



*Comprehensive
Annual Financial
Report*

For The Fiscal Year Ended:

December 31, 1999

City Of
Louisville
Louisville, Ohio



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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We have reviewed the independent auditor's report of the City of Louisville, Stark County, prepared by Lennon & Company, for the audit period January 1, 1999 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

August 15, 2000

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CITY OF LOUISVILLE, OHIO

Comprehensive Annual Financial Report

Year Ended December 31, 1999

PREPARED BY: DEPARTMENT OF FINANCE

Cindy Minster, Interim Director of Finance
Christine Bagley, Account Clerk
Laurie Tournoux, Tax Administrator
Michaela McLaughlin, Account Clerk

CITY OF LOUISVILLE, OHIO

Comprehensive Annual Financial Report
Year Ended December 31, 1999

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INTRODUCTORY SECTION



June 9, 2000

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

The comprehensive annual financial report of the City of Louisville, Ohio for the fiscal year ended December 31, 1999 is hereby submitted. Responsibility for accuracy, completeness, and fairness of the presentation 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 various funds and account groups of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This report is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, a list of public officials and a City organizational chart. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the independent auditors report on the financial statements and schedules. The statistical section includes selected financial and demographic information.

Background and General Information

The City of Louisville, encompassing an area of approximately 4.75 square miles, is located in the east central portion of Stark County, Ohio. The City had a population of 8,087 as reported in 1990 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-Councilman and four Councilmen 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 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 percent and 34.6 percent, respectively.

The development of the Colonial Foundry and the Superior Sheet Steel Corporation contributed directly to the large population growth during the suburbanization 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.

For financial reporting purposes, the City includes in this report all funds, account groups, agencies, boards, and commissions that are controlled by, or dependent on, the City 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.

The City provides the full range of municipal services contemplated by its charter. These services include public safety (including police and fire), leisure time activities, community environment, utility services (including water and sewer), transportation (including street maintenance, ice and snow removal), and general government (including administration).

SERVICES PROVIDED	1995	1996	1997	1998	1999
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SAFETY SERVICE - To reduce the amounts and effect of external harms and to ensure an atmosphere of personal security from external events. This includes, but not limited to, the Police, Emergency Medical Services, and Fire Divisions and the cost of street lighting.

Cost per \$1000 Value	\$14.15	\$14.86	\$14.06	\$13.04	\$12.87
Cost per Citizen	\$167.04	\$175.18	\$175.34	\$174.36	\$176.06
Calls for Service	5,387	5,130	4,606	3,859	4,663

PUBLIC HEALTH SERVICES - 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.

Cost per \$1000 Value	\$.44	\$.28	\$.27	\$.26	\$.25
Cost per Citizen	\$5.25	\$3.28	\$3.32	\$3.51	\$3.43

LEISURE SERVICES - 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.

Cost per \$1000 Value	\$1.79	\$2.20	\$1.94	\$1.73	\$1.93
Cost per citizen	\$21.12	\$25.90	\$24.01	\$23.11	\$26.45

SERVICES PROVIDED	1995	1996	1997	1998	1999
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(Continued)

ENVIRONMENT AND DEVELOPMENT- 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. The large fluctuation in 1995 is in direct relation to a grant that was received and expended in 1995.

Cost per \$1000 value	\$2.35	\$1.79	\$1.89	\$1.72	\$1.62
Cost per citizen	\$27.80	\$21.05	\$23.35	\$22.99	\$22.19

UTILITY SERVICES - To provide the citizenry with utility services at an affordable price that also assures necessary supply. This includes water and sewage treatment. The hours in the water tank measures a reserve capacity if we could not provide water from the water plant. As a practical matter in case of such emergency the hours of water in the tank would probably be increased because the citizens would be asked to conserve water and therefore usage would be less than normal. The percent of water capacity and the percent of sewer capacity is the maximum flow that can be obtained through the system as compared to the average daily flow. Total use of sewer capacity increased significantly in 1996 due to inflows caused by above average rainfall in the past year. It is anticipated that this use of capacity will decrease with rainfall decreasing to the mean.

Hours of Water in Tanks	12.15	13.8	14	15	21
% of Water Capacity	61.20	62	61.8	71	73
% of Sewer Capacity	74.30	99	89	93	99

TRANSPORTATION SERVICES - 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.

Miles of Street	44	44.6	45	45.1	45.7
Cost per mile	\$7,043	\$8,665	\$7,933	\$6,729	\$8,287

ADMINISTRATIVE SERVICES - To provide general government services to insure 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. For purposes of this analysis total gross costs of all administrative services are compared to total costs. Prior to 1995 City Manager and Finance departments were allocated to the programs supported. 1995 and forward, an administrative chargeback will be made from the programs supported.

Administrative Services					
Costs to total costs	18.58%	19.30%	17.95%	17.35%	13.33%

FINANCIAL RATIOS	1995	1996	1997	1998	1999
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Working Capital is the amount that current assets exceed current liabilities. The Current Ratio, which compares current assets to current liabilities, is an indicator of the ability to pay current obligations.

Working Capital

Governmental	\$400,650	\$130,708	\$149,411	\$901,631	\$777,003
Enterprise	\$1,282,983	\$1,020,694	\$874,845	\$728,182	\$536,670

Current Ratio

Governmental	1.74	1.21	1.22	2.46	1.97
Enterprise	4.98	4.72	3.88	2.01	1.51

Liabilities to Equity indicates the extent of borrowing.

Debt to Equity

Governmental	380%	1,073%	977%	224%	95%
Enterprise	153%	159%	166%	148%	163%

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, 1998. 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. Such CAFR must satisfy both Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City of Louisville has received a Certificate of Achievement for the last eight consecutive years. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA.

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.

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.

General Governmental Functions

Information below, extracted from table one of the Statistical Section, compares revenues and expenditures for all governmental fund types and similar trust funds for 1998 and 1999. The largest revenue source for governmental functions is the municipal income tax. Income tax collections for 1999 increased 5% from 1998. 1999 income tax collections are 11% greater than 1997 collections. The City had planned for a modest increase in 1999 collections. By mid-year management imposed budget cuts on all governmental type departments where feasible.

	1998	1999	Increase (Decrease)	
	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Percent</u>
Revenues:				
Local Taxes	\$ 2,314,349	\$ 2,301,901	\$ (12,448)	-0.54%
Intergovernmental	776,649	1,267,043	490,394	63.14%
Charges for Services	235,133	257,876	22,743	9.67%
Fees, licenses and permits	80,183	95,176	14,993	18.70%
Investment Income	64,828	87,111	22,283	34.37%
Other revenues	<u>111,313</u>	<u>222,722</u>	<u>111,409</u>	100.09%
Total revenues	<u>3,582,455</u>	<u>4,231,829</u>	<u>649,374</u>	18.13%
Expenditures:				
Safety Services	1,521,808	1,552,470	30,662	2.01%
Public health services	30,649	30,283	(366)	-1.19%
Leisure time activities	201,736	233,209	31,473	15.60%
Community environment	200,652	195,631	(5,021)	-2.50%
Transportation	303,475	378,728	75,253	24.80%
General government	664,781	659,093	(5,688)	-0.86%
Other	115,864	78,030	(37,834)	-32.65%
Capital outlay	225,108	932,496	707,388	314.24%
Debt service	<u>566,864</u>	<u>883,592</u>	<u>316,728</u>	55.87%
Total expenditures	<u>3,830,937</u>	<u>4,943,532</u>	<u>1,112,595</u>	29.04%
Excess of revenues over (under) expenditures	<u>(248,482)</u>	<u>(711,703)</u>	<u>(463,221)</u>	186.42%
Other financing sources (uses)	<u>811,838</u>	<u>607,075</u>	<u>(204,763)</u>	-25.22%
Excess of revenues and other sources over (under) expenditures and other uses	563,356	(104,628)	(667,984)	-118.57%
Fund balances at beginning of year	<u>138,275</u>	<u>701,631</u>	<u>563,356</u>	407.42%
Fund balances at end of year	<u>\$ 701,631</u>	<u>\$ 597,003</u>	<u>\$ (104,628)</u>	-14.91%

Enterprise Operations

The City owns and operates both a water and sewer utility. Combined operating revenue for 1999 was \$1,229,236, an increase of one percent from 1998's operating revenue. Operating expenses increased twenty percent from 1998, to a total of \$1,696,933. Some of this expense is related to the personnel and supplies/materials cost involved in maintaining compliance with Environmental Protection Agency regulations. The City has also implemented a new meter reading system with new meters. The startup costs were all incurred in 1997. Switching to the new meters will cost the City approximately \$20,000 to \$50,000 a year for the next five years as all meters are replaced.

Both utilities experienced operational losses for 1999. Council instituted a rate increase effective the beginning of 1998 of approximately three percent for sewer and two percent for water. This increase did not eliminate the operational loss, but did reduce it. It is recognized by staff and Council that additional rate increases for the utilities will still be necessary in the future.

1999 Initiatives

In 1999 the City renewed its commitment to improvements in services, infrastructure, and developing opportunities that result in an increase in revenues without dramatically increasing the tax burden of our residents. The City completed in excess of one million dollars in capital improvements in 1999. The projects included the downtown infrastructure improvements, the development of a thirty-acre commerce park on the south side of the City, a water loop connection to supply additional flow and pressure to an area that is undergoing extensive residential development, a new pavilion in the City's largest park, the purchase of a new emergency medical squad, at grade improvements to both railroad crossings, and nearly \$100,000 in street resurfacing. The City also focused on operational improvements to recreational programming, senior programming, development services, financial accounting, utility services, and public safety services.

During 1999, the availability of inexpensive land in and around Louisville spurred a development phase that resulted in the platting of five new residential allotments. At build out, these allotments will supply over five hundred new housing units and inject over 1200 new residents (based upon 1990 census figures) into the city's population. New commercial structures aimed at addressing service needs of existing and future residents are under construction or in the planning stages.

City Departments in 1999 brought an end to the Y2K initiatives that began in 1997. It was in 1997 that the City of Louisville began its Year 2000 Preparedness activities in earnest. It was in that year City Staff began identifying critical computer systems that would need to be replaced due to compliance issues associated with the Year 2000. In 1998, critical financial software, police records software, and fire records software was replaced to ensure no problems would be encountered January 1, 2000. Additionally, computer hardware was either upgraded or replaced to ensure compliance.

In the Police Department that meant the abandonment of the IBM AS400 system. This was accomplished through a grant from the Violence Against Women grant program. In total, over \$50,000 was spent in bringing the Police Department up to assured standards. In the Finance Department accounting software, utility billing software, and income tax software was replaced or upgraded as were the network server and connected desktop PCs. The Fire Department and Service Department also saw significant upgrades or replacements of software and hardware.

Beginning in 1998 and completed in 1999, the City employed Burgess and Niple, Limited, to conduct a review of the water and water pollution control systems. In their report, they found no compliance problems within these systems. Service Department staff conducted an in-house review of all traffic control devices and found only a few systems were at risk. The manufacturers of these systems were contacted and provided special operational procedures to the City that would ensure the operation of these systems beyond the year 2000.

In 1999, the City overhauled the communications system within the Communications Department providing failsafe ability to receive incoming calls and send radio messages to the appropriate departments. This project consisted of installing battery back-ups to all communication systems within the City Building as well as the inspection and repair of the main back-up generator. Additionally, the City purchased a secondary back-up unit designed to provide electricity to only critical communication systems.

The City began in the latter half of 1999 the citizen education phase of the Year 2000 Preparedness activity. Through media outlets and the City newsletter, residents were updated on the City's preparedness as well as given preparedness tips to ensure their safety and well being should an unexpected situation arise. In all, the City approached this challenge as we would any potential disaster, by educating the public and preparing for the unexpected.

Future Considerations

As part of the 1998 goal setting process, City Council decided a closer look needed to be taken at the way the City is developing to ensure a wise use of capital resources and to enhance service delivery for future needs. The City in 1999 selected Northstar Planning and Design Incorporated to guide the City in the community planning process. This Community Plan will study: current and future land use; potential opportunities for enlarging the borders of the Community; needed infrastructure improvements that will minimize development impacts on residents; and effects of development on the community. The ultimate result of this plan will be the development of a living blueprint for the community that insures sustainability of resources and opportunity. It is anticipated that the Community Plan will be completed by the third quarter of 2000.

Proposed for the year 2000 budget is \$29,500 in upgrades to the City's dispatch communication services. In 2000, a new tower and antenna shall be installed to improve clarity and transmitting radius. Additionally, the dispatch center shall undergo renovations to improve the efficiency of center staff and address all necessary code requirements. Also planned are purchases to replace aging equipment that improves accuracy in record keeping. The City also intends to purchase four additional automatic defibrillators to equip our current police cruisers. It is anticipated that the ability to supply this medical treatment earlier in the episode will provide a higher probability for successful recovery of victims. It is the goal of the City to provide enhanced medical attention to our residents as soon as possible.

Included in the capital plan for the utility departments are three major projects. The City intends to upgrade the final collection tanks at the Water Pollution Control Facility. This project is intended to improve the treatment efficiency of the facility. Estimated at \$315,000, the final design engineering is to be completed in 1999. The second project is the upgrade of water producing capabilities. In 2000, the City will drill a new well at the west well field, estimated at \$200,000. This new well and its appurtenances will increase the City's capacity to produce raw water for treatment. The third major capital project is the exterior and interior painting of the East water tower. As part of the ongoing maintenance of the distribution system, this project will insure the high quality of the City's reserve water system. This project is estimated at \$120,000.

Additionally, the City is proposing to spend \$55,000 on storm water issues. This money will be split between the ongoing storm system maintenance projects and the California Storm Sewer upgrade. It is hoped that the California Storm Sewer upgrade will be a partnership between the City and affected residents, with those residents financially contributing towards the completion of that project. Finally, the City will continue in 2000 the road-resurfacing program. Once again the City will provide \$90,000 towards improving the condition of paved roadways within the corporation limits.

Proposed in the year 2000 budget are a number of projects that will provide more information to decision makers within the City. Budgeted for 2000 are the implementation costs for the first phase of the City's geographical information system and permit tracking software. Both items will provide information to all departments, graphically depicting the effects of new developments and land-uses within the City. Additionally, money will be spent to place our codified codes in a searchable database format. This ability will cut customer inquiry and staff research time dramatically, while providing an enhanced service to the public.

Economic Outlook

Beginning in 2000, the City's largest employer, J&L Specialty Steel Inc., is anticipated to begin a recovery from the economic problems experienced during 1997-1999. During this time, the stainless steel market prices slumped some 25% below 1995 market prices, resulting in J&L Specialty Steel Inc. turning unprofitable for that period of time. This led to a reduction in corporate taxes from J&L Specialty Steel Inc., which in turn led to a reduction in available resources for City operations. However, it appears that stainless steel prices are edging upwards and J&L Specialty Steel Inc. is exploring alternative markets for their products that should denote a return to profitability in the near term.

H-P Products, the City's second largest employer, is in the third year of their expansion that will result in the creation of 75 new jobs in the Louisville economy. Additionally other existing business like Midlake Products, Montrose Chrysler-Plymouth, and Consumers National Bank are creating new staffing that further improves revenue resources for city operations.

In 2000, the Southwest Electric will begin construction of a new facility in the City's Commerce Park. This company will bring with it 17 jobs with the likelihood of additional jobs being created in the future. There is approximately 25 more acres available for industrial development in this park.

Internal Service Funds

The City's internal service funds are used to account for benefits provided to all City employees in all City departments. Governmental funds and proprietary funds are charged for vision and dental benefits and accrued sick and vacation time benefits. The internal service fund then pays for all vision and dental claims under the self-insurance plan and pays for any lump sum payments of accrued sick and vacation time at the time of retirement of City employees.

Debt Administration

At December 31, 1999 the City had a number of debt issues outstanding. These issues included \$5,560,000 of general obligation bonds and notes and \$1,385,000 of revenue bonds. The City issued \$1,200,000 in bond anticipation notes to pay off a capital lease that was being used to purchase the fire department's aerial truck and to finance several projects. The City has maintained its Baa1 rating from Moody's Investor Service on general obligation bond issues. As of December 31, 1999, the legal debt margin within the 10 1/2% limitation for the City of Louisville was \$12,662,417. The legal debt margin within the 5 1/2% limitation was \$6,632,694. \$4,360,000 of the general obligation debt is exempt from the limitation due to the debt service being payable from the City's income tax. Given these facts and with continued prudent management on the part of City Council and Administration, the City should be able to meet its capital needs during the foreseeable future.

General Fixed Assets

The general fixed assets of the City of Louisville are those used in the performance of general government functions and exclude fixed assets of the enterprise funds. As of December 31, 1999, the general fixed assets of the City amounted to \$4,916,857 an increase of \$237,864 from December 31, 1998.

Cash Management

During the fiscal year ended December 31, 1999 the City's cash resources were divided into investments approximately as follows: in State Treasurer's Pool 23%, in bank deposits 5%, in time deposits 49%, Money Market Fund 11%, and in direct obligations of agencies and instrumentalities of the United States 12%. The yield for the year 1999 was 5.49%. The average days to maturity as of December 31, 1999, was 120 days with a yield to maturity of 5.88%.

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.

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 has engaged Lennon & Company, Inc. to audit the City's financial records. The auditor's unqualified opinion is included herein.

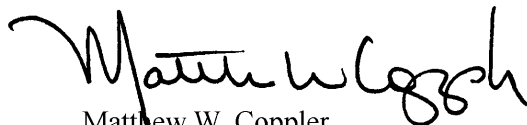
Acknowledgments

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,



Cindy Minster
Interim Director of Finance



Matthew W. Coppler
City Manager

CITY OF LOUISVILLE, OHIO

Public Officials Roster

December 31, 1999

Elected Officials

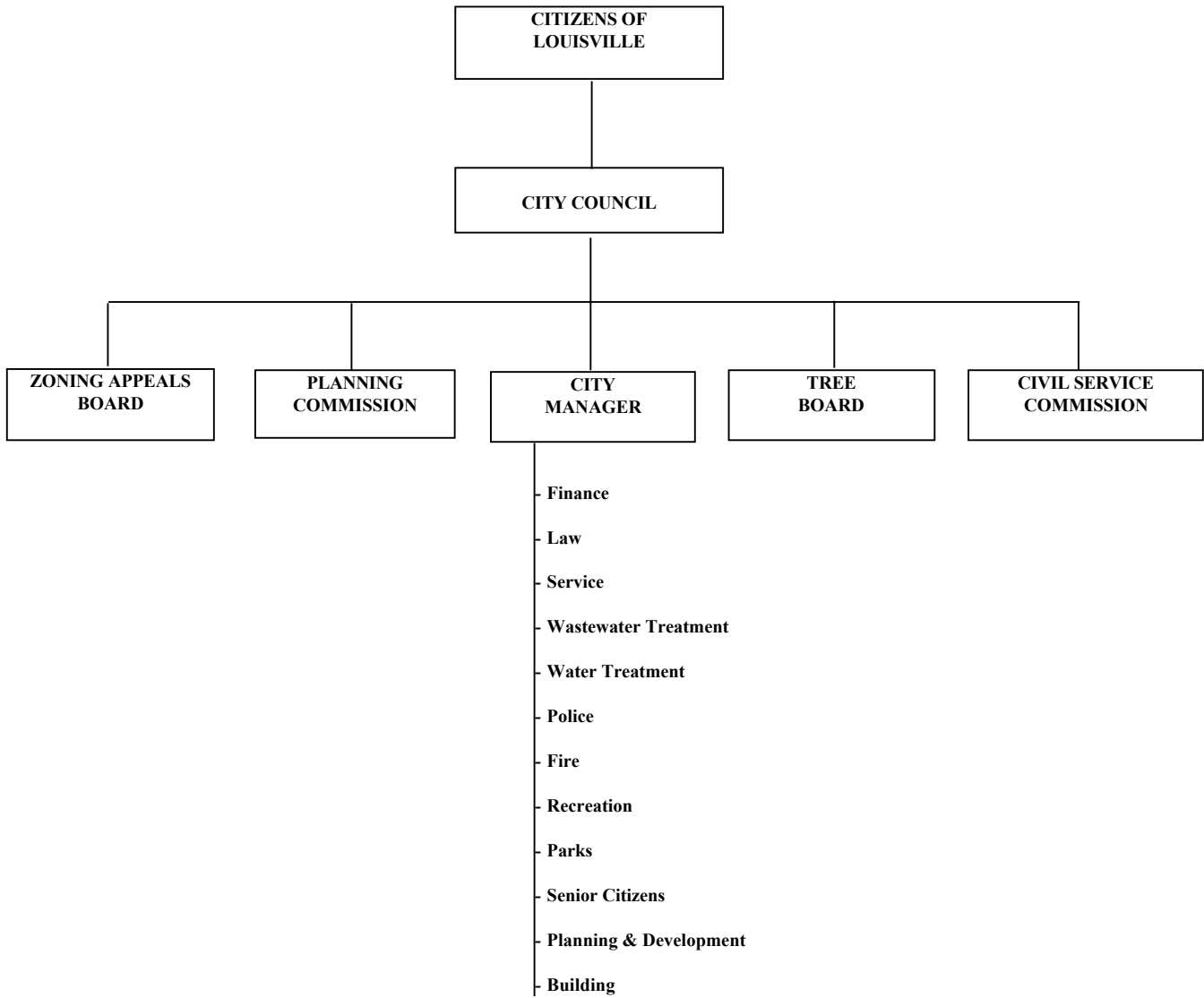
Thomas P. Zwick, Mayor - Council Member
Richard Grisak, Council Member
Cynthia Ann Kerchner, Council Member
Richard J. Menegay, Council Member
David A. Thorley, Council Member

Appointed Officials

Matthew W. Coppler..... City Manager
Cindy Minster..... Interim Director of Finance
Peggy Howald City Clerk
Joseph Scott Law Director
Robert Nau Director of Planning
Walter Metzger Superintendent of Service
James Miller Chief of Police
Dennis Myers Chief of Fire

CITY OF LOUISVILLE, OHIO

Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Louisville,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 1998

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.



Cary Bruebach
President

Jeffrey L. Esser
Executive Director

FINANCIAL SECTION

Lennon & Company

Certified Public Accountant

104 High Street, Suite 201 • Wadsworth, Ohio 44281 • (330) 334-7774 • wmlennon@apk.net

INDEPENDENT AUDITOR'S REPORT

Members of the City Council
City of Louisville
Louisville, Ohio 44641

We have audited the accompanying general purpose financial statements of City of Louisville, as of and for the year ended December 31, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of City of Louisville's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

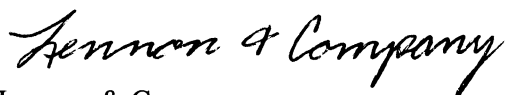
We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of City of Louisville, as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of City of Louisville. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

The statistical section, as listed in the table of contents, is presented for purposes of additional analysis and are not a required part of the general purpose financial statements of City of Louisville. Such information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and therefore we express no opinion thereon.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2000 on our consideration of City of Louisville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.



Lennon & Company
Certified Public Accountant
June 9, 2000

CITY OF LOUISVILLE, OHIO

Combined Balance Sheet

All Fund Types and Account Groups

December 31, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and other debits				
Assets				
Equity in pooled cash	\$ 423,447	\$ 92,880	\$ 3,119	\$ 239,217
Receivables				
Taxes	596,511	-	-	-
Accounts	10,356	44,519	-	-
Interfund	75,000	-	-	-
Interest	15,633	-	-	-
Due from other governments	34,540	34,476	-	-
Restricted assets:				
Cash with fiscal and escrow agent	-	-	-	-
Customer deposits	-	-	-	-
Deferred charges	-	-	-	-
Advances to other funds	-	-	-	-
Fixed assets, (net, where applicable, of accumulated depreciation)	-	-	-	-
Other debits				
Amount available in debt service fund	-	-	-	-
Amount to be provided for retirement of general long-term obligations	-	-	-	-
Total assets and other debits	<u>\$ 1,155,487</u>	<u>\$ 171,875</u>	<u>\$ 3,119</u>	<u>\$ 239,217</u>
Liabilities, equity and other credits				
Liabilities				
Accounts payable	\$ 20,821	\$ 7,846	\$ -	\$ 110,471
Interfund payable	-	-	-	75,000
Claims payable	-	-	-	-
Accrued wages	66,348	13,580	-	-
Compensated absences	29,421	-	-	-
Due to other governments	81,195	14,365	-	-
Deferred revenue	344,352	31,386	-	-
Claimant liabilities	-	-	-	-
Accrued interest payable	-	-	-	-
Capital leases payable	-	-	-	-
Customer deposits payable	-	-	-	-
Advances from other funds	180,000	-	-	-
Police pension liability payable	-	-	-	-
OPWC loan payable	-	-	-	-
Long-term debt	-	-	-	-
Bond anticipation notes	-	-	-	-
Revenue bonds payable	-	-	-	-
Total liabilities	<u>722,137</u>	<u>67,177</u>	<u>-</u>	<u>185,471</u>
Equity and other credits				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings	-	-	-	-
Fund balances				
Reserved for encumbrances	67,429	11,718	-	13,969
Reserved for debt service	-	-	3,119	-
Unreserved, undesignated	365,921	92,980	-	39,777
Total equity and other credits	<u>433,350</u>	<u>104,698</u>	<u>3,119</u>	<u>53,746</u>
Total liabilities, equity, and other credits	<u>\$ 1,155,487</u>	<u>\$ 171,875</u>	<u>\$ 3,119</u>	<u>\$ 239,217</u>

See accompanying notes to general purpose financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$ 1,281,060	\$ 1,165	\$ 5,345	\$ -	\$ -	\$ 2,046,233
84,371	-	-	-	-	680,882
218,634	-	-	-	-	273,509
-	-	-	-	-	75,000
5,472	-	-	-	-	21,105
-	-	-	-	-	69,016
1,825	-	-	-	-	1,825
4,056	-	-	-	-	4,056
66,111	-	-	-	-	66,111
180,000	-	-	-	-	180,000
7,781,489	-	-	4,916,857	-	12,698,346
-	-	-	-	3,119	3,119
-	-	-	-	1,760,984	1,760,984
<u>\$ 9,623,018</u>	<u>\$ 1,165</u>	<u>\$ 5,345</u>	<u>\$ 4,916,857</u>	<u>\$ 1,764,103</u>	<u>\$ 17,880,186</u>
\$ 95,099	\$ -	\$ -	\$ -	\$ -	\$ 234,237
-	-	-	-	-	75,000
-	3,145	-	-	-	3,145
20,606	-	-	-	-	100,534
82,798	-	-	-	261,077	373,296
26,249	-	-	-	-	121,809
-	-	-	-	-	375,738
-	-	3,255	-	-	3,255
28,740	-	-	-	-	28,740
34,887	-	-	-	151,048	185,935
4,056	-	-	-	-	4,056
-	-	-	-	-	180,000
-	-	-	-	51,978	51,978
427,229	-	-	-	-	427,229
3,337,276	-	-	-	735,000	4,072,276
635,000	-	-	-	565,000	1,200,000
1,385,000	-	-	-	-	1,385,000
<u>6,076,940</u>	<u>3,145</u>	<u>3,255</u>	<u>-</u>	<u>1,764,103</u>	<u>8,822,228</u>
-	-	-	4,916,857	-	4,916,857
822,409	-	-	-	-	822,409
2,723,669	(1,980)	-	-	-	2,721,689
-	-	-	-	-	93,116
-	-	-	-	-	3,119
-	-	2,090	-	-	500,768
<u>3,546,078</u>	<u>(1,980)</u>	<u>2,090</u>	<u>4,916,857</u>	<u>-</u>	<u>9,057,958</u>
<u>\$ 9,623,018</u>	<u>\$ 1,165</u>	<u>\$ 5,345</u>	<u>\$ 4,916,857</u>	<u>\$ 1,764,103</u>	<u>\$ 17,880,186</u>

CITY OF LOUISVILLE, OHIO

All Governmental Fund Types and Expendable Trust Funds

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

Year ended December 31, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
Local taxes	\$ 2,301,901	\$ -	\$ -	\$ -
Intergovernmental	583,651	420,010	-	263,382
Charges for services	159,325	98,551	-	-
Fees, licenses, and permits	95,176	-	-	-
Investment income	81,783	2,822	2,506	-
Donations	-	-	-	-
Other revenues	53,744	144,408	-	23,570
Total revenues	3,275,580	665,791	2,506	286,952
Expenditures				
Current				
Security of persons and property	1,442,190	110,280	-	-
Public health services	30,283	-	-	-
Leisure time activities	233,209	-	-	-
Community environment	195,631	-	-	-
Transportation	-	378,728	-	-
General government	659,093	-	-	-
Other	40,028	38,002	-	-
Capital outlay	105,194	242,790	-	584,512
Debt service				
Principal	16,247	-	782,000	-
Interest and fiscal charges	-	-	85,345	-
Total expenditures	2,721,875	769,800	867,345	584,512
Excess of revenues over (under) expenditures	553,705	(104,009)	(864,839)	(297,560)
Other financing sources (uses)				
Proceeds of notes	-	-	568,521	-
Sale of general fixed assets	18,641	2,750	-	-
Operating transfers - in	-	217,720	228,260	131,709
Operating transfers - out	(479,233)	(102,209)	-	-
Capital lease	20,916	-	-	-
Total other financing sources (uses)	(439,676)	118,261	796,781	131,709
Excess of revenues and other financing sources over expenditures and other financing uses	114,029	14,252	(68,058)	(165,851)
Fund balance at beginning of year	319,321	90,446	71,177	219,597
Fund balances at end of year	\$ 433,350	\$ 104,698	\$ 3,119	\$ 53,746

See accompanying notes to general purpose financial statements.

Fiduciary Fund Type	Totals (Memorandum Only)
Expendable Trust	
\$ -	\$ 2,301,901
-	1,267,043
-	257,876
-	95,176
-	87,111
1,000	1,000
-	221,722
1,000	4,231,829
-	1,552,470
-	30,283
-	233,209
-	195,631
-	378,728
-	659,093
-	78,030
-	932,496
-	798,247
-	85,345
-	4,943,532
1,000	(711,703)
-	568,521
-	21,391
-	577,689
-	(581,442)
-	20,916
-	607,075
1,000	(104,628)
1,090	701,631
\$ 2,090	\$ 597,003

CITY OF LOUISVILLE, OHIO

Combined Statement of Revenues, Expenditures, and
 Changes in Fund Balances Budget (Non-GAAP Budgetary Basis)
 and Actual All Governmental Fund Types
 Year ended December 31, 1999

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues	\$ 3,209,226	\$ 3,295,862	\$ 86,636
Expenditures			
Current			
General government	780,460	743,818	36,642
Security of persons and property	1,574,459	1,518,315	56,144
Public health services	33,500	30,283	3,217
Transportation	-	-	-
Community environment	229,688	218,009	11,679
Basic utility services	-	-	-
Leisure time activities	282,323	270,495	11,828
Other	37,206	40,028	(2,822)
Capital outlay	-	-	-
Debt service			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>2,937,636</u>	<u>2,820,948</u>	<u>116,688</u>
Excess of revenues over (under) expenditures	<u>271,590</u>	<u>474,914</u>	<u>203,324</u>
Other financing sources (uses)			
Proceeds of notes	-	-	-
Sale of fixed assets	-	18,641	18,641
Advances - in	-	-	-
Advances - out	(95,000)	(95,000)	-
Operating transfers - in	124,610	124,610	-
Operating transfers - out	(600,090)	(600,090)	-
Capital lease	20,916	20,916	-
Total other financing sources (uses)	<u>(549,564)</u>	<u>(530,923)</u>	<u>18,641</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>(277,974)</u>	<u>(56,009)</u>	<u>221,965</u>
Prior year encumbrances carried forward	83,526	83,526	-
Fund balances at beginning of year	<u>308,619</u>	<u>308,619</u>	<u>-</u>
Fund balances at end of year	<u>\$ 114,171</u>	<u>\$ 336,136</u>	<u>\$ 221,965</u>

See accompanying notes to general purpose financial statements.

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 660,067	\$ 672,977	\$ 12,910	\$ -	\$ 2,506	\$ 2,506
-	-	-	-	-	-
245,544	236,494	9,050	-	-	-
-	-	-	-	-	-
527,514	511,097	16,417	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
38,510	38,002	508	-	-	-
-	-	-	-	-	-
-	-	-	782,000	782,000	-
-	-	-	85,358	85,345	13
811,568	785,593	25,975	867,358	867,345	13
(151,501)	(112,616)	38,885	(867,358)	(864,839)	2,519
-	-	-	568,521	568,521	-
-	2,750	2,750	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
218,493	217,720	(773)	228,260	228,260	-
(102,209)	(102,209)	-	-	-	-
-	-	-	-	-	-
116,284	118,261	1,977	796,781	796,781	-
(35,217)	5,645	40,862	(70,577)	(68,058)	2,519
12,683	12,683	-	-	-	-
53,256	53,256	-	71,176	71,176	-
\$ 30,722	\$ 71,584	\$ 40,862	\$ 599	\$ 3,118	\$ 2,519

(Continued)

CITY OF LOUISVILLE, OHIO

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances Budget (Non-GAAP Budgetary Basis)
and Actual All Governmental Fund Types
Year ended December 31, 1999

	Capital Projects Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues	\$ 231,487	\$ 286,952	\$ 55,465
Expenditures			
Current			
General government	-	-	-
Security of persons and property	-	-	-
Public health services	-	-	-
Transportation	-	-	-
Community environment	-	-	-
Basic utility services	-	-	-
Leisure time activities	-	-	-
Other	-	-	-
Capital outlay	664,334	607,391	56,943
Debt service			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	664,334	607,391	56,943
Excess of revenues over (under) expenditures	(432,847)	(320,439)	112,408
Other financing sources (uses)			
Proceeds of notes	-	-	-
Sale of fixed assets	-	-	-
Advances - in	75,000	75,000	-
Advances - out	-	-	-
Operating transfers - in	131,709	131,709	-
Operating transfers - out	-	-	-
Capital lease	-	-	-
Total other financing sources (uses)	206,709	206,709	-
Excess of revenues and other financing sources over (under) expenditures and other uses	(226,138)	(113,730)	112,408
Prior year encumbrances carried forward	11,860	11,860	-
Fund balances at beginning of year	216,647	216,647	-
Fund balances at end of year	\$ 2,369	\$ 114,777	\$ 112,408

See accompanying notes to general purpose financial statements.

Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 4,100,780	\$ 4,258,297	\$ 157,517
780,460	743,818	36,642
1,820,003	1,754,809	65,194
33,500	30,283	3,217
527,514	511,097	16,417
229,688	218,009	11,679
-	-	-
282,323	270,495	11,828
75,716	78,030	(2,314)
664,334	607,391	56,943
782,000	782,000	-
85,358	85,345	13
5,280,896	5,081,277	199,619
(1,180,116)	(822,980)	357,136
568,521	568,521	-
-	21,391	21,391
75,000	75,000	-
(95,000)	(95,000)	-
703,072	702,299	(773)
(702,299)	(702,299)	-
20,916	20,916	-
570,210	590,828	20,618
(609,906)	(232,152)	377,754
108,069	108,069	-
649,698	649,698	-
\$ 147,861	\$ 525,615	\$ 377,754

CITY OF LOUISVILLE, OHIO

Combined Statement of Revenues, Expenses, and Changes in Retained Earnings

All Proprietary Fund Types

Year ended December 31, 1999

	Enterprise Funds	Internal Service Fund	Total (Memorandum Only)
Operating revenues			
Charges for services	\$ 1,036,752	\$ 23,508	\$ 1,060,260
Other	192,484	-	192,484
Total operating revenues	<u>1,229,236</u>	<u>23,508</u>	<u>1,252,744</u>
Operating expenses			
Personal services	616,922	22,344	639,266
Materials and supplies	726,291	-	726,291
Claims	-	30,594	30,594
Other	8,910	-	8,910
Depreciation	344,810	-	344,810
Total operating expenses	<u>1,696,933</u>	<u>52,938</u>	<u>1,749,871</u>
Operating loss	<u>(467,697)</u>	<u>(29,430)</u>	<u>(497,127)</u>
Nonoperating revenues (expenses)			
Local taxes	658,984	-	658,984
Grants	114,083	-	114,083
Interest revenue	25,090	-	25,090
Interest expense	(324,108)	-	(324,108)
Total nonoperating revenues (expenses)	<u>474,049</u>	<u>-</u>	<u>474,049</u>
Loss before operating transfers	6,352	(29,430)	(23,078)
Operating transfers - in	3,753	15,000	18,753
Operating transfers - out	<u>(15,000)</u>	<u>-</u>	<u>(15,000)</u>
Net loss	(4,895)	(14,430)	(19,325)
Retained earnings at beginning of year	<u>2,728,564</u>	<u>12,450</u>	<u>2,741,014</u>
Retained earnings at end of year	<u>\$ 2,723,669</u>	<u>\$ (1,980)</u>	<u>\$ 2,721,689</u>

See accompanying notes to general purpose financial statements.

CITY OF LOUISVILLE, OHIO

Combined Statement of Cash Flows
All Proprietary Fund Types
Year ended December 31, 1999

	Enterprise Funds	Internal Service Fund	Total (Memorandum Only)
Cash flows from operating activities			
Cash received from customers and users	\$ 1,214,703	\$ -	\$ 1,214,703
Cash received from quasi-external transactions with other funds	-	23,508	23,508
Cash paid to suppliers for goods and services	(665,148)	(22,344)	(687,492)
Cash paid for claims	-	(32,099)	(32,099)
Cash paid to employees for services	(650,756)	-	(650,756)
Net cash used for operating activities	<u>(101,201)</u>	<u>(30,935)</u>	<u>(132,136)</u>
Cash flows from noncapital financing activities			
Operating transfers from other funds	3,753	15,000	18,753
Operating transfers to other funds	(15,000)	-	(15,000)
Short-term borrowing from other funds	20,000	-	20,000
Grants	114,083	-	114,083
Net cash provided by non capital financing activities	<u>122,836</u>	<u>15,000</u>	<u>137,836</u>
Cash flows from capital and related financing activities			
Cash received from municipal income tax	667,779	-	667,779
Proceeds from issuance of notes	635,000	-	635,000
Proceeds of lease financing	38,640	-	38,640
Payment on capital lease	(3,753)	-	(3,753)
Acquisitions of capital assets	(316,196)	-	(316,196)
Principal paid on bonds and notes	(662,413)	-	(662,413)
Interest paid on bonds and notes	(280,867)	-	(280,867)
Net cash provided by capital and related financing activities	<u>78,190</u>	<u>-</u>	<u>78,190</u>
Cash flows from investing activities			
Earnings on investments	22,918	-	22,918
Net increase (decrease) in cash and cash equivalents	122,743	(15,935)	106,808
Cash and cash equivalents at beginning of year	<u>1,164,198</u>	<u>17,100</u>	<u>1,181,298</u>
Cash and cash equivalents at end of year	<u>\$ 1,286,941</u>	<u>\$ 1,165</u>	<u>\$ 1,288,106</u>
Reconciliation of operating loss to net cash used for operating activities			
Operating loss	\$ (467,697)	\$ (29,430)	\$ (497,127)
Adjustments to reconcile operating loss to net cash used for operating activities			
Depreciation	344,810	-	344,810
Change in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	(14,533)	-	(14,533)
Increase (decrease) in liabilities:			
Accounts payable	73,715	-	73,715
Customer deposits	(50)	-	(50)
Claims payable	-	(1,505)	(1,505)
Due to other governments	(8,821)	-	(8,821)
Accrued wages	522	-	522
Compensated absences	(29,147)	-	(29,147)
Net cash used for operating activities	<u>\$ (101,201)</u>	<u>\$ (30,935)</u>	<u>\$ (132,136)</u>

See accompanying notes to general purpose financial statements.

CITY OF LOUISVILLE, OHIO

Notes to the Financial Statements

December 31, 1999

(1) Summary of Significant Accounting Policies

The financial statements of the City of Louisville, Ohio (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

(a) Reporting Entity

The City operates under its Charter and is governed by an elected Mayor-Councilman and four other Council Members. The City offers a variety of services including police and fire protection, parks and recreation, street maintenance and owns and operates a water system and a local sewer system.

In evaluating how to define the government, for financial reporting purposes, management considered all potential component units. The decision not to include any potential component units in the reporting entity was made by applying GASB Statement No. 14, *The Financial Reporting Entity*.

This governmental accounting standard requires that this financial statement present the City (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is accountable for and is able to impose its will upon or there is a possibility that the component unit may provide specific financial benefits or impose specific financial burdens on the primary government. No potential component units met these criteria to be included in the reporting entity, and therefore are not included in this report.

The City is associated with the Stark Council of Governments, which is defined as a Jointly Governed Organization. This organization is presented in Note 15.

(b) Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A *fund* is a separate accounting entity with a self-balancing set of accounts. An *account group*, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types.

CITY OF LOUISVILLE, OHIO

Notes to the Financial Statements

Governmental funds are used to account for all or most of the City's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds) and the servicing of general long-term debt (debt service fund). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income or loss is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the City (internal service funds).

Fiduciary funds are used to account for assets held on behalf of outside parties. When these assets are held under the terms of a formal trust agreement, either a nonexpendable trust fund, or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the City is under an obligation to maintain the trust principal. The City's trusts funds are expendable trusts. Agency funds generally are used to account for assets that the City holds on behalf of others as their agent.

(c) Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a *current financial resources* measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a *flow of economic resources* measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types, the expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers governmental fund revenues as available if they are collected within 60 days after year-end. In applying the "susceptible to accrual" concept under the modified accrual basis, earnings on investments and municipal income taxes are deemed both measurable and available. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

CITY OF LOUISVILLE, OHIO

Notes to the Financial Statements

(d) Budgets

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

The County Budget Commission certifies its actions to the City by September 1. As part of this certification, the City receives an official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the City must revise its budget so that the total contemplated disbursements from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. The appropriated budget is prepared by fund and function and the legal level of budgetary control is at the function level.

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is utilized during the year for budget control purposes. Encumbrances outstanding at year-end constitute reservations of fund balance. The City honors the contracts represented by year-end encumbrances. The subsequent year's appropriations provide the authority to complete these transactions. Unencumbered budget appropriations lapse at the end of the fiscal year.

The City adopted appropriation ordinance 98-64 for the fiscal year during 1998. The City administration may at any time transfer any 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 office, department or agency to another. The City passed amended 1999 appropriations ordinance 99-88 in December of 1999. This amendment allows the budget to be retroactive to revenue collections and changing needs of the departments.

The City adopts annual budgets for every fund with the exception of the internal service and fiduciary funds.

CITY OF LOUISVILLE, OHIO

Notes to the Financial Statements

(e) Cash and Investments

To improve cash management, cash received by the City is pooled. Each fund's interest in the pool is presented as "Equity in pooled cash" on the combined balance sheet. The City's Charter specifies that deposits and investments of the City will adhere to State statutes, except as modified by Council Ordinance. 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, no-load money market funds and the State Treasurer's Investment Pool (Star Ohio). During the year investments were limited to money market investments, an interest in Star Ohio, the State Treasurer's Investment and federal agency securities. 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 required to receive interest allocations are: 1) special tax levy funds; 2) sewer fund; 3) debt service fund; and 4) the water fund. All remaining interest is credited to the general fund.

The City has invested funds in STAR Ohio during 1999. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, 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, 1999.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, 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.

(f) Interfund Assets and Liabilities

Short-term interfund loans are reported as interfund receivables/payables and long-term interfund loans are reported as advances to/from other funds.

(g) Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the City.

CITY OF LOUISVILLE, OHIO

Notes to the Financial Statements

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method.

Estimated useful lives are as follows:

Buildings	40 years
Machinery and equipment	3 to 20 years
Infrastructure and improvements	40 years

(h) Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for the portion of accumulating sick leave benefits that it is estimated will be taken as “terminal leave” prior to retirement.

(i) Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term obligations account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

(j) Fund Equity

Reserves represent those portions of fund equity, which are legally segregated for a specific future use or which do not represent available spendable resources and therefore are not available as appropriations for expenditures.

(k) Estimates

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

CITY OF LOUISVILLE, OHIO

Notes to the Financial Statements

(l) Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transfers are reported as operating transfers.

(m) Total (Memorandum Only) Columns

Total columns on the general purpose financial statements are captioned “memorandum only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(n) Bond Premiums/Issuance Costs

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 bonds payable, whereas issuance costs are recorded as deferred charges.

(2) Budget Reconciliation

An annual appropriations budget is adopted by City Council each year for all funds, except internal service and fiduciary funds, as more fully described in note 1(d). Internal service funds are not legally required to adopt a budget.

The City’s budget (budget basis) accounts for certain transactions on a basis which differs from generally accepted accounting principles (GAAP basis). The major differences between the budget basis and the GAAP basis are that:

- (1) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP);
- (2) Expenditures are recorded when paid in cash or encumbered (budget) as opposed to when the liability is incurred (GAAP);
- (3) Encumbrances are recorded as the equivalent of an expenditure (budget) in order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation as opposed to a reservation of fund balance for governmental funds (GAAP).

CITY OF LOUISVILLE, OHIO

Notes to the Financial Statements

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis are as follows:

*Excess of Revenues and Other Financing Sources Over (Under)
Expenditures and Other Financing Uses*

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
<i>GAAP Basis</i>	\$ 114,029	\$ 14,252	\$ (165,851)
<i>Revenue accruals</i>	144,892	7,186	75,000
<i>Expenditure accruals</i>	(229,500)	5,503	101,561
<i>Encumbrances (Budget Basis) outstanding at year end</i>	<u>(85,430)</u>	<u>(21,296)</u>	<u>(124,440)</u>
<i>Budget Basis</i>	<u>\$ (56,009)</u>	<u>\$ 5,645</u>	<u>\$ (113,730)</u>

(3) Restricted Assets

(a) Customer deposits

The sewer fund is holding deposits from customers of \$4,056 at December 31, 1999. This restricted asset is reported on the balance sheet with an offsetting liability for customer deposits payable.

(b) Cash with fiscal and escrow agents

The water fund has established two accounts for interest and principal retirement as required in a bond covenant. The balances at December 31, 1999, totaled \$1,825.

(4) Deposits and Investments

Protection of City deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

(a) Cash on hand

At December 31, 1999, the City had \$310 of undeposited cash on hand, which is included on the balance sheet as part of "Equity in pooled cash".

CITY OF LOUISVILLE, OHIO

Notes to the Financial Statements

(b) Deposits

At December 31, 1999, the carrying amount of the City's deposits was \$1,607,899, and the bank balance was \$1,638,675. The bank balance includes \$501,825 that was covered by federal depository insurance and/or collateralized with securities held by their agent in the City's name. The remaining \$1,136,850 was collateralized with securities held by the pledging financial institution, or its trust department or agent but not in the City's name.

(c) Investments

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

During 1999 \$81,783 in interest revenue was credited to the general fund, of which \$58,221 was assigned from other City funds.

At December 31, 1999, investments include:

	<u>Category</u> <u>1</u>	<u>Carrying</u> <u>Amounts</u>	<u>Fair</u> <u>Value</u>
<u>Categorized Investments</u>			
U.S. Government Securities	\$ 100,000	100,000	100,000
<u>Noncategorized Investments</u>			
State Treasurer's Pool		235,029	235,029
Repurchase agreement		108,876	108,876
Total Investments		<u>\$ 443,905</u>	<u>443,905</u>

(5) Property and Equipment

Activity with respect to general fixed assets during 1999 follows:

	<u>Balance</u> <u>January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31</u>
Land and land improvements	\$ 812,790	\$ 2,790	\$ -	\$ 815,580
Buildings	962,762	75,213	-	1,037,975
Machinery and equipment	2,903,441	249,226	(89,365)	3,063,302
Total	<u>\$ 4,678,993</u>	<u>\$ 327,229</u>	<u>\$ (89,365)</u>	<u>\$ 4,916,857</u>

CITY OF LOUISVILLE, OHIO

Notes to the Financial Statements

A summary of the enterprise funds' fixed assets as of December 31, 1999 follows:

<u>Classification</u>	<u>Balance</u>
<i>Land and land improvements</i>	\$ 149,405
<i>Buildings</i>	6,735,070
<i>Infrastructure and improvements</i>	7,011,123
<i>Machinery and equipment</i>	576,911
<i>Total</i>	<u>14,472,509</u>
<i>Less: accumulated depreciation</i>	<u>(6,691,020)</u>
<i>Net fixed assets</i>	<u>\$ 7,781,489</u>

(6) Capital Leases

During 1999 the City entered into a capital lease for the acquisition of vehicles and equipment for various departments. The payments for the lease are shown on a GAAP basis as debt service expenditures in the general fund and as a reduction of capital lease payable in the Water enterprise fund.

Fixed assets acquired by lease have been capitalized in the general fixed assets account group and in the Water enterprise fund in an amount equal to the present value of the future minimum lease payments. A corresponding liability was recorded in the general long-term obligations account group and Water enterprise fund. The assets are recorded under vehicles, and machinery and equipment at \$167,295 in the general fixed asset account group and \$36,640 in the Water enterprise fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 1999.

<u>Year</u>	<u>Enterprise Fund</u>	<u>General Long-term Obligations</u>
2000	\$ 11,146	\$ 48,257
2001	6,628	28,699
2002	6,628	28,699
2003	6,628	28,699
2004	6,628	28,699
2005	<u>2,217</u>	<u>9,601</u>
<i>Total minimum lease payments</i>	39,875	172,654
<i>Less: Amount representing interest</i>	<u>(4,988)</u>	<u>(21,606)</u>
<i>Present value of minimum lease payments</i>	<u>\$ 34,887</u>	<u>\$ 151,048</u>

CITY OF LOUISVILLE, OHIO

Notes to the Financial Statements

(7) Debt Obligations

A listing of changes in the bonds and other long-term obligations of the City for the year ended December 31, 1999 follows:

	<i>Balance January 1 1999</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance December 31 1999</i>
<u>Enterprise Fund Debt</u>				
<i>General Obligation Bonds</i>				
<i>1993 Capital Facilities Refunding and Improvement 3.95-6.00%</i>	\$ 3,800,000	\$ -	\$ 175,000	\$ 3,625,000
<i>Unamortized deferred cost of refunding</i>	(356,442)	-	(40,206)	(316,236)
<i>Unamortized premium</i>	32,029	-	3,517	28,512
<i>Total General Obligation Bonds</i>	<u>3,475,587</u>	<u>-</u>	<u>138,311</u>	<u>3,337,276</u>
<i>Revenue Bonds</i>				
<i>1995 Water Utility Revenue 4.40 - 5.75%</i>	<u>1,450,000</u>	<u>-</u>	<u>65,000</u>	<u>1,385,000</u>
<i>Bond Anticipation Notes</i>				
<i>Various Purpose 4.00%</i>	<u>398,000</u>	<u>635,000</u>	<u>398,000</u>	<u>635,000</u>
<i>Other Long-term Obligations</i>				
<i>1996 Ohio Public Works Commission (OPWC) Loan 0.00%</i>	451,642	-	24,413	427,229
<i>Long-term compensated absences</i>	111,945	-	29,147	82,798
<i>Capital lease payable</i>	-	38,640	3,753	34,887
<i>Total Other Long-term Obligations</i>	<u>563,587</u>	<u>38,640</u>	<u>57,313</u>	<u>544,914</u>
<i>Total Enterprise Obligations</i>	<u>\$ 5,887,174</u>	<u>\$ 673,640</u>	<u>\$ 658,624</u>	<u>\$ 5,902,190</u>
<u>General Long Term Debt</u>				
<i>General Obligation Bonds</i>				
<i>1992 Various Purpose 6.25 - 7.10%</i>	\$ 815,000	\$ -	\$ 80,000	\$ 735,000
<i>Bond Anticipation Notes</i>				
<i>Various Purpose 4.00%</i>	<u>702,000</u>	<u>565,000</u>	<u>702,000</u>	<u>565,000</u>
<i>Other Obligations</i>				
<i>Police pension liability 4.25%</i>	52,600	-	622	51,978
<i>Long-term compensated absences</i>	173,958	87,119	-	261,077
<i>Capital lease payable</i>	-	167,295	16,247	151,048
<i>Total Other Obligations</i>	<u>226,558</u>	<u>254,414</u>	<u>16,869</u>	<u>464,103</u>
<i>Total General Long-term Debt</i>	<u>\$ 1,743,558</u>	<u>\$ 819,414</u>	<u>\$ 798,869</u>	<u>\$ 1,764,103</u>

CITY OF LOUISVILLE, OHIO

Notes to the Financial Statements

Of the \$3,625,000 Capital Facilities Refunding and Improvement bonds, \$1,945,000 matures serially in progressive annual amounts ranging from \$180,000 in 2000 to \$260,000 in 2008 and bears interest at rates ranging from 3.95 percent to 5.50 percent. The remaining \$1,680,000 represents term bonds which are subject to mandatory redemption ranging from \$270,000 in 2009 to \$50,000 in 2017 (the maturity of the issue) and bear interest at rates ranging from 5.125 percent to 5.20 percent, 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 percent reallocation in the municipal income tax rate.

The \$735,000 Various Purpose bonds mature serially in progressive annual amounts ranging from \$85,000 in 2000 to \$125,000 in 2006 and bear interest at rates ranging from 6.40 percent to 7.10 percent, respectively. The bonds represent general obligations of the City and were used in 1991 to retire the City's \$1,275,000 general obligation notes, which had been used to fund various capital projects and improvements. These bonds will be paid from revenues generated by municipal income taxes.

Of the \$1,385,000 Water Revenue bonds outstanding, \$380,000 mature serially in progressive annual amounts ranging from \$70,000 in 2000 to \$85,000 in 2004 and bear interest rates ranging from 4.50 percent to 5.10 percent. The remaining \$1,005,000 represents term bonds which are subject to mandatory sinking fund redemption and also subject to prior redemption by and at the option of the City. The mandatory sinking fund redemption is in amounts ranging from \$90,000 in 2005 to \$135,000 in 2013, bearing an interest rate of 5.75 percent. The revenue bonds are special obligations of the City and will be payable solely from the bond fund, which is to receive money from draws on a letter of credit and certain amounts payable pursuant to a water supply contract.

The \$427,229 OPWC Loan outstanding is an interest-free loan from the Ohio Public Works Commission for a water line project, equal payments are made over twenty years.

The City's future debt service requirements at December 31, 1999, are:

	<i>General Obligation Bonds</i>	<i>Water Revenue Bonds</i>	<i>OPWC Loan</i>	<i>Total</i>
<i>2000</i>	\$ 490,640	\$ 146,413	\$ 24,413	\$ 661,466
<i>2001</i>	488,005	143,158	24,413	655,576
<i>2002</i>	494,480	144,798	24,413	663,691
<i>2003</i>	499,345	146,123	24,413	669,881
<i>2004</i>	492,860	147,123	24,413	664,396
<i>Thereafter</i>	<u>3,473,088</u>	<u>1,062,788</u>	<u>305,164</u>	<u>4,841,040</u>
<i>Total</i>	<u>\$ 5,938,418</u>	<u>\$ 1,790,403</u>	<u>\$ 427,229</u>	<u>\$ 8,156,050</u>

The amounts of interest included in the total debt service requirements for the general obligation bonds and revenue bonds were \$1,578,418 and \$405,403 respectively. The OPWC loan is interest-free.

The Ohio Revised Code provides that the net general obligation debt of the City, exclusive of certain exempt debt, issued without a vote of the electors should not exceed 5.5 percent of the total value of all property in the City. The Code further provides that the total voted and unvoted net debt of the City less the same exempt debt should not exceed 10.5 percent of the total value of all property in the City. The effects of such debt limitations as of December 31, 1999 are an overall debt margin of \$12,662,417 and a limit on unvoted debt margin of \$6,632,694.

CITY OF LOUISVILLE, OHIO

Notes to the Financial Statements

(8) 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, 1999 there were two series of Healthcare and Housing Facility Revenue Bonds outstanding, with an aggregate principal amount payable of \$11.60 million.

(9) Interfund Assets and Liabilities

Interfund balances at December 31, 1999 consist of the following individual fund receivables and payables:

		<u>Advance</u>	<u>Interfund</u>
<u>Receivable Fund</u>	<u>Payable Fund</u>		
<i>Water enterprise fund</i>	<i>General fund</i>	\$ <u>180,000</u>	
<i>General fund</i>	<i>Capital projects</i>		\$ <u>75,000</u>

(10) Taxes

(a) Property Taxes

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the City. The 1999 tax levy was based upon an assessed valuation of approximately \$121 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 each January 1 on the assessed value listed as of the prior January 1. Assessed values are established by the County Auditor at 35 percent of appraised market value. 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 1997. 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 25 percent of true value for inventories and substantially all other personal property.

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.

CITY OF LOUISVILLE, OHIO

Notes to the Financial Statements

(b) Municipal 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 percent to 2 percent, 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 percent to the general fund and 25 percent to the enterprise funds.

(11) Retirement Plans

All employees of the City, with the exclusion of uniformed City police and firefighters, are required to be members of the Public Employees Retirement System of Ohio (PERS), a multiple-employer, cost-sharing public employee retirement system. However, those students working less than 1,500 hours per calendar year have an option to exclude themselves from membership. All full-time uniformed City police and firefighters are required to be members of the Police and Firemen's Disability and Pension Fund (PFDPF), also a multiple-employer, cost-sharing public employee retirement system. Both of these retirement plans provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits for PERS and PFDPF, 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 PERS at 277 East Town Street, Columbus, Ohio 43215-4642 and PFDPF at 140 East Town Street, Columbus, Ohio 43215-5164.

PERS

Plan members are required to contribute 8.5 percent of their covered salary, while employers are required to contribute 13.55 percent. The City's contributions to PERS for the years ending December 31, 1999, 1998, and 1997 were \$201,376, \$191,762, and \$196,781, respectively, equal to the required contributions for each year.

PFDPF

Plan members are required to contribute 10.0 percent of their covered salary, while employers are required to contribute 19.5 percent and 24.0 percent respectively for police officers and firefighters. The City's contributions to PFDPF for the years ending December 31, 1999, 1998, and 1997 were \$112,595, \$111,720, and \$109,932, respectively, equal to the required contributions for each year.

CITY OF LOUISVILLE, OHIO

Notes to the Financial Statements

(12) Postemployment Benefits

PERS provides post-retirement health care coverage, also referred to as Other Post Employment Benefits (OPEB), to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is available. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund post retirement health care through their contributions to PERS. The employer contribution rate for 1999 was 13.55 percent of covered payroll and 4.2 percent was the portion that was used to fund health care. The employer contribution for 1999 was \$201,376, with \$67,225 used to fund health care benefits.

OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retire health care, along with investment income an allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. Expenditures for post retirement health care during 1999, for the entire system, were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments for the entire system were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062 for the entire system. During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

PFDPF provides post retirement health care coverage, also referred to as Other Post Employment Benefits (OPEB), to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. The Ohio Revised code provides that health care cost paid from the funds of the PFDPF shall be included in the employer's contribution rate. The employer contribution rates for 1999 were 19.5 percent and 24.0 percent of covered payroll for police and firefighters, respectively. The Ohio Revised Code provides the statutory authority allowing the Fund's Board of Trustees to provide health care coverage to all eligible individuals. The Board-defined allocation for health care was seven percent at December 31, 1999 for both plans. The employer contribution for 1999 was \$112,595 with \$40,488 used to fund health care benefits.

PFDPF health care funding and accounting is on a pay-as-you-go basis. The number of participants eligible to receive health care benefits as of December 31, 1998, (latest information available), was 11,424 for police and 9,186 for firefighters. Total expense for health care for the year ending December 31, 1998 was \$78,596,790, which was net of member contributions of \$5,331,515.

(13) Contributed Capital

Contributions for (or of) capital assets are credited directly to contributed capital. These include donations by developers, contributions made by the City and assets whose construction was financed through special assessments. Depreciation expense on assets acquired through restricted grants is not closed to contributed capital. There were no changes in contributed capital during 1999.

CITY OF LOUISVILLE, OHIO

Notes to the Financial Statements

(14) Segment Information for Enterprise Funds

The City maintains a water enterprise fund and a sewer enterprise fund. Segment information for the year ended December 31, 1999 follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<i>Operating revenues</i>	\$ 636,416	\$ 592,820	\$ 1,229,236
<i>Depreciation expense</i>	172,547	172,263	344,810
<i>Operating loss</i>	213,490	254,207	467,697
<i>Operating transfers out</i>	15,000	-	15,000
<i>Operating transfers in</i>	3,753	-	3,753
<i>Tax revenues</i>	339,965	319,019	658,984
<i>Net income (loss)</i>	94,500	(99,395)	(4,895)
<i>Fixed asset additions</i>	277,646	38,548	316,194
<i>Net working capital</i>	457,242	79,428	536,670
<i>Total assets</i>	5,379,390	4,243,628	9,623,018
<i>Outstanding long-term liabilities:</i>			
<i>Payable from operating sources</i>	1,793,511	32,502	1,826,013
<i>Payable from other sources</i>	568,116	2,624,063	3,192,179
<i>Total equity</i>	2,478,607	1,067,471	3,546,078
<i>Encumbrances outstanding budget basis at December 31, 1999</i>	\$ 150,685	\$ 49,979	\$ 200,664

(15) Jointly Governed Organization

The City participates in the Stark Council of Governments 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. 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 made contributions of \$25,466 and does not have an equity interest in the Council. Financial statements of the Council can be obtained from the Stark Council of Governments, Canton, Ohio.

(16) Subsequent Event

On May 3, 2000, the City issued bond anticipation notes in the amount of \$1,180,000, carrying an interest rate of 4.75% and maturing on May 3, 2001. The City plans to issue bonds following the completion of various street, and water and sewer projects. The proceeds were used to retired \$1,200,000 of bond anticipation notes reported in the general long-term debt account group and enterprise funds.

CITY OF LOUISVILLE, OHIO

Notes to the Financial Statements

(17) Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The City has contracted with Ohio Government Risk Management Plan, an Ohio government risk management program. The Plan was formed in June 1988 for the primary purpose of managing third-party liability claims against its members. The Plan provides property, liability, error and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its 616 members. The City's settled claims have not exceeded insurance coverage for the past three years. The Plan has chosen to adopt the forms and endorsements of conventional insurance coverage and to reinsure these coverages 100 percent, 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 percent, 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 from the prior year.

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

The City has elected to provide dental and vision benefits through a self-insurance program. The City maintains a self-insurance internal service fund to account for and finance its risks of loss in this program. This plan provides a dental plan with \$50 per person deductible, and no deductible for the vision. A third party administrator reviews all claims, which are then paid by the City. The City pays into the self-insurance internal service fund all individual claims. During 1998 the City contracted with a health insurance company to provide medical/health benefits for the City's employees. The City remits a payment to the insurance provider based on the number of participants.

The claims liability of \$3,145 reported in the fund at December 31, 1999 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 1998 and 1999 were:

	<i>Balance at beginning of year</i>	<i>Current year claims</i>	<i>Claim payments</i>	<i>Balance at end of year</i>
1998	\$ 15,881	63,239	74,470	4,650
1999	\$ 4,650	30,594	32,099	3,145

(18) Pending Litigation

There are certain lawsuits in which the City is involved. The City's management, after consultation with the City's Law Director, is of the opinion that any potential uninsured claims against the City would not materially affect the financial statements.

CITY OF LOUISVILLE, OHIO

GENERAL FUND

The General fund is used to account for all financial resources of the City except those required to be accounted for in another fund.

CITY OF LOUISVILLE, OHIO

GENERAL FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues	\$ 3,209,226	\$ 3,295,862	\$ 86,636
Expenditures			
General government			
Office of the city manager	187,614	185,775	1,839
Administration and accounting	255,519	249,488	6,031
Department of law	44,030	42,540	1,490
Offices of city council	44,653	39,635	5,018
Mayor's court	19,060	12,902	6,158
Civil service commission	21,024	15,035	5,989
Division of lands and buildings	72,476	68,932	3,544
Miscellaneous	136,084	129,511	6,573
Total general government	780,460	743,818	36,642
Security of persons and property			
Division of police	1,012,381	978,041	34,340
Division of fire	237,587	231,432	6,155
Division of communications	210,200	209,144	1,056
Division of street lighting	89,303	78,483	10,820
Division of traffic control maintenance	9,378	5,914	3,464
Fire prevention bureau	15,610	15,301	309
Total security of persons and property	1,574,459	1,518,315	56,144
Public health services			
Board of health	33,500	30,283	3,217
Community environment			
Division of planning and development	144,808	143,675	1,133
Division of housing and building code enforcement	52,210	48,476	3,734
Tree commission	32,670	25,858	6,812
Total community environment	229,688	218,009	11,679
Leisure time activities			
Division of parks	173,253	167,396	5,857
Recreation board	51,250	46,816	4,434
Senior citizens center	57,820	56,283	1,537
Total Leisure time activities	282,323	270,495	11,828
Other	37,206	40,028	(2,822)
Total Expenditures	2,937,636	2,820,948	116,688
Excess of revenues over expenditures	271,590	474,914	203,324

(Continued)

CITY OF LOUISVILLE, OHIO

GENERAL FUND

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Other financing sources (uses):			
Sale of fixed assets	-	18,641	18,641
Advances - out	(95,000)	(95,000)	-
Capital Lease	20,916	20,916	-
Operating transfers - in	124,610	124,610	-
Operating transfers - out	(600,090)	(600,090)	-
Total other sources (uses)	(549,564)	(530,923)	18,641
Excess of revenues and other financing sources under expenditures and other financing uses	(277,974)	(56,009)	221,965
Prior year encumbrances carried forward	83,526	83,526	-
Fund balance at beginning of year	308,619	308,619	-
Fund balance at end of year	<u>\$ 114,171</u>	<u>\$ 336,136</u>	<u>\$ 221,965</u>

CITY OF LOUISVILLE, OHIO

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes. Following is a description of the City's Special Revenue Funds:

- 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 1/2 percent) 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.
- Emergency Services Donation - 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.
- Drug Abuse Resistance Education (DARE) - To account for all charitable contributions used to finance the City's DARE programs.
- Special Events - To account for contributions and miscellaneous revenues used to support special events held in the City's parks.

CITY OF LOUISVILLE, OHIO

SPECIAL REVENUE FUNDS

Combining Balance Sheet

December 31, 1999

	Street Construction, Maintenance and Repair	State Highway	Motor Vehicle License	Municipal Road
Assets				
Equity in pooled cash	\$ 37,768	3,646	3,495	-
Accounts receivable	-	-	-	-
Due from other governments	15,762	1,278	5,498	-
Total assets	<u>\$ 53,530</u>	<u>4,924</u>	<u>8,993</u>	<u>-</u>
Liabilities and fund balances				
Liabilities				
Accounts payable	\$ 6,771	536	-	-
Accrued wages	11,094	-	-	-
Due to other governments	11,906	92	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>29,771</u>	<u>628</u>	<u>-</u>	<u>-</u>
Fund equity				
Reserved for encumbrances	5,359	1,019	-	-
Unreserved, undesignated	18,400	3,277	8,993	-
Total fund equity	<u>23,759</u>	<u>4,296</u>	<u>8,993</u>	<u>-</u>
Total liabilities and fund equity	<u>\$ 53,530</u>	<u>4,924</u>	<u>8,993</u>	<u>-</u>

Emergency Services Donations	Emergency Services Charges	Law Enforcement Education	Law Enforcement Trust	Drug Abuse Resistance Education	Special Events	Total
4,297	32,304	4,798	3,335	2,729	508	92,880
-	44,519	-	-	-	-	44,519
-	-	-	162	11,776	-	34,476
<u>4,297</u>	<u>76,823</u>	<u>4,798</u>	<u>3,497</u>	<u>14,505</u>	<u>508</u>	<u>171,875</u>
-	539	-	-	-	-	7,846
-	2,486	-	-	-	-	13,580
-	2,275	-	-	92	-	14,365
-	31,386	-	-	-	-	31,386
-	<u>36,686</u>	-	-	92	-	<u>67,177</u>
-	5,340	-	-	-	-	11,718
4,297	34,797	4,798	3,497	14,413	508	92,980
<u>4,297</u>	<u>40,137</u>	<u>4,798</u>	<u>3,497</u>	<u>14,413</u>	<u>508</u>	<u>104,698</u>
<u>4,297</u>	<u>76,823</u>	<u>4,798</u>	<u>3,497</u>	<u>14,505</u>	<u>508</u>	<u>171,875</u>

CITY OF LOUISVILLE, OHIO

SPECIAL REVENUE FUNDS

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

Year ended December 31, 1999

	Street Construction, Maintenance and Repair	State Highway	Motor Vehicle License	Municipal Road
Revenues:				
Charges for services	\$ -	-	-	-
Intergovernmental	206,704	16,760	76,707	102,209
Investment income	842	480	-	-
Other	23,755	-	-	-
Total revenue	<u>231,301</u>	<u>17,240</u>	<u>76,707</u>	<u>102,209</u>
Expenditures:				
Current:				
Security of persons and property	-	-	-	-
Transportation	351,239	27,489	-	-
Other	-	-	-	-
Capital outlay	23,170	-	98,520	-
Total expenditures	<u>374,409</u>	<u>27,489</u>	<u>98,520</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(143,108)</u>	<u>(10,249)</u>	<u>(21,813)</u>	<u>102,209</u>
Other financing sources (uses):				
Sale of general fixed assets	2,750	-	-	-
Operating transfers - in	157,360	12,760	-	-
Operating transfers - out	-	-	-	(102,209)
Total other financing sources (uses)	<u>160,110</u>	<u>12,760</u>	<u>-</u>	<u>(102,209)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	17,002	2,511	(21,813)	-
Fund balances at beginning of year	<u>6,757</u>	<u>1,785</u>	<u>30,806</u>	<u>-</u>
Fund balances at end of year	<u>\$ 23,759</u>	<u>4,296</u>	<u>8,993</u>	<u>-</u>

Emergency Services Donations	Emergency Services Charges	Law Enforcement Education	Law Enforcement Trust	Drug Abuse Resistance Education	Special Events	Total
-	98,551	-	-	-	-	98,551
-	5,934	-	-	11,696	-	420,010
-	-	-	1,500	-	-	2,822
765	101,100	1,734	397	1,246	15,411	144,408
765	205,585	1,734	1,897	12,942	15,411	665,791
1,583	84,087	2,500	844	21,266	-	110,280
-	-	-	-	-	-	378,728
-	1,099	-	-	-	36,903	38,002
-	121,100	-	-	-	-	242,790
1,583	206,286	2,500	844	21,266	36,903	769,800
(818)	(701)	(766)	1,053	(8,324)	(21,492)	(104,009)
-	-	-	-	-	-	2,750
-	25,600	-	-	-	22,000	217,720
-	-	-	-	-	-	(102,209)
-	25,600	-	-	-	22,000	118,261
(818)	24,899	(766)	1,053	(8,324)	508	14,252
5,115	15,238	5,564	2,444	22,737	-	90,446
4,297	40,137	4,798	3,497	14,413	508	104,698

CITY OF LOUISVILLE, OHIO

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999

	Street Construction, Maintenance and Repair Special Revenue Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues	\$ 219,890	231,047	11,157
Expenditures			
Transportation			
Division of street maintenance	376,414	364,202	12,212
Division of street construction	-	-	-
Division of Snow And Ice Removal	23,125	19,535	3,590
Total Expenditures	399,539	383,737	15,802
Excess of revenues over (under) expenditures	(179,649)	(152,690)	26,959
Other financing sources:			
Sale of fixed assets	-	2,750	2,750
Operating transfers - in	163,200	157,360	(5,840)
Excess of revenues and other financing sources over (under) expenditures	(16,449)	7,420	23,869
Prior year encumbrances carried forward	6,339	6,339	-
Fund balance at beginning of year	10,119	10,119	-
Fund balance at end of year	\$ 9	23,878	23,869

For budget purposes, capital outlay is included within the respective City departments.

State Highway
Special Revenue Fund

Motor Vehicle License
Special Revenue Fund

Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 16,655	17,219	564	\$ 76,777	76,778	1
27,500	27,662	(162)	-	-	-
-	-	-	98,600	98,520	80
1,875	1,178	697	-	-	-
29,375	28,840	535	98,600	98,520	80
(12,720)	(11,621)	1,099	(21,823)	(21,742)	81
-	-	-	-	-	-
12,350	12,760	410	-	-	-
(370)	1,139	1,509	(21,823)	(21,742)	81
-	-	-	-	-	-
952	952	-	25,237	25,237	-
\$ 582	2,091	1,509	\$ 3,414	3,495	81

CITY OF LOUISVILLE, OHIO

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999

	Municipal Road Special Revenue Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues	\$ 102,209	102,209	-
Expenditures			
Security of persons and property			
Division of fire	-	-	-
Division of emergency service	-	-	-
Total security of persons and property	-	-	-
Other	-	-	-
Total Expenditures	-	-	-
Excess of revenues over (under) expenditures	102,209	102,209	-
Other financing sources (uses):			
Operating transfers - in	-	-	-
Operating transfers - out	(102,209)	(102,209)	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses	-	-	-
Prior year encumbrances carried forward	-	-	-
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	-	-

For budget purposes, capital outlay is included within the respective City departments.

Emergency Services Donation
Special Revenue Fund

Emergency Services Charges
Special Revenue Fund

Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 735	765	30	\$ 201,034	201,989	955
2,625	2,208	417	-	-	-
-	-	-	216,419	209,768	6,651
2,625	2,208	417	216,419	209,768	6,651
-	-	-	1,100	1,099	1
2,625	2,208	417	217,519	210,867	6,652
(1,890)	(1,443)	447	(16,485)	(8,878)	7,607
-	-	-	20,943	25,600	4,657
-	-	-	-	-	-
(1,890)	(1,443)	447	4,458	16,722	12,264
625	625	-	5,719	5,719	-
5,115	5,115	-	4,012	4,012	-
\$ 3,850	4,297	447	\$ 14,189	26,453	12,264

CITY OF LOUISVILLE, OHIO

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999

	Law Enforcement Education Special Revenue Fund		Variance Favorable (Unfavorable)
	<u>Revised Budget</u>	<u>Actual</u>	
Revenues	<u>\$ 1,733</u>	<u>1,734</u>	<u>1</u>
Expenditures			
Security of persons and property			
Division of police	<u>2,500</u>	<u>2,500</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(767)</u>	<u>(766)</u>	<u>1</u>
Fund balance at beginning of year	<u>5,564</u>	<u>5,564</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,797</u>	<u>4,798</u>	<u>1</u>

For budget purposes, capital outlay is included within the respective City departments.

Law Enforcement Trust
Special Revenue Fund

<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 1,735	1,935	200
<u>1,000</u>	<u>844</u>	<u>156</u>
735	1,091	356
<u>2,244</u>	<u>2,244</u>	<u>-</u>
<u><u>\$ 2,979</u></u>	<u><u>3,335</u></u>	<u><u>356</u></u>

CITY OF LOUISVILLE, OHIO

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non- GAAP Budgetary Basis) and Actual
 Year ended December 31, 1999

	Revised Budget	DARE Fund Special Revenue Fund Actual	Variance Favorable (Unfavorable)
Revenues	\$ 23,889	23,890	1
Expenditures			
Security of persons and property			
Division of police	23,000	21,174	1,826
Other	-	-	-
Excess of revenues over (under) expenditures	889	2,716	1,827
Other financing sources:			
Operating transfers - in	-	-	-
Excess of revenues and other financing sources over expenditures	889	2,716	1,827
Fund balance at beginning of year	13	13	-
Fund balance at end of year	\$ 902	2,729	1,827

For budget purposes, capital outlay is included within the respective City departments.

Special Events
Special Revenue Fund

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 15,410	15,411	1
-	-	-
37,410	36,903	507
(22,000)	(21,492)	508
22,000	22,000	-
-	508	508
-	-	-
\$ -	508	508

CITY OF LOUISVILLE, OHIO

**FINANCIAL STATEMENTS OF INDIVIDUAL
FUNDS AND ACCOUNT GROUPS**

The Debt Service Fund, Capital Projects Fund, and the General Long-term Debt Account Group are not presented separately since individual fund comparatives are not presented and the legal level of budgetary control is not greater than that presented in the General Purpose Financial Statements.

DEBT SERVICE FUND

The Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest.

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

ACCOUNT GROUP

The General Long-term Debt Account Group is used to account for all long-term indebtedness of the City that is not a specific liability of a proprietary fund.

CITY OF LOUISVILLE, OHIO

ENTERPRISE FUNDS

Enterprise 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 net income, financial position and changes in cash flows. The Enterprise Funds are used to account for the City's water and sewer operations. These operations are financed and operated in a manner similar to a private business enterprise. The intent of the City 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. Following is a description of the City's Enterprise Funds:

- Water - To account for water services provided to individuals and commercial users in the community.
- Sewer - To account for sewer services provided to individuals and commercial users in the community.

CITY OF LOUISVILLE, OHIO

ENTERPRISE FUNDS

Combining Balance Sheet

December 31, 1999

<u>Assets</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Current assets			
Equity in pooled cash	\$ 854,769	\$ 426,291	\$ 1,281,060
Receivables			
Taxes	26,999	57,372	84,371
Accounts	111,745	106,889	218,634
Interest	1,060	4,412	5,472
Restricted assets:			
Customer deposits	-	4,056	4,056
Cash with fiscal and escrow agent	1,825	-	1,825
Total current assets	<u>996,398</u>	<u>599,020</u>	<u>1,595,418</u>
Deferred charges	12,096	54,015	66,111
Advances to other funds	180,000	-	180,000
Fixed assets (net of accumulated depreciation)	<u>4,190,896</u>	<u>3,590,593</u>	<u>7,781,489</u>
Total assets	<u>\$ 5,379,390</u>	<u>\$ 4,243,628</u>	<u>\$ 9,623,018</u>
 <u>Liabilities and Equity</u>			
Current liabilities			
Accounts payable	\$ 80,542	\$ 14,557	\$ 95,099
Accrued wages	10,672	9,934	20,606
Accrued interest payable	10,052	18,688	28,740
Due to other governments	13,671	12,578	26,249
Current portion of capital lease payable	9,488	-	9,488
Current portion of OPWC loan payable	24,413	-	24,413
Current portion of long-term debt	20,318	124,779	145,097
Bond anticipation notes payable	300,000	335,000	635,000
Current portion of revenue bonds payable	70,000	-	70,000
Current liabilities payable from restricted assets:			
Customer deposits payable	-	4,056	4,056
Total current liabilities	<u>539,156</u>	<u>519,592</u>	<u>1,058,748</u>
Long-term liabilities			
Compensated absences	50,296	32,502	82,798
Capital lease payable	25,399	-	25,399
OPWC loan payable, excluding current portion	402,816	-	402,816
Long-term debt, excluding current portion	568,116	2,624,063	3,192,179
Revenue bonds payable, excluding current portion	1,315,000	-	1,315,000
Total long-term liabilities	<u>2,361,627</u>	<u>2,656,565</u>	<u>5,018,192</u>
Total liabilities	<u>2,900,783</u>	<u>3,176,157</u>	<u>6,076,940</u>
Equity			
Contributed capital	632,275	190,134	822,409
Retained earnings	1,846,332	877,337	2,723,669
Total equity	<u>2,478,607</u>	<u>1,067,471</u>	<u>3,546,078</u>
Total liabilities and equity	<u>\$ 5,379,390</u>	<u>\$ 4,243,628</u>	<u>\$ 9,623,018</u>

CITY OF LOUISVILLE, OHIO

ENTERPRISE FUNDS

Combining Statement of Revenues, Expenses, and Changes in Retained Earnings

Year ended December 31, 1999

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues			
Charges for services	\$ 446,527	\$ 590,225	\$ 1,036,752
Other	189,889	2,595	192,484
Total operating revenues	<u>636,416</u>	<u>592,820</u>	<u>1,229,236</u>
Operating expenses			
Personal services	299,059	317,863	616,922
Materials and supplies	370,498	355,793	726,291
Other	7,802	1,108	8,910
Depreciation	172,547	172,263	344,810
Total operating expenses	<u>849,906</u>	<u>847,027</u>	<u>1,696,933</u>
Operating loss	<u>(213,490)</u>	<u>(254,207)</u>	<u>(467,697)</u>
Nonoperating revenues (expenses)			
Local taxes	339,965	319,019	658,984
Grants	87,614	26,469	114,083
Interest revenue	5,596	19,494	25,090
Interest expense	(113,938)	(210,170)	(324,108)
Total nonoperating revenues (expenses)	<u>319,237</u>	<u>154,812</u>	<u>474,049</u>
Income before operating transfers	105,747	(99,395)	6,352
Operating transfers-in	3,753	-	3,753
Operating transfers-out	(15,000)	-	(15,000)
Net income (loss)	94,500	(99,395)	(4,895)
Retained earnings at beginning of year	1,751,832	976,732	2,728,564
Retained earnings at end of year	<u>\$ 1,846,332</u>	<u>\$ 877,337</u>	<u>\$ 2,723,669</u>

CITY OF LOUISVILLE, OHIO

Combining Statement of Cash Flows

All Enterprise Funds

Year ended December 31, 1999

	Water	Sewer	Total
Cash flows from operating activities			
Cash received from customers and users	\$ 624,594	\$ 590,109	\$ 1,214,703
Cash paid to suppliers for goods and services	(303,977)	(361,171)	(665,148)
Cash paid to employees for services	(306,662)	(344,094)	(650,756)
Net cash provided by (used for) operating activities	<u>13,955</u>	<u>(115,156)</u>	<u>(101,201)</u>
Cash flows from noncapital financing activities			
Operating transfers from other funds	3,753	-	3,753
Operating transfers to other funds	(15,000)	-	(15,000)
Short-term borrowing from other funds	20,000	-	20,000
Grants	87,614	26,469	114,083
Net cash provided by noncapital financing activities	<u>96,367</u>	<u>26,469</u>	<u>122,836</u>
Cash flows from capital and related financing activities			
Cash received from municipal income tax	342,779	325,000	667,779
Proceeds from issuance of notes	300,000	335,000	635,000
Proceeds of lease financing	38,640	-	38,640
Payment on capital lease	(3,753)	-	(3,753)
Acquisitions of capital assets	(277,648)	(38,548)	(316,196)
Principal paid on bonds and notes	(209,413)	(453,000)	(662,413)
Interest paid on bonds and notes	(113,493)	(167,374)	(280,867)
Net cash provided by capital and related financing activities	<u>77,112</u>	<u>1,078</u>	<u>78,190</u>
Cash flows from investing activities			
Earnings on investments	4,958	17,960	22,918
Net increase (decrease) in cash and cash equivalents	192,392	(69,649)	122,743
Cash and cash equivalents at beginning of year	664,202	499,996	1,164,198
Cash and cash equivalents at end of year	<u>\$ 856,594</u>	<u>\$ 430,347</u>	<u>\$ 1,286,941</u>
Reconciliation of operating loss to net cash provided by operating activities			
Operating loss	\$ (213,490)	\$ (254,207)	\$ (467,697)
Adjustments to reconcile operating loss to net cash provided by operating activities			
Depreciation	172,547	172,263	344,810
Change in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable	(11,822)	(2,711)	(14,533)
Increase (decrease) in liabilities:			
Accounts payable	73,435	280	73,715
Customer deposits	-	(50)	(50)
Due to other governments	(1,993)	(6,828)	(8,821)
Accrued wages	1,515	(993)	522
Compensated absences	(6,237)	(22,910)	(29,147)
Net cash provided by operating activities	<u>\$ 13,955</u>	<u>\$ (115,156)</u>	<u>\$ (101,201)</u>

CITY OF LOUISVILLE, OHIO

WATER FUND

Schedule of Revenues, Expenses, and Changes in Fund Equity -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues	\$ 1,357,172	1,384,945	27,773
Expenses			
General government			
Miscellaneous	86,554	84,677	1,877
Basic utility services			
Division of water treatment	426,276	271,809	154,467
Division of water laboratory	23,218	20,747	2,471
Division of water distribution	411,087	508,085	(96,998)
Office of superintendent of service	104,199	102,653	1,546
Division of meter maintenance	49,601	39,239	10,362
Total basic utility services	1,014,381	942,533	71,848
Other	11,772	11,761	11
Debt Service:			
Principal retirement	209,413	209,413	-
Interest and fiscal charges	113,496	113,493	3
Total Expenses	1,435,616	1,361,877	73,739
Excess of revenues over (under) expenses	(78,444)	23,068	101,512
Other financing sources (uses):			
Proceeds of notes	300,000	300,000	-
Advances - in	20,000	20,000	-
Other nonoperating revenues	38,639	38,640	1
Operating transfers - in	561,577	560,660	(917)
Operating transfers - out	(1,176,465)	(900,660)	275,805
Total other financing sources (uses)	(256,249)	18,640	274,889
Excess of revenues and other financing sources over expenses and other financing uses	(334,693)	41,708	376,401
Prior year encumbrances appropriated	27,474	27,474	-
Fund balance at beginning of year	636,729	636,729	-
Fund balance at end of year	\$ 329,510	705,911	376,401

CITY OF LOUISVILLE, OHIO

SEWER FUND

Schedule of Revenues, Expenses, and Changes in Fund Equity -
Budget (Non-GAAP Budgetary Basis) and Actual
Year ended December 31, 1999

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues	\$ 603,266	634,538	31,272
Expenses			
General government			
Miscellaneous	51,786	49,090	2,696
Basic utility services			
Office of superintendent of service	122,180	84,721	37,459
Division of meter maintenance	48,973	48,215	758
Division of wastewater treatment	434,538	404,406	30,132
Division of sewage laboratory	31,160	27,525	3,635
Division of sanitary sewer pumping	61,597	62,734	(1,137)
Division of storm sewer maintenance	114,310	116,939	(2,629)
Total basic utility services	812,758	744,540	68,218
Other	320	162	158
Debt Service:			
Principal retirement	453,000	453,000	-
Interest and fiscal charges	167,551	167,374	177
Total Expenses	1,485,415	1,414,166	71,249
Excess of revenues under expenses	(882,149)	(779,628)	102,521
Other financing sources:			
Proceeds of notes	335,000	335,000	-
Operating transfers - in	325,000	325,000	-
Total other financing sources	660,000	660,000	-
Excess of revenues and other financing sources under expenses	(222,149)	(119,628)	102,521
Prior year encumbrances appropriated	27,734	27,734	-
Fund balance at beginning of year	472,262	472,262	-
Fund balance at end of year	\$ 277,847	380,368	102,521

CITY OF LOUISVILLE, OHIO

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The following are the City's Fiduciary Fund types:

Expendable Trust Funds

These funds are accounted for in essentially the same manner as governmental funds.

- Unclaimed Monies - To account for monies received that are subject to refund or claim.
- Seniors Citizen's Fund - To account for a donation received and to be used for the benefit of Senior Citizen's in the City of Louisville.

Agency Fund

This fund is purely custodial (assets equal liabilities) and thus do not involve the measurement of results or operations.

- Construction Retainage - To account for deposits from contractors, developers, or individuals held to insure completion of a construction project.

CITY OF LOUISVILLE, OHIO

Combining Balance Sheet

Expendable Trusts and Agency Funds

December 31, 1999

	Expendable Trusts		Agency	Totals
	Unclaimed Monies	Senior Citizens	Construction Retainage	
Assets				
Equity in pooled cash	<u>\$ 3,255</u>	<u>\$ 2,090</u>	<u>\$ -</u>	<u>\$ 5,345</u>
Liabilities				
Claimant liabilities	<u>\$ 3,255</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,255</u>
Equity				
Fund balances:				
Unreserved, undesignated	<u>-</u>	<u>2,090</u>	<u>-</u>	<u>2,090</u>
Total fund equity	<u>-</u>	<u>2,090</u>	<u>-</u>	<u>2,090</u>
Total liabilities and fund equity	<u>\$ 3,255</u>	<u>\$ 2,090</u>	<u>\$ -</u>	<u>\$ 5,345</u>

CITY OF LOUISVILLE, OHIO

Combining Statement of Revenues,
and Changes in Fund Balances
All Expendable Trust Funds
Year ended December 31, 1999

	<u>Unclaimed Monies</u>	<u>Senior Citizens</u>	<u>Totals</u>
Revenues			
Donations	\$ -	\$ 1,000	\$ 1,000
Total revenues	<u>-</u>	<u>1,000</u>	<u>1,000</u>
Excess of revenues over expenditures	-	1,000	1,000
Fund balances at beginning of year	<u>3,255</u>	<u>1,090</u>	<u>4,345</u>
Fund balances at end of year	<u>\$ 3,255</u>	<u>\$ 2,090</u>	<u>\$ 5,345</u>

CITY OF LOUISVILLE, OHIO

Combining Statements of Changes in Assets and Liabilities

Agency Fund

Year ended December 31, 1999

	Balance January 1, 1999	Additions	Deductions	Balance December 31, 1999
<u>Construction Retainage</u>				
Assets				
Cash with escrow agent	\$ 7,101	\$ -	\$ 7,101	\$ -
Liabilities				
Deposits held and due to others	\$ 7,101	\$ -	\$ 7,101	\$ -

CITY OF LOUISVILLE, OHIO

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group accounts for all fixed assets used in general governmental operations. Streets, sidewalks and storm sewers are not included in this account group as the City does not capitalize infrastructure items.

CITY OF LOUISVILLE, OHIO
GENERAL FIXED ASSETS ACCOUNT GROUP
Schedule of General Fixed Assets by Source
As of December 31, 1999

General fixed assets	
Land and land improvements	\$ 815,580
Buildings	1,037,975
Machinery and equipment	<u>3,063,302</u>
Total general fixed assets	<u>\$ 4,916,857</u>
Investments in general fixed assets from	
General fund revenues	\$ 2,437,987
Special revenue funds	788,891
General obligation bonds	<u>1,689,979</u>
Total investments in general fixed assets	<u>\$ 4,916,857</u>

CITY OF LOUISVILLE, OHIO

GENERAL FIXED ASSETS ACCOUNT GROUP

Schedule of Changes in General Fixed Assets by Function and Activity

Year ended December 31, 1999

	General Fixed Assets January 1, 1999	Additions	Deletions	General Fixed Assets December 31, 1999
Security of persons and property				
Police	\$ 214,994	\$ 43,632	\$ 18,756	\$ 239,870
Fire	950,959	106,276	-	1,057,235
Lighting	196,643	-	-	196,643
Signalization	349,308	-	-	349,308
Emergency medical Communications	145,666	-	53,843	91,823
	50,290	1,425	-	51,715
Total security of persons and property	<u>1,907,860</u>	<u>151,333</u>	<u>72,599</u>	<u>1,986,594</u>
Public health and welfare				
Pest control	7,953	-	-	7,953
Leisure time activities				
Parks	1,164,920	106,333	-	1,271,253
Senior citizens	175,823	-	-	175,823
Total leisure time activities	<u>1,340,743</u>	<u>106,333</u>	<u>-</u>	<u>1,447,076</u>
Transportation				
Street maintenance	452,837	45,542	6,776	491,603
General government				
Administration	67,875	24,021	9,990	81,906
Department of Finance	-	-	-	-
Land and buildings	901,725	-	-	901,725
Total general government	<u>969,600</u>	<u>24,021</u>	<u>9,990</u>	<u>983,631</u>
Total general fixed assets	<u>\$ 4,678,993</u>	<u>\$ 327,229</u>	<u>\$ 89,365</u>	<u>\$ 4,916,857</u>

CITY OF LOUISVILLE, OHIO

GENERAL FIXED ASSETS ACCOUNT GROUP

Schedule of General Fixed Assets by Function and Activity

As of December 31, 1999

	Land and Land Improvements	Buildings	Machinery and Equipment	Total
Security of persons and property				
Police	\$ -	\$ 3,114	\$ 236,756	\$ 239,870
Fire	-	-	1,057,235	1,057,235
Lighting	-	-	196,643	196,643
Signalization	-	-	349,308	349,308
Emergency medical	-	-	91,823	91,823
Communications	-	-	51,715	51,715
Total security of persons and property	<u>-</u>	<u>3,114</u>	<u>1,983,480</u>	<u>1,986,594</u>
Public health and welfare				
Pest control	<u>-</u>	<u>-</u>	<u>7,953</u>	<u>7,953</u>
Leisure time activities				
Parks	815,580	247,484	208,189	1,271,253
Senior citizens	-	155,606	20,217	175,823
Total leisure time activities	<u>815,580</u>	<u>403,090</u>	<u>228,406</u>	<u>1,447,076</u>
Transportation				
Street maintenance	<u>-</u>	<u>-</u>	<u>491,603</u>	<u>491,603</u>
General government				
Administration	-	-	81,906	81,906
Land and buildings	-	631,771	269,954	901,725
Total general government	<u>-</u>	<u>631,771</u>	<u>351,860</u>	<u>983,631</u>
Total general fixed assets	<u>\$ 815,580</u>	<u>\$ 1,037,975</u>	<u>\$ 3,063,302</u>	<u>\$ 4,916,857</u>

STATISTICAL SECTION

CITY OF LOUISVILLE, OHIO

Table 1

General Revenue by Source and
General Expenditures by Function
All Governmental and Expendable Trust Funds
Last Ten Years

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
<u>Revenues:</u>										
Local taxes	\$ 1,572,415	1,567,381	1,901,803	1,876,202	2,088,138	2,216,203	2,226,045	2,000,677	2,314,349	2,301,901
Intergovernmental revenues	613,421	622,683	915,625	932,207	619,028	1,248,119	1,148,210	823,713	776,649	1,267,043
Charges for services	37,844	21,052	18,027	17,792	98,303	174,207	190,052	284,577	235,133	257,876
Fees, licenses, and permits	58,330	60,211	64,787	59,905	67,558	85,457	82,370	76,482	80,183	95,176
Other revenues	184,889	120,226	54,225	54,479	21,066	79,594	66,321	119,196	176,141	309,833
Total	<u>\$ 2,466,899</u>	<u>2,391,553</u>	<u>2,954,467</u>	<u>2,940,585</u>	<u>2,894,093</u>	<u>3,803,580</u>	<u>3,712,998</u>	<u>3,304,645</u>	<u>3,582,455</u>	<u>4,231,829</u>
<u>Expenditures:</u>										
Security of persons and property	\$ 985,386	1,000,867	1,152,012	1,179,341	1,289,307	1,418,490	1,505,843	1,507,263	1,521,808	1,552,470
Public health services	65,857	20,134	65,865	49,440	40,293	44,581	28,194	28,698	30,649	30,283
Leisure time activities	149,876	158,916	159,800	159,124	154,510	179,333	222,604	207,763	201,736	233,209
Community environment	100,445	83,635	99,866	122,831	142,130	236,038	180,971	202,192	200,652	195,631
Basic utility services	46,908	52,848	-	-	-	-	-	-	-	-
Transportation	229,536	260,410	285,356	232,651	226,005	309,890	386,444	356,965	303,475	378,728
General government	454,893	579,046	466,813	439,502	365,107	821,944	768,678	663,438	664,781	659,093
Other	-	-	-	-	-	-	19,064	23,564	115,864	78,030
Capital outlay	649,212	1,375,420	594,748	703,932	373,111	1,258,882	608,022	157,228	225,108	932,496
Debt service	80,070	100,628	137,275	139,471	136,230	155,756	263,068	560,787	566,864	883,592
Total	<u>\$ 2,762,183</u>	<u>3,631,904</u>	<u>2,961,735</u>	<u>3,026,292</u>	<u>2,726,693</u>	<u>4,424,914</u>	<u>3,982,888</u>	<u>3,707,898</u>	<u>3,830,937</u>	<u>4,943,532</u>

Note: 1990 through 1999 on GAAP basis of accounting.
Financial information provided excludes other financing sources and uses.

CITY OF LOUISVILLE, OHIO

Property Tax Levies and Collections

Last Ten Years and

Largest Property Tax Payers by Assessment

Table 2

<u>Property tax</u>		<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Net tax levy		\$ 244,802	237,805	247,947	228,437	232,564	256,749	257,556	273,493	296,062	337,665
Taxes collected		\$ 240,747	234,118	244,578	225,532	229,119	254,792	254,520	269,138	290,543	331,196
Percentage collected		98.34%	98.45%	98.64%	98.73%	98.52%	99.24%	98.82%	98.41%	98.14%	98.08%
<u>Name of Taxpayer</u>	<u>Assessment</u>	<u>Percent</u>	<u>Name of Taxpayer</u>	<u>Assessment</u>	<u>Percent</u>	<u>Name of Taxpayer</u>	<u>Assessment</u>	<u>Percent</u>	<u>Name of Taxpayer</u>	<u>Assessment</u>	<u>Percent</u>
Real Property											
HP Products Inc.	\$ 1,424,210	4.6 %	J&L Specialty Steel Inc.	\$ 14,737,290	47.9 %						
J&L Specialty Steel Inc.	1,393,000	4.5	HP Products Inc.	1,642,220	5.3						
Louisville Ventures Ltd.	963,070	3.1	RMI Titanium Co	1,058,500	3.4						
Frederick K & Judith R Peters	698,590	2.3	Ohio Transformer Inc.	870,920	2.8						
Roy T Rhodes	585,970	1.9	Transportation Center of Louisville	543,640	1.8						
Samuel Ron	530,410	1.7	Sypolt Chevrolet & Charda Inc.	450,850	1.5						
Donald W JR & Sue Ann Gettgey	477,780	1.6	Louisville Foods Inc.	424,750	1.4						
Samuel Ron & Bilha	454,991	1.5	Meridian Leasing Corporation	377,830	1.2						
WNBC Realty Inc.	398,870	1.3	Jim Edwards Ford	343,480	1.1						
J B Metzger Co	348,650	1.1	Triology Plastics Inc.	335,910	1.1						
				\$ 30,783,691	100 %						
Public Utility (Real and Personal Property)											
Ohio Power	\$ 1,551,700	5.0 %									
Ohio Bell Telephone	763,550	2.5									
East Ohio Gas	232,700	0.8									
Cleveland Electric	174,810	0.6									

Source: Stark County Auditor

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

CITY OF LOUISVILLE, OHIO
 Direct and Overlapping Property Tax Rates and
 Assessed and Estimated Valuation of Property
 Last Ten Years

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Property tax rates - All direct and overlapping governments (per \$1,000 of assessed tax valuation)										
Joint Vocational	3.20	3.20	3.20	3.20	3.20	2.00	2.00	3.50	3.50	3.30
Stark County	8.00	9.40	9.40	9.40	9.40	8.40	10.30	9.80	10.10	10.10
Louisville Schools	39.20	41.10	41.10	49.00	49.00	49.00	49.00	49.00	49.00	49.00
City of Louisville	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80	2.80
Total	<u>53.20</u>	<u>56.50</u>	<u>56.50</u>	<u>64.40</u>	<u>64.40</u>	<u>62.20</u>	<u>64.10</u>	<u>65.10</u>	<u>65.40</u>	<u>65.20</u>
Assessed valuation										
Real property	\$ 58,358,050	59,373,510	63,417,850	63,903,610	65,265,950	75,100,860	75,457,790	78,011,150	89,793,620	92,523,760
Public utility	3,648,610	4,154,340	4,434,500	4,452,520	4,573,730	4,642,160	4,481,580	4,345,260	4,359,640	4,415,780
Personal property	25,422,429	21,402,436	20,699,967	19,903,814	19,783,249	20,490,978	21,421,120	24,855,325	22,544,697	23,654,903
Total	<u>\$ 87,429,089</u>	<u>84,930,286</u>	<u>88,552,317</u>	<u>88,259,944</u>	<u>89,622,929</u>	<u>100,233,998</u>	<u>101,360,490</u>	<u>107,211,735</u>	<u>116,697,957</u>	<u>120,594,443</u>
Estimated valuation										
Total	<u>\$242,670,640</u>	<u>249,797,397</u>	<u>242,657,960</u>	<u>253,006,620</u>	<u>252,171,269</u>	<u>286,382,851</u>	<u>286,382,851</u>	<u>314,082,680</u>	<u>333,422,734</u>	<u>344,555,551</u>

Source: Stark County Auditor's Office
 Note: There are no debt service levies in the City millage.

CITY OF LOUISVILLE, OHIO
 Computation of Legal Debt Margin and
 Direct and Overlapping Debt Analysis
 December 31, 1999

Total assessed valuation \$ 120,594,443

Legal Debt Margin - Unvoted Debt:

Debt limitation - 5.5% of assessed valuation \$ 6,632,694

Debt applicable to limitation:

Total bonded debt, loans and notes	\$ 7,372,229
Exempt debt:	
Water revenue bonds	1,385,000
Sewer bond anticipation note	335,000
Water bond anticipation note	300,000
OPWC Loan	427,229
Debt payable from income tax	<u>4,360,000</u>

Total debt applicable to limitation \$ 565,000

Legal debt margin \$ 6,067,694

Legal Debt Margin - Unvoted and Voted Debt:

Debt limitation - 10.5% of assessed valuation \$ 12,662,417

Debt applicable to limitation:

Total bonded debt, loans and notes	\$ 7,372,229
Exempt debt:	
Water revenue bonds	1,385,000
Sewer bond anticipation note	335,000
Water bond anticipation note	300,000
OPWC Loan	427,229
Debt payable from income tax	<u>4,360,000</u>

Total debt applicable to limitation \$ 565,000

Legal debt margin \$ 12,097,417

Overlapping Debt Allocations:

	<u>Assessed valuations</u>	<u>Net debt outstanding</u>	<u>Percentage applicable to City</u>	<u>Amount applicable to City</u>
City of Louisville	\$ 120,594,443	\$ 7,369,110	100%	\$ 7,369,110
Louisville Schools	\$ 250,660,742	\$ -	48.1%	\$ -
Stark County, Ohio	\$5,580,857,777	\$ 40,926,363	2.2%	\$ 884,361

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

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>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
<u>General Obligation Debt</u>										
Assessed value	\$ 87,429,089	84,930,286	88,552,317	88,259,944	89,622,929	100,233,998	101,360,490	107,211,735	116,697,957	120,594,443
Population	8,087	8,115	8,115	8,200	8,250	8,492	8,596	8,652	8,728	8,818
Debt outstanding	\$ 5,236,585	5,145,931	6,115,000	6,110,000	5,495,000	5,295,000	5,080,000	5,255,000	5,715,000	5,560,000
Ratio of debt to assessed value	5.99	6.06	6.91	6.92	6.13	5.28	5.01	4.90	4.90	4.61
Debt per capita	\$ 648	634.13	753.54	745.12	666.06	623.53	590.97	607.37	654.79	630.53
<u>General Bonded Debt</u>										
Debt service	\$ 1,786,470	1,754,351	137,275	139,470	136,230	137,840	139,103	542,871	505,963	495,385
General governmental expenditures	\$ 2,762,183	3,631,904	2,961,735	3,026,292	2,726,693	4,424,914	3,982,888	3,707,898	3,830,937	4,943,532
Ratio of debt service to general governmental expenditures	64.68	48.30	4.63	4.61	5.00	3.12	3.49	14.64	13.21	10.02
<u>Water Revenue Bond</u>										
Revenues ¹				\$ 712,687	1,024,715	940,252	730,767	1,004,656	1,069,591	
Operating expenses ²	No debt service until 1994			\$ 361,393	425,853	585,479	632,378	555,612	677,359	
Net revenue available for debt service				\$ 351,294	598,862	354,773	98,389	449,044	392,232	
Debt service requirements				\$ 145,610	144,097	147,118	144,718	147,198	144,338	
Coverage				2.41	4.16	2.41	0.68	3.05	2.72	

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

CITY OF LOUISVILLE, OHIO
 Residential and Commercial Building Permits,
 Bank Deposits and Unemployment Rates
 Last Ten Years

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
<u>Building permits</u>										
<i>Residential:</i>										
Number issued	41	47	30	28	56	52	40	32	34	34
Value	\$ 1,734,400	2,696,400	2,297,200	1,671,578	4,739,217	4,518,248	4,106,444	4,107,800	5,013,650	4,606,083
<i>Commercial:</i>										
Number issued	4	2	1	2	14	11	3	7	4	8
Value	\$ 1,343,000	1,008,000	3,500,000	1,500,000	797,312	920,000	730,000	2,565,000	1,040,000	4,084,500
<u>Bank deposits (000's omitted)</u>										
Stark County	\$ 1,483,350	738,397	779,601	803,704	848,654	1,589,558	1,570,223	1,623,273	843,638	916,844
<u>Unemployment rates</u>										
Stark County	6.2	6.9	7.4	6.9	6.8	5.3	5.4	4.8	4.1	4.3
State of Ohio	5.7	6.4	7.1	6.5	6.3	4.8	4.9	4.6	3.9	4.3
United States	5.5	6.7	7.0	6.8	7.0	5.2	5.4	4.4	4.3	4.2

Source: City of Louisville, Building Department
 Federal Reserve Bank of Cleveland, Ohio
 Society National Bank deposits and Bank One deposits were credited to
 Cuyahoga County; beginning in 1989 and 1991 respectively. In 1995 First National
 Bank of Ohio acquired a savings and loan institution which was not previously included.
 Ohio Bureau of Employment Services, Division of Research and Statistics

CITY OF LOUISVILLE, OHIO

Table 7

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

<u>Employer</u>	<u>Industry</u>	<u>Number of Employees</u>
J&L Specialty Steel, Inc. ¹	Stainless steel	453
H-P Products ²	Specialty tubing	439
Louisville City Schools	Public education	340
Louisville Foods	Grocery	287
St. Joseph's Hospice	Hospice facility	206
Ohio Transformer	Transformer rebuilding	130
St. Thomas Aquinas	Private High School	117
YMCA	Nonprofit activity center	117
City of Louisville	Municipal government	113
Trilogy	Plastics manufacturing	84

<u>Year</u>	<u>Collections</u>
1990	\$ 1,795,393
1991	1,788,989
1992	1,947,656
1993	2,208,825
1994	2,636,500
1995	2,746,480
1996	2,595,461
1997	2,410,044
1998	2,548,673
1999	2,671,288

Source: City of Louisville, Income Tax Department

Notes: Presented on a cash basis.

¹ Taxpayers that provide more than 5 percent of income tax revenue

CITY OF LOUISVILLE, OHIO

Table 8

Miscellaneous Statistics, December 31, 1999
Population and School Enrollment Last Ten Years

Date of incorporation	1,872	Area (square miles)	4.81
Form of government	Council-Manager	Miles of Streets	45.7
Employees		Number of street lights	687
Classified service	67	Number of traffic lights	7
Exempt	57	Wastewater Treatment Department	
Fire Protection		Number of treatment plants	1
Number of stations	1	Number of customers	3,096
Number of part-time personnel	30	Treatment plant capacity (million gallons/day)	2
Police Protection		Average flow treated daily (gallons)	1,864,000
Number of stations	1	Percent of capacity	93
Number of full-time officers	13	Collection system (miles)	35.00
Number of part-time officers	8	Recreation and cultural	
Municipal Water Department		Number of parks	7
Number of treatment plants	1	Total park acreage	146
Number of customers	3,128	Number of libraries	1
Treatment plant capacity (million gallons/day)	1.5	Number of volumes in library	109,870
Average water treated daily (gallons)	980,000		
Percent of capacity	73		
Distribution system (miles)	40.70		

Population and School Enrollment

<u>Year</u>	<u>Population</u>	<u>School Enrollment</u>
1990	8,087	2,974
1991	8,115	2,979
1992	8,115	2,979
1993	8,200	2,971
1994	8,356	3,032
1995	8,492	3,048
1996	8,596	3,085
1997	8,652	3,076
1998	8,728	3,108
1999	8818	3187

Source: City of Louisville, Department of Finance
Population. 1990-United States Census Bureau;
all other years (except 1994)- Ohio Data Users Center,
1994-Louisville Planning Department
Enrollment. Louisville City Schools

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

Members of the City Council
City of Louisville
Louisville, Ohio 44641

We have audited the financial statements of City of Louisville as of and for the year ended December 31, 1999, and have issued our report thereon dated June 9, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether City of Louisville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Louisville's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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



Lennon & Company
Certified Public Accountant
June 9, 2000





STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

CITY OF LOUISVILLE

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 21, 2000**