

***CITY OF LOUISVILLE
STARK COUNTY, OHIO***

Audit Report

For the Year Ended December 31, 2008

CHARLES E. HARRIS & ASSOCIATES, INC.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA
Auditor of State

City Council
City of Louisville
215 South Mill Street
Louisville, Ohio 44641

We have reviewed the *Independent Accountants' Report* of the City of Louisville, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2008 through December 31, 2008. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 6, 2009

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CITY OF LOUISVILLE
Stark County, Ohio
Audit Report
For the Year Ended December 31, 2008

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

City of Louisville
Stark County
215 South Mill Street
Louisville, Ohio 44641-1699

To the City Council:

We have audited the financial statements of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information, and the discretely presented component unit of the City of Louisville (the City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 10, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls 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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2008-Louisville-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 also noted matters that we have reported to management of the City in a separate letter dated August 10, 2009.

This report is intended solely for the information and use of the management, the Council and the audit committee and is not intended to be and should not be used by anyone other than these specified parties.

Charles E. Harris and Associates, Inc.
August 10, 2009

**CITY OF LOUISVILLE
STARK COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2008**

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

Finding Number: 2008-Louisville-01 Noncompliance Citation

Expenditures and Encumbrances Exceed Appropriations

Section 5705.41 (B), Ohio Revised Code, prohibits the City from making expenditure unless it has been properly appropriated. In addition, Auditor of State Audit Bulletin 97-010 requires budgetary compliance to be tested at the legal level of control at the end of the year. The funds/legal levels listed below were found to have expenditures exceeding appropriations:

Fund	Appropriations	Expenditures plus Encumbrances	Variance
Enterprise - Sewer Fund	\$ 1,802,296	\$ 2,495,642	\$ (693,346)
Fund/Function/Department			
General Fund - Leisure Time Activities - Division of Parks	\$ 205,939	\$ 209,621	\$ (3,682)

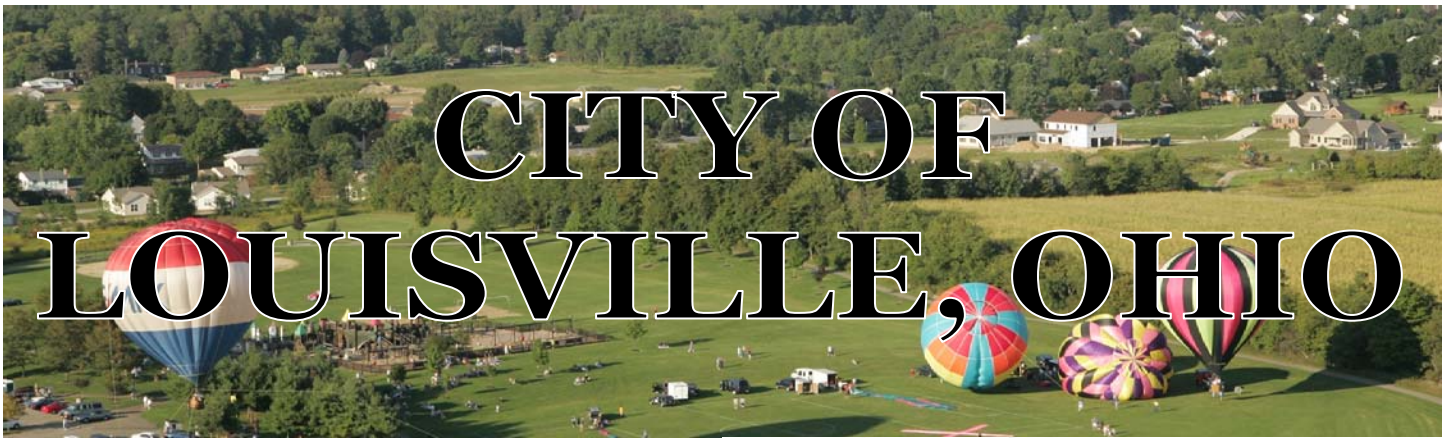
We recommend the City monitor appropriations and expenditures plus encumbrances regularly and amend appropriations as necessary to avoid overspending.

Client Response:

The City will monitor budgetary activity more closely and record revenue and expenditures appropriately.

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, as of December 31, 2007, reported no material citations or recommendations.



**Comprehensive Annual Financial Report
For Year Ending December 31, 2008**



CITY OF LOUISVILLE, OHIO

Comprehensive Annual Financial Report

Year Ended December 31, 2008

PREPARED BY: DEPARTMENT OF FINANCE

Jina Alaback Lingle, Finance Director
Cindy Minster, Deputy Finance Director
Laurie Tournoux, Tax Administrator
Mikie McLaughlin, Account Clerk
Claudia Sell, Account Clerk



City of Louisville, Ohio
Comprehensive Annual Financial Report
Year Ended December 31, 2008

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City of Louisville, Ohio
Comprehensive Annual Financial Report
Year Ended December 31, 2008

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INTRODUCTORY SECTION





Department of Finance

August 10, 2009

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, 2008 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, 2008, and has been developed to accurately detail the status of the City finances to Louisville residents and elected officials, investment banks and underwriters and other interested parties. This report is presented in compliance with Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments". It is intended to provide pertinent and necessary information to the citizens of Louisville.

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

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

Background and General Information

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

Louisville is a “home-rule” city as defined by the State of Ohio Revised Code and operates pursuant to its Charter under a Council-Manager form of government. The Mayor-Councilmember and four 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 during the last 100 years. Even during the decade of the 1970s, when every other city in Stark County lost population, Louisville still continued to grow. The most active decades of growth were the 1920s and 1950s. Percentage population gains during those two time periods were 55.9% and 34.6%, respectively.

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

Reporting Entity

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

Services Provided

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

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

The Budget as a Policy Document

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

Controlling Expenditures

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

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

Internal Control Structure

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

Enterprise Operations

The City owns and operates both a water and sewer utility department. Combined operating revenue for 2008 was \$1,699,755 an increase of 1.6% from 2007's operating revenue. Operating expenses increased 9.3% from 2007, to a total of \$1,912,435.

Economic Conditions

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

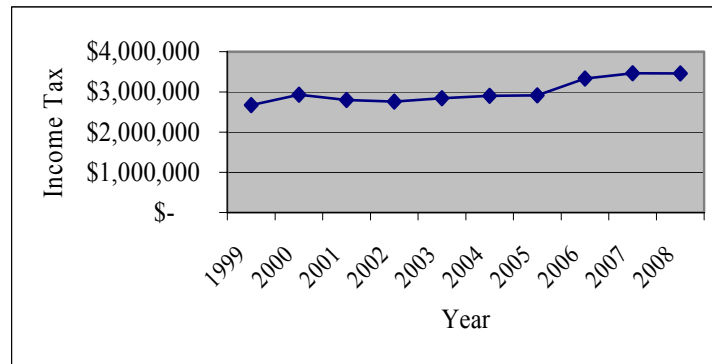
Local Economy

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

Income Tax Collections 2008 - 1999: 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 five years of budget cutting. 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>
1999	\$ 2,671,288
2000	2,929,773
2001	2,796,610
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



The City has experienced a local economic slowdown since 2001. Income tax collections declined for two years starting in 2001, in 2003 the City saw a 3.1% increase and has continued increasing into 2005. Income tax collections at the end of 2005 are 0.2% above the 2004 level. The 2005 and 2006 increases in income tax revenue was mainly attributed to the 50% reduction of the credit allowance on income tax earned outside the City and paid to another municipality. Effective January 1, 2007, the 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.

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

<u>Year</u>	<u>Collections</u>	<u>Percentage Increase (Decrease)</u>
1999	\$ 331,196	-
2000	336,909	1.72 %
2001	* 381,050	13.10
2002	379,486	(0.41)
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)

* Property tax revaluation in 2001

Long-term Financial Planning

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

Financial Policy

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

Major Initiatives

During 2008, continuing efforts were made to upgrade services and improve the quality of life for the citizens of the City. The City purchased capital items that were deemed critical to operations which include an ambulance, dump truck, two police cars, a skate park and several other capital items. The City has upgraded the City's Dispatch Center and improved security measures for the water plant.

Internal Service Funds

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

Risk Management

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

Financial Reporting

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 2008 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, 2008, are free of material misstatement.

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Charles E. Harris & 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, 2008 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, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. The CAFR must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City of Louisville has received a Certificate of Achievement for 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.

Acknowledgments

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

Respectfully submitted in memory of William R. Rouse, Finance Director for the City of Louisville, from Aug. 1, 2000 through Feb. 14, 2009.

A handwritten signature in black ink that reads "Jina Alaback Lingle". The signature is written in a cursive, flowing style.

Jina Alaback Lingle
Finance Director

City of Louisville, Ohio

Public Officials Roster

December 31, 2008

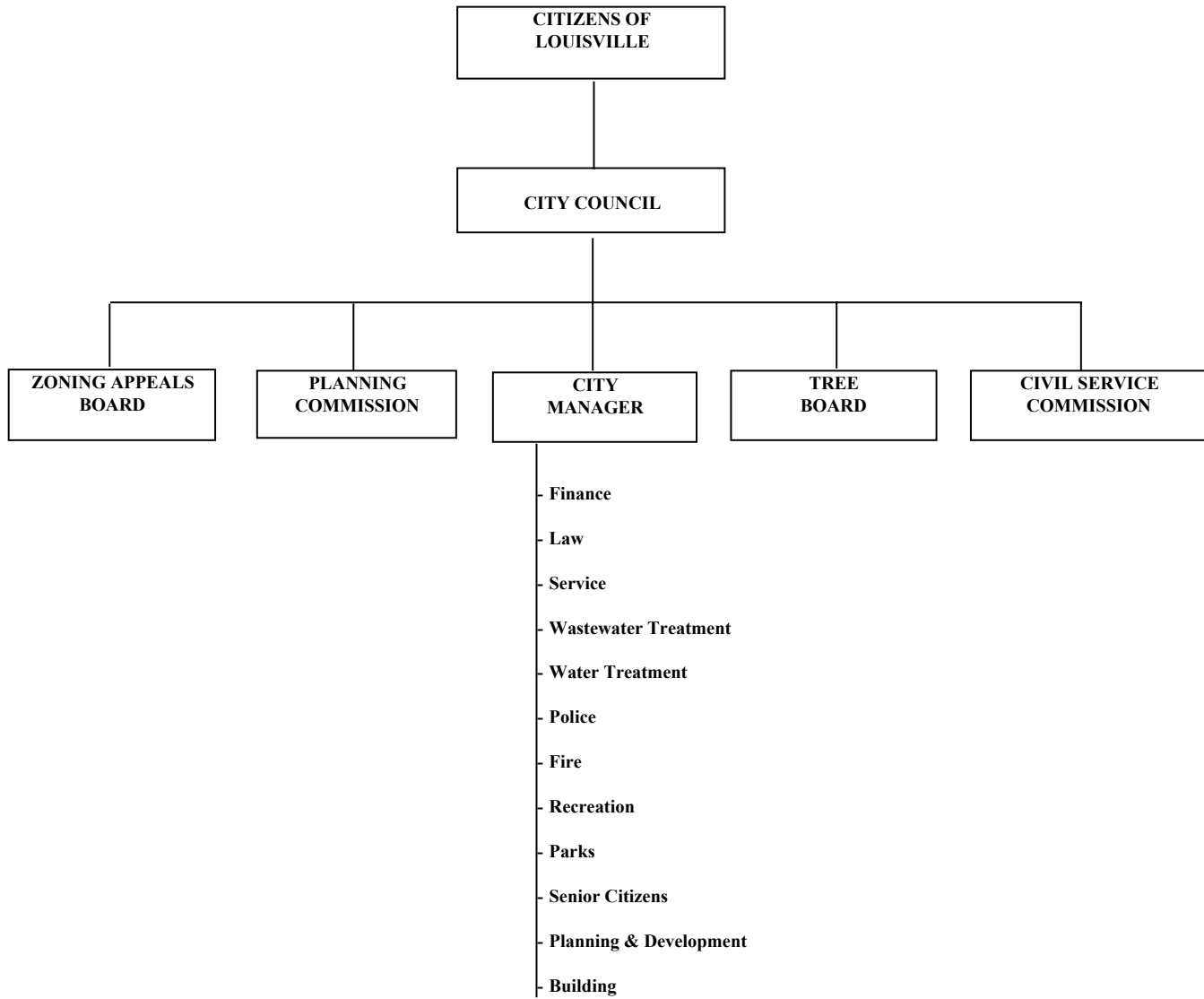
Elected Officials

Cynthia Ann Kerchner Mayor - Council Member
Jerry Brown Council Member
Guy Guidone..... Council Member
Richard Guiley Council Member
Thomas McAlister Council Member

Appointed Officials

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

City of Louisville, Ohio
Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Louisville
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

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.



President

Executive Director



FINANCIAL SECTION



Charles E. Harris & Associates, Inc.
Certified Public Accountants

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INDEPENDENT ACCOUNTANTS' REPORT

City of Louisville
Stark County
215 South Mill Street
Louisville, Ohio 44641-1699

To Members of Council:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information and the discretely presented component unit of the City of Louisville (the City), as of and for the year ended December 31, 2008, 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.

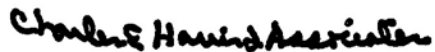
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information and the discretely presented component unit of the City as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year ended in conformity with accounting principles generally accepted in the United States of America.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated August 10, 2009 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, grants 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 results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements, individual budgetary schedules and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and individual budgetary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express not opinion on them.

A handwritten signature in black ink that reads "Charles E. Harris". The signature is written in a cursive, slightly slanted style.

Charles E. Harris & Associates, Inc.
August 10, 2009

City of Louisville, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2008
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, 2008. 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 2008 are as follows:

- The total net assets of the City increased \$1,565,787. Net assets of governmental activities increased \$526,538, which represents a 10.7% increase over fiscal year 2007. Net assets of business-type activities increased \$1,039,249 or 13.7% from fiscal year 2007.
- General revenues, for governmental activities, accounted for \$3,855,862 or 73.2% of total governmental activities revenue. Program specific revenues accounted for \$1,408,370 or 26.8% of total governmental activities revenue.
- Governmental activities net capital assets increased \$808,177.
- The City had \$4,737,694 in expenses related to governmental activities; \$1,408,370 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 \$3,855,862 were sufficient to offset these remaining program expenses.
- The general fund, the City's largest and major governmental fund, had revenues of \$3,923,834 in 2008, or 79.9% of total governmental funds. Expenditures of the general fund were \$3,906,058, or 71.6% of total governmental funds. The general fund balance decreased \$399,198 or 21.7% in 2008.

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 is one major governmental fund and two major business-type funds.

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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 2008"? 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 and sewer services.

Reporting the City's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds. Fund financial reports provide detailed information about the activities within the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's only major governmental fund is the general fund. An analysis of the City's major governmental fund begins on page 10.

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Governmental Funds

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

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

The City maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds, which were identified earlier. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements, which can be found on pages 60-65 in this report. The basic governmental fund financial statements can be found on pages 18-22 of this report.

Proprietary Funds

Proprietary funds (water and sewer) have historically operated as enterprise funds and are used to report the same functions presented as business-type activities in the government-wide financial statements. Since they use the same basis of accounting as business-type activities, these fund statements will essentially match the information provided in statements for the City as a whole. The basic proprietary fund financial statements can be found on pages 23-25 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 26-55 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules, which can be found on pages 67-87 of this report.

City of Louisville, Ohio
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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 2008 compared to 2007:

Table 1
Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>						
Current and other assets	\$ 3,304,588	\$ 3,410,116	\$ 1,613,419	\$ 2,065,480	\$ 4,918,007	\$ 5,475,596
Capital assets	<u>3,506,559</u>	<u>2,698,382</u>	<u>10,838,184</u>	<u>9,511,428</u>	<u>14,344,743</u>	<u>12,209,810</u>
Total assets	<u>6,811,147</u>	<u>6,108,498</u>	<u>12,451,603</u>	<u>11,576,908</u>	<u>19,262,750</u>	<u>17,685,406</u>
<u>Liabilities</u>						
Other liabilities	614,791	579,606	97,803	88,073	712,594	667,679
Long-term liabilities outstanding	<u>766,761</u>	<u>625,835</u>	<u>3,741,895</u>	<u>3,916,179</u>	<u>4,508,656</u>	<u>4,542,014</u>
Total liabilities	<u>1,381,552</u>	<u>1,205,441</u>	<u>3,839,698</u>	<u>4,004,252</u>	<u>5,221,250</u>	<u>5,209,693</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	3,048,125	2,372,382	7,179,239	5,702,061	10,227,364	8,074,443
Restricted	754,129	649,066	-	-	754,129	649,066
Unrestricted	<u>1,627,341</u>	<u>1,881,609</u>	<u>1,432,666</u>	<u>1,870,595</u>	<u>3,060,007</u>	<u>3,752,204</u>
Total net assets	<u>\$ 5,429,595</u>	<u>\$ 4,903,057</u>	<u>\$ 8,611,905</u>	<u>\$ 7,572,656</u>	<u>\$ 14,041,500</u>	<u>\$ 12,475,713</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At December 31, 2008, the City's assets exceeded liabilities by \$14,041,500. This amounts to \$5,429,595 in governmental activities and \$8,611,905 in business-type activities.

The largest portion of the City's net assets 72.9% reflects its investment in capital assets less any related debt used to acquire those assets. Capital assets include land, land improvements, buildings, machinery, equipment and vehicles, infrastructure, and construction in progress. Capital assets, net of related debt to acquire the assets at December 31, 2008, were \$10,227,364. 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.

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As of December 31, 2008, 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, \$754,129 or 13.9%, represent resources that are subject to external restrictions on how they may be used. Of total restricted net assets \$144,988 is restricted for capital projects, \$8,477 for debt service, \$340,107 for transportation, \$226,621 for safety services programs and \$33,936 for other purposes. The remaining balance of governmental unrestricted net assets of \$1,627,341 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 2008 and 2007.

Table 2
Changes in Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Revenues						
Program revenues:						
Charges for services	\$ 588,425	\$ 476,944	\$ 1,699,755	\$ 1,672,846	\$ 2,288,180	\$ 2,149,790
Operating grants, contributions, and interest	717,972	846,837	-	-	717,972	846,837
Capital grants and contributions	101,973	-	-	-	101,973	-
General revenues:						
Property and other taxes	382,049	388,416	-	-	382,049	388,416
Municipal income taxes	2,720,310	2,505,101	887,695	801,605	3,608,005	3,306,706
Grants and entitlements	476,932	675,554	704,787	93,876	1,181,719	769,430
Investment earnings	35,851	80,345	-	-	35,851	80,345
Contributions	-	-	-	-	-	-
Other	156,111	92,090	-	-	156,111	92,090
Total revenues	<u>5,179,623</u>	<u>5,065,287</u>	<u>3,292,237</u>	<u>2,568,327</u>	<u>8,471,860</u>	<u>7,633,614</u>

(Continued)

City of Louisville, Ohio
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Table 2
Changes in Net Assets (Continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Program Expenses						
<i>Governmental Activities:</i>						
General government	1,001,777	709,418	-	-	1,001,777	709,418
Security of persons and property	2,137,745	2,284,434	-	-	2,137,745	2,284,434
Public health and welfare	44,190	18,274	-	-	44,190	18,274
Transportation	919,320	762,015	-	-	919,320	762,015
Community environment	203,848	193,968	-	-	203,848	193,968
Leisure time activities	414,988	375,795	-	-	414,988	375,795
Interest and fiscal charges	15,826	36,998	-	-	15,826	36,998
<i>Business-Type Activities:</i>						
Water	-	-	969,468	958,590	969,468	958,590
Sewer	-	-	1,198,911	972,275	1,198,911	972,275
Total program expenses	<u>4,737,694</u>	<u>4,380,902</u>	<u>2,168,379</u>	<u>1,930,865</u>	<u>6,906,073</u>	<u>6,311,767</u>
Change in net assets before transfers	<u>441,929</u>	<u>684,385</u>	<u>1,123,858</u>	<u>637,462</u>	<u>1,565,787</u>	<u>1,321,847</u>
Transfers	<u>84,609</u>	<u>-</u>	<u>(84,609)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>\$ 526,538</u>	<u>\$ 684,385</u>	<u>\$ 1,039,249</u>	<u>\$ 637,462</u>	<u>\$ 1,565,787</u>	<u>\$ 1,321,847</u>

Governmental Activities

Governmental activities net assets increased \$526,538 or 10.7% in 2008 over 2007. 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 \$2,720,310 of municipal income tax. The City has had little fluctuation in income tax revenues over the past several years however, the City reduced its 100% credit on income taxes earned outside the City and paid to another municipality to 60% in 2007. See Note 11 for further information on income tax revenues.

Intergovernmental revenue (i.e. state shared support) represents the City's second largest source of general revenue for governmental activities. In 2008, the City received \$476,932 in unrestricted intergovernmental revenues or 9.1 % of total revenues.

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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 2008, the City received \$588,425 in charges for services and a combined total of \$819,945 in various operating and capital grants, contributions and interest.

The City's governmental activity expenses totaled \$4,737,694 in 2008, with security of persons and property, general government and transportation representing the largest portion of this figure at 85.7%. The City's governmental activity expenses increased by \$356,792 from 2007, primarily due to several capital acquisitions that were deemed critical to operations.

Security of persons and property, which primarily supports the operations of the City's police, fire and emergency medical services, accounts for \$2,137,745 of expenses, or 45.1% of total governmental expenses of the City. These expenses were funded by \$292,778 in charges to users of services and operating grants. General government expenses, which primarily include legislative, executive and financial management, totaled \$1,001,777 or 21.1% of total governmental expenses. General government expenses were covered by \$220,546 of direct charges to users and operating grants.

At \$919,320 or 19.4%, 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 \$587,686 in operating grants.

Business-Type Activities

The water and sewer funds represent the City's business-type activities. These programs had program revenues of \$1,699,755 and expenses of \$2,168,379 for fiscal year 2008. Business-type activities reported an increase in net assets of \$1,039,249, or 13.7% as compared to 2007. For this year, the increase in net assets was attributed to an increase in certain user fees, grants and income tax.

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 2008 and 2007. That is, it identifies the cost of these services supported by general revenues.

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Table 3
Program Expenses

	<u>2008</u>		<u>2007</u>		<u>Net Change</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
<i>Governmental Activities:</i>						
General government	\$ 1,001,777	\$ (781,231)	\$ 709,418	\$ (288,295)	\$ 292,359	\$ (492,936)
Security of persons and property	2,137,745	(1,844,967)	2,284,434	(2,065,140)	(146,689)	220,173
Public health and welfare	44,190	(44,190)	18,274	(18,274)	25,916	(25,916)
Transportation	919,320	(331,634)	762,015	(205,936)	157,305	(125,698)
Community environment	203,848	(43,938)	193,968	(186,081)	9,880	142,143
Leisure time activities	414,988	(267,538)	375,795	(256,397)	39,193	(11,141)
Interest and fiscal charges	15,826	(15,826)	36,998	(36,998)	(21,172)	21,172
<i>Business-Type Activities:</i>						
Water	969,468	(213,428)	958,590	(222,616)	10,878	9,188
Sewer	1,198,911	(255,196)	972,275	(35,403)	226,636	(219,793)
Total expenses	<u>\$ 6,906,073</u>	<u>\$ (3,797,948)</u>	<u>\$ 6,311,767</u>	<u>\$ (3,315,140)</u>	<u>\$ 594,306</u>	<u>\$ (482,808)</u>

The dependence upon general revenues for governmental activities is apparent, with 70.3% 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 2008, the fund balance of the general fund was \$1,437,202, a 21.7% decrease from the prior year. The reason for the decrease in the general fund balance was primarily due to a decrease in intergovernmental revenue.

Table 4 below reports year 2008 balances compared to 2007:

Table 4
Change in Fund Balance

	Fund Balance		Increase (Decrease)	Percent Change
	December 31, <u>2008</u>	December 31, <u>2007</u>		
General	\$ 1,437,202	\$ 1,836,400	\$ (399,198)	-21.7%
Other Governmental Funds	<u>610,397</u>	<u>517,668</u>	<u>92,729</u>	17.9%
	<u>\$ 2,047,599</u>	<u>\$ 2,354,068</u>	<u>\$ (306,469)</u>	

Table 5 below assists in illustrating the changes in financial activities for the general fund for year 2008 balances compared to 2007:

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Table 5
Change in Financial Activities for the General Fund

	December 31, <u>2008</u>	December 31, <u>2007</u>	Increase <u>(Decrease)</u>	Percent <u>Change</u>
<u>Revenues:</u>				
Income tax	\$ 2,490,508	\$ 2,594,133	\$ (103,625)	-4.0%
Property and other taxes	388,954	399,916	(10,962)	-2.7%
Charges for services	254,444	218,630	35,814	16.4%
Licenses and permits	111,010	89,171	21,839	0.0%
Fines and forfeitures	2,727	3,024	(297)	-9.8%
Intergovernmental	488,419	919,176	(430,757)	-46.9%
Investment income	87,825	149,705	(61,880)	-41.3%
Contributions and donations	1,915	12,600	(10,685)	-84.8%
Rentals	15,518	23,351	(7,833)	0.0%
Other	<u>82,514</u>	<u>37,442</u>	<u>45,072</u>	120.4%
Total revenue	<u>\$ 3,923,834</u>	<u>\$ 4,447,148</u>	<u>\$ (523,314)</u>	
<u>Expenditures:</u>				
Current:				
General government	\$ 967,127	\$ 606,045	\$ 361,082	59.6%
Security of persons and property	1,773,910	2,014,992	(241,082)	-12.0%
Public health and welfare	44,190	18,274	25,916	141.8%
Community environment	205,416	191,161	14,255	7.5%
Leisure time activities	330,352	284,329	46,023	16.2%
Capital outlay	585,063	398,051	187,012	47.0%
Debt service:				
Principal retirement	-	27,059	(27,059)	-100.0%
Interest and fiscal charges	-	337	(337)	-100.0%
Total expenditures	<u>\$ 3,906,058</u>	<u>\$ 3,540,248</u>	<u>\$ 365,810</u>	

Budgeting Highlights - General Fund

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

There most significant changes from the original budgeted revenues as compared to the final budgeted amounts was an increase \$510,730 in municipal income tax. This difference was caused by the conservative budgeting nature of the original budgeting process. Actual revenues exceeded the final amount by \$34,579 not related to any one specific event.

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Final budgeted expenditures exceeded the original budgeted expenditures by \$1,098,210. This was due to increased budgeting for general government and security of persons and property. Actual expenditures of \$3,884,716 for the year were \$223,948 less than the \$4,108,664 final budgeted amounts. The majority of this change was reported in security of persons and property and general government due to conservative spending.

Capital Assets and Debt Administration

Capital Assets

At the end of 2008, the City had \$14,344,743 (net of accumulated depreciation) invested in land, land improvements, buildings, machinery, equipment and vehicles, infrastructure, and construction in progress. Of this total, \$3,506,559 was reported in governmental activities and \$10,838,184 was reported in business-type activities. Table 6 below reports fiscal year 2008 balances compared to 2007:

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Land	\$ 197,763	\$ 58,819	\$ 312,987	\$ 312,987	\$ 510,750	\$ 371,806
Land improvements	419,515	261,487	43,534	39,694	463,049	301,181
Buildings and building improvements	888,424	900,472	5,149,656	5,326,815	6,038,080	6,227,287
Machinery, equipment and vehicles	1,391,186	1,098,450	336,007	118,804	1,727,193	1,217,254
Infrastructure	108,574	130,474	3,389,704	3,526,907	3,498,278	3,657,381
Construction in progress	<u>501,097</u>	<u>248,680</u>	<u>1,606,296</u>	<u>186,221</u>	<u>2,107,393</u>	<u>434,901</u>
Total	<u>\$ 3,506,559</u>	<u>\$ 2,698,382</u>	<u>\$ 10,838,184</u>	<u>\$ 9,511,428</u>	<u>\$ 14,344,743</u>	<u>\$ 12,209,810</u>

The most significant change during 2008 to the amount of net capital assets was due to an increase of \$1,420,075 and \$217,203 in construction in progress and Machinery, equipment and vehicles, respectively, for business-type activities. For governmental activities an increase of \$252,417 in construction in progress was due to continuing construction projects and an increase of \$292,736 in machinery, equipment and vehicles. See Note 6 to the basic financial statements for detail on the governmental and business-type activities capital assets.

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Debt Administration

At December 31, 2008 the City had total long-term debt outstanding of \$4,104,900. Of this total, \$568,651 is due within one year and \$3,536,249 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>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
General obligation bonds	\$ 303,000	\$ 326,000	\$ 2,845,477	\$ 3,179,670	\$ 3,148,477	\$ 3,505,670
OPWC loans	-	-	529,880	578,172	529,880	578,172
OWDA loan	-	-	49,439	51,525	49,439	51,525
Capital leases	155,434	-	221,670	-	377,104	-
Total	\$ 458,434	\$ 326,000	\$ 3,646,466	\$ 3,809,367	\$ 4,104,900	\$ 4,135,367

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 \$45,029.

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, 2008 the City's overall legal debt margin was \$17,130,518, with an unvoted debt margin of \$8,973,128. The City's credit rating remained unchanged in 2008 as compared to 2007. See Note 8 to the basic financial statements for details on the City's long-term obligations.

Current Issues Affecting Financial Condition

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

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jina Alaback 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.



City of Louisville, Ohio

Statement of Net Assets

December 31, 2008

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	LCIC
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 1,705,874	\$ 1,022,190	\$ 2,728,064	\$ 61,007
Receivables:				
Income tax	695,322	231,774	927,096	-
Property and other taxes	433,854	-	433,854	-
Accounts	129,153	340,412	469,565	-
Accrued interest	6,781	-	6,781	-
Due from other governments	320,123	-	320,123	-
Materials and supplies inventory	8,510	2,002	10,512	-
Prepaid items	4,971	522	5,493	366
Deferred charges	-	12,479	12,479	-
Customer deposits	-	4,040	4,040	-
Nondepreciable capital assets	698,860	1,919,283	2,618,143	30,994
Depreciable capital assets, net	2,807,699	8,918,901	11,726,600	-
Total assets	<u>6,811,147</u>	<u>12,451,603</u>	<u>19,262,750</u>	<u>92,367</u>
<u>Liabilities:</u>				
Accounts payable	59,685	6,661	66,346	-
Contracts payable	-	27,108	27,108	-
Accrued wages and benefits	64,108	15,806	79,914	-
Due to other governments	52,595	17,103	69,698	-
Deferred revenue	401,569	-	401,569	-
Undistributed monies	215	-	215	-
Income tax refunds payable	33,269	11,090	44,359	-
Accrued interest payable	1,244	15,995	17,239	-
Refundable deposits	-	4,040	4,040	-
Claims payable	2,106	-	2,106	-
Long-term liabilities:				
Due within one year	228,990	536,620	765,610	-
Due in more than one year	537,771	3,205,275	3,743,046	-
Total liabilities	<u>1,381,552</u>	<u>3,839,698</u>	<u>5,221,250</u>	<u>-</u>
<u>Net assets:</u>				
Invested in capital assets				
net of related debt, where applicable	3,048,125	7,179,239	10,227,364	30,994
Restricted for:				
Capital projects	144,988	-	144,988	-
Debt service	8,477	-	8,477	-
Transportation	340,107	-	340,107	-
Safety services	226,621	-	226,621	-
Other purposes	33,936	-	33,936	-
Unrestricted	1,627,341	1,432,666	3,060,007	61,373
Total net assets	<u>\$ 5,429,595</u>	<u>\$ 8,611,905</u>	<u>\$ 14,041,500</u>	<u>\$ 92,367</u>

See accompanying notes to the basic financial statements.

City of Louisville, Ohio
Statement of Activities
For the Year Ended December 31, 2008

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
<u>Governmental Activities:</u>				
General government	\$ 1,001,777	\$ 218,902	\$ 1,644	\$ -
Security of persons and property	2,137,745	292,330	448	-
Public health and welfare	44,190	-	-	-
Transportation	919,320	3,261	542,083	42,342
Community environment	203,848	4,126	155,784	-
Leisure time activities	414,988	69,806	18,013	59,631
Interest and fiscal charges	15,826	-	-	-
Total governmental activities	<u>4,737,694</u>	<u>588,425</u>	<u>717,972</u>	<u>101,973</u>
<u>Business-Type Activities:</u>				
Water	969,468	756,040	-	-
Sewer	1,198,911	943,715	-	-
Total business-type activities	<u>2,168,379</u>	<u>1,699,755</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 6,906,073</u>	<u>\$ 2,288,180</u>	<u>\$ 717,972</u>	<u>\$ 101,973</u>
<u>Component Unit:</u>				
LCIC	<u>\$ 8,018</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			Component Unit
Primary Government			LCIC
Governmental Activities	Business-Type Activities	Total	
\$ (781,231)	\$ -	\$ (781,231)	\$ -
(1,844,967)	-	(1,844,967)	-
(44,190)	-	(44,190)	-
(331,634)	-	(331,634)	-
(43,938)	-	(43,938)	-
(267,538)	-	(267,538)	-
(15,826)	-	(15,826)	-
<u>(3,329,324)</u>	<u>-</u>	<u>(3,329,324)</u>	<u>-</u>
-	(213,428)	(213,428)	-
<u>-</u>	<u>(255,196)</u>	<u>(255,196)</u>	<u>-</u>
-	(468,624)	(468,624)	-
<u>(3,329,324)</u>	<u>(468,624)</u>	<u>(3,797,948)</u>	<u>-</u>
-	-	-	(8,018)
382,049	-	382,049	-
2,720,310	-	2,720,310	-
-	427,932	427,932	-
-	459,763	459,763	-
476,932	704,787	1,181,719	-
35,851	-	35,851	1,493
156,111	-	156,111	7,672
84,609	(84,609)	-	-
<u>3,855,862</u>	<u>1,507,873</u>	<u>5,363,735</u>	<u>9,165</u>
526,538	1,039,249	1,565,787	1,147
<u>4,903,057</u>	<u>7,572,656</u>	<u>12,475,713</u>	<u>91,220</u>
<u>\$ 5,429,595</u>	<u>\$ 8,611,905</u>	<u>\$ 14,041,500</u>	<u>\$ 92,367</u>

City of Louisville, Ohio

Balance Sheet

Governmental Funds

December 31, 2008

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 1,181,158	\$ 523,543	\$ 1,704,701
Receivables:			
Income tax	695,322	-	695,322
Property and other taxes	433,854	-	433,854
Accounts	22,175	106,978	129,153
Accrued interest	6,781	-	6,781
Due from other governments	142,885	177,238	320,123
Materials and supplies inventory	-	8,510	8,510
Prepaid items	3,637	1,334	4,971
Total assets	<u>\$ 2,485,812</u>	<u>\$ 817,603</u>	<u>\$ 3,303,415</u>
 <u>Liabilities:</u>			
Accounts payable	\$ 36,532	\$ 23,153	\$ 59,685
Accrued wages and benefits	58,843	5,265	64,108
Due to other governments	43,766	8,829	52,595
Deferred revenue	875,985	169,958	1,045,943
Undistributed monies	215	-	215
Income tax refunds payable	33,269	-	33,269
Total liabilities	<u>1,048,610</u>	<u>207,205</u>	<u>1,255,815</u>
 <u>Fund balances:</u>			
Reserved for encumbrances	123,510	29,837	153,347
Unreserved, undesignated, Reported in:			
General fund	1,313,692	-	1,313,692
Special revenue funds	-	430,865	430,865
Debt service fund	-	9,721	9,721
Capital projects fund	-	139,975	139,975
Total fund balances	<u>1,437,202</u>	<u>610,398</u>	<u>2,047,600</u>
Total liabilities and fund balances	<u>\$ 2,485,812</u>	<u>\$ 817,603</u>	<u>\$ 3,303,415</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, 2008**

Total governmental fund balances \$ 2,047,599

*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. 3,506,559

An internal service fund is used by management to charge the
costs of insurance to individual funds. The assets and liabilities
of the internal service fund are included in governmental
activities in the statement of net assets. (932)

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

Property and other taxes	\$ 19,950	
Income taxes	382,766	
Intergovernmental	181,377	
Charges for services	<u>60,281</u>	
Total		644,374

Accrued interest payable is not due and payable in the current
period and therefore is not reported in the funds. (1,244)

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

General obligation bonds	\$ (303,000)	
Capital lease payable	(155,434)	
Compensated absences	(263,298)	
Police pension liability	<u>(45,029)</u>	
Total		<u>(766,761)</u>

Net assets of governmental activities \$ 5,429,595

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, 2008

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Income tax	\$ 2,490,508	\$ -	\$ 2,490,508
Property and other taxes	388,954	-	388,954
Charges for services	254,444	252,765	507,209
Licenses and permits	111,010	-	111,010
Fines and forfeitures	2,727	10,488	13,215
Intergovernmental	488,419	585,105	1,073,524
Investment income	87,825	4,862	92,687
Contributions and donations	1,915	10,448	12,363
Rentals	15,518	-	15,518
Other	82,514	122,950	205,464
Total revenue	<u>3,923,834</u>	<u>986,618</u>	<u>4,910,452</u>
<u>Expenditures:</u>			
Current:			
General government	967,127	-	967,127
Security of persons and property	1,773,910	217,929	1,991,839
Public health and welfare	44,190	-	44,190
Transportation	-	852,425	852,425
Community environment	205,416	-	205,416
Leisure time activities	330,352	15,662	346,014
Capital outlay	585,063	425,981	1,011,044
Debt service:			
Principal retirement	-	23,000	23,000
Interest and fiscal charges	-	15,908	15,908
Total expenditures	<u>3,906,058</u>	<u>1,550,905</u>	<u>5,456,963</u>
Excess of revenues over (under) expenditures	<u>17,776</u>	<u>(564,287)</u>	<u>(546,511)</u>
<u>Other financing sources (uses):</u>			
Inception of capital lease	155,434	-	155,434
Transfers - in	-	657,017	657,017
Transfers - out	<u>(572,408)</u>	<u>-</u>	<u>(572,408)</u>
Total other financing sources (uses)	<u>(416,974)</u>	<u>657,017</u>	<u>240,043</u>
Net change in fund balance	(399,198)	92,730	(306,468)
Fund balances at beginning of year	<u>1,836,400</u>	<u>517,668</u>	<u>2,354,068</u>
Fund balances at end of year	<u>\$ 1,437,202</u>	<u>\$ 610,398</u>	<u>\$ 2,047,600</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, 2008

Net change in fund balances - Total governmental funds \$ (306,469)

*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	\$ 1,011,044	
Capital contributions	101,973	
Depreciation expense	<u>(287,140)</u>	
Excess of capital outlay and capital contributions over depreciation expense		825,877

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. (17,700)

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	\$ (6,905)	
Income taxes	177,828	
Intergovernmental	(17,023)	
Charges for services	<u>13,299</u>	
Net change in deferred revenues during the year		167,199

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	\$ (9,400)	
Decrease in police pension liability	908	
Decrease in accrued interest	<u>82</u>	
Total additional expenditures		(8,410)

The internal service fund used by management to charge the costs of dental and vision claims to individual funds are not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. (1,525)

Governmental funds report the effect of issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 23,000

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. (155,434)

Change in net assets of governmental activities \$ 526,538

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, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Municipal income tax	\$ 2,096,270	\$ 2,607,000	\$ 2,595,115	\$ (11,885)
Property and other taxes	352,916	453,000	443,835	(9,165)
Charges for services	257,916	292,260	254,444	(37,816)
Licenses and permits	89,980	91,451	102,553	11,102
Fines and forfeitures	6,400	3,030	2,727	(303)
Intergovernmental	752,526	391,140	493,986	102,846
Investment income	65,000	135,000	89,232	(45,768)
Contributions and donations	1,700	12,400	1,915	(10,485)
Rentals	14,900	23,000	15,518	(7,482)
Other	22,846	38,660	82,195	43,535
Total revenue	<u>3,660,454</u>	<u>4,046,941</u>	<u>4,081,520</u>	<u>34,579</u>
<u>Expenditures:</u>				
Current:				
General government	797,697	1,231,528	1,091,750	139,778
Security of persons and property	1,660,362	2,061,095	1,996,118	64,977
Public health and welfare	33,029	52,105	46,307	5,798
Transportation	60,000	60,000	60,000	-
Community environment	186,226	246,382	231,912	14,470
Leisure time activities	244,168	408,206	409,281	(1,075)
Other	28,972	49,348	49,348	-
Total expenditures	<u>3,010,454</u>	<u>4,108,664</u>	<u>3,884,716</u>	<u>223,948</u>
Excess of revenues over (under) expenditures	<u>650,000</u>	<u>(61,723)</u>	<u>196,804</u>	<u>258,527</u>
<u>Other financing sources (uses):</u>				
Transfers - in	305,000	400,000	335,000	(65,000)
Transfers - out	<u>(600,000)</u>	<u>(1,109,908)</u>	<u>(907,408)</u>	<u>202,500</u>
Total other financing sources (uses)	<u>(295,000)</u>	<u>(709,908)</u>	<u>(572,408)</u>	<u>137,500</u>
Net change in fund balance	355,000	(771,631)	(375,604)	396,027
Fund balance at beginning of year	1,314,280	1,314,280	1,314,280	-
Prior year encumbrances appropriated	<u>106,257</u>	<u>106,257</u>	<u>106,257</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,775,537</u>	<u>\$ 648,906</u>	<u>\$ 1,044,933</u>	<u>\$ 396,027</u>

See accompanying notes to the basic financial statements.

City of Louisville, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2008

	Business-Type Activities - Enterprise Funds			Governmental
	Water	Sewer	Total	Activities Internal Service
<u>Assets:</u>				
Current assets:				
Equity in pooled cash and cash equivalents	\$ 558,522	\$ 463,668	\$ 1,022,190	\$ 1,174
Receivables:				
Income tax	139,064	92,710	231,774	-
Accounts	147,521	192,891	340,412	-
Interfund	110,000	-	110,000	-
Materials and supplies inventory	2,002	-	2,002	-
Prepaid items	261	261	522	-
Deferred charges	3,656	8,823	12,479	-
Restricted assets:				
Customer deposits	-	4,040	4,040	-
Total current assets	<u>961,026</u>	<u>762,393</u>	<u>1,723,419</u>	<u>1,174</u>
Non-current assets:				
Land	213,279	99,708	312,987	-
Construction in progress	-	1,606,296	1,606,296	-
Depreciable capital assets, net	<u>5,797,314</u>	<u>3,121,587</u>	<u>8,918,901</u>	-
Total non-current assets	<u>6,010,593</u>	<u>4,827,591</u>	<u>10,838,184</u>	-
Total assets	<u>\$ 6,971,619</u>	<u>\$ 5,589,984</u>	<u>\$ 12,561,603</u>	<u>\$ 1,174</u>
<u>Liabilities:</u>				
Current liabilities:				
Accounts payable	\$ 6,542	\$ 119	\$ 6,661	\$ -
Contracts payable	-	27,108	27,108	-
Interfund payable	-	110,000	110,000	-
Accrued wages and benefits	7,535	8,271	15,806	-
Compensated absences payable	28,675	39,438	68,113	-
Due to other governments	7,454	9,649	17,103	-
Income tax refunds payable	6,654	4,436	11,090	-
Accrued interest payable	6,323	9,672	15,995	-
Claims payable	-	-	-	2,106
Capital leases payable	-	52,046	52,046	-
OPWC loans payable	48,292	-	48,292	-
OWDA loans payable	2,169	-	2,169	-
General obligation bonds payable	106,800	259,200	366,000	-
Current liabilities payable from restricted assets:				
Refundable deposits	-	4,040	4,040	-
Total current liabilities	<u>220,444</u>	<u>523,979</u>	<u>744,423</u>	<u>2,106</u>
Long-term liabilities:				
Compensated absences payable	14,311	13,005	27,316	-
Capital leases payable, net of current portion	-	169,624	169,624	-
OPWC loans payable, net of current portion	481,588	-	481,588	-
OWDA loans payable, net of current portion	47,270	-	47,270	-
General obligation bonds payable, net of current portion	<u>1,218,838</u>	<u>1,260,639</u>	<u>2,479,477</u>	-
Total long-term liabilities	<u>1,762,007</u>	<u>1,443,268</u>	<u>3,205,275</u>	-
Total liabilities	<u>1,982,451</u>	<u>1,967,247</u>	<u>3,949,698</u>	<u>2,106</u>
<u>Net assets:</u>				
Invested in capital assets, net of related debt	4,101,980	3,077,259	7,179,239	-
Unrestricted	<u>887,188</u>	<u>545,478</u>	<u>1,432,666</u>	<u>(932)</u>
Total net assets	<u>\$ 4,989,168</u>	<u>\$ 3,622,737</u>	<u>\$ 8,611,905</u>	<u>\$ (932)</u>

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, 2008

	Business-Type Activities - Enterprise Funds			Governmental
	Water	Sewer	Total	Activities Internal Service
<u>Operating revenues:</u>				
Charges for services	\$ 751,004	\$ 931,186	\$ 1,682,190	\$ 26,391
Other	5,036	12,529	17,565	-
Total operating revenue	<u>756,040</u>	<u>943,715</u>	<u>1,699,755</u>	<u>26,391</u>
<u>Operating expenses:</u>				
Personal services	217,143	288,708	505,851	-
Fringe benefits	99,982	123,527	223,509	-
Contractual services	231,393	397,179	628,572	-
Supplies and materials	142,799	60,934	203,733	-
Claims	-	-	-	27,916
Other operating costs	347	428	775	-
Depreciation	205,462	144,533	349,995	-
Total operating expenses	<u>897,126</u>	<u>1,015,309</u>	<u>1,912,435</u>	<u>27,916</u>
Operating loss	<u>(141,086)</u>	<u>(71,594)</u>	<u>(212,680)</u>	<u>(1,525)</u>
<u>Non-operating revenues (expenses):</u>				
Municipal income tax	427,932	459,763	887,695	-
Grants	-	704,787	704,787	-
Loss on disposal of capital assets	-	(49,867)	(49,867)	-
Interest and fiscal charges	(72,342)	(133,735)	(206,077)	-
Total non-operating revenues (expenses):	<u>355,590</u>	<u>980,948</u>	<u>1,336,538</u>	<u>-</u>
Income before transfers	<u>214,504</u>	<u>909,354</u>	<u>1,123,858</u>	<u>(1,525)</u>
Transfers - out	<u>(30,217)</u>	<u>(54,392)</u>	<u>(84,609)</u>	<u>-</u>
Change in net assets	184,287	854,962	1,039,249	(1,525)
Net assets at beginning of year	<u>4,804,881</u>	<u>2,767,775</u>	<u>7,572,656</u>	<u>593</u>
Net assets at end of year	<u>\$ 4,989,168</u>	<u>\$ 3,622,737</u>	<u>\$ 8,611,905</u>	<u>\$ (932)</u>

See accompanying notes to the basic financial statements.

City of Louisville, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008

	Business-Type Activities - Enterprise Funds			Governmental
	Water	Sewer	Total	Activities Internal Service
Cash flows from operating activities:				
Cash received from customers	\$ 742,505	\$ 927,633	\$ 1,670,138	\$ 26,391
Cash payments for employee services and benefits	(330,829)	(401,362)	(732,191)	-
Cash payments to suppliers for goods and services	(395,919)	(447,619)	(843,538)	(26,391)
Net cash provided by operating activities	15,757	78,652	94,409	-
Cash flows from noncapital financing activities:				
Transfers to other funds	(830,217)	(54,392)	(884,609)	-
Advances from other funds	(110,000)	-	(110,000)	-
Advances to other funds	-	110,000	110,000	-
Income taxes received	1,213,288	450,000	1,663,288	-
Operating grants	-	704,787	704,787	-
Net cash provided by noncapital financing activities	273,071	1,210,395	1,483,466	-
Cash flows from capital and related financing activities:				
Interest paid on debt	(68,803)	(96,092)	(164,895)	-
Principal payment on bonds, loans and capital lease	(153,978)	(309,756)	(463,734)	-
Acquisition of capital assets	(22,087)	(1,414,693)	(1,436,780)	-
Net cash used for capital and related financing activities	(244,868)	(1,820,541)	(2,065,409)	-
Net increase (decrease) in cash and cash equivalents	43,960	(531,494)	(487,534)	-
Cash and cash equivalents at beginning of year	514,562	999,202	1,513,764	1,174
Cash and cash equivalents at end of year	\$ 558,522	\$ 467,708	\$ 1,026,230	\$ 1,174
Reconciliation of operating loss to net cash provided by operating activities:				
Operating loss	\$ (141,086)	\$ (71,594)	\$ (212,680)	\$ (1,525)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation	205,462	144,533	349,995	-
Change in assets and liabilities:				
(Increase) decrease in assets:				
Accounts receivable	(13,535)	(16,082)	(29,617)	-
Materials and supplies inventory	286	-	286	-
Prepaid items	(49)	(49)	(98)	-
Increase (decrease) in liabilities:				
Accounts payable	(8,478)	(1,583)	(10,061)	-
Refundable deposits	-	(50)	(50)	-
Claims payable	-	-	-	1,525
Contracts payable	(13,139)	12,604	(535)	-
Accrued wages and benefits	2,536	4,599	7,135	-
Compensated absences	(14,449)	3,066	(11,383)	-
Due to other governments	(1,791)	3,208	1,417	-
Net cash provided by operating activities	\$ 15,757	\$ 78,652	\$ 94,409	\$ -
Non-cash capital and related financing activities:				
Capital asset acquired through capital lease	\$ -	\$ 283,026	\$ 283,026	\$ -

See accompanying notes to the basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Louisville (the “City”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board Statements (FASB) and Interpretations issued on or before November 30, 1989, to its business-type activities and enterprise funds provided they do not conflict with or contradict GASB pronouncements. The City has elected not to follow FASB guidance for business-type activities and enterprise funds issued after November 30, 1989. 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. A complete copy of the LCIC financial statements may be obtained by contacting the City's Finance Department.

Notes to the Basic Financial Statements

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 16.

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.

C. Fund Accounting

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

Governmental Funds

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

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

Proprietary Funds

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

Enterprise Funds

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

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

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

Notes to the Basic Financial Statements

Internal Service Fund

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

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.

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 10). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the City must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of December 31, 2008, but which were levied to finance 2009 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

Notes to the Basic Financial Statements

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

E. Budgets and Budgetary Accounting

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

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

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

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the Finance Director determines that revenue to be collected will be greater than or less than the prior estimates and the budget commission find the revised estimates to be reasonable. The amounts set forth in the financial statements, as the original budgeted amounts, represent estimates from the certificate of estimated resources when the original appropriations were adopted, whereas the final budgeted amounts, represent estimates from the final amended certificate issued for 2008.

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

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

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

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

F. Deposits and Investments

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

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

During 2008, investments were limited to an overnight repurchase agreement, interest in State Treasury Asset Reserve of Ohio (STAR Ohio) and money market investments. Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value, which is based on quoted market prices.

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 and 2) under certain circumstances, the capital projects fund. All remaining interest is credited to the general fund.

Notes to the Basic Financial Statements

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, 2008 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure or expense is reported in the year in which services are consumed.

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of \$1,000. The City's infrastructure consists of roads, and water and sewer lines. All infrastructure assets belonging to business-type activities are reported as such, whereas infrastructure belonging to governmental activity 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>	<u>Governmental and Business-Type Activities 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 Reserves Reserved or designated fund balances indicate that a portion of fund equity is not available for current appropriation or use. The unreserved or undesignated portions of fund equity reflected in the governmental funds are available for use within the specified purposes of the funds.

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

Notes to the Basic Financial Statements

- 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 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.
- O. 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.
- P. 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.
- Q. 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 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

Net Change in Fund Balance	
	General <u>Fund</u>
GAAP Basis	\$ (399,198)
Revenue accruals	337,252
Expenditure accruals	(177,752)
Encumbrances (Budget Basis) outstanding at year end	<u>(135,906)</u>
Budget Basis	<u>\$ (375,604)</u>

NOTE 3 – 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 2008, the carrying amount of the City's deposits was \$650,920 and the bank balance was \$717,119. Of the bank balances, there was not an amount exposed to custodial credit risk. This amount would have been uninsured and collateral held by the pledging financial institution's trust department, and not in the City's name.

City of Louisville, Ohio

B. Investments

As of December 31, the City had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
Repurchase agreements	\$ 550,000	Daily	AAA, AAA- ⁽¹⁾
STAROhio	1,530,874	N/A	AAAm ⁽¹⁾
	<u>\$ 2,080,874</u>		

⁽¹⁾ Standard and Poor's rating

The City has invested funds in STAR Ohio during 2008. 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, 2008.

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 2008 amounted to \$87,825, which includes \$37,671 assigned from other City funds.

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Standard & Poor's has assigned an AAA- credit rating to the City's investments in Federal National Mortgage Association notes purchased by the repurchase agreement. These securities, held by the counterparty and not in the City's name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The City's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy does not address limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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.

Notes to the Basic Financial Statements

B. Component Unit

Deposits

The carrying amount and bank balance of the Louisville Community Corporation's deposits at December 31, 2008 were \$61,007. 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 4 - RECEIVABLES

Receivables at December 31, 2008 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:

<u>Governmental Activities</u>	<u>Amount</u>
Cents per gallon and excise tax	\$ 139,859
Homestead and rollback	30,215
Local government	111,738
Motor vehicle tax	25,582
Permissive sales tax	11,797
Public utility property tax reimbursement	<u>932</u>
Total	<u>\$ 320,123</u>

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers for the year ended December 31, 2008, consisted of the following:

Transfers to nonmajor governmental funds from:

General fund	\$ 572,408
Water business-type fund	30,217
Sewer business-type fund	<u>54,392</u>
Total	<u>\$ 657,017</u>

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

City of Louisville, Ohio

During the year ended December 31, 2008, the City made transfers totaling \$657,017. The general fund transferred \$572,408 to the street construction maintenance and repair, state highway, and motor vehicle license, municipal road, emergency services charges, and special events special revenue funds, the capital improvements fund and the debt service fund. These transfers represent amounts necessary to carry out the purpose of the program prior to receiving additional funding and to cover shortages resulting from the retiring of debt. The water and sewer business-type funds made a one time transfer to the municipal road special revenue fund in the amount of \$30,217 and \$54,392 respectively. These transfers were the result of an ongoing construction project that involved these three funds.

NOTE 6 - CAPITAL ASSETS

A. Primary Government

Governmental Activities: A summary of the governmental activities' capital asset activity as of December 31, 2008 follows:

<u>Governmental activities</u>	Balance 12/31/2007	Increases	Decreases	Balance 12/31/2008
Capital assets, not being depreciated:				
Land	\$ 58,819	\$ 138,944	\$ -	\$ 197,763
Construction in progress	248,680	252,417	-	501,097
Total capital assets, not being depreciated	<u>307,499</u>	<u>391,361</u>	<u>-</u>	<u>698,860</u>
Capital assets, being depreciated:				
Land improvements	302,119	198,148	-	500,267
Buildings and building improvements	1,619,182	20,542	-	1,639,724
Machinery, equipment and vehicles	3,063,310	502,966	(148,148)	3,418,128
Infrastructure	494,016	-	-	494,016
Total capital assets, being depreciated	<u>5,478,627</u>	<u>721,656</u>	<u>(148,148)</u>	<u>6,052,135</u>
Less accumulated depreciation:				
Land improvements	(40,632)	(40,120)	-	(80,752)
Buildings and building improvements	(718,710)	(32,590)	-	(751,300)
Machinery, equipment and vehicles	(1,964,860)	(192,530)	130,448	(2,026,942)
Infrastructure	(363,542)	(21,900)	-	(385,442)
Total accumulated depreciation	<u>(3,087,744)</u>	<u>(287,140)</u>	<u>130,448</u>	<u>(3,244,436)</u>
Total capital assets being depreciated, net	<u>2,390,883</u>	<u>434,516</u>	<u>(17,700)</u>	<u>2,807,699</u>
Governmental activities capital assets, net	<u>\$ 2,698,382</u>	<u>\$ 825,877</u>	<u>\$ (17,700)</u>	<u>\$ 3,506,559</u>

Notes to the Basic Financial Statements

Depreciation Expense: Depreciation expense charged to governmental functions for the year ending December 31, 2008 is as follows:

	Amount
General government	\$ 30,928
Security of persons and property	134,542
Transportation	54,732
Leisure time activities	66,938
Total	\$ 287,140

Business-type Activities: A summary of the business-type activities' capital assets as of December 31, 2008 follows:

<u>Business-type activities</u>	Balance <u>12/31/2007</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12/31/2008</u>
Capital assets, not being depreciated:				
Land	\$ 312,987	\$ -	\$ -	\$ 312,987
Construction in progress	186,221	1,420,075	-	1,606,296
Total capital assets, not being depreciated	499,208	1,420,075	-	1,919,283
Capital assets, being depreciated:				
Land improvements	41,783	8,440	-	50,223
Buildings and building improvements	9,128,324	-	-	9,128,324
Machinery, equipment and vehicles	311,785	298,103	(134,771)	475,117
Infrastructure	8,414,524	-	-	8,414,524
Total capital assets, being depreciated	17,896,416	306,543	(134,771)	18,068,188
Less accumulated depreciation:				
Land improvements	(2,089)	(4,600)	-	(6,689)
Buildings and building improvements	(3,801,509)	(177,159)	-	(3,978,668)
Machinery, equipment and vehicles	(192,981)	(31,033)	84,904	(139,110)
Infrastructure	(4,887,617)	(137,203)	-	(5,024,820)
Total accumulated depreciation	(8,884,196)	(349,995)	84,904	(9,149,287)
Total capital assets being depreciated, net	9,012,220	(43,452)	(49,867)	8,918,901
Business-type activities capital assets, net	\$ 9,511,428	\$ 1,376,623	\$ (49,867)	\$ 10,838,184

City of Louisville, Ohio

Depreciation Expense: Depreciation expense charged to business-type activities for the year ending December 31, 2008 is as follows:

	<u>Amount</u>
Water	\$ 205,462
Sewer	<u>144,533</u>
Total	<u>\$ 349,995</u>

B. Component Unit Component Unit: A summary of the component unit capital assets as of December 31, 2008 follows:

<u>Component unit</u>	<u>Balance</u> <u>12/31/2007</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2008</u>
Capital assets, not being depreciated:				
Land	<u>\$ 30,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,994</u>

NOTE 7 - COMPENSATED ABSENCES

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

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

Notes to the Basic Financial Statements

NOTE 8 - 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, 2008 follows:

	<u>Balance</u> <u>January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Amount</u> <u>Outstanding</u> <u>December 31</u>	<u>Amount</u> <u>Due in</u> <u>One Year</u>
<u>Governmental activities</u>					
<u>General obligation bonds</u>					
<u>2001 Various Purpose</u>					
Bonds, 3.50-5.10%	\$ 326,000	\$ -	\$ 23,000	\$ 303,000	\$ 24,000
<u>Other long-term obligations</u>					
Police pension liability, 4.25%	45,937	-	908	45,029	947
Compensated absences	253,898	127,254	117,854	263,298	127,899
Capital leases	-	155,434	-	155,434	76,144
Total other long-term obligations	<u>299,835</u>	<u>282,688</u>	<u>118,762</u>	<u>463,761</u>	<u>204,990</u>
Total governmental activities	<u>\$ 625,835</u>	<u>\$ 282,688</u>	<u>\$ 141,762</u>	<u>\$ 766,761</u>	<u>\$ 228,990</u>

Business-type Activities: A summary of the business-type activities' debt and other long-term obligations as of December 31, 2008 follows:

City of Louisville, Ohio

	Balance January 1	Additions	Deletions	Amount Outstanding December 31	Amount Due in One Year
<u>Business-type activities</u>					
<u>General obligation bonds</u>					
1993 Capital Facilities Refunding and Improvement, 3.95-6.00%	\$ 1,940,000	\$ -	\$ 260,000	\$ 1,680,000	\$ 270,000
Unamortized deferred cost of refunding	(71,225)	-	(19,568)	(51,657)	-
Unamortized premium	6,895	-	1,761	5,134	-
2001 Various Purpose Bonds, 3.5-5.10%	<u>1,304,000</u>	<u>-</u>	<u>92,000</u>	<u>1,212,000</u>	<u>96,000</u>
Total general obligation bonds	<u>3,179,670</u>	<u>-</u>	<u>334,193</u>	<u>2,845,477</u>	<u>366,000</u>
<u>Other long-term obligations</u>					
1996 Ohio Public Works Commission Loan, 0%	231,925	-	24,413	207,512	24,413
2001 Ohio Public Works Commission Loan, 0%	346,247	-	23,879	322,368	23,879
2005 Ohio Water Development Authority Loan	51,525	-	2,086	49,439	2,169
Capital lease	-	283,026	61,356	221,670	52,046
Compensated absences	<u>106,812</u>	<u>58,943</u>	<u>70,326</u>	<u>95,429</u>	<u>68,113</u>
Total other long-term obligations	<u>736,509</u>	<u>341,969</u>	<u>182,060</u>	<u>896,418</u>	<u>170,620</u>
Total business-type activities	<u>\$ 3,916,179</u>	<u>\$ 341,969</u>	<u>\$ 516,253</u>	<u>\$ 3,741,895</u>	<u>\$ 536,620</u>

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

The \$303,000 Various Purpose Bonds mature serially in progressive annual amounts ranging from \$24,000 in 2009 to \$28,000 in 2021 and bear interest at rates ranging from 4.30% to 5.10%, respectively. The bonds represent general obligations of the City and were used in 2001 to retire the City's \$593,250 bond anticipation notes, which had been used to fund various capital projects and improvements.

Notes to the Basic Financial Statements

In 1993, the City defeased the Series 1988 Bonds in order to take advantage of lower interest rates. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. As of December 31, 2008, all of the old bonds have been called and subsequently redeemed. Of the \$1,680,000 Capital Facilities Refunding and Improvement Bonds, \$270,000 matures serially in 2009 and bears interest at rate of 5.00%. The remaining \$1,410,000 represents term bonds, which are subject to mandatory redemption ranging from \$285,000 in 2010 to \$50,000 in 2017 (the maturity of the issue) and bear interest at rates ranging from 5.125% to 5.20%, respectively. The Capital Facilities Refunding and Improvement Bonds are general obligations of the City. However, the debt is serviced from revenues generated from a .5% reallocation in the municipal income tax rate.

The \$1,212,000 Various Purpose Bonds mature serially in progressive annual amounts ranging from \$96,000 in 2009 to \$112,000 in 2021 and bear interest at rates ranging from 4.05% to 5.10%, respectively. The bonds represent general obligations of the City and were used in 2001 to retire the City's \$1,586,750 bond anticipation notes, which had been used to fund various projects and improvements.

Loans: The \$207,512 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 \$322,368 OPWC Loan outstanding is an interest-free loan for a water tower, and requires equal payments over twenty years. The \$49,439 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, 2008, including interest payments of \$877,594, are as follows:

City of Louisville, Ohio

	General Obligation Bonds		OWDA Loan		OPWC Loans	Police Pension
	Principal	Interest	Principal	Interest	Principal	Installment
2009	\$ 390,000	\$ 160,885	\$ 2,169	\$ 1,946	\$ 48,292	\$ 947
2010	410,000	141,888	2,258	1,859	48,292	988
2011	430,000	121,781	2,347	1,768	48,292	1,030
2012	410,000	100,556	2,442	1,674	48,292	1,074
2013	425,000	79,567	2,539	1,576	48,292	1,121
2014-2018	730,000	212,881	14,315	6,263	204,841	6,367
2019-2023	400,000	41,566	17,433	3,146	83,579	7,858
2023-2028	-	-	5,936	238	-	9,697
2029-2033	-	-	-	-	-	11,966
2034-2035	-	-	-	-	-	3,981
	<u>\$ 3,195,000</u>	<u>\$ 859,124</u>	<u>\$ 49,439</u>	<u>\$ 18,470</u>	<u>\$ 529,880</u>	<u>\$ 45,029</u>

NOTE 9 – CAPITALIZED LEASE

The City entered into new capital leases during 2008 for the acquisition of vehicles. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers all benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service payments in the basic financial statements for the governmental funds. These expenditures are reflected as function expenditures on a budgetary basis.

Governmental and business-type activities capital assets consisting of equipment have been capitalized in the amount of \$348,747 and \$283,026, 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, 2008:

Year	Lease Payments	
	Governmental Activities	Business-type Activities
2009	\$ 82,570	\$ 61,356
2010	82,570	61,356
2011	-	61,356
2012	-	61,356
Total minimum lease payments	165,140	245,424
Less: amount representing interest	(9,706)	(23,754)
Total	<u>\$ 155,434</u>	<u>\$ 221,670</u>

NOTE 10 - PROPERTY TAX

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the City. The 2007 tax levy was based upon an assessed valuation of approximately \$151 million. Ohio law prohibits taxation of property from all taxing authorities in excess of 10 mills of assessed value without a vote of the people. Under current procedures, the City's share is 2.8 mills, all of which is dedicated to the general fund.

Real property taxes are levied after October 1, 2008 on the assessed values as of January 1, 2008 the lien date. Assessed values are established by State law at 35% of appraised market value. 2008 real property taxes are collected in and intended to finance 2009. A revaluation of all property is required to be completed no less than every six years, with a statistical update every third year. A revaluation was completed in 2003. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (net of depreciation, depletion, etc.). Tangible personal property assessments are 23% of true value for inventories and 25% of true value for capital assets. The tangible personal property tax is being phased out, the assessment percentage for all property including inventory is 12.5%. This will be reduced to zero for 2009.

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

The assessed values upon which the 2008 and 2007 taxes were collected are as follows:

<u>Property Category</u>	<u>2008</u>		<u>2007</u>	
	<u>Assessed Value</u>	<u>Percent</u>	<u>Assessed Value</u>	<u>Percent</u>
<u>Real Property</u>				
Residential and agricultural	\$ 131,539,990	80.63 %	\$ 129,017,060	78.21 %
Commercial and industrial	23,913,670	14.66	24,006,670	14.55
Public utilities	28,900	0.02	21,990	0.01
<u>Tangible Personal Property</u>				
General	4,648,576	2.85	8,283,620	5.02
Public utilities	3,016,650	1.85	3,631,830	2.20
Total	<u>\$ 163,147,786</u>	<u>100.01 %</u>	<u>\$ 164,961,170</u>	<u>99.99 %</u>

NOTE 11 - 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 12 - 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 13 - DEFINED BENEFIT PENSION PLANS

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

Notes to the Basic Financial Statements

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

Each retirement system prepares a stand-alone financial report that includes financial information and required supplementary information for the plans. These reports can be obtained by writing to OPERS at 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (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. For 2008, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Separate divisions for law enforcement and public safety exist only within the Traditional Plan. For the year ended December 31, 2008, City employees were required to contribute 10% of their annual covered salary. The City's contribution rate for 2008 was 14%, of which 7.00% was used to fund the pension benefits. The contribution rates are determined actuarially. The City's required pension contributions to OPERS for the years ending December 31, 2008, 2007 and 2006 were \$134,864, \$177,984 and \$165,847 respectively. The full amount has been contributed for 2007 and 2006. Approximately 87.9% had been contributed for 2008 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, of which 12.75% was used to fund pension plans. Contributions are authorized by State statute. The City's required contributions to OP&F for the years ending December 31, 2008, 2007 and 2006 were \$83,270, \$75,274, \$62,465, respectively. The full amount has been contributed for 2007 and 2006. Approximately 96.02% has been contributed for 2008 with the remainder being reported as a liability within the respective funds.

NOTE 14 - 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.

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 2008, the City contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent 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 administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of the post employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7.0 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree 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 contributions to OPERS for health care for the years ended December 31, 2008, 2007, and 2006 were \$134,864, \$177,984, and \$165,847, respectively; 87.88 percent has been contributed for 2008 and 100 percent for 2007 and 2006. An OPEB liability at transition from the implementation of GASB Statement 45 was \$16,342.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which 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 percent and 24.0 percent of covered payroll for police and fire employers, respectively. The Ohio revised Code states that the employer contribution may not exceed 19.5 percent of the covered payroll for police employer units and 24.0 percent 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, 2008, the employer contribution allocated to health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 1150 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.

The City's total contributions to OP&F for police health care for the years ended December 31, 2008, 2007, and 2006 were \$44,084, \$43,328, and \$42,439, respectively, 96.02 percent has been contributed, for 2008 with the remainder being reported as a liability. An OPEB liability at transition from the implementation of GASB Statement 45 was \$1,754.

NOTE 15 - 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.

Notes to the Basic Financial Statements

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

The claims liability of \$2,106 reported in the fund at December 31, 2008 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 2008 and 2007 were:

	Year ended <u>12/30/2008</u>	Year ended <u>12/30/2007</u>
Unpaid Claims, beginning of fiscal year	\$ 581	\$ 1,202
Incurred Claims (including IBNRs)	27,916	21,873
Claim payments	<u>(26,391)</u>	<u>(22,494)</u>
Unpaid claims, end of fiscal year	<u>\$ 2,106</u>	<u>\$ 581</u>

NOTE 16 – 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 17 – DISCRETELY PRESENTED COMPONENT UNIT

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

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

NOTE 18 – CONDUIT DEBT OBLIGATIONS

The City has issued Healthcare and Housing Facility Revenue Bonds to provide financial assistance to St. Joseph Care Center for the acquisition and construction of healthcare facilities deemed to be in the public interest. The bonds are secured by a letter of credit from First Merit Bank. Upon repayment of the bonds, ownership of the acquired facilities transfers back to St. Joseph Care Center through a sale and leaseback type transaction. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. In accordance with the Governmental Accounting Standards Board, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2008 there were two series of Healthcare and Housing Facility Bonds outstanding, with an aggregate principal amount of \$8.3 million.

NOTE 19 – CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2008, the City has implemented GASB Statement No. 45, Accounting and Financial Reporting for Post-employment Benefits other than Pensions and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 supersedes GASB Statement No. 12 and establishes standards for disclosure of information on post-employment benefits other than pension benefits by all state and local government employers. This information can be found in Note 14. GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. This information can be found in Note 13.

The implementation of GASB Statements No. 50 did not have an effect on the financial statements of the City.

NOTE 20 – COMPLIANCE

Section 5705.41(B), Revised Code, prohibits the City from making expenditure unless it has been properly appropriated. The general fund was found to have expenditures plus encumbrances in excess of appropriations in the amount of \$3,682 in the division of parks. The sewer enterprise fund was found to have expenditures plus encumbrances in excess of appropriations in the amount of \$693,346.

Ohio Revised Code 5705.38 (C) requires the following minimum level of budgetary control for “subdivision” other than schools: “Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and within each, the amount appropriated for personal services.” The City budgeted all funds at the department level.



Combining Statements

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

Nonmajor Debt Service Fund

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

Nonmajor Capital Projects Funds

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

City of Louisville, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2008

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 369,197	\$ 9,721	\$ 144,625	\$ 523,543
Receivables:				
Accounts	106,978	-	-	106,978
Due from other governments	177,238	-	-	177,238
Materials and supplies inventory	8,510	-	-	8,510
Prepaid items	1,334	-	-	1,334
Total assets	<u>\$ 663,257</u>	<u>\$ 9,721</u>	<u>\$ 144,625</u>	<u>\$ 817,603</u>
Liabilities:				
Accounts payable	\$ 23,153	\$ -	\$ -	\$ 23,153
Accrued wages and benefits	5,265	-	-	5,265
Due to other governments	8,829	-	-	8,829
Deferred revenue	169,958	-	-	169,958
Total liabilities	<u>207,205</u>	<u>-</u>	<u>-</u>	<u>207,205</u>
Fund balances:				
Reserved for encumbrances	25,187	-	4,650	29,837
Unreserved, undesignated, Reported in:				
Special revenue funds	430,865	-	-	430,865
Debt service fund	-	9,721	-	9,721
Capital projects fund	-	-	139,975	139,975
Total fund balances	<u>456,052</u>	<u>9,721</u>	<u>144,625</u>	<u>610,398</u>
Total liabilities and fund balances	<u>\$ 663,257</u>	<u>\$ 9,721</u>	<u>\$ 144,625</u>	<u>\$ 817,603</u>

City of Louisville, Ohio

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2008

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Charges for services	\$ 252,765	\$ -	\$ -	\$ 252,765
Fines and forfeitures	10,488	-	-	10,488
Intergovernmental	429,321	-	155,784	585,105
Investment income	4,862	-	-	4,862
Contributions and donations	10,448	-	-	10,448
Other	122,950	-	-	122,950
Total revenue	<u>830,834</u>	<u>-</u>	<u>155,784</u>	<u>986,618</u>
Expenditures:				
Current:				
Security of persons and property	217,929	-	-	217,929
Transportation	852,425	-	-	852,425
Leisure time activities	15,662	-	-	15,662
Capital outlay	287,036	-	138,945	425,981
Debt service:				
Principal retirement	-	23,000	-	23,000
Interest and fiscal charges	-	15,908	-	15,908
Total expenditures	<u>1,373,052</u>	<u>38,908</u>	<u>138,945</u>	<u>1,550,905</u>
Excess of revenues over (under) expenditures	<u>(542,218)</u>	<u>(38,908)</u>	<u>16,839</u>	<u>(564,287)</u>
Other financing sources:				
Transfers - in	<u>593,109</u>	<u>38,908</u>	<u>25,000</u>	<u>657,017</u>
Net change in fund balance	50,891	-	41,839	92,730
Fund balances at beginning of year				
	<u>405,161</u>	<u>9,721</u>	<u>102,786</u>	<u>517,668</u>
Fund balances at end of year	<u>\$ 456,052</u>	<u>\$ 9,721</u>	<u>\$ 144,625</u>	<u>\$ 610,398</u>

City of Louisville, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2008

	Street Construction, Maintenance and Repair Fund	State Highway Fund	Motor Vehicle License Fund	Municipal Road Fund	Senior Citizens Fund	Mayor's Court Computerization Fund	Emergency Services Donations Fund
Assets:							
Equity in pooled cash and cash equivalents	\$ 94,291	\$ 12,568	\$ 1,523	\$ 94,037	\$ 6,399	\$ 28,278	\$ 4,688
Receivables:							
Accounts	3,261	-	-	-	-	-	-
Due from other governments	153,033	12,408	11,797	-	-	-	-
Materials and supplies inventory	8,510	-	-	-	-	-	-
Prepaid items	1,234	100	-	-	-	-	-
Total assets	<u>\$ 260,329</u>	<u>\$ 25,076</u>	<u>\$ 13,320</u>	<u>\$ 94,037</u>	<u>\$ 6,399</u>	<u>\$ 28,278</u>	<u>\$ 4,688</u>
Liabilities:							
Accounts payable	\$ 5,920	\$ 172	\$ -	\$ 11,988	\$ -	\$ -	\$ -
Accrued wages and benefits	5,265	-	-	-	-	-	-
Due to other governments	6,067	906	-	-	83	-	-
Deferred revenue	104,712	8,226	-	-	-	-	-
Total liabilities	<u>121,964</u>	<u>9,304</u>	<u>-</u>	<u>11,988</u>	<u>83</u>	<u>-</u>	<u>-</u>
Fund balances:							
Reserved for encumbrances	22,404	1,613	-	-	-	-	-
Unreserved, undesignated,							
Reported in:							
Special revenue funds	115,961	14,159	13,320	82,049	6,316	28,278	4,688
Total fund balances	<u>138,365</u>	<u>15,772</u>	<u>13,320</u>	<u>82,049</u>	<u>6,316</u>	<u>28,278</u>	<u>4,688</u>
Total liabilities and fund balances	<u>\$ 260,329</u>	<u>\$ 25,076</u>	<u>\$ 13,320</u>	<u>\$ 94,037</u>	<u>\$ 6,399</u>	<u>\$ 28,278</u>	<u>\$ 4,688</u>

<u>Emergency Services Charges Fund</u>	<u>Law Enforcement Education Fund</u>	<u>Law Enforcement Trust Fund</u>	<u>Special Events Fund</u>	<u>FEMA Hazard Mitigation Grant</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 105,389	\$ 17,851	\$ 1,823	\$ 1,851	\$ 499	\$ 369,197
103,717	-	-	-	-	106,978
-	-	-	-	-	177,238
-	-	-	-	-	8,510
-	-	-	-	-	1,334
<u>\$ 209,106</u>	<u>\$ 17,851</u>	<u>\$ 1,823</u>	<u>\$ 1,851</u>	<u>\$ 499</u>	<u>\$ 663,257</u>
\$ 5,073	\$ -	\$ -	\$ -	\$ -	\$ 23,153
-	-	-	-	-	5,265
1,756	-	17	-	-	8,829
<u>57,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>169,958</u>
<u>63,849</u>	<u>-</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>207,205</u>
1,170	-	-	-	-	25,187
<u>144,087</u>	<u>17,851</u>	<u>1,806</u>	<u>1,851</u>	<u>499</u>	<u>430,865</u>
<u>145,257</u>	<u>17,851</u>	<u>1,806</u>	<u>1,851</u>	<u>499</u>	<u>456,052</u>
<u>\$ 209,106</u>	<u>\$ 17,851</u>	<u>\$ 1,823</u>	<u>\$ 1,851</u>	<u>\$ 499</u>	<u>\$ 663,257</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, 2008

	Street Construction, Maintenance and Repair Fund	State Highway Fund	Motor Vehicle License Fund	Municipal Road Fund	Senior Citizens Fund	Mayor's Court Computerization Fund	Emergency Services Donations Fund
Revenues:							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	3,523	-
Intergovernmental	324,311	26,296	72,316	-	6,398	-	-
Investment income	-	-	4,862	-	-	-	-
Contributions and donations	-	-	-	-	10,000	-	448
Other	12,329	1,007	-	107,498	-	-	-
Total revenue	<u>336,640</u>	<u>27,303</u>	<u>77,178</u>	<u>107,498</u>	<u>16,398</u>	<u>3,523</u>	<u>448</u>
Expenditures:							
Current:							
Security of persons and property	-	-	-	-	-	1,230	2,123
Transportation	465,185	39,464	319,780	27,996	-	-	-
Leisure time activities	-	-	-	-	10,083	-	-
Capital outlay	26,575	1,514	-	252,417	-	-	-
Total expenditures	<u>491,760</u>	<u>40,978</u>	<u>319,780</u>	<u>280,413</u>	<u>10,083</u>	<u>1,230</u>	<u>2,123</u>
Excess of revenues over (under) expenditures	<u>(155,120)</u>	<u>(13,675)</u>	<u>(242,602)</u>	<u>(172,915)</u>	<u>6,315</u>	<u>2,293</u>	<u>(1,675)</u>
Other financing sources:							
Transfers - in	<u>137,500</u>	<u>10,000</u>	<u>238,500</u>	<u>174,609</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(17,620)	(3,675)	(4,102)	1,694	6,315	2,293	(1,675)
Fund balances at beginning of year	<u>155,985</u>	<u>19,447</u>	<u>17,422</u>	<u>80,355</u>	<u>1</u>	<u>25,985</u>	<u>6,363</u>
Fund balances at end of year	<u>\$ 138,365</u>	<u>\$ 15,772</u>	<u>\$ 13,320</u>	<u>\$ 82,049</u>	<u>\$ 6,316</u>	<u>\$ 28,278</u>	<u>\$ 4,688</u>

Emergency Services Charges Fund	Law Enforcement Education Fund	Law Enforcement Trust Fund	Special Events Fund	FEMA Hazard Mitigation Grant	Total Nonmajor Special Revenue Funds
\$ 252,765	\$ -	\$ -	\$ -	\$ -	\$ 252,765
-	1,898	5,067	-	-	10,488
-	-	-	-	-	429,321
-	-	-	-	-	4,862
-	-	-	-	-	10,448
-	-	-	2,116	-	122,950
<u>252,765</u>	<u>1,898</u>	<u>5,067</u>	<u>2,116</u>	<u>-</u>	<u>830,834</u>
209,859	-	4,717	-	-	217,929
-	-	-	-	-	852,425
-	-	-	5,579	-	15,662
<u>6,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>287,036</u>
<u>216,389</u>	<u>-</u>	<u>4,717</u>	<u>5,579</u>	<u>-</u>	<u>1,373,052</u>
36,376	1,898	350	(3,463)	-	(542,218)
<u>30,000</u>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>593,109</u>
66,376	1,898	350	(963)	-	50,891
<u>78,881</u>	<u>15,953</u>	<u>1,456</u>	<u>2,814</u>	<u>499</u>	<u>405,161</u>
<u>\$ 145,257</u>	<u>\$ 17,851</u>	<u>\$ 1,806</u>	<u>\$ 1,851</u>	<u>\$ 499</u>	<u>\$ 456,052</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, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Municipal income tax	\$ 2,096,270	\$ 2,607,000	\$ 2,595,115	\$ (11,885)
Property and other taxes	352,916	453,000	443,835	(9,165)
Charges for services	257,916	292,260	254,444	(37,816)
Licenses and permits	89,980	91,451	102,553	11,102
Fines and forfeitures	6,400	3,030	2,727	(303)
Intergovernmental	752,526	391,140	493,986	102,846
Investment income	65,000	135,000	89,232	(45,768)
Contributions and donations	1,700	12,400	1,915	(10,485)
Rentals	14,900	23,000	15,518	(7,482)
Other	22,846	38,660	82,195	43,535
Total revenue	<u>3,660,454</u>	<u>4,046,941</u>	<u>4,081,520</u>	<u>34,579</u>
<u>Expenditures:</u>				
Current:				
General government				
Office of city council	36,173	52,558	49,538	3,020
Office of the city manager	136,799	211,925	203,401	8,524
Department of finance and tax	250,583	372,199	332,603	39,596
Mayor's court	24,440	31,910	27,433	4,477
Civil service commission	10,917	20,214	13,221	6,993
Division of lands and buildings	186,511	313,307	252,912	60,395
Department of law	47,683	67,840	58,096	9,744
Miscellaneous	104,591	161,575	154,546	7,029
Total general government	<u>797,697</u>	<u>1,231,528</u>	<u>1,091,750</u>	<u>139,778</u>
Security of persons and property				
Division of police	742,860	1,218,373	1,195,854	22,519
Division of fire	538,991	366,775	355,501	11,274
Division of emergency services	75,000	75,000	74,637	363
Division of communications	221,713	279,773	254,808	24,965
Division of street lighting	72,759	107,157	104,867	2,290
Department of traffic control maintenance	9,039	14,017	10,451	3,566
Total security of persons and property	<u>1,660,362</u>	<u>2,061,095</u>	<u>1,996,118</u>	<u>64,977</u>
Public health and welfare				
Board of health	33,029	52,105	46,307	5,798
Transportation				
Division of street maintenance	60,000	60,000	60,000	-

(continued)

City of Louisville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community environment				
Division of planning and development	137,015	169,950	166,706	3,244
Division of housing and building code	49,211	76,432	65,206	11,226
Total community environment	186,226	246,382	231,912	14,470
Leisure time activities				
Division of parks	112,919	205,939	209,621	(3,682)
Senior citizens center	59,572	95,307	93,803	1,504
Special events	71,677	106,960	105,857	1,103
Total leisure time activities	244,168	408,206	409,281	(1,075)
Other	28,972	49,348	49,348	-
Total expenditures	3,010,454	4,108,664	3,884,716	223,948
Excess of revenues over (under) expenditures	650,000	(61,723)	196,804	258,527
<u>Other financing sources (uses):</u>				
Transfers - in	305,000	400,000	335,000	(65,000)
Transfers - out	(600,000)	(1,109,908)	(907,408)	202,500
Total other financing sources (uses)	(295,000)	(709,908)	(572,408)	137,500
Net change in fund balance	355,000	(771,631)	(375,604)	396,027
Fund balance at beginning of year	1,314,280	1,314,280	1,314,280	-
Prior year encumbrances appropriated	106,257	106,257	106,257	-
Fund balance at end of year	\$ 1,775,537	\$ 648,906	\$ 1,044,933	\$ 396,027

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, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Intergovernmental	\$ 316,000	\$ 316,000	\$ 325,899	\$ 9,899
Other	5,000	5,000	12,329	7,329
Total revenue	<u>321,000</u>	<u>321,000</u>	<u>338,228</u>	<u>17,228</u>
<u>Expenditures:</u>				
Current:				
Transportation				
Division of street maintenance	490,952	490,952	450,909	40,043
Division of snow and ice removal	72,240	72,240	72,240	-
Total expenditures	<u>563,192</u>	<u>563,192</u>	<u>523,149</u>	<u>40,043</u>
Excess of revenues under expenditures	<u>(242,192)</u>	<u>(242,192)</u>	<u>(184,921)</u>	<u>57,271</u>
<u>Other financing sources:</u>				
Transfers - in	<u>185,000</u>	<u>185,000</u>	<u>137,500</u>	<u>(47,500)</u>
Net change in fund balance	(57,192)	(57,192)	(47,421)	9,771
Fund balance at beginning of year	59,813	59,813	59,813	-
Prior year encumbrances appropriated	<u>54,516</u>	<u>54,516</u>	<u>54,516</u>	<u>-</u>
Fund balance at end of year	<u>\$ 57,137</u>	<u>\$ 57,137</u>	<u>\$ 66,908</u>	<u>\$ 9,771</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, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Intergovernmental	\$ 28,100	\$ 28,100	\$ 26,425	\$ (1,675)
Other	400	400	1,007	607
Total revenue	28,500	28,500	27,432	(1,068)
<u>Expenditures:</u>				
Current:				
Transportation				
Division of street maintenance	41,905	41,905	38,637	3,268
Division of snow and ice removal	5,046	5,046	5,046	-
Total expenditures	46,951	46,951	43,683	3,268
Excess of revenues under expenditures	(18,451)	(18,451)	(16,251)	2,200
<u>Other financing sources:</u>				
Transfers - in	10,000	10,000	10,000	-
Net change in fund balance	(8,451)	(8,451)	(6,251)	2,200
Fund balance at beginning of year	13,885	13,885	13,885	-
Prior year encumbrances appropriated	3,225	3,225	3,225	-
Fund balance at end of year	\$ 8,659	\$ 8,659	\$ 10,859	\$ 2,200

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, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Intergovernmental	\$ 79,500	\$ 79,500	\$ 72,696	\$ (6,804)
Investment income	2,700	2,700	4,862	2,162
Total revenue	82,200	82,200	77,558	(4,642)
<u>Expenditures:</u>				
Current:				
Transportation				
Division of street construction	320,000	320,000	319,780	220
Excess of revenues under expenditures	(237,800)	(237,800)	(242,222)	(4,422)
<u>Other financing sources:</u>				
Transfers - in	168,500	233,857	238,500	4,643
Net change in fund balance	(69,300)	(3,943)	(3,722)	221
Fund balance at beginning of year	5,245	5,245	5,245	-
Fund balance at end of year	\$ (64,055)	\$ 1,302	\$ 1,523	\$ 221

City of Louisville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Road Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Other	<u>\$ 80,000</u>	<u>\$ 80,000</u>	<u>\$ 107,498</u>	<u>\$ 27,498</u>
<u>Expenditures:</u>				
Current:				
Transportation				
Division of street maintenance	<u>240,429</u>	<u>240,429</u>	<u>268,425</u>	<u>-</u>
Excess of revenues under) expenditures	<u>(160,429)</u>	<u>(160,429)</u>	<u>(160,927)</u>	<u>27,498</u>
<u>Other financing sources:</u>				
Transfers - in	<u>150,000</u>	<u>150,000</u>	<u>174,609</u>	<u>24,609</u>
Net change in fund balance	<u>(10,429)</u>	<u>(10,429)</u>	<u>13,682</u>	<u>52,107</u>
Fund balance at beginning of year	<u>80,355</u>	<u>80,355</u>	<u>80,355</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 69,926</u></u>	<u><u>\$ 69,926</u></u>	<u><u>\$ 94,037</u></u>	<u><u>\$ 52,107</u></u>

City of Louisville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Senior Citizens Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ 6,398	\$ 6,398
Contributions and donations	-	10,000	10,000	-
Total revenue	-	10,000	16,398	6,398
<u>Expenditures:</u>				
Current:				
Leisure time activities				
Senior citizens center	10,000	10,000	10,000	-
Net change in fund balance	(10,000)	-	6,398	6,398
Fund balance at beginning of year	1	1	1	-
Fund balance at end of year	\$ (9,999)	\$ 1	\$ 6,399	\$ 6,398

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, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Fines and forfeitures	\$ 7,500	\$ 7,500	\$ 3,523	\$ (3,977)
<u>Expenditures:</u>				
Current:				
Security of persons and property Division of police	7,500	7,500	1,230	6,270
Net change in fund balance	-	-	2,293	2,293
Fund balance at beginning of year	25,985	25,985	25,985	-
Fund balance at end of year	\$ 25,985	\$ 25,985	\$ 28,278	\$ 2,293

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, 2008

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Contributions and donations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 448</u>	<u>\$ 448</u>
<u>Expenditures:</u>				
Current:				
Security of persons and property Division of fire	<u>3,000</u>	<u>3,000</u>	<u>2,123</u>	<u>877</u>
Net change in fund balance	<u>(3,000)</u>	<u>(3,000)</u>	<u>(1,675)</u>	<u>1,325</u>
Fund balance at beginning of year	<u>6,363</u>	<u>6,363</u>	<u>6,363</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 3,363</u></u>	<u><u>\$ 3,363</u></u>	<u><u>\$ 4,688</u></u>	<u><u>\$ 1,325</u></u>

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, 2008

	<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	\$ 225,000	\$ 225,000	\$ 240,084	\$ 15,084
<u>Expenditures:</u>				
Current:				
Security of persons and property				
Division of emergency services	244,749	244,749	212,551	32,198
Other	5,866	5,866	5,866	-
Total expenditures	<u>250,615</u>	<u>250,615</u>	<u>218,417</u>	<u>32,198</u>
Excess of revenues over (under) expenditures	<u>(25,615)</u>	<u>(25,615)</u>	<u>21,667</u>	<u>47,282</u>
<u>Other financing sources:</u>				
Transfers - in	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>-</u>
Net change in fund balance	4,385	4,385	51,667	47,282
Fund balance at beginning of year	44,933	44,933	44,933	-
Prior year encumbrances appropriated	<u>3,718</u>	<u>3,718</u>	<u>3,718</u>	<u>-</u>
Fund balance at end of year	<u>\$ 53,036</u>	<u>\$ 53,036</u>	<u>\$ 100,318</u>	<u>\$ 47,282</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Fines and forfeitures	\$ 1,800	\$ 1,800	\$ 1,898	\$ 98
<u>Expenditures:</u>				
Current:				
Security of persons and property Division of police	15,953	15,953	-	15,953
Net change in fund balance	(14,153)	(14,153)	1,898	16,051
Fund balance at beginning of year	15,739	15,739	15,739	-
Prior year encumbrances appropriated	214	214	214	-
Fund balance at end of year	\$ 1,800	\$ 1,800	\$ 17,851	\$ 16,051

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, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Fines and forfeitures	\$ 2,950	\$ 5,065	\$ 5,067	\$ 2
<u>Expenditures:</u>				
Current:				
Security of persons and property Division of police	1,457	4,700	4,700	-
Net change in fund balance	1,493	365	367	2
Fund balance at beginning of year	1,456	1,456	1,456	-
Fund balance at end of year	\$ 2,949	\$ 1,821	\$ 1,823	\$ 2

City of Louisville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Events Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Other	<u>\$ 4,000</u>	<u>\$ 4,000</u>	<u>\$ 2,116</u>	<u>\$ (1,884)</u>
<u>Expenditures:</u>				
Current:				
Leisure time activities				
Special events	<u>4,000</u>	<u>5,580</u>	<u>5,579</u>	<u>1</u>
Excess of revenues under expenditures	<u>-</u>	<u>(1,580)</u>	<u>(3,463)</u>	<u>(1,883)</u>
<u>Other financing sources:</u>				
Transfers - in	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>
Net change in fund balance	<u>-</u>	<u>(1,580)</u>	<u>(963)</u>	<u>617</u>
Fund balance at beginning of year	<u>2,814</u>	<u>2,814</u>	<u>2,814</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,814</u>	<u>\$ 1,234</u>	<u>\$ 1,851</u>	<u>\$ 617</u>

City of Louisville, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
FEMA Hazard Mitigation Grant Fund
For the Year Ended December 31, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Total revenue	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	499	499	499	-
Fund balance at end of year	\$ 499	\$ 499	\$ 499	\$ -

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, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Total revenue	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Debt service:				
Principal retirement	23,000	23,000	23,000	-
Interest and fiscal charges	15,908	15,908	15,908	-
Total expenditures	38,908	38,908	38,908	-
Excess of revenues under expenditures	(38,908)	(38,908)	(38,908)	-
<u>Other financing sources:</u>				
Transfers - in	38,908	38,908	38,908	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	9,721	9,721	9,721	-
Fund balance at end of year	<u>\$ 9,721</u>	<u>\$ 9,721</u>	<u>\$ 9,721</u>	<u>\$ -</u>

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ 132,027	\$ 155,784	\$ 23,757
<u>Expenditures:</u>				
Current:				
Transportation				
Division of street maintenance	25,000	25,000	-	25,000
Community environment				
Division of planning and development	11,568	143,595	143,595	-
Total expenditures	36,568	168,595	143,595	25,000
Excess of revenues over (under) expenditures	(36,568)	(36,568)	12,189	48,757
<u>Other financing sources:</u>				
Transfers - in	25,000	25,000	25,000	-
Net change in fund balance	(11,568)	(11,568)	37,189	48,757
Fund balance at beginning of year	91,218	91,218	91,218	-
Prior year encumbrances appropriated	11,568	11,568	11,568	-
Fund balance at end of year	\$ 91,218	\$ 91,218	\$ 139,975	\$ 48,757

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

City of Louisville, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2008

	Budgeted Amounts			Variance with Final budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Municipal income tax	\$ 858,760	\$ 858,760	\$ 863,288	\$ 4,528
Charges for services	748,750	748,750	737,469	(11,281)
Other	9,000	9,000	5,036	(3,964)
Total revenue	1,616,510	1,616,510	1,605,793	(10,717)
<u>Expenses:</u>				
General government				
Miscellaneous	152,333	152,333	102,674	49,659
Basic utility services				
Division of water treatment	676,562	661,407	557,996	103,411
Division of water distribution	125,058	125,058	45,320	79,738
Division of utility billing	44,845	44,845	41,824	3,021
Total basic utility services	846,465	831,310	645,140	186,170
Other				
Miscellaneous	16,950	16,950	16,797	153
Debt service:				
Principal retirement	153,979	153,979	153,978	1
Interest and fiscal charges	69,851	69,851	68,803	1,048
Total expenses	1,239,578	1,224,423	987,392	237,184
Excess of revenues over expenses	376,932	392,087	618,401	226,467

(continued)

City of Louisville, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final budget Positive (Negative)
	Original	Final		
<u>Other financing sources (uses):</u>				
Advances - out	-	(110,000)	(110,000)	-
Transfers - in	350,000	350,000	350,000	-
Transfers - out	(830,217)	(830,217)	(830,217)	-
Total other financing sources (uses)	(480,217)	(590,217)	(590,217)	-
Net change in fund equity	(103,285)	(198,130)	28,184	226,467
Fund equity at beginning of year	450,309	450,309	450,309	-
Prior year encumbrances appropriated	64,254	64,254	64,254	-
Fund equity at end of year	<u>\$ 411,278</u>	<u>\$ 316,433</u>	<u>\$ 542,747</u>	<u>\$ 226,467</u>

City of Louisville, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2008

	Budgeted Amounts			Variance with Final budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Charges for services	\$ 954,949	\$ 954,949	\$ 915,104	\$ (39,845)
Intergovernmental	-	-	704,787	704,787
Other	2,570	2,570	12,529	9,959
Total revenue	<u>957,519</u>	<u>957,519</u>	<u>1,632,420</u>	<u>674,901</u>
<u>Expenses:</u>				
Basic utility services				
Division of sanitary sewer pumping	18,034	18,034	12,539	5,495
Division of sewer maintenance	102,543	143,057	139,432	3,625
Utility deposits	41,241	41,241	41,292	(51)
Division of wastewater treatment	1,482,405	1,599,536	2,301,951	(702,415)
Miscellaneous	428	428	428	-
Total basic utility services	<u>1,644,651</u>	<u>1,802,296</u>	<u>2,495,642</u>	<u>(693,346)</u>
Debt service:				
Principal retirement	248,400	248,400	248,400	-
Interest and fiscal charges	96,092	96,092	96,092	-
Total expenses	<u>2,060,643</u>	<u>2,221,615</u>	<u>2,914,960</u>	<u>(693,345)</u>
Excess of revenues under expenses	<u>(1,103,124)</u>	<u>(1,264,096)</u>	<u>(1,282,540)</u>	<u>(18,444)</u>

(continued)

City of Louisville, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final budget Positive (Negative)
	Original	Final		
<u>Other financing sources (uses):</u>				
Advances - in	-	-	110,000	110,000
Transfers - in	450,000	450,000	450,000	-
Transfers - out	(54,392)	(54,392)	(54,392)	-
Total other financing sources (uses)	395,608	395,608	505,608	110,000
Net change in fund equity	(707,516)	(868,488)	(776,932)	91,556
Fund equity at beginning of year	664,021	664,021	664,021	-
Prior year encumbrances appropriated	339,271	339,271	339,271	-
Fund equity at end of year	<u>\$ 295,776</u>	<u>\$ 134,804</u>	<u>\$ 226,360</u>	<u>\$ 91,556</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.

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial position has changed over time.	S3 - S7
Revenue Capacity These schedules contain information to help the reader understand and assess the factors affecting the City's ability to generate its most significant local revenue source(s), the property tax (and the income tax).	S7 - S13
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S14 - S19
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	S20 - S21
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S22 - S25

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 Five Years (2)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<u>Governmental Activities</u>					
Invested in capital assets, net of related debt	\$ 3,048,125	\$ 2,372,382	\$ 1,986,625	\$ 1,571,996	\$ 1,315,265
Restricted	754,129	649,066	683,647	630,692	530,515
Unrestricted	<u>1,627,341</u>	<u>1,881,609</u>	<u>1,548,400</u>	<u>1,158,963</u>	<u>788,495</u>
Total governmental activities net assets	<u>5,429,595</u>	<u>4,903,057</u>	<u>4,218,672</u>	<u>3,361,651</u>	<u>2,634,275</u>
<u>Business-Type Activities</u>					
Invested in capital assets, net of related debt	7,179,239	5,702,061	5,537,295	3,071,538	3,504,889
Unrestricted	<u>1,432,666</u>	<u>1,870,595</u>	<u>1,397,899</u>	<u>2,356,648</u>	<u>1,332,745</u>
Total business-type activities net assets	<u>8,611,905</u>	<u>7,572,656</u>	<u>6,935,194</u>	<u>5,428,186</u>	<u>4,837,634</u>
<u>Primary Government</u>					
Invested in capital assets, net of related debt	10,227,364	8,074,443	7,523,920	4,643,534	4,820,154
Restricted	754,129	649,066	683,647	630,692	530,515
Unrestricted	<u>3,060,007</u>	<u>3,752,204</u>	<u>2,946,299</u>	<u>3,515,611</u>	<u>2,121,240</u>
Total primary government net assets	<u>\$14,041,500</u>	<u>\$12,475,713</u>	<u>\$11,153,866</u>	<u>\$ 8,789,837</u>	<u>\$ 7,471,909</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
Changes in Net Assets (1)
Last Five Years (2)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Expenses					
Governmental Activities:					
General government	\$ 1,001,777	\$ 709,418	\$ 795,848	\$ 818,463	\$ 799,136
Security of persons and property	2,137,745	2,284,434	2,079,266	1,790,354	1,745,446
Public health and welfare	44,190	18,274	55,143	51,182	48,652
Transportation	919,320	762,015	573,215	777,963	427,472
Community environment	203,848	193,968	210,431	179,959	157,208
Basic utility services	-	-	-	3,323	147,327
Leisure time activities	414,988	375,795	412,879	384,713	337,237
Other	-	-	46,864	75,999	43,152
Interest and fiscal charges	15,826	36,998	31,232	44,398	52,827
Total governmental activities expenses	<u>4,737,694</u>	<u>4,380,902</u>	<u>4,204,878</u>	<u>4,126,354</u>	<u>3,758,457</u>
Business-Type Activities:					
Water	969,468	958,590	1,002,351	974,699	912,997
Sewer	1,198,911	972,275	936,774	873,695	872,100
Total business-type activities	<u>2,168,379</u>	<u>1,930,865</u>	<u>1,939,125</u>	<u>1,848,394</u>	<u>1,785,097</u>
Total primary government expenses	<u>\$ 6,906,073</u>	<u>\$ 6,311,767</u>	<u>\$ 6,144,003</u>	<u>\$ 5,974,748</u>	<u>\$ 5,543,554</u>
Program Revenues					
Governmental Activities:					
Charges for services					
General government	\$ 218,902	\$ 166,347	\$ 153,256	\$ 194,949	\$ 153,639
Security of persons and property	292,330	219,194	283,904	269,294	208,530
Transportation	3,261	-	-	-	-
Community environment	4,126	7,887	21,500	25,975	27,238
Leisure time activities	69,806	83,516	100,634	97,213	93,835
Operating grants, contributions and interest	717,972	846,837	547,487	673,568	520,083
Capital grants and contributions	101,973	-	-	189,505	17,650
Total governmental activities program revenues	<u>1,408,370</u>	<u>1,323,781</u>	<u>1,106,781</u>	<u>1,450,504</u>	<u>1,020,975</u>
Business-Type Activities:					
Charges for services					
Water	756,040	735,974	671,160	633,311	661,149
Sewer	943,715	936,872	882,147	776,018	702,058
Operating grants, contributions and interest	-	-	-	396,640	7,257
Total business-type activities program revenues	<u>1,699,755</u>	<u>1,672,846</u>	<u>1,553,307</u>	<u>1,805,969</u>	<u>1,370,464</u>
Total primary government program revenues	<u>\$ 3,108,125</u>	<u>\$ 2,996,627</u>	<u>\$ 2,660,088</u>	<u>\$ 3,256,473</u>	<u>\$ 2,391,439</u>
Net (expense)/revenue					
Governmental activities	\$ (3,329,324)	\$ (3,057,121)	\$ (3,098,097)	\$ (2,675,850)	\$ (2,737,482)
Business-type activities	(468,624)	(258,019)	(385,818)	(42,425)	(414,633)
Total primary government net expense	<u>\$ (3,797,948)</u>	<u>\$ (3,315,140)</u>	<u>\$ (3,483,915)</u>	<u>\$ (2,718,275)</u>	<u>\$ (3,152,115)</u>

(Continued)

CITY OF LOUISVILLE, OHIO

Changes in Net Assets (1)

Last Five Years (2)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Property taxes levied for:					
General purposes	\$ 382,049	\$ 388,416	\$ 471,201	\$ 392,154	\$ 498,705
Income tax levied for:					
General purposes	2,720,310	2,505,101	2,660,310	2,275,376	2,122,773
Grants and entitlements not restricted to specific programs	476,932	675,554	423,376	468,249	313,728
Gain on sale of capital assets	-	-	-	11,500	22,640
Investment earnings	35,851	80,345	123,478	61,390	26,557
Other	156,111	92,090	95,725	77,557	79,781
Transfers	84,609	-	-	(83,000)	-
Total governmental activities	<u>3,855,862</u>	<u>3,741,506</u>	<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	427,932	374,217	458,188	345,074	362,674
Sewer utility services	459,763	427,388	420,648	404,903	341,793
Grants and entitlements not restricted to specific programs	704,787	93,876	-	-	-
Gain on sale of capital assets	-	-	3,247	-	-
Capital contributions	-	-	6,667	-	1,078,106
Transfers	(84,609)	-	-	83,000	-
Total business-type activities	<u>1,507,873</u>	<u>895,481</u>	<u>888,750</u>	<u>832,977</u>	<u>1,782,573</u>
Total primary government	<u>\$ 5,363,735</u>	<u>\$ 4,636,987</u>	<u>\$ 4,662,840</u>	<u>\$ 4,036,203</u>	<u>\$ 4,846,757</u>
Change in net assets					
Governmental activities	\$ 526,538	\$ 684,385	\$ 675,993	\$ 527,376	\$ 326,702
Business-type activities	1,039,249	637,462	502,932	790,552	1,367,940
Total primary government	<u>\$ 1,565,787</u>	<u>\$ 1,321,847</u>	<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 Five Years (2)

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund					
Reserved	\$ 123,510	\$ 72,746	\$ 68,818	\$ 112,984	\$ 105,992
Unreserved	<u>1,313,692</u>	<u>1,763,654</u>	<u>1,285,317</u>	<u>1,028,901</u>	<u>707,650</u>
Total general fund	<u>\$ 1,437,202</u>	<u>\$ 1,836,400</u>	<u>\$ 1,354,135</u>	<u>\$ 1,141,885</u>	<u>\$ 813,642</u>
All Other Governmental Funds					
Reserved	\$ 29,837	\$ 58,627	\$ 99,256	\$ 131,692	\$ 94,817
Unreserved, reported in:					
Special revenue funds	430,864	358,102	346,350	306,148	332,550
Capital projects funds	139,975	91,218	59,769	63,219	78,219
Debt service funds	<u>9,721</u>	<u>9,721</u>	<u>18,216</u>	<u>3,702</u>	<u>3,702</u>
Total all other governmental funds	<u>\$ 610,397</u>	<u>\$ 517,668</u>	<u>\$ 523,591</u>	<u>\$ 504,761</u>	<u>\$ 509,288</u>

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.

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	
<u>Revenues</u>											
Taxes	\$ 2,879,462	\$ 2,994,049	\$ 2,916,779	\$ 2,731,169	\$ 2,613,502	\$ 2,666,051	\$ 2,597,995	\$ 2,556,953	\$ 2,610,426	\$ 2,301,901	
Charges for services	507,209	443,924	437,632	455,542	396,839	412,921	390,075	348,242	349,856	257,876	
Fines, licenses and permits	124,224	101,463	106,558	116,994	109,619	113,212	116,721	88,396	103,746	95,176	
Intergovernmental revenues	1,073,524	1,344,029	897,125	1,228,092	823,320	843,237	771,164	658,334	868,653	1,267,043	
Investment income	92,687	152,328	127,094	66,940	28,163	27,312	46,243	124,477	89,924	87,111	
Contributions and donations	12,363	36,400	66,818	72,016	7,000	8,101	13,150	-	-	1,000	
Rentals	15,518	23,351	19,132	13,139	14,853	-	-	-	-	-	
Other	205,464	160,205	63,746	67,347	40,736	72,488	48,378	51,600	48,340	221,722	
Total revenues	<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>	<u>3,828,002</u>	<u>4,070,945</u>	<u>4,231,829</u>	
<u>Expenditures</u>											
General government	967,127	674,596	753,371	771,093	771,987	749,920	741,922	710,883	662,026	659,093	
Security of persons and property	1,991,839	2,186,734	1,907,567	1,651,460	1,688,222	1,878,135	1,687,404	1,583,923	1,655,688	1,552,470	
Public health and welfare	44,190	18,274	55,143	51,182	48,652	50,508	51,910	51,043	29,262	30,283	
Transportation	852,425	657,354	497,941	722,731	379,941	636,157	395,796	351,005	374,057	378,728	
Community environment	205,416	194,113	210,860	171,397	177,001	173,935	196,790	195,215	215,283	195,631	
Basic utility services	-	-	-	3,095	148,215	75,273	-	-	-	-	-
Leisure time activities	346,014	345,696	330,830	333,920	286,762	383,104	351,965	380,496	339,780	233,209	
Other	-	-	46,864	75,999	43,152	45,584	52,398	39,135	32,071	78,030	
Capital outlay	1,011,044	591,752	318,579	352,105	377,320	133,937	151,068	222,354	249,314	932,496	
Debt service:											
Principal retirement	23,000	73,814	250,603	275,457	250,631	267,888	207,389	802,268	775,012	883,562	
Interest and fiscal charges	15,908	37,074	32,046	-	-	-	-	-	-	-	
Total expenditures	<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>	<u>4,336,322</u>	<u>4,332,493</u>	<u>4,943,502</u>	
Excess of revenues over (under) expenditures	<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>	<u>(508,320)</u>	<u>(261,548)</u>	<u>(711,673)</u>	
<u>Other financing sources (Uses)</u>											
Inception of capital lease	155,434	-	-	-	-	-	-	-	-	-	
Transfers in	657,017	424,635	511,600	-	-	-	-	-	-	-	
Transfer out	(572,408)	(424,635)	(511,600)	-	-	-	-	-	-	-	
Total other financing sources (uses)	<u>240,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Net change in fund balance	<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>	<u>\$ (508,320)</u>	<u>\$ (261,548)</u>	<u>\$ (711,673)</u>	
Debt service as a percentage of noncapital expenditures	0.9%	2.6%	6.9%	6.8%	6.6%	6.3%	5.6%	19.5%	19.0%	22.0%	

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	
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%
2001	109,646,050	313,274,429	4,103,090	4,662,602	24,496,624	97,986,496	138,245,764	415,923,527	32.53%
2000	95,358,280	272,452,229	4,052,660	4,605,295	22,308,127	89,232,508	121,719,067	366,290,032	32.44%
1999	92,523,760	264,353,600	4,415,780	5,017,932	23,654,903	94,619,612	120,594,443	363,991,144	32.26%

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 will be 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>(2) Outstanding Delinquent Taxes</u>	<u>Percent of Outstanding Delinquent Taxes to Current Tax Levy</u>	<u>Total Direct Tax Rate</u>
2008	\$ 456,814	\$ 445,017	97.42%	\$ 19,950	4.37%	\$ 69.20
2007	461,891	449,811	97.38%	8,861	1.92%	69.30
2006	423,418	413,019	97.54%	6,855	1.62%	69.90
2005	413,458	404,521	97.84%	7,383	1.79%	70.90
2004	427,776	375,616	87.81%	7,624	1.78%	72.30
2003	387,094	378,806	97.86%	7,594	1.96%	72.70
2002	387,265	379,486	97.99%	13,655	3.53%	70.80
2001	387,089	381,050	98.44%	-	0.00%	65.10
2000	340,814	336,909	98.85%	-	0.00%	65.20
1999	337,665	331,196	98.08%	-	0.00%	65.20

Source: Stark County Auditor

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

Source: Ohio Department of Taxation

(2) Amounts prior to 2002 are not available.

CITY OF LOUISVILLE, OHIO
Schedules of Principal Taxpayers - Real Property
2008 and 2000

	2008			2000 (1)		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Taxpayer						
Jewel Acquisition LLC	\$ 2,023,430	1	1.30%	\$ 1,526,390	1	1.60%
Louisville Ventures LTD	1,610,970	2	1.04%	1,111,730	3	1.17%
HP Products Inc.	1,573,780	3	1.01%	1,295,190	2	1.36%
McKinley Development Company LTD	1,160,310	4	0.75%	420,850	10	0.44%
Rhodes Roy T	751,140	5	0.48%	629,190	5	0.66%
Groffre Investments	748,970	6	0.48%	-		0.00%
WNBC LLC	591,500	7	0.38%	472,470	6	0.50%
Metzger J B Co.	567,290	8	0.36%	467,060	7	0.49%
Peters Frederick K & Judith R	536,740	9	0.35%	-		0.00%
Geitgey Donald W Jr & Sue Ann	484,620	10	0.31%	-		0.00%
Samual Ron	-		0.00%	626,640	4	0.66%
Gino D & Filomena Brienza Trustees	-		0.00%	457,390	8	0.48%
Samuel & Bilha Ron	-		0.00%	441,090	9	0.46%
Total of above	<u>\$ 10,048,750</u>		<u>6.46%</u>	<u>\$ 7,448,000</u>		<u>7.81%</u>
Total City	<u>\$ 155,453,660</u>			<u>\$ 95,358,280</u>		

Source: Stark County Auditor
(1) Information prior to 2000 not available.

CITY OF LOUISVILLE, OHIO
Schedules of Principal Taxpayers - Personal Property
2008 and 2000

	2008			2000 (1)		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
	<u>Taxpayer</u>					
Allegheny Ludlum Corporation	\$ 1,512,400	1	32.53%	\$ -	-	0.00%
Uniti LLC	1,078,010	2	23.19%	-	-	0.00%
HP Productions INC	390,930	3	8.41%	1,477,420	2	6.62%
Jewel Acquisition LLC	324,740	4	6.99%	13,486,120	1	60.45%
Parksite Inc & Subsidiaries	269,800	5	5.80%	-	-	0.00%
Transportation Center of Louisville	-		0.00%	753,640	4	3.38%
Trilogy Plastics Inc	-		0.00%	419,564	7	1.88%
Chuck Sypolt Chevrolet	-		0.00%	559,240	6	2.51%
Ohio Transformer Inc.	-		0.00%	897,670	3	4.02%
RMI Titanium Co.	-		0.00%	681,100	5	3.05%
Louisville Foods Inc.	-		0.00%	383,520	8	1.72%
Meridian Leasing Corporation	-		0.00%	335,490	9	1.50%
JCM Family Inc.	-		0.00%	227,520	10	1.02%
Total of above	<u>\$ 3,575,880</u>		<u>76.92%</u>	<u>\$ 19,221,284</u>		<u>86.16%</u>
Total City	<u>\$ 4,648,576</u>			<u>\$ 22,308,127</u>		

Source: Stark County Auditor
(1) Information prior to 2000 not available.

CITY OF LOUISVILLE, OHIO
Schedules of Principal Taxpayers - Public Utility
2008 and 2000

	2008			2000 (1)		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<u>Taxpayer</u>						
Ohio Power	\$ 2,856,490	1	93.79%	\$ 2,274,940	1	56.13%
Ohio Bell Telephone Co.	252,990	2	8.31%	936,320	2	23.10%
East Ohio Gas Co.	191,040	3	6.27%	594,020	3	14.66%
Norfolk Southern	122,730	4	4.03%	-	-	0.00%
Time Warner Entertainment	116,580	5	3.83%	-	-	0.00%
Cleveland Electric	-		0.00%	283,880	4	7.00%
Total of above	<u>\$ 3,539,830</u>		<u>116.23%</u>	<u>\$ 3,805,280</u>		<u>93.90%</u>
Total City	<u>\$ 3,045,550</u>			<u>\$ 4,052,660</u>		

Source: Stark County Auditor
(1) Information prior to 2000 not available.

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>
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%
2001	2.00	2,796,610	1,920,439	68.67	169,502	6.06	706,668	25.27	-4.55%
2000	2.00	2,929,773	1,155,086	39.43	85,399	2.91	345,842	11.80	9.68%
1999	2.00	2,671,288	1,456,513	54.52	83,087	3.11	291,627	10.92	n/a

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
	Bond Anticipation Notes	General Obligation Bonds	Capital Leases	Revenue Bonds	Bond Anticipation Notes	General Obligation Bonds	OPWC Loans	OWDA Loans	Capital Leases		
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%
2001	-	1,008,000	86,493	1,245,000	-	4,832,240	378,403	363,527	19,977	7,933,640	3.33%
2000	-	650,000	109,967	1,315,000	586,750	3,192,179	402,816	-	25,399	6,282,111	2.64%
1999	565,000	735,000	151,048	1,385,000	635,000	3,337,276	427,229	-	34,887	7,270,440	3.29%

(1) Details regarding the City's outstanding debt can be found in Note 8 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			
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%
2001	5,840,240	1,245,000	7,085,240	6.07%	655.91	2.98%
2000	3,842,179	1,315,000	5,157,179	4.42%	431.51	2.17%
1999	4,072,276	1,385,000	5,457,276	4.68%	461.81	2.47%

Source: City of Louisville basic financial statements.

(1) Details regarding the City's outstanding debt can be found in Note 8 in the current financial statements.

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

Legal Debt Margin Calculation for Year Ending December 31, 2008	Unvoted	Overall	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Total assessed valuation	\$ 163,147,786	163,147,786										
Debt limitation - 5.5% of assessed valuation	8,973,128											
Debt limitation - 10.5% of assessed valuation		17,130,518										
Debt applicable to limitation:												
Total bonded debt and loans	\$ 3,774,319	3,774,319										
Exempt debt:												
OWDA loans	49,439	49,439										
OPWC loans	529,880	529,880										
Debt payable from income tax	3,195,000	3,195,000										
Total debt applicable to limitation	-	-										
Legal debt margin	\$ 8,973,128	17,130,518										
Debt limit	\$ 12,662,417	\$ 14,284,341	\$ 14,515,805	\$ 14,605,621	\$ 14,516,004	\$ 15,665,960	\$ 15,504,668	\$ 15,878,166	\$ 17,320,923	\$ 17,130,518		
Total net debt applicable to limit	565,000	593,250	-	-	-	-	-	-	-	-	-	-
Legal debt margin	12,097,417	13,691,091	14,515,805	14,605,621	14,516,004	15,665,960	15,504,668	15,878,166	17,320,923	17,130,518		
Total net debt applicable to limit as a percentage of debt limit	4.46%	4.15%	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, 2008

Governmental Unit	<u>Debt Outstanding</u>	<u>Percentage applicable to City (1)</u>	<u>Amount applicable to City</u>
Direct:			
City of Louisville	\$ 3,724,880	100.00%	<u>\$ 3,724,880</u>
Overlapping:			
Louisville Schools	23,425,000	44.90%	10,517,825
County of Stark	-	2.10%	<u>-</u>
Subtotal, overlapping debt			<u>10,517,825</u>
Total direct and overlapping debt			<u><u>\$ 14,242,705</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>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>General Obligation Debt</u>						
Assessed value	\$ 163,147,786	164,961,170	151,220,626	147,663,508	149,199,622	138,247,656
Population	8,904	8,904	8,904	8,904	8,904	8,904
Debt outstanding	\$ 3,195,000	3,570,000	3,925,000	4,395,000	4,835,000	5,260,000
Ratio of debt to assessed value	1.96%	2.16	2.60	2.98	3.24	3.80
Debt per capita	\$ 358.83	401	440.81	493.60	543.01	590.75
<u>General Bonded Debt</u>						
Debt service	\$ 38,907	57,495	173,587	175,887	174,336	176,275
General governmental expenditures	\$ 5,456,963	4,779,407	4,403,804	4,408,439	4,171,883	4,394,441
Ratio of debt service to general governmental expenditures	0.71%	1.20	3.94	3.99	4.18	4.01
<u>Water Revenue Bond</u>						
Revenues ¹	\$ 1,152,543	1,110,191	1,129,348	978,385	1,023,823	1,151,014
Operating expenses ²	\$ 636,032	706,800	695,689	680,183	545,641	640,579
Net revenue available for debt service	\$ 516,511	403,391	433,659	298,202	478,182	510,435
Debt service requirements	-	-	-	-	147,123	146,123
Coverage	100.00%	100.00	100.00	100.00	3.25	3.49

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

Source: City of Louisville basic financial statements.

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
139,101,152	138,245,764	121,719,067	120,594,443
8,904	8,904	8,904	8,818
5,670,000	6,060,000	5,275,000	5,560,000
4.08	4.38	4.33	4.61
636.79	680.59	592.43	630.53
178,691	199,691	135,555	135,675
3,836,642	4,336,322	4,332,493	4,943,532
4.66	4.61	3.13	2.74
1,191,649	1,430,722	865,221	1,069,591
1,011,375	411,892	647,493	677,359
180,274	1,018,830	217,728	392,232
144,798	143,158	146,413	144,338
1.25	7.12	1.49	2.72

CITY OF LOUISVILLE, OHIO
Schedules of Principal Employers
2008 and 2001

<u>Employer</u>	<u>Industry</u>	<u>Employees</u>	2008		2001 (1)		<u>Employment</u>
			<u>Rank</u>	<u>Employment</u>	<u>Rank</u>	<u>Employment</u>	
Louisville Board of Education	Public education	382	1	15.89%	375	3	16.12%
HP Products Inc.	Speciality tubing	366	2	15.22%	381	2	16.37%
St. Joseph's Hospice	Hospice facility	299	3	12.44%	219	4	9.41%
J&J Foods LLC	Grocery	128	4	5.32%	171	5	7.35%
Jewel Acquisition LLC	Specialty tubing	128	5	5.32%	419	1	18.01%
Midlake Products	Manufacturing	122	6	5.07%	75	10	3.22%
City of Louisville	Municipal government	116	7	4.83%	129	6	5.54%
St Thomas Aquinas	Private education	105	8	4.37%	119	8	5.11%
Montrose Chrysler	Automobile dealership	44	9	1.83%	-		0.00%
Magnetic Technologies	Transformers	26	10	1.08%	-		0.00%
Trilogy Plastics	Manufacturing	-		0.00%	78	9	3.35%
Ohio Transformer	Transformer rebuilding	-		0.00%	123	7	5.29%
Total Top Ten Employers		<u>1,716</u>		<u>71.38%</u>	<u>2,089</u>		<u>81.13%</u>
Total employment within the City		<u>2,404</u>			<u>2,327</u>		

Source: City of Louisville

(1) Information prior to 2001 not available.

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>
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%
2001	8,904	238,003,920	26,730	3,186	4.1%	4.2%
2000	8,904	238,110,768	26,742	3,150	4.1%	4.1%
1999	8,818	220,943,808	25,056	3,187	4.3%	4.3%

(1) Source: U. S. Census

(a) Years 2000 through 2008 - 2000 Federal Census

(b) Year 1999 - 1990 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

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

Function/Program	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General government							
Council and clerk							
Number of legislation passed	58	66	53	60	58	56	54
Number of planning commission docket items	16	30	21	17	15	12	19
Zoning board of appeals docket items	8	25	3	13	14	12	26
Finance Department							
Number of W-2's issued	118	116	112	116	135	128	124
Number of checks issued	2,718	2,591	2,558	2,555	2,439	2,449	2,599
Amount of checks paid	\$ 5,580,210	3,538,207	3,568,564	2,934,428	2,826,234	2,594,987	2,841,059
Interest earnings for fiscal year (cash basis)	\$ 94,094	146,200	126,993	67,438	25,459	11,432	39,007
General fund year end cash balances	\$ 377,761	686,697	526,675	426,293	413,293	288,451	326,186
Income tax fund year end cash balances	\$ 651,097	714,309	363,547	265,554	94,206	23,073	91,362
Water revenue fund year end cash balances	\$ 138,146	111,487	96,579	72,964	99,307	110,076	72,522
Sewer fund year end cash balances	\$ 35,888	643,743	475,245	334,587	197,357	207,837	252,646
Property tax revenue	\$ 388,954	472,997	465,349	441,153	394,963	399,084	403,747
Income Tax Department							
Number of individual returns	3,201	3,377	4,806	4,740	4,725	4,722	4,739
Number of business returns	422	449	260	272	268	268	255
Number of business withholding accounts	485	446	432	381	380	382	381
Income tax receipts collected	\$ 3,548,403	3,463,645	3,301,769	2,906,533	2,900,015	2,842,964	2,757,672
Building Department Indicators							
Residential permits issued	8	19	31	63	66	55	50
Estimated value of residential permits	\$ 1,303,780	3,876,895	5,194,200	9,623,405	9,612,196	9,069,164	7,385,695
Commercial/institutional permits issued	1	-	1	-	1	-	5
Estimated value of commercial/insitutional	\$ 2,210,358	4,500,000	1,200,000	-	720,000	-	17,189,527
Total zoning permit fees	5,096	6,826	5,189	6,463	7,048	6,719	5,943
Security of persons & property							
Police							
Total calls for services	4,070	4,121	4,212	4,012	3,953	3,915	3,725
number of traffic citations issued	455	593	814	839	582	660	728
number of criminal arrests	236	264	-	-	-	-	-
number of accident reports completed	184	192	170	211	243	231	252
Motor vehicle accidents	184	192	2	-	-	-	-
Gasoline costs of fleet	\$ 33,243	24,939	25,114	19,567	13,587	13,220	10,404
Fire							
EMS calls	798	919	710	752	791	759	707
EMS collections	\$ 270,048	187,866	205,904	204,797	168,454	210,686	149,487
Fire calls	561	325	319	335	339	265	246
Leisure time activities							
Recreation							
Adult volleyball and softball leagues	300	250	250	250	250	-	-
Youth baseball league	800	800	900	900	900	-	-
Jump rope clinics	100	60	60	60	60	-	-
Fishing derbies (2 per year)	80	60	40	100	100	-	-
Bowling leagues (kids)	60	50	11	28	40	-	-

(Continued)

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

Function/Program	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Transportation							
Amount spent on paving streets	\$ 320,000	149,480	138,363	240,436	139,723	107,287	121,589
Gasoline fuel in gallons	22,581	22,119	28,286	30,530	24,842	27,723	28,073
Cost of salt purchased	\$ 44,995	43,950	30,105	45,244	35,865	41,841	21,301
Cost of salt per ton	\$ 34	34	32	32	32	30	30
Water Department							
Total water billed (in dollars)	\$ 664,630	641,529	574,834	526,164	479,900	473,166	470,886
Total sewer billed (in dollars)	\$ 800,908	796,070	680,415	698,895	633,457	628,361	626,191
Total storm water billed (in dollars)	\$ 111,332	110,460	107,816	-	-	-	-
Water bills issued	21,457	21,426	21,251	20,744	20,311	19,940	19,684
Average water treated daily (million gallons/day)	990,000	960,330	960,330	960,330	873,000	873,000	873,000
Total flow of wastewater treatment plant (millions of gallons)	500	541	548	566	614	587	511
Average daily flow (millions of gallons per day)	2	2	2	2	2	2	1
Tons of dry sludge removed	182	191	526	121	127	203	99

Source: City of Louisville

(1) Information prior to 2002 is not available.

CITY OF LOUISVILLE, OHIO

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

<u>Function/Program</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General government			
City manager	2.00	2.00	2.00
Finance	4.50	4.50	4.50
Law	0.50	0.50	0.50
Council	2.50	2.50	2.50
Civil service	0.50	0.50	0.50
Other	0.50	0.50	0.50
Security of persons and property			
Police	12.00	12.00	12.00
Fire	15.00	15.00	15.00
Police, fire and dispatchers	5.50	5.50	5.50
Administration	0.50	0.50	0.50
School crossing guards	5.50	5.50	5.50
Leisure time activities: Recreation			
Parks	9.50	9.50	9.50
Community environment			
Building	4.50	4.50	4.50
Transportation			
Service	6.00	6.00	6.00
Basic utility services			
Water	4.50	4.50	4.50
Sewer	3.00	3.00	3.00
Totals:	<u>76.50</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	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General Government										
Square footage occupied	30,000	30,000	15,000	15,000	15,000	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
Security: Police										
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	10	8	8	8	8	8	8	8	8	8
Security: Fire										
Stations	2	1	1	1	1	1	1	1	1	1
Number of fire hydrants	534	300	300	300	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	9	8	5	5	5	5	5	5	5	5
Leisure time activities: Recreation										
Number of parks	7	7	7	7	7	7	7	7	7	7
Total park acreage	126	126	126	126	126	126	126	126	126	146
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	1	1	1	1	1	1	1	1	1	1
Tranportation services										
Streets (miles)	55.0	55.0	55.0	52.9	45.7	45.7	45.7	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	18	18	18	18	18	18	18	18	18	18
Sewer Department										
Number of treatment plants	1	1	1	1	1	1	1	1	1	1
Sanitary sewers (miles)	42	42	42	42	42	45	45	45	45	35
Storm sewers (miles)	40	40	40	40	40	40	40	40	40	40
Vehicles	2	2	2	2	2	2	2	2	2	2
Water Department										
Water lines (miles)	52	52	52	52	52	41	41	41	41	41
Vehicles	2	2	2	2	2	2	2	2	2	2

Source: City of Louisville



Mary Taylor, CPA
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
OCTOBER 19, 2009**