation	75,755
Leisure time activities	68,206
	<u>\$ 306,188</u>

## Notes to the Basic Financial Statements

**Business-type Activities:** The summary of the business-type activities' capital asset activity as of December 31, 2011 follow:

<b><u>Business-type activities</u></b>	<u>Balance</u> <u>12/31/2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2011</u>
Capital assets, not being depreciated:				
Land	\$ 312,987	\$ -	\$ -	\$ 312,987
Construction in progress	<u>655,987</u>	<u>318,024</u>	<u>(724,662)</u>	<u>249,349</u>
Total capital assets, not being depreciated	<u>968,974</u>	<u>318,024</u>	<u>(724,662)</u>	<u>562,336</u>
Capital assets, being depreciated:				
Land improvements	73,970	-	-	73,970
Buildings and building improvements	9,112,338	-	-	9,112,338
Machinery and equipment	50,518	126,683	(44,907)	132,294
Vehicles	508,903	-	-	508,903
Infrastructure	<u>9,926,881</u>	<u>747,176</u>	<u>(22,514)</u>	<u>10,651,543</u>
Total capital assets, being depreciated	<u>19,672,610</u>	<u>873,859</u>	<u>(67,421)</u>	<u>20,479,048</u>
Less accumulated depreciation:				
Land improvements	(16,422)	(7,397)	-	(23,819)
Buildings and building improvements	(4,325,848)	(176,838)	-	(4,502,686)
Machinery and equipment	(5,205)	(8,007)	-	(13,212)
Vehicles	(168,751)	(44,365)	-	(213,116)
Infrastructure	<u>(5,311,005)</u>	<u>(172,957)</u>	<u>-</u>	<u>(5,483,962)</u>
Total accumulated depreciation	<u>(9,827,231)</u>	<u>(409,564)</u>	<u>-</u>	<u>(10,236,795)</u>
Total capital assets being depreciated, net	<u>9,845,379</u>	<u>464,295</u>	<u>(67,421)</u>	<u>10,242,253</u>
Business-type activities capital assets, net	<u>\$ 10,814,353</u>	<u>\$ 782,319</u>	<u>\$ (792,083)</u>	<u>\$ 10,804,589</u>

**Depreciation Expense:** Depreciation expense charged to business-type activities for the year ending December 31, 2011 is as follows:

	Amount
Water	\$ 205,112
Sewer	<u>204,452</u>
Total	<u>\$ 409,564</u>

### **B. Component Unit**

**Component Unit:** A summary of the component unit capital assets as of December 31, 2011 follows:

<b><u>Component unit</u></b>	<u>Balance</u> <u>12/31/2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2011</u>
Capital assets, not being depreciated:				
Land	<u>\$ 30,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,994</u>

**NOTE 9 - COMPENSATED ABSENCES**

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

City employees earn sick leave at the rate of 4.6 hours for each 80 hours worked. Sick leave accrual is continuous, without limit. In the case of death or retirement, 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 10 - 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, 2011 follows:

	Balance January 1	Additions	Reductions	Amount Outstanding December 31	Amount Due in One Year
<b><u>Governmental activities</u></b>					
<b><u>General obligation bonds</u></b>					
2011 Refunding bonds	\$ -	\$ 235,000	\$ -	\$ 235,000	\$ 2,000
2011 Refunding premium	-	2,301	-	2,301	-
2001 Various Purpose Bonds, 3.50-5.10%	254,000	-	254,000	-	-
Total general obligation bonds	254,000	237,301	254,000	237,301	2,000
<b><u>Other long-term obligations</u></b>					
Police pension liability, 4.25%	43,094	-	1,030	42,064	1,074
Compensated absences	161,001	113,166	107,493	166,674	93,808
Capital leases	-	120,000	41,415	78,585	38,602
Total other long-term obligations	204,095	233,166	149,938	287,323	133,484
Total governmental activities	\$ 458,095	\$ 470,467	\$ 403,938	\$ 524,624	\$ 135,484

## Notes to the Basic Financial Statements

Business-type Activities: A summary of the business-type activities' debt and other long-term obligations as of December 31, 2011 follows:

	<u>Balance</u> <u>January 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Amount</u> <u>Outstanding</u> <u>December 31</u>	<u>Amount</u> <u>Due in</u> <u>One Year</u>
<b><u>Business-type activities</u></b>					
<b><u>General obligation bonds</u></b>					
2011 Refunding bonds	\$ -	\$ 1,785,000	\$ -	\$ 1,785,000	\$ 323,000
Unamortized premium	-	23,224	-	23,224	-
1993 Capital Facilities Refunding and Improvement 3.95-6.00%	1,125,000	-	1,125,000	-	-
Unamortized deferred cost of refunding	(21,330)	-	(21,330)	-	-
Unamortized premium	2,360	-	2,360	-	-
2001 Various Purpose Bonds 3.5-5.10%	<u>1,016,000</u>	<u>-</u>	<u>1,016,000</u>	<u>-</u>	<u>-</u>
Total general obligation bonds	<u>2,122,030</u>	<u>1,808,224</u>	<u>2,122,030</u>	<u>1,808,224</u>	<u>323,000</u>
<b><u>Other Long-term Obligations</u></b>					
1996 Ohio Public Works Commission Loan 0%	158,686	-	24,413	134,273	24,413
2001 Ohio Public Works Commission Loan 0%	274,610	-	23,879	250,731	23,879
2005 Ohio Water Development Authority Loan	45,013	-	2,347	42,666	2,442
Capital lease	225,145	-	112,273	112,872	55,396
Compensated absences	<u>71,579</u>	<u>75,971</u>	<u>55,054</u>	<u>92,496</u>	<u>55,258</u>
Total general obligation bonds	<u>775,033</u>	<u>75,971</u>	<u>217,966</u>	<u>633,038</u>	<u>161,388</u>
Total business-type activities	<u>\$ 2,897,063</u>	<u>\$ 1,884,195</u>	<u>\$ 2,339,996</u>	<u>\$ 2,441,262</u>	<u>\$ 484,388</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.

The difference between the reacquisition price and the net carrying amount of the old debt was not significant and therefore not amortized. The premium on the new debt was significant and is amortized over the life of the new bonds using the bonds outstanding method of amortization.

## City of Louisville, Ohio

The City refunded the Capital Facilities Refunding and Improvement Bonds and Various Purpose Bonds to reduce their total debt service payments over the next 10 years and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$174,103.

Loans: The \$134,273 loan outstanding is an interest-free loan from the Ohio Public Works Commission (OPWC) for a water line project, and requires equal payments over twenty years. The \$250,731 OPWC Loan outstanding is an interest-free loan for a water tower, and requires equal payments over twenty years. The \$42,666 Ohio Water Development Authority (ODWA) Loan outstanding is a loan for the East Well Field conversion and raw water main, and requires principal and interest payments over twenty years.

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

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

The annual requirements to amortize all bonded debt and loans as of December 31, 2011, including interest payments of \$214,370, are as follows:

	General Obligation Debt		ODWA Loan		OPWC Loans	Police Pension
	Principal	Interest	Principal	Interest	Principal	Installment
2012	\$ 325,000	\$ 40,847	\$ 2,442	\$ 1,674	\$ 48,292	\$ 1,074
2013	465,000	36,750	2,540	1,576	48,292	1,121
2014	165,000	27,450	2,642	1,474	48,292	1,169
2015	170,000	24,150	2,748	1,368	48,292	1,219
2016	170,000	20,750	2,859	1,257	48,292	1,271
2017-2021	725,000	51,525	16,112	4,467	131,602	7,224
2022-2026	-	-	13,323	1,082	11,942	8,915
2027-2031	-	-	-	-	-	11,001
2032-2034	-	-	-	-	-	9,070
	<u>\$ 2,020,000</u>	<u>\$ 201,472</u>	<u>\$ 42,666</u>	<u>\$ 12,898</u>	<u>\$ 385,004</u>	<u>\$ 42,064</u>

### NOTE 11 – CAPITALIZED LEASE

The City entered into capital leases during the year for the acquisition of an ambulance. 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.

## *Notes to the Basic Financial Statements*

Governmental and business-type activities capital assets consisting of equipment have been capitalized in the amount of \$120,000 and \$225,900, respectively. The depreciation expense of these assets is reported within governmental and business-type 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, 2011:

<u>Year</u>	Lease Payments	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2012	\$ 41,415	\$ 59,638
2013	<u>41,415</u>	<u>59,636</u>
Total minimum lease payments	82,830	119,274
Less: amount representing interest	<u>(4,245)</u>	<u>(6,402)</u>
Total	<u>\$ 78,585</u>	<u>\$ 112,872</u>

### **NOTE 12 - 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.

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. 2011 public utility property taxes became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

## City of Louisville, Ohio

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, tangible personal property taxes and outstanding delinquencies which are measurable as of December 31, 2011 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by unearned revenue since the current taxes were not levied to finance 2011 operations and the collection of delinquent taxes has been offset by deferred revenue since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

The full tax rate for all City operations for the year ended December 31, 2011, was \$2.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2011 property tax receipts were based are as follows:

<u>Property Category</u>	<u>Valuations for 2011 Collections</u>	
	<u>Assessed Value</u>	<u>Percent</u>
<u>Real Property</u>		
Residential and agricultural	\$ 125,982,950	81.61 %
Commercial and industrial	25,000,170	16.20
Public utilities	<u>3,386,030</u>	<u>2.19</u>
Total	<u>\$ 154,369,150</u>	<u>100.00 %</u>

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.

### NOTE 13 - 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% on income tax earned outside the City and paid to another municipality.

**NOTE 14 - CONTINGENCIES**

---

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

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

**NOTE 15 - DEFINED BENEFIT PENSION PLANS**

---

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

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

Each retirement system prepares a stand-alone financial report that includes financial information and required supplementary information for the plans. These reports can be obtained by writing to OPERS at 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614)222-5601 or (800)222-7377 and OP&F at 140 East Town Street, Columbus, Ohio 43215-5164.

OPERS: The Ohio Revised Code provides statutory authority for member and employer contributions. Member and employer contributions rates were consistent across all three plans (TP, MD and CP). For the year ended December 31, 2011, City employees were required to contribute 10% of their annual covered salary. The City's contribution rate for 2011 was 14%. The contribution rates are determined actuarially. The City's required pension contributions to OPERS for the years ending December 31, 2011, 2010 and 2009 were \$136,321, \$151,895 and \$130,511 respectively. The full amount has been contributed for 2010 and 2009. Approximately 83.3% had been contributed for 2011 with the remainder being reported as a liability within the respective funds.

OP&F: Plan members are required to contribute 10% of their annual covered salary to fund pension obligations while the City is required to contribute 19.5% for police officers and 24.0 % for firefighters , of which 12.75% and 17.25% was used to fund pension plans, respectively. Contributions are authorized by State statute. The City's required contributions to OP&F for the years ending December 31, 2011, 2010 and 2009 were \$62,461, \$71,636 and \$81,259, respectively. The full amount has been contributed for 2010 and 2009. Approximately 81.7% has been contributed for 2011 with the remainder being reported as a liability within the respective funds.

#### **NOTE 16 - POSTEMPLOYMENT BENEFITS**

---

OPERS: The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional plan (TP) – a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan (MD) – a defined contribution plan; and the combined plan (CO) – 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 healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age and service retirees under the traditional pension and combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor 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 No. 45.

## *Notes to the Basic Financial Statements*

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

The Ohio Revised Code provides statutory authority requiring employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, the City contributed at a rate of 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employer units. Active members do not make contributions to the OPEB plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Actual employer contributions for the years ending December 31 2011, 2010 and 2009 which were used to fund postemployment benefits were \$75,734, \$84,386 and \$130,511, respectively. The full amount has been contributed for 2010 and 2009. Approximately 83.3% had been contributed for 2011. \$12,663 representing the unpaid contribution for fiscal year 2011 is recorded as due an intergovernmental payable. The actual contribution and the actuarially required contribution amounts are the same.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1, of each year from 2006 to 2008. Rates for law and public safety employees increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

OP&F: The City of Louisville contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check 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 Statement 45.

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.

The Ohio Revised Code provides for contribution requirements of the participating employers and of the 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 % and 24.0 % of covered payroll for police and fire employers, respectively. The Ohio revised Code states that the employer contribution may not exceed 19.5 % of the covered payroll for police employer units and 24.0 % of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

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 the year ended December 31, 2011, the employer contribution allocated to health care plan was 6.75% 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 also is 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.

## *Notes to the Basic Financial Statements*

The City's total contributions to OP&F for police and fire health care for the years ended December 31, 2011, 2010 and 2009 were \$33,068, \$37,925 and \$39,965, respectively, 81.7 percent has been contributed, for 2011 with the remainder being reported as a liability. \$6,066 representing the unpaid contribution for fiscal year 2011 is recorded as an intergovernmental payable.

### **NOTE 17 - RISK MANAGEMENT**

---

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City has contracted with Ohio Government Risk Management Plan, an Ohio government risk management program. The Plan was formed in June 1988 for the primary purpose of managing third-party liability claims against its members. The Plan provides property, liability, error and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its 616 members.

The City's settled claims have not exceeded insurance coverage for the past three years. The Plan has chosen to adopt the forms and endorsements of conventional insurance coverage and to reinsure these coverages 100%, rather than utilize a risk pool of member funds to pay individual and collective losses up to a given retention, and then have excess reinsurance coverage above the retention amount. Therefore, the City is only responsible for its self-retention (deductible) amount. The Plan reinsures its coverage 100%, with various reinsurance companies up to a limit of \$5,000,000 per occurrence, per member. The City has not had any reduction in insurance coverage in the past three years.

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

The City has elected to provide dental and vision benefits through a self-insurance program. The City used the general fund to account for and finance its risks of loss in this program. This plan provides a dental plan with \$50 per person deductible, and no deductible for the vision. A third party administrator reviews all claims, which are then paid by the City. The City pays all individual claims from the general fund. 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.

## City of Louisville, Ohio

The claims liability of \$2,335 reported in the general fund at December 31, 2011 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the City's third party administrator. Changes in the fund's claims liability amount in 2011 and 2010 were:

	Year ended <u>12/30/2011</u>	Year ended <u>12/30/2010</u>
Unpaid Claims, beginning of fiscal year	\$ 1,126	\$ 2,340
Incurred Claims (including IBNRs)	21,300	25,687
Claim payments	<u>(20,091)</u>	<u>(26,901)</u>
Unpaid claims, end of fiscal year	<u>\$ 2,335</u>	<u>\$ 1,126</u>

### **NOTE 18 – JOINTLY GOVERNED ORGANIZATION**

---

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

### **NOTE 19 – 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.

## Notes to the Basic Financial Statements

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.

### NOTE 20 – CONDUIT DEBT OBLIGATIONS

---

The City has issued Healthcare and Housing Facility Revenue Bonds to provide financial assistance to St. Joseph Care Center for the acquisition and construction of healthcare facilities deemed to be in the public interest. The bonds are secured by a letter of credit from First Merit Bank. Upon repayment of the bonds, ownership of the acquired facilities transfers back to St. Joseph Care Center through a sale and leaseback type transaction. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

In accordance with the Governmental Accounting Standards Board, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2011 there were two series of Healthcare and Housing Facility Bonds outstanding, with an aggregate principal amount of \$6.59 million.

### NOTE 21 – ACCOUNTABILITY AND COMPLIANCE

---

#### A. Fund Deficits

As of December 31, 2011, two special revenue funds and one capital project fund had a deficit balances. These deficits were a result of the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur. The fund deficits for 2011 were as follows:

<u>Special Revenue Funds</u>	<u>Deficit</u>
Community crime prevention grant	\$ 1,266
Local drug enforcement grant	1,154
<u>Capital Projects Fund</u>	
Capital improvements	81,165

#### B. Compliance

Appropriations Exceeding Estimated resources: Section 5705.39, Revised Code, prohibits appropriations from exceeding estimated resources. The street construction, maintenance and repair special revenue fund was found to have appropriation exceeding estimated resources.

## **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 Donations - To account for donations made by individuals committed to support of the Fire and EMS Departments.
- 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.
- Community Crime Prevention Grant – To account for revenues received from the state and federal governments and used to offset costs restricted to community crime prevention.
- Local Drug Enforcement Grant – To account for revenues received from the state and federal governments and used to offset costs restricted to local drug enforcement.

### Nonmajor Debt Service Fund

The debt service funds are 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.

**City of Louisville, Ohio**

**Balance Sheet**

**Governmental Funds**

**December 31, 2011**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 297,200	\$ 24,730	\$ 321,930
Receivables:			
Accounts	82,448	-	82,448
Equity in pooled cash and cash equivalents	-	232,218	232,218
Due from other governments	26,033	-	26,033
Notes receivable	1,289	-	1,289
Total assets	<u>\$ 406,970</u>	<u>\$ 256,948</u>	<u>\$ 663,918</u>
<u>Liabilities:</u>			
Accounts payable	\$ 2,043	\$ -	\$ 2,043
Interfund payable	2,420	-	2,420
Accrued wages and benefits	5,310	-	5,310
Due to other governments	6,087	-	6,087
Deferred revenue	37,752	-	37,752
Special assessment bonds payable	-	232,218	232,218
Total liabilities	<u>53,612</u>	<u>232,218</u>	<u>285,830</u>
<u>Fund balances:</u>			
Nonspendable	1,289	-	1,289
Restricted	171,294	24,730	196,024
Committed	183,195	-	183,195
Unassigned			
Special revenue funds	<u>(2,420)</u>	<u>-</u>	<u>(2,420)</u>
Total fund balances	<u>353,358</u>	<u>24,730</u>	<u>378,088</u>
Total liabilities and fund balances	<u>\$ 406,970</u>	<u>\$ 256,948</u>	<u>\$ 663,918</u>

**City of Louisville, Ohio**

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

**Governmental Funds**

**For the Year Ended December 31, 2011**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
Revenues:			
Charges for services	\$ 261,846	\$ -	\$ 261,846
Fines and forfeitures	20,340	-	20,340
Intergovernmental	97,630	-	97,630
Investment income	148	-	148
Contributions and donations	1,130	-	1,130
Other	133	-	133
Total revenue	<u>381,227</u>	<u>-</u>	<u>381,227</u>
Expenditures:			
Current:			
General government	1,927	-	1,927
Security of persons and property	250,542	-	250,542
Transportation	55,756	-	55,756
Capital outlay	229,122	-	229,122
Debt service:			
Principal retirement	41,415	26,000	67,415
Interest and fiscal charges	-	12,798	12,798
Issuance costs	-	5,873	5,873
Total expenditures	<u>578,762</u>	<u>44,671</u>	<u>623,433</u>
Excess of revenues under expenditures	<u>(197,535)</u>	<u>(44,671)</u>	<u>(242,206)</u>
Other financing sources (uses):			
Bonds issued	-	235,000	235,000
Payment to refunded bond escrow agent	-	(232,218)	(232,218)
Inception of capital lease	120,000	-	120,000
Premium on bonds issued	-	2,301	2,301
Transfers - in	47,066	47,800	94,866
Transfers - out	(5,154)	-	(5,154)
Total other financing sources (uses)	<u>161,912</u>	<u>52,883</u>	<u>214,795</u>
Net change in fund balance	(35,623)	8,212	(27,411)
Fund balances at beginning of year	<u>388,981</u>	<u>16,518</u>	<u>405,499</u>
Fund balances at end of year	<u>\$ 353,358</u>	<u>\$ 24,730</u>	<u>\$ 378,088</u>

**City of Louisville, Ohio**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2011**

	State Highway Fund	Motor Vehicle License Fund	Mayor's Court Computerization Fund	Emergency Services Donations Fund	Emergency Services Charges Fund
Assets:					
Equity in pooled cash and cash equivalents	\$ 36,486	\$ 70,609	\$ 22,524	\$ -	\$ 141,758
Receivables:					
Accounts	227	-	-	-	82,221
Due from other governments	13,010	13,023	-	-	-
Prepaid items	53	-	-	-	1,236
Total assets	<u>\$ 49,776</u>	<u>\$ 83,632</u>	<u>\$ 22,524</u>	<u>\$ -</u>	<u>\$ 225,215</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 278	\$ -	\$ -	\$ -	\$ 1,765
Interfund payable	-	-	-	-	-
Accrued wages and benefits	489	-	-	-	4,821
Due to other governments	841	-	-	-	5,246
Deferred revenue	8,800	-	-	-	28,952
Total liabilities	<u>10,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,784</u>
Fund balances:					
Nonspendable	53	-	-	-	1,236
Restricted	39,315	83,632	22,524	-	-
Committed	-	-	-	-	183,195
Unassigned					
Special revenue funds	-	-	-	-	-
Total fund balances	<u>39,368</u>	<u>83,632</u>	<u>22,524</u>	<u>-</u>	<u>184,431</u>
Total liabilities and fund balances	<u>\$ 49,776</u>	<u>\$ 83,632</u>	<u>\$ 22,524</u>	<u>\$ -</u>	<u>\$ 225,215</u>

Law Enforcement Education Fund	Law Enforcement Trust Fund	Community Crime Prevention Grant Fund	Local Drug Enforcement Grant Fund	Total Nonmajor Special Revenue Funds
\$ 3,780	\$ 22,043	\$ -	\$ -	\$ 297,200
-	-	-	-	82,448
-	-	-	-	26,033
-	-	-	-	1,289
<u>\$ 3,780</u>	<u>\$ 22,043</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 406,970</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,043
-	-	1,266	1,154	2,420
-	-	-	-	5,310
-	-	-	-	6,087
-	-	-	-	37,752
<u>-</u>	<u>-</u>	<u>1,266</u>	<u>1,154</u>	<u>53,612</u>
-	-	-	-	1,289
3,780	22,043	-	-	171,294
-	-	-	-	183,195
-	-	(1,266)	(1,154)	(2,420)
<u>3,780</u>	<u>22,043</u>	<u>(1,266)</u>	<u>(1,154)</u>	<u>353,358</u>
<u>\$ 3,780</u>	<u>\$ 22,043</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 406,970</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, 2011**

	State Highway Fund	Motor Vehicle License Fund	Mayor's Court Computerization Fund	Emergency Services Donations Fund	Emergency Services Charges Fund
<b>Revenues:</b>					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 261,846
Fines and forfeitures	-	-	2,871	-	-
Intergovernmental	26,213	58,717	-	-	5,950
Investment income	-	148	-	-	-
Contributions and donations	-	-	-	1,130	-
Other	133	-	-	-	-
<b>Total revenue</b>	<b>26,346</b>	<b>58,865</b>	<b>2,871</b>	<b>1,130</b>	<b>267,796</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	-	-	1,927	-	-
Security of persons and property	-	-	-	23	235,104
Transportation	37,605	18,151	-	-	-
Capital outlay	-	99,937	9,100	-	120,085
Principal retirement	-	-	-	-	41,415
<b>Total expenditures</b>	<b>37,605</b>	<b>118,088</b>	<b>11,027</b>	<b>23</b>	<b>396,604</b>
Excess of revenues over (under) expenditures	(11,259)	(59,223)	(8,156)	1,107	(128,808)
<b>Other financing sources (uses):</b>					
Inception of capital lease	-	-	-	-	120,000
Transfers - in	20,000	20,000	-	-	5,154
Transfers - out	-	-	-	(5,154)	-
<b>Total other financing sources (uses)</b>	<b>20,000</b>	<b>20,000</b>	<b>-</b>	<b>(5,154)</b>	<b>125,154</b>
Net change in fund balance	8,741	(39,223)	(8,156)	(4,047)	(3,654)
Fund balances at beginning of year	30,627	122,855	30,680	4,047	188,085
Fund balances at end of year	<u>\$ 39,368</u>	<u>\$ 83,632</u>	<u>\$ 22,524</u>	<u>\$ -</u>	<u>\$ 184,431</u>

Law Enforcement Education Fund	Law Enforcement Trust Fund	Community Crime Prevention Grant Fund	Local Drug Enforcement Grant Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 261,846
1,369	16,100	-	-	20,340
-	-	6,750	-	97,630
-	-	-	-	148
-	-	-	-	1,130
-	-	-	-	133
<u>1,369</u>	<u>16,100</u>	<u>6,750</u>	<u>-</u>	<u>381,227</u>
-	-	-	-	1,927
7,135	2,191	6,089	-	250,542
-	-	-	-	55,756
-	-	-	-	229,122
-	-	-	-	41,415
<u>7,135</u>	<u>2,191</u>	<u>6,089</u>	<u>-</u>	<u>578,762</u>
<u>(5,766)</u>	<u>13,909</u>	<u>661</u>	<u>-</u>	<u>(197,535)</u>
-	-	-	-	120,000
-	-	1,912	-	47,066
-	-	-	-	(5,154)
-	-	1,912	-	161,912
<u>(5,766)</u>	<u>13,909</u>	<u>2,573</u>	<u>-</u>	<u>(35,623)</u>
<u>9,546</u>	<u>8,134</u>	<u>(3,839)</u>	<u>(1,154)</u>	<u>388,981</u>
<u>\$ 3,780</u>	<u>\$ 22,043</u>	<u>\$ (1,266)</u>	<u>\$ (1,154)</u>	<u>\$ 353,358</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, 2011**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Municipal income tax	\$ 2,477,230	\$ 2,648,100	\$ 2,653,410	\$ 5,310
Property and other taxes	348,040	373,350	373,338	(12)
Charges for services	212,765	227,535	227,524	(11)
Licenses and permits	98,185	124,035	124,433	398
Fines and forfeitures	13,000	13,000	13,029	29
Intergovernmental	420,900	455,200	455,073	(127)
Interest	1,300	1,300	1,321	21
Contributions and donations	6,850	7,850	8,050	200
Other	34,620	39,620	38,617	(1,003)
Total revenues	<u>3,612,890</u>	<u>3,889,990</u>	<u>3,894,795</u>	<u>4,805</u>
<u>Expenditures:</u>				
Current:				
General government				
Office of city council				
Personal services	40,425	37,625	36,533	1,092
Operations and maintenance	16,950	17,500	16,495	1,005
Total office of city council	<u>57,375</u>	<u>55,125</u>	<u>53,028</u>	<u>2,097</u>
Office of the city manager				
Personal services	191,250	190,650	189,709	941
Operations and maintenance	23,790	19,990	19,196	794
Total office of the city manager	<u>215,040</u>	<u>210,640</u>	<u>208,905</u>	<u>1,735</u>
Department of finance and tax				
Personal services	260,525	248,575	248,384	191
Operations and maintenance	53,655	42,055	41,313	742
Total department of finance and tax	<u>314,180</u>	<u>290,630</u>	<u>289,697</u>	<u>933</u>
Mayor's court				
Personal services	32,125	32,750	32,605	145
Operations and maintenance	10,000	9,500	9,406	94
Total mayor's court	<u>42,125</u>	<u>42,250</u>	<u>42,011</u>	<u>239</u>
Civil service commission				
Personal services	6	7	6	1
Operations and maintenance	12,669	19,518	19,434	84
Total civil service commission	<u>12,675</u>	<u>19,525</u>	<u>19,440</u>	<u>85</u>

**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, 2011**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Division of lands and buildings				
Personal services	22,450	17,450	16,924	526
Operations and maintenance	111,764	101,464	99,004	2,460
Total division of lands and buildings	134,214	118,914	115,928	2,986
Department of law				
Personal services	44,000	44,000	42,988	1,012
Operations and maintenance	17,100	17,100	16,430	670
Total department of law	61,100	61,100	59,418	1,682
Other administrative				
Operations and maintenance	184,549	135,099	132,787	2,312
Total general government	1,021,258	933,283	921,214	12,069
Security of persons and property				
Division of police				
Personal services	1,037,400	1,033,300	1,033,068	232
Operations and maintenance	247,882	208,257	205,997	2,260
Total division of police	1,285,282	1,241,557	1,239,065	2,492
Division of fire				
Personal services	239,750	196,525	195,970	555
Operations and maintenance	112,783	107,233	104,100	3,133
Total division of fire	352,533	303,758	300,070	3,688
Division of street lighting				
Operations and maintenance	140,628	152,498	151,987	511
Division of traffic control maintenance				
Operations and maintenance	18,000	22,480	22,477	3
Total security of persons and property	1,796,443	1,720,293	1,713,599	6,694
Public health and welfare				
Board of health				
Operations and maintenance	59,125	69,025	68,058	967

**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, 2011**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Community environment				
Division of planning and development				
Personal services	94,450	73,650	73,224	426
Operations and maintenance	63,529	27,829	27,355	474
Total division of planning and development	157,979	101,479	100,579	900
Division of housing and building code				
Personal services	46,425	46,525	46,447	78
Operations and maintenance	4,550	5,150	4,776	374
Total division of housing and building code	50,975	51,675	51,223	452
Total community environment	208,954	153,154	151,802	1,352
Leisure time activities				
Division of parks				
Personal services	101,300	77,325	76,575	750
Operations and maintenance	146,970	158,545	153,121	5,424
Total division of parks	248,270	235,870	229,696	6,174
Senior citizens center				
Personal services	6,075	6,075	4,759	1,316
Total leisure time activities	254,345	241,945	234,455	7,490
Total expenditures	3,340,125	3,117,700	3,089,128	28,572
Excess of revenues over expenditures	272,765	772,290	805,667	33,377
Other financing sources (uses):				
Advances - in	-	-	330,102	330,102
Advances - out	-	-	(1,549,205)	(1,549,205)
Transfers - in	10	10	6	(4)
Transfers - out	(297,800)	(410,722)	(410,718)	4
Total other financing sources (uses)	(297,790)	(410,712)	(1,629,815)	(1,219,103)

***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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Net change in fund balance	(25,025)	361,578	(824,148)	(1,185,726)
Fund balance at beginning of year	1,312,707	1,312,707	1,312,707	-
Prior year encumbrances appropriated	<u>67,707</u>	<u>67,707</u>	<u>67,707</u>	-
Fund balance at end of year	<u>\$ 1,355,389</u>	<u>\$ 1,741,992</u>	<u>\$ 556,266</u>	<u>\$ (1,185,726)</u>

**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, 2011**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Intergovernmental	\$ 2,567,350	\$ 438,100	\$ 1,395,180	\$ 957,080
Contributions and donations	-	1,500	1,500	-
Other	6,450	8,010	8,009	(1)
Total revenues	<u>2,573,800</u>	<u>447,610</u>	<u>1,404,689</u>	<u>957,079</u>
<u>Expenditures:</u>				
Current:				
Transportation				
Division of street maintenance				
Personal services	272,950	242,450	241,917	533
Operations and maintenance	2,434,075	1,132,033	1,129,846	2,187
Total division of street maintenance	<u>2,707,025</u>	<u>1,374,483</u>	<u>1,371,763</u>	<u>2,720</u>
Division of snow and ice removal				
Operations and maintenance	70,230	70,230	66,589	3,641
Total expenditures	<u>2,777,255</u>	<u>1,444,713</u>	<u>1,438,352</u>	<u>6,361</u>
Excess of revenues under expenditures	<u>(203,455)</u>	<u>(997,103)</u>	<u>(33,663)</u>	<u>963,440</u>
Other financing sources:				
Transfers - in	102,000	100,000	100,000	-
Net change in fund balance	(101,455)	(897,103)	66,337	963,440
Fund balance at beginning of year	106,671	106,671	106,671	-
Prior year encumbrances appropriated	31,804	31,804	31,804	-
Fund balance at end of year	<u>\$ 37,020</u>	<u>\$ (758,628)</u>	<u>\$ 204,812</u>	<u>\$ 963,440</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, 2011**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Intergovernmental	\$ 24,525	\$ 26,050	\$ 26,051	\$ 1
Other	500	150	133	(17)
Total revenues	<u>25,025</u>	<u>26,200</u>	<u>26,184</u>	<u>(16)</u>
<u>Expenditures:</u>				
Current:				
Transportation				
Division of street maintenance				
Personal services	22,175	19,775	19,211	564
Operations and maintenance	17,610	16,210	15,871	339
Total division of street maintenance	<u>39,785</u>	<u>35,985</u>	<u>35,082</u>	<u>903</u>
Division of snow and ice removal				
Operations and maintenance	5,731	5,731	5,399	332
Total expenditures	<u>45,516</u>	<u>41,716</u>	<u>40,481</u>	<u>1,235</u>
Excess of revenues under expenditures	<u>(20,491)</u>	<u>(15,516)</u>	<u>(14,297)</u>	<u>1,219</u>
Other financing sources:				
Transfers - in	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balance	(491)	4,484	5,703	1,219
Fund balance at beginning of year	27,660	27,660	27,660	-
Prior year encumbrances appropriated	<u>716</u>	<u>716</u>	<u>716</u>	<u>-</u>
Fund balance at end of year	<u>\$ 27,885</u>	<u>\$ 32,860</u>	<u>\$ 34,079</u>	<u>\$ 1,219</u>

**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, 2011**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$ 80,400	\$ 81,500	\$ 81,520	\$ 20
Interest	200	200	148	(52)
Total revenues	<u>80,600</u>	<u>81,700</u>	<u>81,668</u>	<u>(32)</u>
<u>Expenditures:</u>				
Current:				
Transportation				
Division of street construction				
Operations and maintenance	100,000	118,400	118,339	61
Excess of revenues under expenditures	<u>(19,400)</u>	<u>(36,700)</u>	<u>(36,671)</u>	<u>29</u>
Other financing sources:				
Transfers - in	20,000	20,000	20,000	-
Net change in fund balance	600	(16,700)	(16,671)	29
Fund balance at beginning of year	<u>87,030</u>	<u>87,030</u>	<u>87,030</u>	<u>-</u>
Fund balance at end of year	<u>\$ 87,630</u>	<u>\$ 70,330</u>	<u>\$ 70,359</u>	<u>\$ 29</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, 2011**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Fines and forfeitures	\$ 3,800	\$ 2,850	\$ 2,871	\$ 21
<u>Expenditures:</u>				
Current:				
General government				
Mayor's court				
Operations and maintenance	1,000	11,100	11,027	73
Net change in fund balance	2,800	(8,250)	(8,156)	94
Fund balance at beginning of year	30,680	30,680	30,680	-
Fund balance at end of year	<u>\$ 33,480</u>	<u>\$ 22,430</u>	<u>\$ 22,524</u>	<u>\$ 94</u>

**City of Louisville, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Emergency Services Donations Fund**  
**For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Contributions and donations	\$ 1,500	\$ 1,130	\$ 1,130	\$ -
<u>Expenditures:</u>				
Current:				
Security of persons and property				
Division of police				
Operations and maintenance	1	-	-	-
Division of fire				
Operations and maintenance	740	740	740	-
Division of emergency services				
Operations and maintenance	805	5,483	5,483	-
Total expenditures	1,546	6,223	6,223	-
Excess of revenues under expenditures	(46)	(5,093)	(5,093)	-
Other financing uses:				
Transfers - out	(5,154)	(5,154)	(5,154)	-
Net change in fund balance	(5,200)	(10,247)	(10,247)	-
Fund balance at beginning of year	4,047	4,047	4,047	-
Prior year encumbrances appropriated	6,200	6,200	6,200	-
Fund balance at end of year	\$ 5,047	\$ -	\$ -	\$ -

**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, 2011**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Charges for services	\$ 314,796	\$ 248,000	\$ 247,929	\$ (71)
Intergovernmental	7,950	5,950	5,950	-
Total revenues	<u>322,746</u>	<u>253,950</u>	<u>253,879</u>	<u>(71)</u>
<u>Expenditures:</u>				
Current:				
Security of persons and property				
Division of emergency services				
Personal services	152,425	128,700	128,620	80
Operations and maintenance	180,026	161,251	160,897	354
Total expenditures	<u>332,451</u>	<u>289,951</u>	<u>289,517</u>	<u>434</u>
Excess of revenues under expenditures	<u>(9,705)</u>	<u>(36,001)</u>	<u>(35,638)</u>	<u>363</u>
Other financing sources:				
Transfers - in	5,254	5,154	5,154	-
Net change in fund balance	(4,451)	(30,847)	(30,484)	363
Fund balance at beginning of year	157,593	157,593	157,593	-
Prior year encumbrances appropriated	14,224	14,224	14,224	-
Fund balance at end of year	<u>\$ 167,366</u>	<u>\$ 140,970</u>	<u>\$ 141,333</u>	<u>\$ 363</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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Fines and forfeitures	\$ 2,000	\$ 1,400	\$ 1,369	\$ (31)
<u>Expenditures:</u>				
Current:				
Security of persons and property				
Division of police				
Operations and maintenance	5,000	5,000	4,720	280
Net change in fund balance	(3,000)	(3,600)	(3,351)	249
Fund balance at beginning of year	7,131	7,131	7,131	-
Fund balance at end of year	\$ 4,131	\$ 3,531	\$ 3,780	\$ 249

**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, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Fines and forfeitures	\$ 8,100	\$ 16,150	\$ 16,100	\$ (50)
<u>Expenditures:</u>				
Current:				
Security of persons and property				
Division of police				
Personal services	-	800	792	8
Operations and maintenance	1,000	1,400	1,399	1
Total security of persons and property	1,000	2,200	2,191	9
Total expenditures	1,000	2,200	2,191	9
Excess of revenues over expenditures	7,100	13,950	13,909	(41)
Net change in fund balance	7,100	13,950	13,909	(41)
Fund balance at beginning of year	8,135	8,135	8,135	-
Fund balance at end of year	\$ 15,235	\$ 22,085	\$ 22,044	\$ (41)

**City of Louisville, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Community Crime Prevention Grant Fund**  
**For the Year Ended December 31, 2011**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$ 9,927	\$ 16,677	\$ 16,677	\$ -
<u>Expenditures:</u>				
Current:				
General government				
Security of persons and property				
Division of police				
Personal services	7,647	7,647	7,647	-
Excess of revenues over expenditures	2,280	9,030	9,030	-
Other financing sources (uses):				
Advances - in	7,647	5,735	5,735	-
Advances - out	-	(16,677)	(16,677)	-
Transfers - in	1,912	1,912	1,912	-
Total other financing sources (uses)	9,559	(9,030)	(9,030)	-
Net change in fund balance	11,839	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ 11,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Louisville, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Local Drug Enforcement Grant Fund**  
**For the Year Ended December 31, 2011**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$ 8,012	\$ 8,012	\$ 8,012	\$ -
<u>Expenditures:</u>				
Current:				
Total expenditures	-	-	-	-
Excess of revenues over expenditures	8,012	8,012	8,012	-
Other financing uses:				
Advances - out	(8,012)	(8,012)	(8,012)	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Louisville, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Balance - Budget (Non-GAAP Basis) and Actual**  
**Debt Retirement Fund**  
**For the Year Ended December 31, 2011**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Debt service:				-
Principal retirement	33,062	256,280	256,280	-
Interest and fiscal charges	14,738	14,738	14,736	2
Bond issuance costs	-	5,873	5,873	-
Total expenditures	47,800	276,891	276,889	2
Excess of revenues under expenditures	(47,800)	(276,891)	(276,889)	2
Other financing sources:				
Bonds issued	-	235,000	235,000	-
Premium on bonds issued	-	2,301	2,301	-
Transfers - in	47,800	47,800	47,800	-
Total other financing sources	47,800	285,101	285,101	-
Net change in fund balance	-	8,210	8,212	2
Fund balance at beginning of year	16,518	16,518	16,518	-
Fund balance at end of year	\$ 16,518	\$ 24,728	\$ 24,730	\$ 2

**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, 2011**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$ 3,389,000	\$ 1,620,814	\$ 19,786	\$ (1,601,028)
<u>Expenditures:</u>				
Current:				
General government				
Division of lands and buildings				
Operations and maintenance	1,876,294	919,096	651,620	267,476
Transportation				
Division of street maintenance				
Operations and maintenance	1,857,551	1,048,043	957,198	90,845
Total expenditures	3,733,845	1,967,139	1,608,818	358,321
Excess of revenues (under) expenditures	(344,845)	(346,325)	(1,589,032)	(1,242,707)
Other financing sources:				
Advances - in	-	-	1,238,057	1,238,057
Transfers - in	221,000	221,000	221,000	-
Total other financing sources	221,000	221,000	1,459,057	1,238,057
Net change in fund balance	(123,845)	(125,325)	(129,975)	(4,650)
Fund balance at beginning of year	39,130	39,130	39,130	-
Prior year encumbrances appropriated	90,845	90,845	90,845	-
Fund balance at end of year	\$ 6,130	\$ 4,650	\$ -	\$ (4,650)

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

**City of Louisville, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Equity - Budget (Non-GAAP Basis) and Actual**  
**Water Fund**  
**For the Year Ended December 31, 2011**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Charges for services	\$ 909,875	\$ 941,975	\$ 937,780	\$ (4,195)
Other	6,625	7,525	7,398	(127)
Total revenues	916,500	949,500	945,178	(4,322)
<u>Expenses:</u>				
Current:				
Personal services	303,525	283,325	283,047	278
Fringe benefits	119,375	113,375	112,867	508
Contractual services	356,709	356,259	350,856	5,403
Materials and supplies	86,922	85,922	84,505	1,417
Capital outlay	299,402	272,052	246,556	25,496
Total expenses	1,165,933	1,110,933	1,077,831	33,102
Operating loss	(249,433)	(161,433)	(132,653)	28,780
Non-operating revenue (expenses):				
Municipal income taxes	794,850	881,700	878,609	(3,091)
Principal retirement	(168,840)	(1,160,746)	(1,160,735)	11
Interest and fiscal charges	(82,735)	(66,688)	(66,690)	(2)
Total non-operating revenue (expenses)	543,275	(345,734)	(348,816)	(3,082)
Income (loss) before transfers	293,842	(507,167)	(481,469)	25,698
Other financing sources (uses):				
Bonds issued	-	1,013,000	1,013,000	-
Advances - in	-	-	305,413	305,413
Advances - out	-	-	(305,413)	(305,413)
Premium on bonds issued	-	11,696	11,696	-
Bond issuance costs	-	(25,319)	(25,319)	-
Transfers - in	345,525	345,525	345,525	-
Transfers - out	(779,475)	(779,475)	(779,475)	-
Total other financing sources (uses)	(433,950)	565,427	565,427	-
Change in fund equity	(140,108)	58,260	83,958	25,698
Fund equity at beginning of year	550,411	550,411	550,411	-
Prior year encumbrances appropriated	71,559	71,559	71,559	-
Fund equity at end of year	\$ 481,862	\$ 680,230	\$ 705,928	\$ 25,698

**City of Louisville, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Equity - Budget (Non-GAAP Basis) and Actual**  
**Sewer Fund**  
**For the Year Ended December 31, 2011**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Charges for services	\$ 895,000	\$ 933,000	\$ 934,053	\$ 1,053
<u>Expenses:</u>				
Current:				
Personal services	305,250	290,150	289,845	305
Fringe benefits	123,175	113,125	112,751	374
Contractual services	351,263	336,988	335,720	1,268
Materials and supplies	78,918	77,818	77,703	115
Capital outlay	298,720	276,002	265,324	10,678
Total expenses	1,157,326	1,094,083	1,081,343	12,740
Operating loss	(262,326)	(161,083)	(147,290)	13,793
Non-operating revenue (expenses):				
Municipal income tax	-	-	5,271	5,271
Intergovernmental	-	132,200	132,187	(13)
Principal retirement	(285,800)	(1,098,924)	(1,098,907)	17
Interest and fiscal charges	(53,032)	(63,287)	(63,243)	44
Total non-operating revenue (expenses)	(338,832)	(1,030,011)	(1,024,692)	5,319
Loss before transfers	(601,158)	(1,191,094)	(1,171,982)	19,112
Other financing sources (uses):				
Bonds issued	-	772,000	772,000	-
Premium on bonds issued	-	11,528	11,528	-
Bond issuance costs	-	(19,288)	(19,288)	-
Transfers - in	433,950	433,950	433,950	-
Total other financing sources	433,950	1,198,190	1,198,190	-
Change in fund equity	(167,208)	7,096	26,208	19,112
Fund equity at beginning of year	460,356	460,356	460,356	-
Prior year encumbrances appropriated	159,658	159,658	159,658	-
Fund equity at end of year	\$ 452,806	\$ 627,110	\$ 646,222	\$ 19,112

**City of Louisville, Ohio**  
**Schedule of Revenues, Expenditures and Changes**  
**In Fund Equity - Budget (Non-GAAP Basis) and Actual**  
**Storm Water Utility Fund**  
**For the Year Ended December 31, 2011**

	<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	\$ 110,000	\$ 111,000	\$ 111,160	\$ 160
<u>Expenses:</u>				
Current:				
Contractual services	76,902	76,902	71,432	5,470
Materials and supplies	28,286	28,286	28,222	64
Capital outlay	3,970	48,370	48,353	17
Total expenses	<u>109,158</u>	<u>153,558</u>	<u>148,007</u>	<u>5,551</u>
Change in fund equity	842	(42,558)	(36,847)	5,711
Fund equity at beginning of year	104,638	104,638	104,638	-
Prior year encumbrances appropriated	<u>12,083</u>	<u>12,083</u>	<u>12,083</u>	<u>-</u>
Fund equity at end of year	<u>\$ 117,563</u>	<u>\$ 74,163</u>	<u>\$ 79,874</u>	<u>\$ 5,711</u>

---

## 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.

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial position has changed over time.	<b>S2 - S10</b>
<b>Revenue Capacity</b> 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).	<b>S11 - S15</b>
<b>Debt Capacity</b> 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.	<b>S16 - S21</b>
<b>Economic and Demographic Information</b> 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.	<b>S22 - S23</b>
<b>Operating Information</b> 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.	<b>S24 - S29</b>

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2004; schedules presenting government-wide information include information beginning in that fiscal year.

**CITY OF LOUISVILLE, OHIO**  
**Net Assets by Component (1)**  
**Last Eight Years (2)**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b><u>Governmental Activities</u></b>						
Invested in capital assets, net of related debt	\$ 5,930,971	\$ 4,238,952	\$ 3,251,988	\$ 2,867,010	\$ 2,372,382	\$ 1,986,625
Restricted	593,508	916,049	1,011,949	754,129	649,066	683,647
Unrestricted	<u>2,610,219</u>	<u>2,065,143</u>	<u>1,842,352</u>	<u>1,627,341</u>	<u>1,881,609</u>	<u>1,548,400</u>
Total governmental activities net assets	<u>9,134,698</u>	<u>7,220,144</u>	<u>6,106,289</u>	<u>5,248,480</u>	<u>4,903,057</u>	<u>4,218,672</u>
<b><u>Business-Type Activities</u></b>						
Invested in capital assets, net of related debt	8,520,159	8,083,638	7,415,753	7,134,730	5,702,061	5,537,295
Restricted	1,899,410	1,696,699	1,706,905	1,432,666	1,870,595	1,397,899
Total business-type activities net assets	<u>10,419,569</u>	<u>9,780,337</u>	<u>9,122,658</u>	<u>8,567,396</u>	<u>7,572,656</u>	<u>6,935,194</u>
<b><u>Primary Government</u></b>						
Invested in capital assets, net of related debt	14,451,130	12,322,590	10,667,741	10,001,740	8,074,443	7,523,920
Restricted	593,508	916,049	1,011,949	754,129	649,066	683,647
Unrestricted	<u>4,509,629</u>	<u>3,761,842</u>	<u>3,549,257</u>	<u>3,060,007</u>	<u>3,752,204</u>	<u>2,946,299</u>
Total primary government net assets	<u>\$19,554,267</u>	<u>\$17,000,481</u>	<u>\$15,228,947</u>	<u>\$13,815,876</u>	<u>\$12,475,713</u>	<u>\$11,153,866</u>

Source: City of Louisville basic financial statements.

(1) Accrual basis of accounting.

(2) Last ten years of information will be reported when available.

<u>2005</u>	<u>2004</u>
\$ 1,571,996	\$ 1,315,265
630,692	530,515
<u>1,158,963</u>	<u>788,495</u>
<u><u>3,361,651</u></u>	<u><u>2,634,275</u></u>

3,071,538	3,504,889
<u>2,356,648</u>	<u>1,332,745</u>
<u><u>5,428,186</u></u>	<u><u>4,837,634</u></u>

4,643,534	4,820,154
630,692	530,515
<u>3,515,611</u>	<u>2,121,240</u>
<u><u>\$ 8,789,837</u></u>	<u><u>\$ 7,471,909</u></u>

**CITY OF LOUISVILLE, OHIO**  
**Changes in Net Assets (1)**  
**Last Eight Years (2)**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Expenses</b>					
Governmental Activities:					
General government	\$ 1,041,834	\$ 891,233	\$ 907,759	\$ 1,001,777	\$ 709,418
Security of persons and property	2,008,185	2,183,465	2,086,776	2,137,745	2,284,434
Public health and welfare	65,093	50,860	77,436	44,190	18,274
Transportation	519,001	681,247	512,414	919,320	762,015
Community environment	169,936	147,504	204,539	203,848	193,968
Basic utility services	-	-	-	-	-
Leisure time activities	234,722	214,946	377,890	414,988	375,795
Other	-	-	-	-	-
Interest and fiscal charges	16,096	17,085	21,268	15,826	36,998
Total governmental activities expenses	<u>4,054,867</u>	<u>4,186,340</u>	<u>4,188,082</u>	<u>4,737,694</u>	<u>4,380,902</u>
Business-Type Activities:					
Water	1,144,617	1,199,786	1,020,190	969,468	958,590
Sewer	1,082,752	1,074,184	1,059,981	1,198,911	972,275
Storm water	90,263	60,182	-	-	-
Total business-type activities	<u>2,317,632</u>	<u>2,334,152</u>	<u>2,080,171</u>	<u>2,168,379</u>	<u>1,930,865</u>
Total primary government expenses	<u>\$ 6,372,499</u>	<u>\$ 6,520,492</u>	<u>\$ 6,268,253</u>	<u>\$ 6,906,073</u>	<u>\$ 6,311,767</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for services					
General government	\$ 391,958	\$ 234,515	\$ 202,740	\$ 218,902	\$ 166,347
Security of persons and property	284,646	329,559	359,129	292,330	219,194
Transportation	8,142	-	2,655	3,261	-
Community environment	4,470	4,535	5,740	4,126	7,887
Leisure time activities	6,058	31,227	78,195	69,806	83,516
Operating grants, contributions and interest	457,775	684,907	551,468	717,972	846,837
Capital grants and contributions	1,330,182	405,488	206,169	101,973	-
Total governmental activities program revenues	<u>2,483,231</u>	<u>1,690,231</u>	<u>1,406,096</u>	<u>1,408,370</u>	<u>1,323,781</u>
Business-Type Activities:					
Charges for services					
Water	950,304	863,578	797,045	756,040	735,974
Sewer	938,589	882,329	974,631	943,715	936,872
Storm water	114,048	130,395	-	-	-
Operating grants, contributions and interest	126,853	-	-	-	-
Capital grants and contributions	-	385,583	92,696	-	-
Total business-type activities program revenues	<u>2,129,794</u>	<u>2,261,885</u>	<u>1,864,372</u>	<u>1,699,755</u>	<u>1,672,846</u>
Total primary government program revenues	<u>\$ 4,613,025</u>	<u>\$ 3,952,116</u>	<u>\$ 3,270,468</u>	<u>\$ 3,108,125</u>	<u>\$ 2,996,627</u>
<b>Net (expense)/revenue</b>					
Governmental activities	\$ (1,571,636)	\$ (2,496,109)	\$ (2,781,986)	\$ (3,329,324)	\$ (3,057,121)
Business-type activities	(187,838)	(72,267)	(215,799)	(468,624)	(258,019)
Total primary government net expense	<u>\$ (1,759,474)</u>	<u>\$ (2,568,376)</u>	<u>\$ (2,997,785)</u>	<u>\$ (3,797,948)</u>	<u>\$ (3,315,140)</u>

**CITY OF LOUISVILLE, OHIO**  
**Changes in Net Assets (1)**  
**Last Eight Years (2)**

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental Activities:					
Property taxes levied for:					
General purposes	\$ 248,169	\$ 496,221	\$ 409,330	\$ 382,049	\$ 388,416
Income tax levied for:					
General purposes	2,663,045	2,497,694	2,366,926	2,720,310	2,505,101
Grants and entitlements not restricted to specific programs	499,385	363,559	576,332	476,932	675,554
Gain on sale of capital assets	-	-	-	-	-
Investment earnings	1,629	2,967	3,465	35,851	80,345
Other	6,541	136,573	130,514	156,111	92,090
Transfers	67,421	112,950	153,228	84,609	-
Total governmental activities	<u>3,486,190</u>	<u>3,609,964</u>	<u>3,639,795</u>	<u>3,855,862</u>	<u>3,741,506</u>
Business-Type Activities:					
Income tax levied for:					
Water utility services	408,241	262,921	402,106	427,932	374,217
Sewer utility services	478,852	569,643	448,213	459,763	427,388
Grants and entitlements not restricted to specific programs	-	-	73,970	704,787	93,876
Gain on sale of capital assets	-	-	-	-	-
Capital contributions	-	-	-	-	-
Other	7,398	10,332	-	-	-
Transfers	(67,421)	(112,950)	(153,228)	(84,609)	-
Total business-type activities	<u>827,070</u>	<u>729,946</u>	<u>771,061</u>	<u>1,507,873</u>	<u>895,481</u>
Total primary government	<u>\$ 4,313,260</u>	<u>\$ 4,339,910</u>	<u>\$ 4,410,856</u>	<u>\$ 5,363,735</u>	<u>\$ 4,636,987</u>
<b>Change in net assets</b>					
Governmental activities	\$ 1,914,554	\$ 1,113,855	\$ 857,809	\$ 526,538	\$ 684,385
Business-type activities	639,232	657,679	555,262	1,039,249	637,462
Total primary government	<u>\$ 2,553,786</u>	<u>\$ 1,771,534</u>	<u>\$ 1,413,071</u>	<u>\$ 1,565,787</u>	<u>\$ 1,321,847</u>

(Continued)

Source: City of Louisville basic financial statements.

(1) Accrual basis of accounting.

(2) Last ten years of information will be reported when available.

**CITY OF LOUISVILLE, OHIO**  
**Changes in Net Assets (1)**  
**Last Eight Years (2)**  
**Continued**

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Expenses</b>			
Governmental Activities:			
General government	\$ 795,848	\$ 818,463	\$ 799,136
Security of persons and property	2,079,266	1,790,354	1,745,446
Public health and welfare	55,143	51,182	48,652
Transportation	573,215	777,963	427,472
Community environment	210,431	179,959	157,208
Basic utility services	-	3,323	147,327
Leisure time activities	412,879	384,713	337,237
Other	46,864	75,999	43,152
Interest and fiscal charges	31,232	44,398	52,827
Total governmental activities expenses	<u>4,204,878</u>	<u>4,126,354</u>	<u>3,758,457</u>
Business-Type Activities:			
Water	1,002,351	974,699	912,997
Sewer	936,774	873,695	872,100
Storm water	-	-	-
Total business-type activities	<u>1,939,125</u>	<u>1,848,394</u>	<u>1,785,097</u>
Total primary government expenses	<u>\$ 6,144,003</u>	<u>\$ 5,974,748</u>	<u>\$ 5,543,554</u>
<b>Program Revenues</b>			
Governmental Activities:			
Charges for services			
General government	\$ 153,256	\$ 194,949	\$ 153,639
Security of persons and property	283,904	269,294	208,530
Transportation	-	-	-
Community environment	21,500	25,975	27,238
Leisure time activities	100,634	97,213	93,835
Operating grants, contributions and interest	547,487	673,568	520,083
Capital grants and contributions	-	189,505	17,650
Total governmental activities program revenues	<u>1,106,781</u>	<u>1,450,504</u>	<u>1,020,975</u>
Business-Type Activities:			
Charges for services			
Water	671,160	633,311	661,149
Sewer	882,147	776,018	702,058
Storm water	-	-	-
Operating grants, contributions and interest	-	396,640	7,257
Capital grants and contributions	-	-	-
Total business-type activities program revenues	<u>1,553,307</u>	<u>1,805,969</u>	<u>1,370,464</u>
Total primary government program revenues	<u>\$ 2,660,088</u>	<u>\$ 3,256,473</u>	<u>\$ 2,391,439</u>
<b>Net (expense)/revenue</b>			
Governmental activities	\$ (3,098,097)	\$ (2,675,850)	\$ (2,737,482)
Business-type activities	(385,818)	(42,425)	(414,633)
Total primary government net expense	<u>\$ (3,483,915)</u>	<u>\$ (2,718,275)</u>	<u>\$ (3,152,115)</u>

**CITY OF LOUISVILLE, OHIO**

**Changes in Net Assets (1)**

**Last Eight Years (2)**

**Continued**

	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental Activities:			
Property taxes levied for:			
General purposes	\$ 471,201	\$ 392,154	\$ 498,705
Income tax levied for:			
General purposes	2,660,310	2,275,376	2,122,773
Grants and entitlements not restricted to specific programs	423,376	468,249	313,728
Gain on sale of capital assets	-	11,500	22,640
Investment earnings	123,478	61,390	26,557
Other	95,725	77,557	79,781
Transfers	-	(83,000)	-
Total governmental activities	<u>3,774,090</u>	<u>3,203,226</u>	<u>3,064,184</u>
Business-Type Activities:			
Income tax levied for:			
Water utility services	458,188	345,074	362,674
Sewer utility services	420,648	404,903	341,793
Grants and entitlements not restricted to specific programs	-	-	-
Gain on sale of capital assets	3,247	-	-
Capital contributions	6,667	-	1,078,106
Other	-	-	-
Transfers	-	83,000	-
Total business-type activities	<u>888,750</u>	<u>832,977</u>	<u>1,782,573</u>
Total primary government	<u>\$ 4,662,840</u>	<u>\$ 4,036,203</u>	<u>\$ 4,846,757</u>
<b>Change in net assets</b>			
Governmental activities	\$ 675,993	\$ 527,376	\$ 326,702
Business-type activities	502,932	790,552	1,367,940
Total primary government	<u>\$ 1,178,925</u>	<u>\$ 1,317,928</u>	<u>\$ 1,694,642</u>

Source: City of Louisville basic financial statements.

(1) Accrual basis of accounting.

(2) Last ten years of information will be reported when available.

**CITY OF LOUISVILLE, OHIO**  
**Fund Balances, Governmental Funds (1)**  
**Last Eight Years (2)**

	<u>2011</u>	Restated <u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>General Fund</b>						
Nonspendable	\$ 3,141	\$ 32,564	\$ -	\$ -	\$ -	\$ -
Assigned	53,805	28,886	-	-	-	-
Unassigned	2,138,647	1,721,833	-	-	-	-
Reserved	-	-	46,232	123,510	72,746	68,818
Unreserved	-	-	1,570,808	1,313,692	1,763,654	1,285,317
<b>Total general fund</b>	<b>\$ 2,195,593</b>	<b>\$ 1,783,283</b>	<b>\$ 1,617,040</b>	<b>\$ 1,437,202</b>	<b>\$ 1,836,400</b>	<b>\$ 1,354,135</b>
<b>All Other Governmental Funds</b>						
Nonspendable	\$ 16,522	\$ 122,502	\$ -	\$ -	\$ -	\$ -
Restricted	452,329	495,281	-	-	-	-
Committed	183,195	192,040	-	-	-	-
Unassigned	(83,585)	(4,993)	-	-	-	-
Reserved	-	-	124,347	29,837	58,627	99,256
Unreserved, reported in:						
Special revenue funds	-	-	384,404	430,865	358,102	346,350
Capital projects funds	-	-	49,130	139,975	91,218	59,769
Debt service funds	-	-	16,516	9,721	9,721	18,216
<b>Total all other governmental funds</b>	<b>\$ 568,461</b>	<b>\$ 804,830</b>	<b>\$ 574,397</b>	<b>\$ 610,398</b>	<b>\$ 517,668</b>	<b>\$ 523,591</b>

Source: City of Louisville basic financial statements.

(1) Modified accrual basis of accounting, last ten years of information will be reported when available.

(2) Last ten years of information will be reported when available.

<u>2005</u>	<u>2004</u>
\$ -	\$ -
-	-
-	-
112,984	105,992
<u>1,028,901</u>	<u>707,650</u>
<u>\$ 1,141,885</u>	<u>\$ 813,642</u>

\$ -	\$ -
-	-
-	-
-	-
131,692	94,817
306,148	332,550
63,219	78,219
<u>3,702</u>	<u>3,702</u>
<u>\$ 504,761</u>	<u>\$ 509,288</u>

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b><u>Revenues</u></b>										
Taxes	\$ 2,955,928	\$ 2,959,442	\$ 2,816,445	\$ 2,879,462	\$ 2,994,049	\$ 2,916,779	\$ 2,731,169	\$ 2,613,502	\$ 2,666,051	\$ 2,597,995
Charges for services	489,370	558,729	561,915	507,209	443,924	437,632	455,542	396,839	412,921	390,075
Fines, licenses and permits	182,907	137,544	154,015	124,224	101,463	106,558	116,994	109,619	113,212	116,721
Intergovernmental revenues	2,169,197	1,721,226	1,003,338	1,073,524	1,344,029	897,125	1,228,092	823,320	843,237	771,164
Investment income	1,777	3,484	18,365	92,687	152,328	127,094	66,940	28,163	27,312	46,243
Contributions and donations	10,680	14,356	14,200	12,363	36,400	66,818	72,016	7,000	8,101	13,150
Rentals	-	11,307	24,193	15,518	23,351	19,132	13,139	14,853	-	-
Other	47,697	75,153	52,330	205,464	160,205	63,746	67,347	40,736	72,488	48,378
Total revenues	<u>5,857,556</u>	<u>5,481,241</u>	<u>4,644,801</u>	<u>4,910,451</u>	<u>5,255,749</u>	<u>4,634,884</u>	<u>4,751,239</u>	<u>4,034,032</u>	<u>4,143,322</u>	<u>3,983,726</u>
<b><u>Expenditures</u></b>										
General government	883,541	847,125	883,666	967,127	674,596	753,371	771,093	771,987	749,920	741,922
Security of persons and property	1,878,556	2,055,272	1,981,918	1,991,839	2,186,734	1,907,567	1,651,460	1,688,222	1,878,135	1,687,404
Public health and welfare	65,093	50,860	77,436	44,190	18,274	55,143	51,182	48,652	50,508	51,910
Transportation	440,086	610,206	457,680	852,425	657,354	497,941	722,731	379,941	636,157	395,796
Community environment	149,141	151,145	211,481	205,416	194,113	210,860	171,397	177,001	173,935	196,790
Basic utility services	-	-	-	-	-	-	3,095	148,215	75,273	-
Leisure time activities	130,297	149,882	335,071	346,014	345,696	330,830	333,920	286,762	383,104	351,965
Other	-	-	-	-	-	46,864	75,999	43,152	45,584	52,398
Capital outlay	2,173,898	1,098,608	505,922	1,011,044	591,752	318,579	352,105	377,320	133,937	151,068
Debt service:										
Principal retirement	67,415	104,290	100,144	23,000	73,814	250,603	275,457	250,631	267,888	207,389
Interest and fiscal charges	12,798	17,177	21,355	15,908	37,074	32,046	-	-	-	-
Issuance costs	5,873	-	-	-	-	-	-	-	-	-
Total expenditures	<u>5,806,698</u>	<u>5,084,565</u>	<u>4,574,673</u>	<u>5,456,963</u>	<u>4,779,407</u>	<u>4,403,804</u>	<u>4,408,439</u>	<u>4,171,883</u>	<u>4,394,441</u>	<u>3,836,642</u>
Excess of revenues over (under) expenditures	<u>50,858</u>	<u>396,676</u>	<u>70,128</u>	<u>(546,512)</u>	<u>476,342</u>	<u>231,080</u>	<u>342,800</u>	<u>(137,851)</u>	<u>(251,119)</u>	<u>147,084</u>
<b><u>Other financing sources (Uses)</u></b>										
Bonds issued	235,000	-	-	-	-	-	-	-	-	-
Inception of capital lease	120,000	-	-	155,434	-	-	-	-	-	-
Premium on bonds issued	2,301	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	73,709	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	(232,218)	-	-	-	-	-	-	-	-	-
Transfers in	415,866	449,260	445,788	657,017	424,635	511,600	-	-	-	-
Transfer out	(415,866)	(449,260)	(445,788)	(572,408)	(424,635)	(511,600)	-	-	-	-
Total other financing sources (uses)	<u>125,083</u>	<u>-</u>	<u>73,709</u>	<u>240,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 175,941</u>	<u>\$ 396,676</u>	<u>\$ 143,837</u>	<u>\$ (306,469)</u>	<u>\$ 476,342</u>	<u>\$ 231,080</u>	<u>\$ 342,800</u>	<u>\$ (137,851)</u>	<u>\$ (251,119)</u>	<u>\$ 147,084</u>
Debt service as a percentage of noncapital expenditures	2.4%	3.0%	3.0%	0.9%	2.6%	6.9%	6.8%	6.6%	6.3%	5.6%

S-10

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

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

Collection Year	Real Property		Public Utility		Tangible Personal Property		Total		Weighted Average Tax Rate
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2011	\$ 150,983,120	\$ 431,380,343	\$ 3,386,030	\$ 13,544,120	\$ -	\$ -	\$ 154,369,150	\$ 444,924,463	34.70%
2010	150,819,270	430,912,200	3,202,410	3,639,102	102,620	410,480	154,124,300	434,961,782	34.88%
2009	157,324,730	449,499,229	3,145,410	3,574,330	201,070	804,280	160,671,210	453,877,838	34.86%
2008	155,453,660	444,153,314	3,045,550	3,460,852	4,648,576	18,594,304	163,147,786	466,208,471	33.78%
2007	153,045,720	437,273,486	3,631,830	4,127,080	8,283,620	33,134,480	164,961,170	474,535,045	32.56%
2006	136,070,320	388,772,343	3,691,530	4,194,920	11,458,776	45,835,104	151,220,626	438,802,367	31.90%
2005	132,639,260	378,969,314	3,689,360	4,192,455	11,334,888	45,339,552	147,663,508	428,501,321	33.18%
2004	129,106,510	368,875,743	3,572,100	4,059,205	16,521,012	66,084,048	149,199,622	439,018,995	33.40%
2003	116,572,560	333,064,457	3,485,590	3,960,898	18,189,506	72,758,024	138,247,656	409,783,379	33.13%
2002	113,920,700	325,487,714	3,374,300	3,834,432	21,806,152	87,224,608	139,101,152	416,546,754	32.81%

Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out. For the collection year 2008 both types of general business tangible personal property were assessed at 6.25 percent. The percentage is zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. The 10% rollback for commercial/industrial property has been eliminated.

Source: Stark County Auditor

**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>
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
2008	456,814	445,017	97.42%	19,950	4.37%	69.30
2007	461,891	449,811	97.38%	8,861	1.92%	69.90
2006	423,418	413,019	97.54%	6,855	1.62%	70.90
2005	413,458	404,521	97.84%	7,383	1.79%	72.30
2004	427,776	375,616	87.81%	7,624	1.78%	72.70
2003	387,094	378,806	97.86%	7,594	1.96%	70.80
2002	387,265	379,486	97.99%	13,655	3.53%	70.80

Source: Stark County Auditor

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

Source: Ohio Department of Taxation

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

	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<b>Taxpayer</b>						
Jewel Acquisition LLC	\$ 1,804,200	1	1.19%	\$ -		0.00%
HP Products Inc.	1,587,540	2	1.05%	1,295,190	2	1.14%
NOM Louisville LLC	615,730	3	0.41%	-		0.00%
CRC Ohio Properties LLC	594,250	4	0.39%	-		0.00%
Metzger J B Co.	573,500	5	0.38%	467,060	7	0.41%
Groffre Investments	535,220	6	0.35%	-		0.00%
CRE JV Mixed Five OH 6 Branch Holding	495,930	7	0.33%			
Peters Frederick K & Judith R	491,260	8	0.33%	404,670	9	0.36%
Donald W. Jr. & Sue Ann Geitgey	487,100	9	0.32%	395,910	10	0.35%
Brahler Richard V Trustee/Richard V Bral	413,680	10	0.27%			
J&L Speciality Steel Inc.	-		0.00%	1,526,390	1	1.34%
Louisville Ventures LTD	-		0.00%	1,111,730	3	0.98%
Geitgey Donald W Jr & Sue Ann	-		0.00%	-		0.00%
Caeta Enterprises LTD	-		0.00%	-		0.00%
WNBC LLC	-		0.00%	472,470	6	0.41%
Samual Ron	-		0.00%	626,640	5	0.55%
Samuel & Bilha Ron	-		0.00%	441,090	8	0.39%
Total of above	<u>\$ 7,598,410</u>		<u>5.03%</u>	<u>\$ 7,419,340</u>		<u>6.51%</u>
Total City	<u>\$ 150,983,120</u>			<u>\$ 113,920,700</u>		

Source: Stark County Auditor

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

	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<b><u>Taxpayer</u></b>						
Ohio Power	\$ 3,155,620	1	93.20%	\$ 2,072,270	1	61.41%
East Ohio Gas Co.	203,170	2	6.00%	197,340	3	5.85%
Columbia Gas of Ohio Inc.	20	3	0.00%	-		0.00%
Ohio Bell Telephone Co.	-		0.00%	961,070	2	28.48%
Norfolk Southern	-		0.00%	230,460	4	6.83%
Total of above	<u>\$ 3,358,810</u>		<u>99.20%</u>	<u>\$ 3,461,140</u>		<u>102.57%</u>
Total City	<u>\$ 3,386,030</u>			<u>\$ 3,374,300</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>
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%
2008	2.00	3,458,404	1,998,918	57.80	251,892	7.28	1,207,593	34.92	-0.15%
2007	2.00	3,463,645	1,898,430	54.81	280,748	8.11	1,284,467	37.08	3.93%
2006	2.00	3,332,796	1,849,175	55.48	207,591	6.23	1,276,031	38.29	14.51%
2005	2.00	2,910,456	1,755,042	60.30	161,615	5.55	1,059,353	36.40	0.36%
2004	2.00	2,900,015	2,045,268	70.53	186,904	6.44	677,418	23.36	2.01%
2003	2.00	2,842,964	1,952,242	68.67	163,687	5.76	727,035	25.57	3.09%
2002	2.00	2,757,672	1,891,233	68.58	140,015	5.08	726,425	26.34	-1.39%

Source: City income tax records.

**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
	General Obligation Bonds	Capital Leases	Revenue Bonds	General Obligation Bonds	OPWC Loans	OWDA Loans	Capital Leases		
2011	\$ 237,301	\$ 78,585	\$ -	\$1,808,224	\$ 385,004	\$ 42,666	\$ 112,872	\$2,664,652	1.23%
2010	254,000	-	-	2,122,030	433,296	45,013	225,145	3,079,484	1.42%
2009	279,000	79,290	-	2,494,636	481,588	47,270	115,392	3,497,176	1.67%
2008	303,000	155,434	-	2,845,477	529,880	49,439	221,670	4,104,900	1.96%
2007	326,000	-	-	3,179,670	578,172	51,525	-	4,135,367	1.46%
2006	348,000	51,814	-	3,492,388	626,464	54,503	-	4,573,169	1.77%
2005	495,000	155,417	-	3,792,687	674,756	55,457	-	5,173,317	1.99%
2004	635,000	193,285	-	4,067,738	723,048	-	-	5,619,071	2.24%
2003	765,000	132,099	1,090,000	4,335,603	771,340	-	-	7,094,042	2.91%
2002	889,000	61,904	1,170,000	4,592,400	819,632	-	14,298	7,547,234	3.13%

(1) Details regarding the City's outstanding debt can be found in Note 10 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**

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Outstanding Debt Per Capita	Outstanding Debt to Personal Income
	General Obligation Bonds	Revenue Bonds	Total			
2011	\$ 2,045,525	\$ -	\$ 2,045,525	1.75%	\$ 222.68	0.79%
2010	2,376,030	-	2,376,030	2.04%	258.66	0.92%
2009	2,773,636	-	2,773,636	2.38%	311.50	1.08%
2008	3,148,477	-	3,148,477	2.70%	353.60	1.22%
2007	3,505,670	-	3,505,670	3.00%	393.72	1.36%
2006	3,840,388	-	3,840,388	3.29%	431.31	1.49%
2005	4,287,687	-	4,287,687	3.67%	481.55	1.65%
2004	4,702,738	-	4,702,738	4.03%	528.16	1.87%
2003	5,100,603	1,090,000	6,190,603	5.30%	572.84	2.54%
2002	5,481,400	1,170,000	6,651,400	5.70%	615.61	2.76%

Source: City of Louisville basic financial statements.

(1) Details regarding the City's outstanding debt can be found in Note 10 in the current financial statements.

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

<b>Legal Debt Margin Calculation for Year Ending December 31, 2011</b>	<b>Unvoted</b>	<b>Overall</b>
Total assessed valuation	\$ 154,369,150	154,369,150
Debt limitation - 5.5% of assessed valuation	<u>8,490,303</u>	
Debt limitation - 10.5% of assessed valuation		<u>16,208,761</u>
Debt applicable to limitation:		
Total bonded debt and loans	2,449,971	2,449,971
Exempt debt:		
OWDA loans	42,666	42,666
OPWC loans	385,004	385,004
Debt payable from income tax	2,022,301	2,022,301
Total debt applicable to limitation	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 8,490,303</u>	<u>16,208,761</u>

S-18

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 14,605,621	\$ 14,516,004	\$ 15,665,960	\$ 15,504,668	\$ 15,878,166	\$ 17,320,923	\$ 17,130,518	\$ 16,870,477	\$ 16,183,052	\$ 16,208,761
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	14,605,621	14,516,004	15,665,960	15,504,668	15,878,166	17,320,923	17,130,518	16,870,477	16,183,052	16,208,761
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, 2011**

<b>Governmental Unit</b>	<u>Debt Outstanding</u>	<u>Percentage applicable to City (1)</u>	<u>Amount applicable to City</u>
Direct:			
City of Louisville	\$ 237,301	100.00%	<u>\$ 237,301</u>
Overlapping:			
Louisville Schools	8,600,000	45.20%	3,887,200
County of Stark	-	2.10%	<u>-</u>
Subtotal, overlapping debt			<u>3,887,200</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 4,124,501</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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b><u>General Obligation Debt</u></b>						
Assessed value	\$ 154,369,150	\$ 154,124,300	160,671,210	163,147,786	164,961,170	151,220,626
Population	9,186	9,186	8,904	8,904	8,904	8,904
Debt outstanding	\$ 2,022,301	\$ 2,395,000	2,805,000	3,195,000	3,570,000	3,925,000
Ratio of debt to assessed value	1.31%	1.55%	1.75	1.96	2.16	2.60
Debt per capita	\$ 220.15	\$ 260.72	315	359	401	440.81
<b><u>General Bonded Debt</u></b>						
Debt service	\$ 52,883	\$ 38,898	38,930	38,907	57,495	173,587
General governmental expenditures	\$ 5,806,698	\$ 5,084,565	4,574,673	5,456,963	4,779,407	4,403,804
Ratio of debt service to general governmental expenditures	0.91%	0.77%	0.01	0.71	1.20	3.94
<b><u>Water Revenue Bond</u></b>						
Revenues <sup>1</sup>	\$ 1,365,943	\$ 1,152,855	1,199,151	1,152,543	1,110,191	1,129,348
Operating expenses <sup>2</sup>	\$ 866,865	\$ 933,926	742,980	636,032	706,800	695,689
Net revenue available for debt service	\$ 499,078	\$ 218,929	456,171	516,511	403,391	433,659
Debt service requirements	-	-	-	-	-	-
Coverage	100.00%	100.00%	100.00	100.00	100.00	100.00

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

Source: City of Louisville basic financial statements.

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
147,663,508	149,199,622	138,247,656	139,101,152
8,904	8,904	8,904	8,904
4,395,000	4,835,000	5,260,000	5,670,000
2.98	3.24	3.80	4.08
493.60	543.01	590.75	636.79
175,887	174,336	176,275	178,691
4,408,439	4,171,883	4,394,441	3,836,642
3.99	4.18	4.01	4.66
978,385	1,023,823	1,151,014	1,191,649
680,183	545,641	640,579	1,011,375
298,202	478,182	510,435	180,274
-	147,123	146,123	144,798
100.00	3.25	3.49	1.25

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

<u>Employer</u>	<u>Industry</u>	2011			2002		
		<u>Employees</u>	<u>Rank</u>	<u>Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Employment</u>
Louisville Board of Education	Public education	399	1	15.51%	372	3	15.99%
HP Products Inc.	Specialty tubing	326	2	12.67%	346	2	14.87%
St. Joseph's Hospice	Hospice facility	304	3	11.82%	249	5	10.70%
J&L Specialty Steel, Inc.	Stainless steel	146	4	5.67%	404	1	17.36%
J&J Foods LLC	Grocery	118	5	4.59%	-	-	0.00%
St Thomas Aquinas	Private education	106	6	4.12%	110	7	4.73%
City of Louisville	Municipal government	100	7	3.89%	124	9	5.33%
Midlake Products	Manufacturing	77	8	2.99%	-	-	0.00%
Magnetic Technologies	Transformers	52	9	2.02%	-	-	0.00%
Louisville Pharmacy Inc.	Pharmaceutical	48	10	1.87%	-	-	0.00%
SDM Acauision	Transformer rebuilding	-	-	0.00%	99	6	4.25%
Montrose Chrysler	Car Dealership	-	-	0.00%	63	8	2.71%
Trilogy Plastics	Manufacturing	-	-	0.00%	75	10	3.22%
LSVL Foods/Giant Eagle	Grocery	-	-	0.00%	162	4	6.96%
<b>Total Top Ten Employers</b>		<u>1,676</u>		<u>65.14%</u>	<u>2,004</u>		<u>68.97%</u>
<b>Total employment within the City</b>		<u>2,573</u>			<u>2,327</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 (5)</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>
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%
2008	8,904	208,923,456	23,464	3,170	8.0%	7.7%
2007	8,904	283,147,200	31,800	3,209	6.2%	5.8%
2006	8,904	257,788,608	28,952	3,050	6.2%	5.5%
2005	8,904	260,317,344	29,236	3,239	5.9%	5.9%
2004	8,904	250,870,200	28,175	3,240	6.5%	5.9%
2003	8,904	244,192,200	27,425	3,239	6.0%	6.1%
2002	8,904	240,897,720	27,055	3,240	5.5%	5.7%

(1) Source: U. S. Census

(a) Years 2002 through 2009 - 2000 Federal Census

(b) Year 2010 - 2011 2010 Federal Census

(2) Source: Ohio Department of Education

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

(4) Source: Stark County Auditor

(5) 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>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>General government</b>								
Council and clerk								
Number of legislation passed	55	76	73	58	66	53	60	58
Number of planning commission docket items	15	9	17	16	30	21	17	15
Zoning board of appeals docket items	15	10	12	8	25	3	13	14
Finance Department								
Number of W-2's issued	100	107	120	118	116	112	116	135
Number of checks issued	1,965	2,327	2,585	2,718	2,591	2,558	2,555	2,439
Amount of checks paid	\$ 4,295,131	5,333,471	3,483,854	5,580,210	3,538,207	3,568,564	2,934,428	2,826,234
Interest earnings for fiscal year (cash basis)	\$ 1,469	6,242	22,487	94,094	146,200	126,993	67,438	25,459
General fund year end cash balances	\$ 619,763	1,378,449	1,275,097	377,761	686,697	526,675	426,293	413,293
Income tax fund year end cash balances	\$ -	-	-	651,097	714,309	363,547	265,554	94,206
Water revenue fund year end cash balances	\$ 424,203	366,130	251,353	138,146	111,487	96,579	72,964	99,307
Sewer revenue fund year end cash balances	\$ 313,473	203,009	132,385	35,888	643,743	475,245	334,587	197,357
Property tax revenue	\$ 390,212	414,335	448,812	388,954	472,997	465,349	441,153	394,963
Income Tax Department								
Number of individual returns	3,286	3,323	3,378	3,201	3,377	4,806	4,740	4,725
Number of business returns	457	464	442	422	449	260	272	268
Number of business withholding accounts	384	381	500	485	446	432	381	380
Income tax receipts collected	\$ 3,537,290	3,296,913	3,221,415	3,548,403	3,463,645	3,301,769	2,906,533	2,900,015
Building Department Indicators								
Residential permits issued	3	4	6	8	19	31	63	66
Estimated value of residential permits	\$ 1,243,771	720,000	1,004,900	1,303,780	3,876,895	5,194,200	9,623,405	9,612,196
Commercial/institutional permits issued	2	5	3	1	-	1	-	1
Estimated value of commercial/insitutional	\$ 686,076	35,684,160	1,519,000	2,210,358	4,500,000	1,200,000	-	720,000
Total zoning permit fees	4,470	4,535	4,413	5,096	6,826	5,189	6,463	7,048
<b>Security of persons &amp; property</b>								
Police								
Total calls for services	5,495	4,486	4,052	4,070	4,121	4,212	4,012	3,953
number of traffic citations issued	438	555	507	455	593	814	839	582
number of criminal arrests	391	388	266	236	264	-	-	-
number of accident reports completed	207	181	179	184	192	170	211	243
Motor vehicle accidents	207	181	179	184	192	2	-	-
Gasoline costs of fleet	\$ 40,318	29,637	21,612	33,243	24,939	25,114	19,567	13,587
Fire								
EMS calls	885	965	916	798	919	710	752	791
EMS collections	\$ 259,033	312,588	323,875	270,048	187,866	205,904	204,797	168,454
Fire calls	280	350	473	561	325	319	335	339
<b>Leisure time activities</b>								
Recreation								
Adult volleyball and softball leagues	-	-	300	300	250	250	250	250
Youth baseball league	-	-	800	800	800	900	900	900
Jump rope clinics	-	-	100	100	60	60	60	60
Fishing derbies (2 per year)	70	80	80	80	60	40	100	100
Bowling leagues (kids)	-	-	60	60	50	11	28	40

2003            2002

56            54  
12            19  
12            26

128            124  
2,449          2,599  
2,594,987     2,841,059  
11,432        39,007  
288,451       326,186  
23,073        91,362  
110,076       72,522  
207,837       252,646  
399,084       403,747

4,722          4,739  
268            255  
382            381  
2,842,964     2,757,672

55            50  
9,069,164     7,385,695  
-              5  
-            17,189,527  
6,719          5,943

3,915          3,725  
660            728  
-              -  
231            252  
-              -  
13,220        10,404

759            707  
210,686       149,487  
265            246

-            -  
-            -  
-            -  
-            -  
-            -

(Continued)

**CITY OF LOUISVILLE, OHIO**  
**Operating Indicators by Function/Program**  
**Last Ten Years**

Function/Program	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Transportation</b>								
Amount spent on paving streets	\$ 118,087	124,325	90,786	320,000	149,480	138,363	240,436	139,723
Gasoline fuel in gallons	28,458	27,427	24,564	22,581	22,119	28,286	30,530	24,842
Cost of salt purchased	\$ 56,237	18,632	38,045	44,995	43,950	30,105	45,244	35,865
Cost of salt per ton	\$ 45	46	47	34	34	32	32	32
<b>Water Department</b>								
Total water billed (in dollars)	\$ 881,575	765,648	736,910	664,630	641,529	574,834	526,164	479,900
Total sewer billed (in dollars)	\$ 904,161	864,779	866,087	800,908	796,070	680,415	698,895	633,457
Total storm water billed (in dollars)	\$ 108,242	111,044	111,426	111,332	110,460	107,816	-	-
Water bills issued	21,865	21,485	21,508	21,457	21,426	21,251	20,744	20,311
Average water treated daily (million gallons/day)	843,835	864,000	931,000	990,000	960,330	960,330	960,330	873,000
Total flow of wastewater treatment plant (millions of gallons)	615	476	500	500	541	548	566	614
Average daily flow (millions of gallons per day)	2	1	2	2	2	2	2	2
Tons of dry sludge removed	159	157	225	182	191	526	121	127

Source: City of Louisville

(1) Information prior to 2002 is not available.

<u>2003</u>	<u>2002</u>
107,287	121,589
27,723	28,073
41,841	21,301
30	30
473,166	470,886
628,361	626,191
-	-
19,940	19,684
873,000	873,000
587	511
2	1
203	99

**CITY OF LOUISVILLE, OHIO**

**Full-Time Equivalent City Government Employees by Function/Program  
Last Six Years 910**

<u>Function/Program</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>General government</b>						
City Manager	2.00	2.00	2.00	2.00	2.00	2.00
Finance	3.50	4.00	4.50	4.50	4.50	4.50
Law	0.50	0.50	0.50	0.50	0.50	0.50
Council	2.50	2.50	2.50	2.50	2.50	2.50
Civil service	0.50	0.50	0.50	0.50	0.50	0.50
Other	0.00	0.00	0.00	0.00	0.50	0.50
<b>Security of persons and property</b>						
Police	14.50	11.50	12.50	12.00	12.00	12.00
Fire and EMS	12.00	14.00	14.50	15.00	15.00	15.00
Dispatchers	0.00	0.00	5.50	5.50	5.50	5.50
Administration	0.50	0.50	0.00	0.50	0.50	0.50
School crossing guards	3.00	2.50	4.00	5.50	5.50	5.50
<b>Leisure time activities: Recreation</b>						
Parks	6.00	6.00	6.00	9.50	9.50	9.50
<b>Community environment</b>						
Building	3.00	2.00	2.50	4.50	4.50	4.50
<b>Transportation</b>						
Service	3.00	3.00	8.00	6.00	6.00	6.00
<b>Basic utility services</b>						
Water	5.00	4.50	1.50	4.50	4.50	4.50
Sewer	4.50	4.00	4.00	3.00	3.00	3.00
Totals:	<u>60.50</u>	<u>57.50</u>	<u>68.50</u>	<u>76.00</u>	<u>76.50</u>	<u>76.50</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.

(1) Information prior to 2006 is not available

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

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>General Government</b>										
Square footage occupied	30,000	30,000	30,000	30,000	30,000	15,000	15,000	15,000	15,000	15,000
Administrative vehicles	4	4	4	4	4	4	4	4	4	4
Inspection vehicles	1	1	1	1	1	1	1	1	1	1
<b>Security: Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Square footage of building	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Vehicles	13	11	10	10	8	8	8	8	8	8
<b>Security: Fire</b>										
Stations	2	2	2	2	1	1	1	1	1	1
Number of fire hydrants	611	611	534	534	300	300	300	300	300	300
Square footage of building	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Vehicles	8	8	9	9	8	5	5	5	5	5
<b>Leisure time activities: Recreation</b>										
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	5	0	1	1	1	1	1	1	1	1
<b>Tranportation services</b>										
Streets (miles)	55.0	55.0	55.0	55.0	55.0	55.0	52.9	45.7	45.7	45.7
Number of streetlights	687	687	687	687	687	687	687	687	687	687
Number of traffic lights	7	7	7	7	7	7	7	7	7	7
Service vehicles	21	21	21	18	18	18	18	18	18	18
<b>Sewer Department</b>										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	42	42	42	42	42	42	42	42	45	45
Storm sewers (miles)	40	40	40	40	40	40	40	40	40	40
Vehicles	2	2	2	2	2	2	2	2	2	2
<b>Water Department</b>										
Water lines (miles)	52	52	52	52	52	52	52	52	41	41
Vehicles	1	1	1	2	2	2	2	2	2	2

Source: City of Louisville

**This page intentionally left blank.**



# Dave Yost • Auditor of State

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  
DECEMBER 20, 2012