

City of Ashtabula

SINGLE AUDIT REPORTS

December 31, 2006



Mary Taylor, CPA
Auditor of State

Members of Council
City of Ashtabula
4717 Main Avenue
Ashtabula, Ohio 44004

We have reviewed the *Independent Auditor's Report* of the City of Ashtabula, Ashtabula County, prepared by S.R. Snodgrass, A.C., for the audit period January 1, 2006 through December 31, 2006. 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 Ashtabula is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 24, 2007

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City of Ashtabula, Ohio

For The Year Ended December 31, 2006

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**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
In Accordance With *Government Auditing Standards***

Members of Council
City of Ashtabula
Ashtabula, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ashtabula, Ohio, as of and for the year ended December 31, 2006, which collectively comprise the City of Ashtabula, Ohio's basic financial statements and have issued our report thereon dated July 23, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Ashtabula's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ashtabula's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as item 2006-1 and 2006-2.

We noted certain matters that we reported to the management of the City of Ashtabula in a separate letter dated July 23, 2007.

This report is intended solely for the information and use of management, members of council, Auditor of State's Office, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

S. R. Ludgus AC.

July 23, 2007



**Report on Compliance with Requirements Applicable
to Each Major Program and on Internal Control Over Compliance
in Accordance With OMB Circular A-133**

Members of Council
City of Ashtabula
Ashtabula, Ohio

Compliance

We have audited the compliance of the City of Ashtabula, Ohio, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The City of Ashtabula's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Ashtabula's management. Our responsibility is to express an opinion on the City of Ashtabula's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Ashtabula's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Ashtabula's compliance with those requirements.

In our opinion, the City of Ashtabula complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings as items 2006-1 and 2006-2.

Internal Control Over Compliance

The management of the City of Ashtabula is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Ashtabula's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in the City's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Members of Council
City of Ashtabula
Report on Compliance with Requirements Applicable to
Each Major Program and on Internal Control Over Compliance
in Accordance With OMB Circular A-133
Page 3

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Ashtabula as of and for the year ended December 31, 2006, and have issued our report thereon dated July 23, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information of management, members of council, Auditor of State's Office and federal awarding agencies and pass-through entities and it is not intended to be and should not be used by anyone other than these specified parties.

S. R. Hodgson AC

July 23, 2007

City of Ashtabula, Ohio
Schedule of Expenditures of Federal Awards
For The Year Ended December 31, 2006

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Community Development Block Grant/States Program</i>			
Formula Allocation Program	14.228	A-F-04-085-1	3,840
Formula Allocation Program	14.228	A-F-05-085-1	109,308
Community Housing Improvement Program	14.228	A-C-04-085-1	16,458
Revolving Loan Funds	14.228	N/A	32,059
			<u>161,665</u>
<i>Community Development Block Grant/Entitlement Grants</i>			
Community Housing Improvement Program	14.239	A-C-04-085-2	173,631
<i>Community Development Block Grant/Small Cities Program:</i>			
Revolving Loan Funds	14.219	N/A	184,181
Total passed through Ohio Department of Development			<u>519,477</u>
Total U.S. Department of Housing and Urban Development			519,477
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
Assistance To Firefighters Grant Program	97.044	EMW-2005-FG-10919	28,368
Total Federal Emergency Management Agency			28,368
Total Expenditures of Federal Awards			<u>\$ 547,845</u>

The accompanying notes to this schedule are an integral part of this schedule.

City of Ashtabula
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2006

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards summarizes activity of the City of Ashtabula's federal award programs. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The City of Ashtabula has established revolving loan programs to provide low-interest loans to businesses to create jobs for persons from low to moderate income households and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City of Ashtabula passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Expenditures of Federal Awards. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the schedule.

These loans are collateralized by personal guarantees, assigned insurance and/or mortgages on the property. At December 31, 2006, the gross amount of loans outstanding under these programs was \$216,240. This amount was included as part of the federal disbursements by the City in determining the audit requirements for major and nonmajor programs in accordance with the OMB Circular A-133.

City of Ashtabula, Ohio

**Schedule of Findings
OMB Circular A-133, Section .505**

December 31, 2006

1. Summary of Auditors' Results

(d)(I)(I)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	No
(d)(I)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(I)(iv)	Were there any other significant control deficiencies reported for major federal programs?	No
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .510?	Yes
(d)(I)(vii)	Major Programs	CFDA #14.239 - CDBG/Entitlement Program; CFDA #14.228 - CDBG/State Program; CFDA #14.219 - CDBG/Small Cities Program
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A:> \$300,000 Type B: All Others
(d)(I)(ix)	Low Risk Auditee?	No

**2. Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

There were no findings related to the financial statements required to be reported in accordance with GAGAS in 2006.

City of Ashtabula, Ohio

Schedule of Findings
OMB Circular A-133, Section .505

December 31, 2006

3. Findings for Federal Awards

2006-1 Cash Management

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CFDA 14.239 HOME INVESTMENT PARTNERSHIP PROGRAM

Statement of Condition: The following is an instance where the City had excess cash on hand:

CFDA 14.239 HOME INVESTMENT PARTNERSHIP PROGRAM

- Cash on hand averaged over \$8,000 for the entire year.

Criteria: The OHCP Housing Rehabilitation Handbook (in accordance with OMB A-102) requires the grantee to develop a cash management system to ensure compliance with the Fifteen Day Rule relating to disbursement of funds. This rule requires that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipt.

Cause of Condition: The funds were drawn in anticipation of paying contracts being completed but they were not completed in the estimated time.

Recommendation: The City should use other funds and request the drawdowns on a reimbursement basis.

Response: The City agrees with the finding and has considered other alternatives for fiscal year 2007.

City of Ashtabula, Ohio

Schedule of Findings
OMB Circular A-133, Section .505

December 31, 2006

2006-2 Reporting

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CFDA 14.219 Community Development Block Grant/Small Cities Program
CFDA 14.228 Community Development Block Grant/States Program

Statement of Condition: The City did not meet the reporting requirements for these programs (revolving loan funds). Two separate instances were found where the Semi-Annual Program Income Report was filed late for the first half of 2006. Two separate instances were found where no Semi-Annual Program Income Report was filed for the second half of 2006.

Criteria: The CHIP grant agreements state that the grantee shall submit a Semi-Annual Program Income Report every six months.

Cause of Condition: The person who used to prepare these reports retired at the end of the year 2005. The City hired an outside firm to manage the Housing department for 2006 and subsequently, hired two new individuals near the end of 2006 to manage the department.

Recommendation: The City should prepare the reports according to agreements.

Response: The City agrees that the reports should be filed and believes all the necessary reports will be filed in the future on a timely basis.

CITY OF ASHTABULA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2006

ISSUED BY AUDITOR'S OFFICE

Michael A. Zullo, CPA
City Auditor

Karen S. Jury
City Deputy Auditor

TREASURER'S OFFICE

Lori Mackey
City Treasurer

CITY OF ASHTABULA
OFFICE OF CITY MANAGER

MUNICIPAL BUILDING
4717 MAIN AVENUE
ASHTABULA, OHIO 44004

ANTHONY J. CANTAGALLO
CITY MANAGER



(440) 992-7103
Fax: (440) 992-4515

June 7, 2007

Citizens of Ashtabula:

My second year in office has seen many improvements in the effort to clean up the City of Ashtabula. 475 plus junk vehicles have been removed from yards and streets, 500 plus tons of trash have been removed, (*which is over and above normal trash pick up*), cleaning of Walnut Beach, and the ongoing removal of trees and tree stumps throughout the city.

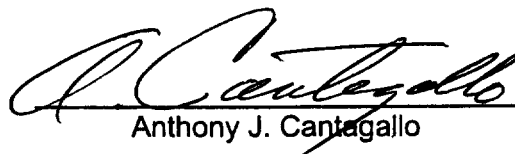
Dredging of the Ashtabula River will be complete in October of this year. The long awaited project went underway this past spring, and has and will prove to be as beneficial as anticipated.

Plans are underway for upcoming State and Federal funded infrastructure projects that will enhance our City's streets and sewers. The most recent being the West Avenue Bridge Rehabilitation project, the Rehabilitation of the Ashtabula Lift Bridge, and the Harbor Streetscape project, all of which are vital to the Harbor District of the City. The West Avenue Rail Grade Separation Project has progressed to the next step for acquisition of real estate, in an effort to complete demolition of the homes at the location of the site. Once this step is complete, right of way acquisition and utility relocation can proceed and project construction can follow shortly thereafter.

Equipment purchase of a new sewer jet and a new plow truck for the Public Works Department will provide better service to our community. The much needed equipment will improve maintenance for our storm drains and sewers as well as snow removal.

The Community Housing Improvement Program (CHIP) FY06 grant application for the City of Ashtabula was accepted by the State of Ohio, providing the City of Ashtabula with another round of funding to rehabilitate housing, as well as down payment assistance for qualified individuals

The City of Ashtabula will take advantage of every opportunity provided to secure funding through State and Federal programs in an effort to maintain and develop infrastructure and the aesthetics of our City.


Anthony J. Cantagallo

INTRODUCTORY SECTION

City of Ashtabula, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2006
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CITY OF ASHTABULA
OFFICE OF THE CITY AUDITOR

4717 MAIN AVENUE
ASHTABULA, OHIO 44004

MICHAEL A. ZULLO, CPA
CITY AUDITOR



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July 23, 2007

Citizens of Ashtabula
City Manager, Anthony Cantegallo
and Members of City Council
City of Ashtabula, Ohio

I am pleased to present the City of Ashtabula's (the City) Comprehensive Annual Financial Report (CAFR) for the calendar year ended December 31, 2006. This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file an annual report with the Auditor of State within one hundred and fifty days of fiscal year end.

In preparing this report, the City Auditor, Deputy City Auditor, and the City Treasurer stress the ongoing commitment of the City of Ashtabula to follow nationally recognized standards of excellence in financial reporting, a commitment shared by a growing number of governmental entities in Ohio. Management assumes full responsibility for the information contained in this report based upon a comprehensive frame-work of internal control that has been established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from any material misstatements.

Under Ohio law, regular audits are required to be performed on all financial related operations of the City. These audits may be done by either the State Auditor's Office or, if the State Auditor permits an independent public accounting firm. S R Snodgrass has issued an unqualified ("clean") opinion on the City of Ashtabula's financial statements for the year ended December 31, 2006. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Ashtabula is located on the south shore of Lake Erie, fifty-six miles east of Cleveland, Ohio. On April 6, 1891, the village of Ashtabula was incorporated into a city under the laws of the State of Ohio. According to the 2000 census, the City's population was 20,962. The Ashtabula County area population is now estimated at approximately 102,728.

The City's area is 7.6 square miles with other areas considering annexation into the City corporation limits. The City of Ashtabula is five hundred ninety feet above sea level.

Ashtabula was named by the Indians. The word was originally pronounced "Hash - Ta La," and its name, meaning "River of Many Fish," was first applied to what is now the Ashtabula River.

Those who decided to settle on the west bank of the Ashtabula River Gulf in the early 1800's faced the challenge of clearing forest land with crude tools, raising and storing food, and building shelters to protect themselves from the elements. Although the task was formidable, a small number of settlers responded to the challenge and helped the area become a borough, a village, and eventually, a city.

The City of Ashtabula has one of the finest harbors on the Great Lakes. In terms of tonnage shipped in and out, Ashtabula is one of the largest coal and iron ore ports on the Great Lakes. The facility uses a coal loader, which is the newest and best of its kind on the Lakes. The Port of Ashtabula generally receives more iron ore and rubber than any other lake port and ships out tremendous quantities of coal. The entire harbor is dredged and canalized to the highest Great Lakes' standards, enabling the docks to serve vessels of any size.

The Port of Ashtabula has also become a fisherman's paradise. The walleye-fishing boom out of Ashtabula has exceeded all expectations. In addition to private boating, the area's charter boat fleet has increased from four boats in 1984 to well over one hundred sport fishing charters running out of the Port of Ashtabula in 2006. The Port of Ashtabula is one of the area's most valuable assets.

The chief industries of the City and surrounding territory are manufacturing, agriculture, dairying, coal, iron ore, rubber and transportation, including shipping. Industries such as Molded Fiberglass today produce compression molded parts, with 500 employees at two Ashtabula plants. The "sandwich" of plastic, resin, glass, resin and plastic is about 30 times stronger than normal plastic. MFG Body Co. was the original molder of the Corvette (in 1953), but today automotive is only one part of its business. Another big industry in Ashtabula is the paint pigment business of Plasticolors. These pigments are used in the coloring of paints used not only in the interior and exterior of your home, but also in paints for automobiles.

Within its boundaries, the City of Ashtabula has twenty-one public and private elementary and secondary schools, including nine public elementary schools; three junior high schools, one of which is a parochial school; one public and one private high school. Approximately 4,385 students are enrolled in public schools and 308 in parochial and private schools.

The Ashtabula Campus of Kent State University is a three-building, one hundred twenty-acre facility, located on State Route 531 at the western border of the City. In most cases, pre-baccalaureate students are able to complete two full years of a four-year degree available in the four colleges of the University: Arts and Sciences, Business Administration, Education, and Fine and Professional Arts. The Nursing Program is the most noted of the four colleges' specialties.

The City maintains ten public parks; two are located on the lakefront and are popular bathing and amusement resorts during the summer season. Lake Shore Park offers a picnic pavilion, a swimming area, new boat launching ramps, and new beach facilities. Walnut Beach Bathhouse, a brick structure that houses spacious dressing rooms equipped with showers, is free to the public. Food and soft drinks are served at a modern lunch counter and are available during the summer. The extensive facilities with sandy beaches make this resort one of the most attractive swimming and recreation areas on Lake Erie.

City residents purchase water service from the Ohio American Water Company, located in the City. The daily average water pumpage is 6,525,000 gallons. The Firstenergy/Illuminating Company provides electricity. The newest electrical generating facility available to Firstenergy is the Perry Nuclear Power Plant, which is located approximately twenty-five miles from Ashtabula. Natural gas is supplied by the Dominion East Ohio Gas Company, which has over eight hundred miles of gas lines in the City. ALLTEL provides local telephone service, and Adelphia Cable Company provides cable television services.

City Government

The City of Ashtabula is a home rule municipal corporation established under the laws of the State of Ohio and operated under its own charter. The current charter, which provides for a City Manager - City Council form of government, was adopted on January 1, 1916. A council of seven members, five ward and two at-large representatives, is elected to serve for four-year terms. The at-large candidate receiving the most votes becomes the council president, and the other at-large candidate becomes the vice president. The City Manager and the City Solicitor are elected by a vote of the people and also serve for four-year terms. The Counsel selects the City Auditor and City Treasurer. Good government is reflected in the City's low property tax rate of \$11.11 per \$1,000 of assessed valuation.

To provide necessary services to its citizens, the City of Ashtabula is divided into departments and financial management and control systems. Services provided include police and fire protection, garbage and rubbish disposal, street maintenance, construction and repair, cultural, parks and recreational facilities, a municipal court, and a staff to provide support (i.e., payroll processing and accounts payable) to the service providers. The operation and control of these activities are provided by the City Council through the budgetary process and by the City Manager through administrative and managerial requirements and procedures. All are responsible to the citizens of Ashtabula and are included as part of the reporting entity. All elected officials, with the exception of the City Manager, serve on a part-time basis.

Employee Relations

The City has one hundred and eighty one employees, including part time workers. Full time employees may join one of the bargaining units for their group as determined by the State Employee Relations Board (SERB). The three unions in the City are:

Name	Contract Expires	Membership
AFSCME Local #1197	April 30, 2009	68
Fraternal Order of Police, Lodge #26	April 30, 2009	30
International Association of Firefighters, Local #165	April 30, 2009	24

The remaining full time employees are either not authorized to join a bargaining unit or have elected not to do so. The City of Ashtabula and AFSCME Local #1197, Fraternal Order of Police, and the International Association of Firefighters have come to terms on three-year contracts. All nonunion employees including department heads will receive the same pay increases and follow the same contract changes.

In the judgment of the City Management, the City's employee relations have been stable and are expected to remain so.

Economic Conditions

The City of Ashtabula is committed to the revitalization of existing resources and the search for new ways to improve the economic outlook of the community. Several enterprise zones have been established by the City of Ashtabula. City Council will execute agreements with certain businesses for the purpose of establishing, expanding, renovating or occupying facilities, hiring new employees and preserving jobs within the zone, in exchange for specified local tax incentives granted by the City. The City's first enterprise zone has grown very rapidly as every piece of property within this zone is occupied by a local small business. The City Port Authority's next enterprise zone is fifty acres of land at the end of State Route 11, within the City boundaries. The City was recently awarded a \$400,000 infrastructure grant to help with the enormous cost of installing the needed infrastructure in this park. City Council is also reviewing a long list of covenants which may be included as part of this Business Park. The City is very optimistic about future growth of businesses and employment in this business park.

Using federal funds, the City of Ashtabula has established a revolving loan program. The program provides direct, low-interest construction loans to small businesses and industries to encourage their success and future growth and to create and retain permanent jobs for low and moderate income City residents. The City Department of Housing and Community Development and a five-member Loan Review Committee serve as an independent administrative board and are responsible for administering the revolving loan fund. Since the program's inception, twenty-three viable inquiries have been made, eleven full applications have been received and six applicants were approved for funding.

Time Warner has purchased the Adelphia Cable customers in our area. Time Warner has committed to continuing the improvements in the service area by installing state-of-the-art equipment and expanding the options provided to its customers. Time Warner will continue to broadcast City Council meetings live on the local government access channel, bringing the workings of City government to all citizens. Among the programs Time Warner makes available to citizens are Pay-Per-View Sports Events. New choices including digital service make available Sports and Comedy channels, Court TV and many other new premium channels including a Spanish-speaking channel. Time Warner is also offering Roadrunner high speed internet to our residents. The internet service provided is an alternative to dial-up service or local DSL services.

The Walnut Beach area comprises approximately twenty-two acres with one thousand feet of Lake Erie frontage. This area is important to the City as a prime site for recreation, accommodating over a thousand boats yearly from the Ashtabula River and adjacent marinas. A roped-off swimming area, with anchor docking, does make Walnut Beach attractive to the fast growing boating population. To enhance the area, a revitalization program to clean the beach area continues. Improvements to the existing bathhouse, the building of more pavilions, the construction of a public docking facility and additional lighting continue to be implemented. Private donations continue to be received to help accelerate the planned improvements. These improvements will result in extended boating and swimming hours and a longer season for tourists and the citizens of Ashtabula to enjoy Walnut Beach, a beautiful natural resource.

Another project, known as the Ashtabula River deep water dredging, did get underway in 2006. The project did go out for bid in January of 2006 with actual sediment removal starting on September 1, 2006. This project will provide a twelve-foot deep river and will remove any remaining toxins. Several government bodies and agencies have committed funds for this expensive project. The State of Ohio has budgeted seven million dollars, the federal government has committed twenty-two million and the Army Corp of Engineers has pledged eleven million dollars for this project. With the growth of recreational boating on the river and on Lake Erie, the number of boats docked at marinas on the river has grown from 150, eight years ago, to over 1,000 today. Most marinas' dock space is filled to capacity. The dredging of the Ashtabula River should result in more available dock space for this growing recreational activity.

A working relationship was established between the City's administration and the Downtown Merchants' Association. Through combined efforts of the Administration and the Association, a sign program was implemented. Signs were placed in visible spots around Ashtabula, directing visitors to the downtown area. New downtown stores have opened as a direct result of the City's and the Association's efforts.

The scope of responsibility of the City of Ashtabula's Port Authority was broadened. The Port Authority became active in surveying land Citywide for future industrial development, particularly for an additional industrial park. The Port Authority has put together the West 38th Street Enterprise Zone, filling every available site with new business attracted to the area. The newest City business park at the end of State Route 11 will hopefully be available by the summer of 2007. The Port Authority is working on extending the current transient dock in the river to allow boaters from any other port to tie up their boats and enjoy Bridge Street's many fine shops and restaurants. The Port Authority was also instrumental in building one of the most modern coast guard stations ever built on the great lakes, as they borrowed money from the City's revolving loan fund and built the station for the coast guard who in turn signed a twenty-year lease. The United States Coast Guard has begun construction on expanding our coast guard station to accommodate another crew. This additional staffing is a direct result of September 11, 2001 and the concern for the ports as well as Perry Nuclear Power Plant located 25 miles west of Ashtabula. Security has been dramatically increased at this plant with many hours of patrolling the lakefront.

With the help of programs through the Ohio Department of Development and the Ohio Department of Transportation, the County obtained State and Federal grants to continue the public transportation system, which is now administered by Ashtabula County. The County runs the day-to-day operations of the bus system out of a City owned and maintained building. The City contributes \$31,000 to the system, as well as inkind monies for repairs and maintenance of the bus garage building.

The City of Ashtabula continues to change for the better. By networking, team building, re-establishing working relationships and citizen friendships, implementing program planning and enhancing its natural resources, the City of Ashtabula is experiencing the 2000's as a "Decade of Difference," while doing aggressive planning for the future.

Major Initiatives

Construction and major renovations on many of Ashtabula's roads took place during 2006. The City of Ashtabula did commit \$688,844 to street paving and infrastructure reconstruction projects. With regular side street paving costing \$460,869 dollars the remainder was spent on various road improvement projects and street lighting replacements like the West Avenue, Lake Avenue, Carpenter Road intersection that received all new signalization with siren activation of all lights red so emergency vehicles have an easier time crossing this narrow bridge. The traffic lights at this intersection did cost the City approximately \$72,500. The City continued the process of building a new West Avenue Grade Separation overpass over the Norfolk Southern tracks. During 2006, properties were being acquired by the State of Ohio then deeded to the City of Ashtabula. The City has been awarded a \$4,000,000 grant for future construction of this overpass project which is slated for construction in 2008. The City also paid \$40,840 for engineering for the rehabilitation of the existing West Avenue overpass which spans the main CSX railroad lines. This project has a projected cost of \$1,000,000 and is being funded by the State of Ohio, with construction to take place in 2008. The construction group NRP completed construction of thirty new homes in the City of Ashtabula. This second round of additional homes has brought the total new construction of homes by NRP to seventy. These new homes are for moderate-income families who rent to own the homes. After renting the home for ten years, the renter is given the opportunity to purchase the home at a reduced rate. The incentive to maintain the home, as the renter may become the owner, was an interesting project to City Council.

The City of Ashtabula is in the final stages of designing and constructing a one million gallon retention basin. This basin should stop any overflow of sanitary and storm water from overflowing into the Ashtabula River. The overflows and backup into household basements only occur during very heavy rain events. The one million gallon basin is projected to cost approximately 3.4 million dollars plus any interest expense. The City did install the newest piece of

equipment to automate our treatment plant called a centrifuge. This centrifuge takes the place of operators and old belt press machines for pressing the water out of our sludge. The City was running the presses at the wastewater treatment plant sixteen hours per day seven days per week. It takes two operators per shift to handle the process. The new centrifuge should handle all of the sludge in as little as six hours per day, five days per week. The system only requires one operator per day to handle this processing. The cost of the centrifuge carries a big price tag of \$325,000 but payback from reduced wages should take only 2 years when employee benefits are also factored in.

The City of Ashtabula's participation in the United States Construction Grants Program has been completed. After a review of the Wastewater Treatment Plant and Sewer Improvements Project Performance Certification Report, the program's certification was approved for 2006 to allow the City to continue operations and maintain its wastewater treatment plant.

The City of Ashtabula focused on recreation, paving and sidewalk reconstruction in 2006. The City did contract with several different bands to play at Walnut beach during the summer of 2006 luring thousands of people to our City and great sandy beach. The concerts were a great hit and already plans are in the making for different bands with different music to be playing at Walnut beach during the summer of 2007. The City of Ashtabula offered a homeowner up to \$.50 per square foot reimbursement for the replacement of any broken pieces of sidewalks. The reimbursement is equal to approximately sixty percent of the total cost. Several large park projects including a major study of the walnut beach area and the plants which must be removed were in process. Smith Field, which is the City's biggest and most used recreation complex, had the baseball playing field completely redone. New bleachers, fencing and parking area were also added at Smith Field and many improvements to the pond were completed during the year. The biggest improvement was the addition of lights on the walking track and improvements to the current lighting system for the baseball field. With the lights added, the track is now used consistently from 6am to 10pm daily. The lighting project did receive a fifty thousand dollar State grant. In the near future, we will see nighttime high school baseball games as well as evening and night softball games at Smith field. I believe that all members of the administration are very surprised at the amount of usage the walking track is experiencing, and we are excited about night time sports at the field.

With the use of Community Development Block Grant funds, the Division of Housing and Community Development continued its efforts to rehabilitate the existing housing inventory in the City of Ashtabula. Specific activities include the Comprehensive Neighborhood Revitalization Program in Ashtabula Harbor, the Section 17 Rental Rehabilitation Project and scattered site demolition, the Certificate of Occupancy Rental Inspection Program, the Minimum Housing Code Inspection Program and Fair Housing. These activities contribute to the health and safety of the community thru rehabilitation and code enforcement efforts. The programs offered and administered by the Division of Housing and Community Development demonstrate the City's commitment to safe, decent and sanitary housing within the community.

The Fire Department answered 1,616 alarms in 2006 including 41 structure fires with building and content losses of \$515,600. Fire department employees received 5,787 hours of in-service training. Extensive training continues on the 2006 Sutphen 1,500-gallon Paramedic Engine fire truck. The chief along with our Fire Department union spent many hours reviewing specs for a new 2006 pumper/paramedic engine. The fire department ordered a new 2006 Sutphen Corporation Pumper Fire Truck in 2004. The new truck was delivered in February 2006. The City paid \$100,000 down in 2004, \$100,000 in 2005, and the balance of \$111,781 upon delivery in February 2006. Other equipment and building repairs for the fire department was purchased in 2006 with Permanent Improvement fund money. Several State grants were received by our fire department in response to the September 11th attacks. These grant monies were used to purchase twenty six sets of turn-out gear for our firefighters and to provide hundreds of hours of training.

The Public Works Department kept busy in 2006 patching streets with cold mix, cleaning and maintaining sanitary and storm sewers, picking up leaves in the fall and plowing and controlling ice in the winter. The City of Ashtabula did order a new 1 ½ ton dump truck/snowplow for the Public Works Department. The City did purchase for \$1 in early 2006 the Ohio Department of Transportation Garage located on West Ave. This site was closed down by ODOT after construction of their new facility on Seven Hills Road. This six acre four building site will house the City's

Public Works, Sanitation, Traffic, and Motor Maintenance Departments in the future. Currently the City is designing the layout of the new facility and cost projections of the retrofit cost. The existing building that houses these departments will be cleared and sold as prime commercial property in the future.

The City of Ashtabula's Sanitation Department services approximately 7,000 households and 160 commercial accounts per week. In a move toward self-sufficiency, City Council passed legislation charging our residents \$15.00 per month for trash collection. Pick-up is mandatory for all residents, and businesses have the option of City pick-up or private hauler. The City contracted with Waste Management for landfill cost pertaining to the rubbish collected by our trucks and the rubbish collected at our transfer station. The general fund subsidizes the sanitation department by approximately \$50,000 annually, but with Council increasing the monthly rates, the Sanitation Department is well on its way to becoming self sufficient. With a grant from the Ashtabula County Solid Waste District, the City constructed a state-of-the-art-recycling center. This center will handle all types of recyclables. The goal for the recycling center is not to sell the recycled goods for a profit but rather reduce the tonnage that is hauled to the landfill, and reduce the amount of Waste Management landfill fees paid during the year. The City of Ashtabula took in 915,540 pounds of recyclable materials and 3,993 tires during 2006. The City sold the recyclable materials for \$5,472 and avoided paying \$26,400 in landfill tipping fees.

The Auditor's and Treasurer's Offices completed their nineteenth Comprehensive Annual Financial Report (CAFR) during May of 2006. The CAFR that was completed in 2006 for year ended December 31, 2005, was the City's eighth report using the new GASB standards. The process of converting to these new standards was interesting, frustrating and tedious during different phases of the process. By far the biggest challenge was the capital assets portion and how to start the infrastructure valuation process. Special thanks to the City Engineer's Office who spent many hours helping us construct this data, and Traci Vanek of the Auditor's Office who not only spent many hours working on the capital assets, but also designed an Access database to list and depreciate these assets, since no commercial software was available yet which was GASB 34 compliant. Since the initial report was completed, we have tried to continually update the capital asset information to give the most detail possible. The financial report took all members of the Auditor's and Treasurer's Office hundreds of hours to complete.

An agreement between the Ashtabula County Commissioners and the Auditor's Office to do the billing and collecting of the County's sewer charges remains in effect. This billing, along with the City's service billing, takes two members of the Auditor's office to maintain this program effectively and efficiently.

The Income Tax Department's use of an on-line computer system improved compliance with federal and local tax regulations and made collection of current and delinquent taxes more efficient. New tax forms made collection of taxes more accurate, and filing requirements have changed to include submission of various federal forms. Enforcement of late filing penalties and interest has increased timely filings. The City hired the law firm and collection agent Weiner & Associates to pursue collection of delinquent taxes. The program showed very good results as collection of delinquent accounts increased significantly.

The Police Department played a major role in instituting the new reverse 911 emergency response program. This enhanced reverse 911 system gives Ashtabula County EMA Services the ability to contact many homes at one time to give warning of any local, regional, statewide or national emergency. The Ashtabula Police Department also worked with George Distel, our State Representative, to help initiate grant monies to put laptop computers in our patrol cars. Each officer will have the ability to look up license plate registrations and other vehicle information directly without going through our dispatch center. With the grant money ten notebook computers were purchased as well as a mount and antenna installed in all 32 cruisers owned by the City. During 2006, several more laptops were purchased with the goal of having one laptop per cruiser so the swapping between cruisers will not be needed in the future. The City also upgraded the service to include photo ID, where the officers put in a social security number of anyone and all of their driving records, warrants, and photo ID appear on the computer for the officer to verify the identification. The City did purchase three 2006 Crown Victoria cruisers the first week of January, 2006.

The caseload for the Municipal Court totaled 11,083 in 2006, representing a 3,009 case increase from 2005. A majority of the increases are in the traffic citation part of the Court. The City police have been aggressively addressing the speeding and other traffic violations through traffic citations. The slight reduction in criminal cases again this year is hopefully a reflection of the stepped up law enforcement efforts made by all City officials. Crime and drug related offenses in our City have been top priority with the administration once again during 2006. The City administration has explored many ways to increase revenues and therefore increase funding to our police department. The increased funding allows more officers on the streets, all the time. The municipal court has spent many hours on the new security rules in effect for courts. The City is committed to making this area and the individuals working in the courts very secure.

Accounting Systems and Budgetary Control

Development of the City's accounting system includes consideration of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived from its implementation and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary control is maintained by an encumbrance of purchase amounts prior to the release of purchase orders to vendors. Purchase orders are not issued when an insufficient unencumbered appropriation balance is available.

The City Auditor reviews the purchase order first to check for availability of funds. Then the City Manager, who is also the Purchasing Agent by City Charter, approves and issues the purchase order. Copies of all approved purchase orders are returned to the department head pending receipt of the goods and invoice. Once the goods or services and the invoice are received, the department head signs his/her copy of the purchase order as verification that all goods or services were received and are in acceptable condition.

Each department head is furnished a monthly report showing the status of the budget accounts for which he/she is responsible. The reports detail monthly transactions and summarize the available balances.

Financial Condition This is the seventh year the City has prepared financial statements following GASB Statement 34. "Basic Financial Statements-and-Management's Discussion and Analysis-for State and Local Governments." GASB 34 creates new basic financial statements for reporting on the City's financial activities as follows:

Government-wide financial statements These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

Fund financial statements These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds are the modified accrual basis of accounting and include reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Statements of budgetary comparisons These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the City. This discussion follows the Independent Auditor's Report, providing an assessment of the City finances for 2006.

Financial Highlights – Internal Service Fund There are two internal service funds carried on the City's financial records, the self-insurance internal service fund with net assets of \$550,792 and the workers' compensation internal service fund with net assets of \$1,326,009 as of December 31, 2006.

Cash Management

By charter, the City Auditor is responsible for the City's cash management program. An investment committee comprised of the City Auditor, City Manager, City Solicitor, and City Treasurer has been formed. The City Treasurer requests and receives interest rates from several institutions and on several types of investments, at which time a member of the board makes a recommendation, another seconds and a vote is taken. The investment committee has established an investment policy for the City intended to maximize investment interest earned, while maintaining the highest standard of security available. The City of Ashtabula has entered into a depository agreement with Firststar Bank for the purpose of maintaining payroll and checking accounts. The checking account is a sweep account, which daily transfers to a repurchase agreement earning interest at a standard rate.

The City of Ashtabula also utilizes an investment pooling system, STAROhio, instituted and operated by the State of Ohio under the direction of Richard Cordray, Treasurer of State, as well as other investments through our local banks. In the past, the STAROhio investment option had offered the highest yields available in the State while remaining completely liquid as interest is earned daily and no minimum investment term is required. In the past twelve months the City found better interest rates locally, and therefore invested most of our cash in securities locally. Although the money was not completely liquid, we prepared cash flow projections and planned when our cash would be needed and invested accordingly.

As of December 31, 2006, the City of Ashtabula had \$978,800 of deposits classified as uncollateralized and uninsured under Statement 40 of the Government Accounting Standards Board. Although the pledging banks have an investment and securities pool used to collateralize all public deposits, which are held in the financial institutions' names, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Risk Management

The City of Ashtabula has entered into a contract with the Argonaut Insurance Company for general liability insurance coverage. The agreement covers personal injury to an individual on City-owned property. Fire insurance on all City-owned buildings is with the Argonaut Insurance Company, and vehicle insurance on all City-owned vehicles is with the Argonaut Insurance Company. The City also carries police liability with Argonaut Insurance Company. Public officials professional risk liability insurance is with the Argonaut Insurance Company.

The City manages the hospital/medical, dental, drug and vision insurance benefits for its employees through a self-insured program. A third party administrator processes and pays the claims. The City pays self-insurance claims and administrative costs from its insurance internal service fund.

The City also provides workers' compensation coverage through the State Workers' Compensation group rating and payment system whose operations are reported in the City's workers' compensation internal service fund. Starting January 1, 2007, the City returned to the self funded retrospective rating program. As the City has reduced lost time claims and reduced its overall cost, we became more attractive to a group which pools its employees and receives a discounted rate from the Bureau of Workers Compensation. A calculation of self funded versus the State Program through a group showed a considerable savings in the self funded program over the long term. Several programs such as the Transitional Work and Drug Free Workplace have been instrumental in helping reduce our Workers Compensation Cost. The City will continue to fund our Workers Compensation Internal Service Fund to pay our

current self funded premiums and the remaining retrospective rating claims cost. The City is responsible for ten years of actual claims cost under the retrospective ratings system, dropping off the oldest year each year. Since the City exited the retrospective rating system December 31, 2003 we are responsible for claims from January 1, 1997 thru December 31, 2003. The years 2004 and 2005 are not part of this calculation as the City was in the group plan during this period. The City will now start a new ten year cycle in the retrospective rating program.

Independent Audit

State statutes require the City to be subjected to an annual examination by an independent auditor. S. R. Snodgrass was contracted to render an opinion on the City's financial statements as of December 31, 2006. In addition to meeting the requirements set forth in State statutes, the audit was also designed to meet the requirements of the Single Audit Amendments of 1996, as well as GASB 33, 34 and 36. The Report of Independent Accountants on the general-purpose financial statements is included in the financial section of this report.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ashtabula, Ohio, for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2005. This was the City of Ashtabula's nineteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

A special thanks is extended to the members of City Council and to the Administration whose continued support is necessary for the City of Ashtabula to conform to reporting requirements established for municipal governments.

Sincere thanks also goes to the Local Government Services of Auditor of State Mary Taylor's Office for their assistance in the organization and final review of our 2006 Comprehensive Annual Financial Report.

Respectfully submitted,



Michael A. Zullo, CPA
Ashtabula City Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Ashtabula
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

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.



A handwritten signature in black ink, appearing to read "Ronald J. Klein".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emmer".

Executive Director

City of Ashtabula
List of Principal Officials

City Council

Robert E. Beacom President
Josephine Misener..... Vice President

Matthew J. Perry Ward I
James P. Paulchel..... Ward II
Betty S. Kist Ward III
Julie A. Lattimer Ward IV
Christopher J. McClure Ward V

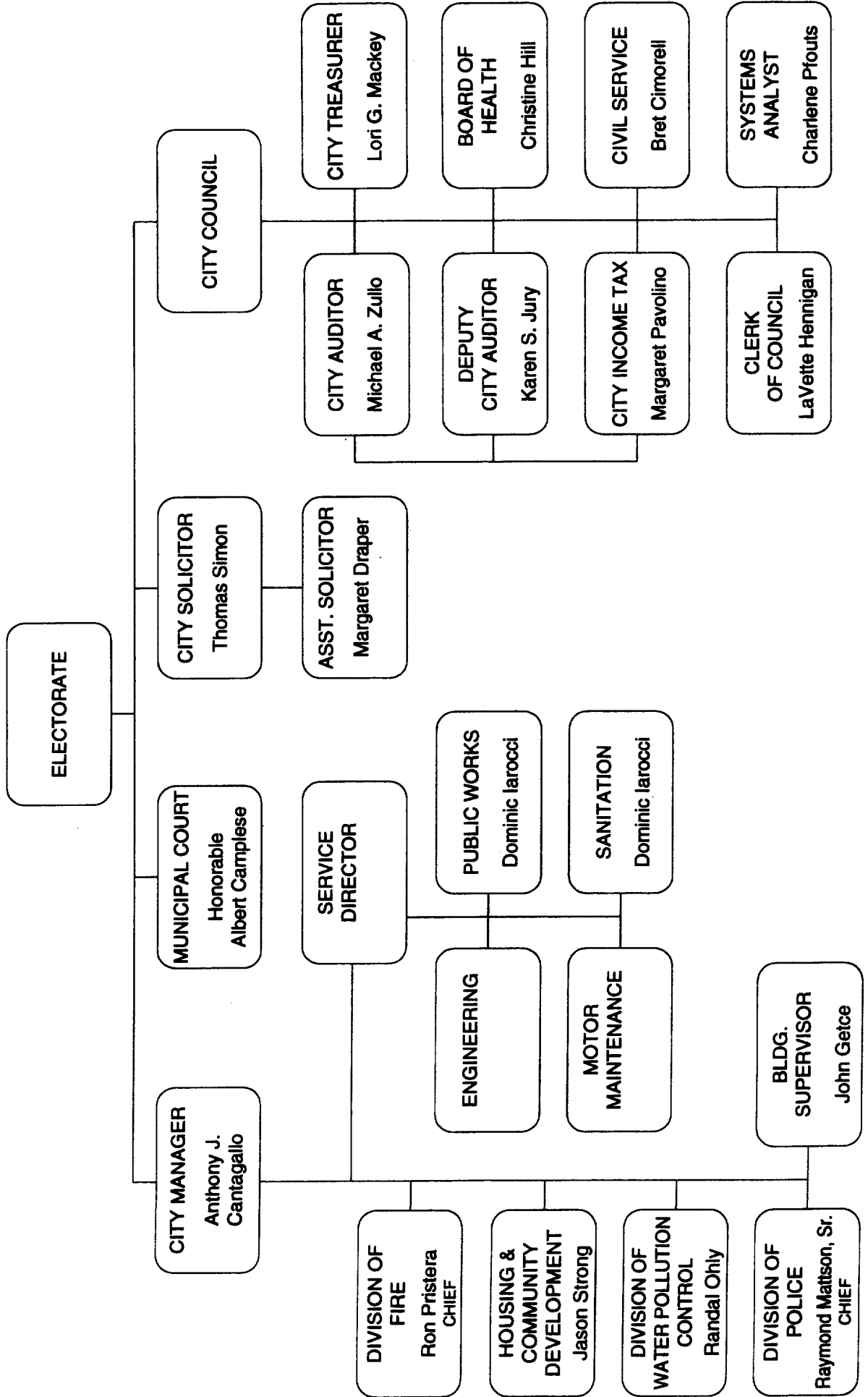
LaVette E. Hennigan..... Clerk of Council

City Officials

Ron PristersChief of Fire
Albert Camplese..... Municipal Court Judge
Anthony J. Cantagallo..... City Manager
Margaret Draper..... Assistant City Solicitor
Dominic Iarocci Superintendent of Public Works and Sanitation
Karen S. Jury..... Deputy City Auditor
Lori Mackey City Treasurer
Michael Mearini..... Assistant Superintendent of Wastewater Treatment Plant
Raymond E. Mattson Sr. Chief of Police
Randal Ohly Superintendent of Wastewater Treatment Plant
Margaret Pavolino..... Income Tax Administrator
Jason Strong Director of Housing and Community Development
Charlene Pfouts Systems Analyst
Thomas J. Simon..... City Solicitor
Michael A. Zullo City Auditor

**CITY OF ASHTABULA, OHIO
ORGANIZATIONAL CHART**

DECEMBER 31, 2006



FINANCIAL SECTION



Independent Auditor's Report

Members of Council
City of Ashtabula, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ashtabula, Ashtabula County, Ohio (the Government), as of and for the year ended December 31, 2006, which collectively comprise the Government's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Government's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ashtabula, Ashtabula County, Ohio, as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparisons for the General, Sanitation, Community Development Block Grant, and the Street Maintenance and Repair Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2007, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in assessing the results of our audit.

The management's discussion and analysis on pages 3-12 is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Government's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

S. R. Snodgrass, A.C.

Ashtabula, Ohio
July 23, 2007

City of Ashtabula, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

The discussion and analysis of The City of Ashtabula's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2006. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, and the basic financial statements to enhance their understanding of the City's financial performance.

Using this Annual Financial Report

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

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City of Ashtabula as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and ask the question, "How did we do financially during 2006?" The Statement of Net Assets and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net assets and the changes in those assets. This change in assets is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, nonfinancial information such as changes in the City's tax base and the condition of City capital assets will also need to be evaluated.

In the Statement of Net Assets and the Statement of Activities, the City is divided into three kinds of activities:

- ◆ Governmental Activities - Most of the City's services are reported here including police, fire, administration, and all departments with the exception of our Wastewater Treatment Fund.
- ◆ Business-Type Activities - These services have a charge based upon the amount of usage. The City charges fees to recoup the cost of the entire operations of our Wastewater Treatment Plant as well as all capital expenses associated with the facility.
- ◆ Component Unit - The City includes the Ashtabula Port Authority in its report. Although legally separate, this component unit is important because it is fiscally dependent on the City.

City of Ashtabula, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Reporting the City of Ashtabula's Most Significant Funds

Fund Financial Statements

The analysis of the City's major funds begins on page 8. Fund financial reports provide detailed information about the City's major funds. Based on restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Ashtabula, our major funds are the General, Community Development Block Grant, Sanitation, Street Maintenance and Repair, Debt Service, and Permanent Improvement.

Governmental Funds Most of the City's activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. Internal service funds are used to report activities that provide services to the City's other funds and departments.

The City of Ashtabula as a Whole

Recall that the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2006 compared to 2005.

(Table 1)
Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Assets						
Current and Other Assets	\$13,577,421	\$13,585,808	\$1,823,802	\$1,868,870	\$15,401,223	\$15,454,678
Capital Assets	<u>18,780,915</u>	<u>17,259,790</u>	<u>11,214,428</u>	<u>10,981,996</u>	<u>29,995,343</u>	<u>28,241,786</u>
<i>Total Assets</i>	<u>32,358,336</u>	<u>30,845,598</u>	<u>13,038,230</u>	<u>12,850,866</u>	<u>45,396,566</u>	<u>43,696,464</u>
Liabilities						
Current and Other Liabilities	(3,471,345)	(3,561,062)	(204,349)	(121,058)	(3,675,694)	(3,682,120)
Long-Term Liabilities						
Due Within One Year	(1,990,264)	(1,907,759)	(256,263)	(226,279)	(2,246,527)	(2,134,038)
Due in More Than One Year	<u>(2,828,987)</u>	<u>(2,045,488)</u>	<u>(1,268,835)</u>	<u>(1,383,519)</u>	<u>(4,097,822)</u>	<u>(3,429,007)</u>
<i>Total Liabilities</i>	<u>(\$8,290,596)</u>	<u>(\$7,514,309)</u>	<u>(\$1,729,447)</u>	<u>(\$1,730,856)</u>	<u>(\$10,020,043)</u>	<u>(\$9,245,165)</u>

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	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Net Assets						
Invested in Capital						
Assets, Net of Debt	\$17,179,586	\$16,519,641	\$9,968,685	\$9,632,357	\$27,148,271	\$26,151,998
Restricted:						
Capital Projects	1,257,245	768,188	0	0	1,257,245	768,188
Debt Service	842,539	617,568	0	0	842,539	617,568
Other Purposes	2,504,749	2,454,533	0	0	2,504,749	2,454,533
Unrestricted	<u>2,283,621</u>	<u>2,971,359</u>	<u>1,340,098</u>	<u>1,487,653</u>	<u>3,623,719</u>	<u>4,459,012</u>
<i>Total Net Assets</i>	<u>\$24,067,740</u>	<u>\$23,331,289</u>	<u>\$11,308,783</u>	<u>\$11,120,010</u>	<u>\$35,376,523</u>	<u>\$34,451,299</u>

The net assets of the City's governmental type activities increased by \$736,451. Current assets were down slightly. This decrease is from lower accounts receivables. Cash did increase for the first time in several years. The cash increase is reflective of most City funds which have higher cash balances today than one year ago. The City's capital assets in the Governmental Activities increased during 2006, which reflects major street and signalization reconstruction less our depreciation on roads, bridges, equipment and big investments in equipment such as the purchase of a new fire truck that cost \$311,781. Short-term liabilities decreased, as deferred revenue was less by approximately \$143,732. Long-term liabilities increased in 2006 as the City did finance \$1,200,000 for two rehabilitation construction projects. The first was the complete renovation of the HVAC at City Hall, and the second which is still being engineered, the rehab of the old Ohio Department of Transportation building which the city purchased for \$1.00 and is planning on moving the entire Public Works, Traffic, and Motor Maintenance Departments to the renovated Facility.

The net assets of the City's business type activities increased approximately \$200,000 in 2006. Current assets decreased as cash decreased but accounts receivable did increase approximately \$124,000. Capital assets increased by \$232,432 as the City once again aggressively spent money on upgrading our wastewater treatment plant less accumulated depreciation on these assets. With usage rates generating revenue, which reasonably matches operating expenses and most capital expenditures annually, the financial condition of the business type activity is relatively constant. The City's wastewater treatment facility is our only business type activity. Continual upgrades to the plant and the sewer lines carrying the flow to the plant have been our top priority for at least the last ten years. Continued growth not only in our City but also within most of our county is dependant upon the additional capacity the City is able to offer for sewer expansion. Our wastewater treatment plant itself has plenty of capacity as we treat approximately five million gallons of sewage a day with a plant capacity of approximately 18 million gallons per day. Our biggest problem is line capacity, which is very old and undersized. This is where we have been expending the majority of our capital dollars. We are either expanding line size or trying to reduce the amount of storm water that enters our sanitary lines through illegal connections of home gutters or actual breaks in our lines that allow ground water to enter our sanitary system. During 2006, the City increased user fees by three percent. These additional fees were earmarked for operating dollars or for matching grant monies such as Issue II funds. The City has used 20 out of the 21 Issue II rounds strictly for updating our plant and lines coming into our Wastewater Treatment Facility. The City is pleased with a few percent increase in net assets, as the reader must remember that this number is net of accumulated depreciation for all capital assets included in our business type activity and that the City's intent is not to profit from this operation, but to recover costs.

The Statement of Changes in Net Assets, Table 2, reviews the Revenue, Expenses, and Transfers on a comparative analysis between 2006 and 2005. This Statement reflects our Governmental and Business-Type Funds bottom line.

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(Table 2)
 Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program Revenues						
Charges for Services	\$2,686,243	\$2,771,954	\$3,092,660	\$3,051,895	\$5,778,903	\$5,823,849
Operating Grants, Contributions and Interest	197,598	321,274	0	0	197,598	321,274
Capital Grants and Contribution	1,208,407	1,935,254	276,649	523,003	1,485,056	2,458,257
General Revenues						
Property Taxes	2,609,225	2,330,493	0	0	2,609,225	2,330,493
Income Taxes	6,285,402	6,697,167	0	0	6,285,402	6,697,167
Grants and Entitlements	2,660,157	2,741,453	0	0	2,660,157	2,741,453
Investment Earnings	339,503	212,687	0	0	339,503	212,687
Other	268,753	20,327	0	0	268,753	20,327
<i>Total Revenues</i>	<u>16,255,288</u>	<u>17,030,609</u>	<u>3,369,309</u>	<u>3,574,898</u>	<u>19,624,597</u>	<u>20,605,507</u>
Program Expenses						
General Government						
Legislative and Executive	3,174,447	3,049,175	0	0	3,174,447	3,049,175
Judicial System	1,030,659	977,279	0	0	1,030,659	977,279
Security of Persons and Property						
Police	3,677,304	3,527,950	0	0	3,677,304	3,527,950
Fire	2,936,033	2,581,467	0	0	2,936,033	2,581,467
Public Health Services	331,826	306,416	0	0	331,826	306,416
Street Maintenance and Repairs	2,015,378	3,201,483	0	0	2,015,378	3,201,483
Housing and Community						
Development	376,820	680,192	0	0	376,820	680,192
Sanitation Services	1,861,734	1,567,216	0	0	1,861,734	1,567,216
Leisure Time Activities	110,002	90,413	0	0	110,002	90,413
Interest and Fiscal Charges	54,634	68,093	0	0	54,634	68,093
Wastewater Treatment	0	0	3,130,536	3,174,442	3,130,536	3,174,442
<i>Total Expenses</i>	<u>15,568,837</u>	<u>16,049,684</u>	<u>3,130,536</u>	<u>3,174,442</u>	<u>18,699,373</u>	<u>19,224,126</u>
<i>Excess before Transfers</i>	686,451	980,925	238,773	400,456	925,224	1,381,381
<i>Transfers</i>	50,000	(275,143)	(50,000)	275,143	0	0
<i>Increase in Net Assets</i>	736,451	705,782	188,773	675,599	925,224	1,381,381
<i>Net Assets Beginning of Year</i>	<u>23,331,289</u>	<u>22,625,507</u>	<u>11,120,010</u>	<u>10,444,411</u>	<u>34,451,299</u>	<u>33,069,918</u>
<i>Net Assets End of Year</i>	<u>\$24,067,740</u>	<u>\$23,331,289</u>	<u>\$11,308,783</u>	<u>\$11,120,010</u>	<u>\$35,376,523</u>	<u>\$34,451,299</u>

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Governmental Activities

Several revenue sources fund our Governmental Activities with the City income tax being the biggest contributor. The income tax rate of 1.8 percent was renewed by a vote of our citizens in March of 2004, which took effect January of 2005 and is in effect thru December 31, 2007. In May of 2007 the citizens renewed the income for an additional three years and will be in effect until December of 2010. The income tax revenue for 2006 exceeded \$6.2 million, with the income tax funding 43 percent of all expenses in the Governmental Activities.

The City has seen the income tax collections decrease in 2006. The income tax had increased by approximately \$605,000 from 2005 to 2006, but 2006 seen the income tax flatten out and actually decline slightly. The closing of Topps Market which left every store in Northeast Ohio vacated played a large role in the tax decline. The new \$55 million dollar high school which was constructed out of the City limits took a big payroll and payroll taxes out of the city. The only teachers and administrative staff still paying City income tax are those individuals that are City residents. The City's major employers have kept staffing levels for 2006 at 2005 year end levels to maintain the current amount of business. The City of Ashtabula municipal court has stepped up the collection of uncollected fines by issuing warrants for nonpayment. The stepped up collection process has helped as the courts have brought in approximately \$10,000 more per month than was projected. General revenues from grants and entitlements, such as local government funds, are also a large revenue generator. Local government funding from the State generates approximately \$1,295,000 per year. The capital grants were less in 2006 due to a turn over in personnel in the Housing Community Development Department which applies for and administers these grants. The department re-staffing was completed in early 2007.

Business-Type Activities

The City's only business-type activity is our Wastewater Treatment Facility, which receives no support from tax revenues. This plant treats sewage from the City of Ashtabula and surrounding townships. This plant generated revenues of \$3,092,660 and had expenses of \$3,130,536. Our expenses are monitored to coincide with our revenues so that at the end of the year, we are looking at our cash balance, which the City has tried to maintain at one million dollars or approximately one third of the annual budget. Although revenues exceeded expenses during 2006, the City is looking at ways to improve cash flow. Nonpayment of sewer is certified to the county auditor for certification on the property tax bills. Seeing that the City does not own the water company, discontinuation of service is not optional and the sewer service is continued. During 2006, the City once again worked hard on expanding line capacity to surrounding townships. To the west, Saybrook Township has boomed with housing developments in many parts of the township, especially along the lakeshore area. On the east side of the City commercial growth in Ashtabula Township is booming despite the economy with a new strip mall opening and several other businesses. The City also has several new housing projects, which will require additional sewer capacity on the City's west side. New larger lines are being installed in the City and Townships to handle the extra capacity. These lines, which will service the townships, will also service The City of Ashtabula's new Industrial Park at the end of State Route 11. The industrial park did have the groundbreaking recently and look forward to having several large tenants that will have jobs available. The City has been able to keep sewer rates low because of increased revenues from additional flow from new construction of businesses and homes in our county.

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The City's Funds

Information about the City's major governmental funds begins on page 16. These funds are accounted for using the modified accrual basis of accounting. All Governmental funds had total revenues of \$16,481,844 and expenditures of \$17,266,252. The most significant change in our funds is the increase in the permanent improvement fund with the 2005 booking of revenues and expenditures in reference to the \$1,000,000 West 24th Street and bridge project.

The fund balance of the general fund decreased by \$310,583. While revenues exceeded expenditures by \$357,417, much of the excess was transferred to other funds. These other funds used the cash from the transfers for street maintenance, sanitation, and permanent improvements and for payment of pension obligations.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2006, the City amended its general fund budget several times, none significant. All recommendations for a budget change come from the City Auditor to the Finance and Ordinance committee of Council for review before going to the whole council for ordinance enactment on the change. The City does allow small inter-departmental budget changes that modify line items within departments within the same fund. With the general fund supporting many of our major activities such as our police and fire departments, as well as most legislative and executive activities, the general fund is monitored closely looking for possible revenue shortfalls or over spending by individual departments.

For the general fund, original and final budgeted revenues were approximately \$10,000,000. Very conservative revenue projections at the beginning of the year played out as actual revenues were very close to projections.

The City of Ashtabula's ending unencumbered cash balance in the general fund was \$449,642.

Capital Assets and Debt Administration

Capital Assets

Table 3
 Capital Assets at December 31, 2006 & 2005

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Capital Assets, Non Depreciable						
Land	\$2,055,840	\$1,983,340	\$70,125	\$70,125	\$2,125,965	\$2,053,465
Construction in Progress	1,226,903	426,092	427,809	265,045	1,654,712	691,137
Total Capital Assets, Non Depreciable	3,282,743	2,409,432	497,934	335,170	3,780,677	2,744,602

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	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Capital Assets, Being Depreciated						
Buildings and Improvements	\$10,798,529	\$10,205,644	\$6,698,213	\$6,698,213	\$17,496,742	\$16,903,857
Equipment	3,057,885	2,920,263	2,050,922	1,564,652	5,108,807	4,484,915
Vehicles	3,822,509	3,669,973	476,329	484,756	4,298,838	4,154,729
Furniture and Fixtures	55,567	55,567	3,068	3,068	58,635	58,635
Infrastructure						
Bridges	4,155,266	4,155,266	0	0	4,155,266	4,155,266
Roads	8,902,270	8,555,279	0	0	8,902,270	8,555,279
Storm Sewers	2,533,404	2,458,027	0	0	2,533,404	2,458,027
Traffic Lights	547,103	530,694	0	0	547,103	530,694
Sanitary Sewers	0	0	10,407,236	10,390,877	10,407,236	10,390,877
Total Capital Assets, being Depreciated	33,872,533	32,550,713	19,635,768	19,141,566	53,508,301	51,692,279
Accumulated Depreciation	(18,374,361)	(17,700,355)	(8,919,274)	(8,494,740)	(27,293,635)	(26,195,095)
Total Capital Assets, Depreciable, Net	15,498,172	14,850,358	10,716,494	10,646,826	26,214,666	25,497,184
Total Capital Assets	<u>\$18,780,915</u>	<u>\$17,259,790</u>	<u>\$11,214,428</u>	<u>\$10,981,996</u>	<u>\$29,995,343</u>	<u>\$28,241,786</u>

The primary increases in Capital Assets occurred in construction in progress, buildings and improvements, equipment purchases and infrastructure improvements. These improvements were part of the City's long-term goal of completely rebuilding the infrastructure of our City from our roads and bridges through storm and sanitary sewers. Even though grants are gradually increasing the required percentage of local matching funds, such as Issue II funds increasing from a 30 percent match to a 40 percent match, the City of Ashtabula has been aggressively seeking these grant dollars knowing that we have the local match dollars available. The major projects during 2006 were our regular street paving project, which cost approximately \$461,000. We also continued our equipment replacement program with the biggest single purchase being a new fire truck which cost \$311,781 which was paid for in the following manner, \$100,000 deposit on the truck in 2004 another \$100,000 payment in 2005, and the balance of \$111,781 upon delivery in January of 2006. The City is still committed to our City sidewalks and the \$2.50 per square foot reimbursement offered by the City. Each property owner in the City is eligible for the reimbursement which covers approximately 60 percent of the cost to install the new sidewalk in front of their homes and businesses. The City has a strong commitment of recreation for all. Continued work on Smith Field, Walnut Beach and other playgrounds in the City has been given high priority.

The biggest increase in Capital Assets in our Business-Type Activities is the purchase of a centrifuge press machine. Before this machine was purchased, the City's old belt presses were run seven days per week twenty four hours per day with two operators always needed on site and costly amount of overtime. The presses did a fair job of removing water from the solids at best therefore costing the city additional amount at the landfill due to the city paying a per ton fee for dumping. The new centrifuge which was ordered and made to spec in France is now able to handle all the dewatering of the sludge by spinning the water out at super high speeds instead of belts running together in the old presses trying to press the water out completes the whole process Monday thru Friday 7am to 3pm. With the centrifuge removing so much of the water, the solids which used to have a cake like consistency now come out of the centrifuge in a powder form. There is no need for a second shift, no third shift, no weekends, and less overtime. The operator's jobs are currently being reassigned to maintenance personnel and the number of operators that the City will employ has been reduced from eight operators down to two. See Note 8 for additional information about the City's capital assets.

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Debt

At December 31, 2006 the City of Ashtabula had \$6,344,349 in bonds, notes, claims, judgments, and compensated absences outstanding, \$2,246,527 of which are due within one year.

Table 4
 Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
General Obligation Bonds	\$200,000	\$390,000	\$0	\$0	\$200,000	\$390,000
Municipal Building	0	111,927	0	0	0	111,927
Mareddy Estates	69,266	90,631	0	0	69,266	90,631
Special Assessment Bonds	0	10,000	0	0	0	10,000
OPWC Loan	132,063	136,954	0	0	132,063	136,954
Police and Fire Loan	201,477	297,824	0	0	201,477	297,824
Building Improvement Loan	1,200,000	0	0	0	1,200,000	0
Claims Payable	198,951	237,680	0	0	198,951	237,680
Judgments Payable	200,000	200,000	0	0	200,000	200,000
Compensated Absences	2,617,494	2,477,594	279,355	260,159	2,896,849	2,737,753
OWDA Loan	0	0	1,245,743	1,349,639	1,245,743	1,349,639
Capital Lease Obligation	0	637	0	0	0	637
Total Outstanding Debt	\$4,819,251	\$3,953,247	\$1,525,098	\$1,609,798	\$6,344,349	\$5,563,045

The OPWC Loan is secured by future collections of special assessments.

The amount due to Ohio Water Development Authority is paid by sewer revenues collected from the users as part of their normal sewer bill.

The Judgment Payable was for the New Lyme Landfill clean-up lawsuit. The City settled the suit for \$500,000 with the initial payment of \$200,000 due December 31, 1999, and \$100,000 per year thereafter. During year 2000, the City paid \$300,000 to the plaintiffs and also put the other \$200,000 which was not due until 2002 and 2003 respectively, in our debt service fund awaiting payment when due. The City tried to negotiate a lower amount due for full payment immediately, but was unsuccessful. We have therefore decided to earn interest on the money until due and payable. The City tried in earnest to contact the responsible party to invoice the City for the amount due in 2006. We were unsuccessful and never did receive any notification, invoice, or other request for payment, therefore, no payment was made in 2006. The monies still remain in the debt service fund earning interest.

The City's overall legal debt margin was \$25,145,840 at December 31, 2006. See Note 9 for additional information about the City's long-term debt.

Current Related Financial Activities

The City of Ashtabula has seen an improvement in finances during 2006. During 2006 most departments were brought back up to staffing levels that existed pre September 11, 2001. One major financial hurdle the City is currently facing is the increase in accounts receivables from non payment of sewer and trash bills.

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Although the City will eventually collect most of the non payments through property tax assessments in the interim, cash flow remains a problem. Employees are still paid the wages, fuel cost which have doubled in the last few years still needs to be paid for yet approximately 25 percent of our citizens do not pay their bill. The Finance Committee of City Council has recommended and legislation is pending to increase our late payment penalty from 3% per bill to \$25 per month or \$50 per bill as our sewer and trash bills go out bi-monthly. The city administration is hopeful the penalty will make the residents more attentive to the payment deadline.

The citizens did pass the renewal on the City Income Tax which is currently at 1.8%. The new income tax renewal is in effect until December 31, 2010. Other options such as a reduced tax credit which currently is 100% is being reviewed and is the possibility of asking our residents to increase the City's tax rate to 2% as many City's have done.

Another very important current financial event is the City's effort in pursuing the annexation of the surrounding townships that use the City of Ashtabula's Wastewater Treatment plant. A March of 2006 Ohio Supreme court case entitled Perrysburg allowed that City's that supply services such as sewers have a right to force annexation or discontinue services. This case may have huge implications for the City of Ashtabula. City Council did pass legislation terminating the City/County sewer agreement. The County has filed a lawsuit on behalf of the townships in hopes of getting a reasonable amount of time before any annexation begins. Negotiations are ongoing in hopes of establishing Joint Economic Development Districts and Cooperative Economic Development Agreements during the interim period before actual annexation begins.

The City took a small risk ten years ago by getting into a self-funded health insurance program and the self-funded workers' compensation program. Our premiums for health insurance, based on the plan our unions had negotiated, were extremely high and getting worse each year. The City was also negatively rated in the State funded workers' compensation program. When the City entered the retrospective rating program, both workers' compensation and health insurance monies were put into new funds established by the City as if the premiums were still being paid. The balances have accumulated to over \$1,800,000 in these funds by reducing our annual expenses in both of these areas.

The City manages the hospital/medical, dental, drug and vision insurance benefits for its employees through a self-insured program. A third party administrator processes and pays the claims. The City pays self-insurance claims and administrative costs from its insurance internal service fund.

Starting January 1, 2006, the City returned to the self funded retrospective rating program. As the City has reduced lost time claims and reduced its overall cost, we became more attractive to a group which pools its employees and receives a discounted rate from the Bureau of Workers Compensation. A calculation of self funded versus the State Program through a group showed a considerable savings in the self funded program over the long term. Several programs such as the Transitional Work and Drug Free Workplace have been instrumental in helping reduce our Workers Compensation Cost. The City will continue to fund our Workers Compensation Internal Service Fund to pay our current self funded premiums and the remaining retrospective rating claims cost. The city is responsible for ten years of actual claims cost under the retrospective ratings system, dropping off the oldest year each year. Since the city exited the retrospective rating system December 31, 2003 we are responsible for claims from January 1, 1997 thru December 31, 2003. The years 2004 and 2005 are not part of this calculation as the City was in the group plan during this period. The City will now start a new ten year cycle in the retrospective rating program.

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The City has also purchased and paid cash for a tremendous amount of new equipment in the last five years. Items include a new paramedic/pumper truck, nineteen new police cars including computers in the cars that allow our officers to check any registration or personal information from these cars, new sanitation equipment, snowplows, tractors for mowing, and new computers where needed. Virtually every department has had their equipment needs assessed, prioritized and purchased if possible.

My long term plan as City Auditor has been an ongoing plan of reducing debt in our City. By calling an additional \$430,000 of justice center bonds in 2005 instead of waiting until 2008 and 2009 when due, the City saved a lot of interest expenses. Then on the other side we have done additional borrowing for projects which are needed and have added value for our City. Taking the Ohio Department of Transportation building and two acres of land located within the City limits for \$1, then borrowing \$600,000 for the renovations was good for the City. The land, building and renovations will have a value in excess of \$1,250,000 once the project is completed.

In conclusion, the City of Ashtabula has committed itself to financial excellence for many years. The City has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting since 1987. The City of Ashtabula was one of the first cities in Ohio to report using the new GASB 33 and 34 requirements. Our 2005 CAFR did receive this prestigious award. Our commitment to the residents of the City of Ashtabula has always been full disclosure of the financial position of the City.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Michael A. Zullo, CPA, Ashtabula City Auditor, 4417 Main Avenue, Ashtabula, Ohio 44004, telephone 440-992-7107, or e-mail at michaelz@suite224.net.

City Of Ashtabula, Ohio
Statement of Net Assets
December 31, 2006

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activity	Total	
Assets				
Cash and Cash Equivalents	\$6,301,265	\$286,466	\$6,587,731	\$0
Cash and Cash Equivalents in Segregated Accounts	176,804	0	176,804	788,934
Accounts Receivable	1,165,633	1,495,216	2,660,849	0
Due from Other Governments	1,260,851	0	1,260,851	102,352
Materials and Supplies Inventory	62,384	2,900	65,284	0
Prepaid Items	96,066	39,220	135,286	0
Due from Component Unit	110,864	0	110,864	0
Loans Receivable	105,372	0	105,372	0
Property Taxes Receivable	2,501,276	0	2,501,276	0
Income Taxes Receivable	1,582,516	0	1,582,516	0
Special Assessments Receivable	214,390	0	214,390	0
Capital Assets, Nondepreciable	3,282,743	497,934	3,780,677	321,885
Capital Assets, Depreciable, Net	15,498,172	10,716,494	26,214,666	377,345
<i>Total Assets</i>	<u>32,358,336</u>	<u>13,038,230</u>	<u>45,396,566</u>	<u>1,590,516</u>
Liabilities				
Accounts Payable	105,928	98,856	204,784	14,705
Contracts Payable	112,284	11,404	123,688	0
Accrued Wages and Benefits	277,392	42,742	320,134	0
Due to Other Governments	549,680	24,252	573,932	490
Deferred Revenue	2,263,408	0	2,263,408	13,667
Deposits Held and Due to Others	131,089	0	131,089	0
Accrued Interest Payable	31,564	27,095	58,659	0
Due to Primary Government	0	0	0	110,864
Long-Term Liabilities:				
Due Within One Year	1,990,264	256,263	2,246,527	0
Due Within More Than One Year	2,828,987	1,268,835	4,097,822	375,000
<i>Total Liabilities</i>	<u>8,290,596</u>	<u>1,729,447</u>	<u>10,020,043</u>	<u>514,726</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	17,179,586	9,968,685	27,148,271	588,366
Restricted for:				
Capital Projects	1,257,245	0	1,257,245	0
Debt Service	842,539	0	842,539	0
Community Development	755,325	0	755,325	0
Sanitation	543,242	0	543,242	0
Street Maintenance and Repair	293,245	0	293,245	0
Other Purposes	912,937	0	912,937	0
Unrestricted	2,283,621	1,340,098	3,623,719	487,424
<i>Total Net Assets</i>	<u>\$24,067,740</u>	<u>\$11,308,783</u>	<u>\$35,376,523</u>	<u>\$1,075,790</u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
Statement of Activities
For the Year Ended December 31, 2006

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities				
General Government:				
Legislative and Executive	\$3,174,447	\$197,913	\$0	\$633,000
Judicial System	1,030,659	676,782	0	30,632
Security of Persons and Property:				
Police	3,677,304	23,140	14,963	664
Fire	2,936,033	47,862	1,000	28,368
Public Health Services	331,826	196,130	17,677	0
Street Maintenance and Repairs	2,015,378	42,047	99,012	402,400
Housing and Community Development	376,820	133,221	25,946	113,343
Sanitation Services	1,861,734	1,353,756	39,000	0
Leisure Time Activities	110,002	15,392	0	0
Interest and Fiscal Charges	54,634	0	0	0
<i>Total Governmental Activities</i>	15,568,837	2,686,243	197,598	1,208,407
Business-Type Activity				
Wastewater Treatment	3,130,536	3,092,660	0	276,649
<i>Total Primary Government</i>	<u>\$18,699,373</u>	<u>\$5,778,903</u>	<u>\$197,598</u>	<u>\$1,485,056</u>
Component Unit				
Ashtabula Port Authority	<u>\$4,855,388</u>	<u>\$23,272</u>	<u>\$5,050,043</u>	<u>\$0</u>

General Revenues

Property Taxes Levied for:
 General Purposes
 Fire and Police Pension
 Debt Service
 Capital Outlay
Income Taxes Levied for:
 General Purposes
 Capital Outlay
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activity	Total	Component Unit
(\$2,343,534)	\$0	(\$2,343,534)	\$0
(323,245)	0	(323,245)	0
(3,638,537)	0	(3,638,537)	0
(2,858,803)	0	(2,858,803)	0
(118,019)	0	(118,019)	0
(1,471,919)	0	(1,471,919)	0
(104,310)	0	(104,310)	0
(468,978)	0	(468,978)	0
(94,610)	0	(94,610)	0
(54,634)	0	(54,634)	0
(11,476,589)	0	(11,476,589)	0
0	238,773	238,773	0
(11,476,589)	238,773	(11,237,816)	0
0	0	0	217,927
1,109,720	0	1,109,720	0
616,830	0	616,830	0
409,341	0	409,341	0
473,334	0	473,334	0
5,662,945	0	5,662,945	0
622,457	0	622,457	0
2,660,157	0	2,660,157	13,745
339,503	0	339,503	26,303
268,753	0	268,753	83,021
12,163,040	0	12,163,040	123,069
50,000	(50,000)	0	0
12,213,040	(50,000)	12,163,040	123,069
736,451	188,773	925,224	340,996
23,331,289	11,120,010	34,451,299	734,794
\$24,067,740	\$11,308,783	\$35,376,523	\$1,075,790

City of Ashtabula, Ohio

*Balance Sheet
Governmental Funds
December 31, 2006*

	General	Community Development Block Grant	Sanitation	Street Maintenance and Repair	Debt Service
Assets					
Equity in Pooled Cash and Cash Equivalents	\$501,097	\$334,547	\$237,947	\$212,708	\$572,310
Cash and Cash Equivalents In Segregated Accounts	176,804	0	0	0	0
Receivables:					
Property Taxes	908,650	0	0	0	447,736
Income Taxes	1,424,264	0	0	0	0
Accounts	110,229	211,825	792,617	41,008	0
Special Assessments	0	0	0	0	214,390
Due from Other Governments	810,923	0	0	341,148	17,653
Materials and Supplies Inventory	30,443	0	0	31,941	0
Prepaid Items	83,550	0	0	336	0
Due from Component Unit	0	110,864	0	0	0
Loans Receivable	0	105,372	0	0	0
<i>Total Assets</i>	<u>\$4,045,960</u>	<u>\$762,608</u>	<u>\$1,030,564</u>	<u>\$627,141</u>	<u>\$1,252,089</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$85,633	\$0	\$11,264	\$6,351	\$350
Contracts Payable	22,572	0	46,330	0	0
Accrued Wages	214,289	1,627	24,701	29,170	0
Due to Other Governments	49,530	512	14,084	18,308	0
Deferred Revenue	2,662,606	211,825	695,183	326,617	679,779
Deposits Held and Due to Others	125,957	0	0	0	0
<i>Total Liabilities</i>	<u>3,160,587</u>	<u>213,964</u>	<u>791,562</u>	<u>380,446</u>	<u>680,129</u>
Fund Balances					
Reserved for Encumbrances	43,266	50,161	5,907	22,574	0
Reserved for Inventory	30,443	0	0	31,941	0
Reserved for Loans Receivable	0	216,236	0	0	0
Unreserved:					
Designated for Roadway Improvements	0	0	0	0	0
Undesignated, Reported in:					
General Fund	811,664	0	0	0	0
Special Revenue Funds	0	282,247	233,095	192,180	0
Debt Service Fund	0	0	0	0	571,960
Capital Projects Funds	0	0	0	0	0
<i>Total Fund Balances</i>	<u>885,373</u>	<u>548,644</u>	<u>239,002</u>	<u>246,695</u>	<u>571,960</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,045,960</u>	<u>\$762,608</u>	<u>\$1,030,564</u>	<u>\$627,141</u>	<u>\$1,252,089</u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2006*

Permanent Improvement	Other Governmental Funds	Total Governmental Funds
\$1,074,548	\$1,071,845	\$4,005,002
0	0	176,804
497,754	647,136	2,501,276
158,252	0	1,582,516
0	9,954	1,165,633
0	0	214,390
19,615	71,512	1,260,851
0	0	62,384
12,180	0	96,066
0	0	110,864
0	0	105,372
<u>\$1,762,349</u>	<u>\$1,800,447</u>	<u>\$11,281,158</u>
\$0	\$2,330	\$105,928
43,382	0	112,284
0	7,605	277,392
0	246,735	329,169
623,637	721,441	5,921,088
0	5,132	131,089
<u>667,019</u>	<u>983,243</u>	<u>6,876,950</u>
142,851	251,879	516,638
0	0	62,384
0	0	216,236
212,000	0	212,000
0	0	811,664
0	562,014	1,269,536
0	0	571,960
740,479	3,311	743,790
<u>1,095,330</u>	<u>817,204</u>	<u>4,404,208</u>
<u>\$1,762,349</u>	<u>\$1,800,447</u>	<u>\$11,281,158</u>

Total Governmental Funds Balances	\$4,404,208
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	18,780,915
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property and Other Taxes	237,868
Charges for Services	1,061,849
Income Tax	1,062,679
Intergovernmental	1,080,894
Special Assessments	214,390
Total	<u>3,657,680</u>
Two internal service funds are used by management to charge the costs of insurance and workers' compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	1,876,801
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due	(31,564)
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Bonds	(269,266)
OPWC Loan Payable	(132,063)
Police and Fire Loan	(201,477)
Building Improvement Loan	(1,200,000)
Judgments Payable	(200,000)
Compensated Absences	(2,617,494)
Total	<u>(4,620,300)</u>
<i>Net Assets of Governmental Activities</i>	<u>\$24,067,740</u>

City of Ashtabula, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Community Development Block Grant	Sanitation	Street Maintenance and Repair	Debt Service
Revenues					
Property and Other Taxes	\$1,097,547	\$0	\$0	\$0	\$403,792
Municipal Income Tax	5,806,669	0	0	0	0
Charges for Services	161,870	0	1,346,723	1,039	0
Licenses and Permits	79,979	0	0	0	0
Fines and Forfeitures	630,585	0	0	0	0
Intergovernmental	2,309,494	267,551	39,000	824,923	39,875
Special Assessments	0	0	0	0	35,490
Interest	203,411	14,246	0	93,279	0
Rentals	68,971	0	0	0	0
Other	218,946	0	19,483	324	0
<i>Total Revenues</i>	<u>10,577,472</u>	<u>281,797</u>	<u>1,405,206</u>	<u>919,565</u>	<u>479,157</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	3,538,431	0	0	0	8,948
Judicial System	875,113	0	0	0	0
Security of Persons and Property:					
Police	3,046,091	0	0	0	0
Fire	2,419,967	0	0	0	0
Public Health Services	200,050	0	0	0	0
Street Maintenance and Repairs	2,366	0	0	1,273,518	0
Housing and Community Development	6,501	285,596	0	0	0
Sanitation Services	3,534	0	1,578,762	0	0
Leisure Time Activities	22,687	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal Retirement	96,347	0	0	0	226,256
Interest and Fiscal Charges	8,968	0	0	0	24,590
<i>Total Expenditures</i>	<u>10,220,055</u>	<u>285,596</u>	<u>1,578,762</u>	<u>1,273,518</u>	<u>259,794</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>357,417</u>	<u>(3,799)</u>	<u>(173,556)</u>	<u>(353,953)</u>	<u>219,363</u>
Other Financing Sources (Uses)					
Proceeds of Loan	0	0	0	0	0
Proceeds from Sale of Capital Assets	1,000	0	0	0	0
Transfers In	0	0	40,000	269,500	5,000
Transfers Out	(669,000)	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(668,000)</u>	<u>0</u>	<u>40,000</u>	<u>269,500</u>	<u>5,000</u>
<i>Net Change in Fund Balances</i>	<u>(310,583)</u>	<u>(3,799)</u>	<u>(133,556)</u>	<u>(84,453)</u>	<u>224,363</u>
<i>Fund Balances Beginning of Year</i>	1,196,665	552,443	372,902	310,631	347,597
Increase (Decrease) in Reserve for Inventory	(709)	0	(344)	20,517	0
<i>Fund Balances End of Year</i>	<u>\$885,373</u>	<u>\$548,644</u>	<u>\$239,002</u>	<u>\$246,695</u>	<u>\$571,960</u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2006*

Permanent Improvement	Other Governmental Funds	Total Governmental Funds	
			Net Change in Fund Balances - Total Governmental Funds \$472,392
\$467,833	\$608,183	\$2,577,355	<i>Amounts reported for governmental activities in the statement of activities are different because</i> Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. Capital Outlay 1,856,719 Donated Capital Assets 1,035,400 Depreciation <u>(1,345,542)</u> Total 1,546,577 Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of statement of activities, a gain or loss is reported for each disposal. (25,452) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Property and Other Taxes 31,870 Municipal Income Tax (159,693) Charges for Services 27,796 Intergovernmental (91,039) Special Assessments <u>(35,490)</u> Total (226,556) Other financing sources in the governmental funds that increase long-term liabilities in the statement of net assets (1,200,000) Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 435,167 In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (15,792) Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds Compensated absences (139,900) Change in Inventory <u>19,464</u> Total (120,436) The internal service funds used by management to charge the costs of insurance and workers' compensation to individual funds are not reported in the city-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. (129,449) Change in Net Assets of Governmental Activities <u><u>\$736,451</u></u>
638,426	0	6,445,095	
0	58,889	1,568,521	
0	148,379	228,358	
30,632	65,638	726,855	
514,690	160,379	4,155,912	
0	0	35,490	
21,209	7,358	339,503	
67,031	0	136,002	
30,000	0	268,753	
<u>1,769,821</u>	<u>1,048,826</u>	<u>16,481,844</u>	
0	0	3,547,379	
0	44,327	919,440	
0	402,228	3,448,319	
0	387,108	2,807,075	
0	123,960	324,010	
0	12,000	1,287,884	
0	144,782	436,879	
0	0	1,582,296	
0	17,698	40,385	
2,398,576	0	2,398,576	
111,927	637	435,167	
5,272	12	38,842	
<u>2,515,775</u>	<u>1,132,752</u>	<u>17,266,252</u>	
<u>(745,954)</u>	<u>(83,926)</u>	<u>(784,408)</u>	
1,200,000	0	1,200,000	
5,800	0	6,800	
50,000	449,000	813,500	
0	(94,500)	(763,500)	
<u>1,255,800</u>	<u>354,500</u>	<u>1,256,800</u>	
509,846	270,574	472,392	
585,484	546,630	3,912,352	
0	0	19,464	
<u>\$1,095,330</u>	<u>\$817,204</u>	<u>\$4,404,208</u>	

City of Ashtabula, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$928,000	\$1,028,000	\$1,097,547	\$69,547
Municipal Income Tax	5,601,000	5,731,500	5,831,259	99,759
Charges for Services	120,554	120,554	161,895	41,341
Licenses and Permits	50,850	50,850	79,979	29,129
Fines and Forfeitures	572,400	572,400	649,382	76,982
Intergovernmental	2,132,381	2,132,381	1,721,145	(411,236)
Interest	120,165	120,165	203,411	83,246
Rentals	73,200	73,200	68,971	(4,229)
Other	185,087	185,087	214,775	29,688
<i>Total Revenues</i>	9,783,637	10,014,137	10,028,364	14,227
Expenditures				
Current:				
General Government:				
Legislative and Executive	2,809,565	2,898,650	2,859,290	39,360
Judicial System	880,921	887,213	881,601	5,612
Security of Persons and Property:				
Police	2,815,461	3,045,811	3,039,217	6,594
Fire	2,287,496	2,411,547	2,408,600	2,947
Public Health Services	198,906	207,425	203,602	3,823
Street Maintenance and Repairs	2,675	2,378	2,366	12
Housing and Community Development	28,245	10,194	10,192	2
Sanitation Services	3,803	3,544	3,534	10
Leisure Time Activities	19,887	22,687	22,687	0
Debt Service:				
Principal Retirement	96,347	96,352	96,347	5
Interest and Fiscal Charges	8,968	8,973	8,968	5
<i>Total Expenditures</i>	9,152,274	9,594,774	9,536,404	58,370
<i>Excess of Revenues Over Expenditures</i>	631,363	419,363	491,960	72,597
Other Financing Sources (Uses)				
Sale of Capital Assets	1,000	1,000	1,000	0
Transfers Out	(634,000)	(669,000)	(669,000)	0
<i>Total Other Financing Sources (Uses)</i>	(633,000)	(668,000)	(668,000)	0
<i>Net Change in Fund Balance</i>	(1,637)	(248,637)	(176,040)	72,597
<i>Fund Balance Beginning of Year</i>	618,045	618,045	618,045	0
Prior Year Encumbrances Appropriated	7,637	7,637	7,637	0
<i>Fund Balance End of Year</i>	\$624,045	\$377,045	\$449,642	\$72,597

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Development Block Grant Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$712,323	\$814,356	\$255,769	(\$558,587)
Interest	4,600	4,600	14,246	9,646
<i>Total Revenues</i>	716,923	818,956	270,015	(548,941)
Expenditures				
Current:				
Housing and Community Development	1,030,004	1,053,504	444,025	609,479
<i>Net Change in Fund Balance</i>	(313,081)	(234,548)	(174,010)	60,538
<i>Fund Balance Beginning of Year</i>	145,315	145,315	145,315	0
Prior Year Encumbrances Appropriated	313,081	313,081	313,081	0
<i>Fund Balance End of Year</i>	<u>\$145,315</u>	<u>\$223,848</u>	<u>\$284,386</u>	<u>\$60,538</u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Sanitation Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$1,265,000	\$1,340,000	\$1,318,998	(\$21,002)
Intergovernmental	125,258	125,258	39,000	(86,258)
Other	10,000	10,000	20,604	10,604
<i>Total Revenues</i>	1,400,258	1,475,258	1,378,602	(96,656)
Expenditures				
Current:				
Sanitation Services	1,450,258	1,610,258	1,566,124	44,134
<i>Excess of Revenues Under Expenditures</i>	(50,000)	(135,000)	(187,522)	(52,522)
Other Financing Sources				
Transfers In	50,000	50,000	40,000	(10,000)
<i>Net Change in Fund Balance</i>	0	(85,000)	(147,522)	(62,522)
<i>Fund Balance Beginning of Year</i>	375,367	375,367	375,367	0
<i>Fund Balance End of Year</i>	<u>\$375,367</u>	<u>\$290,367</u>	<u>\$227,845</u>	<u>(\$62,522)</u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
*Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Maintenance and Repair Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$0	\$0	\$15,132	\$15,132
Intergovernmental	866,272	866,272	821,571	(44,701)
Interest	30,000	30,000	93,279	63,279
Other	4,000	4,000	324	(3,676)
<i>Total Revenues</i>	900,272	900,272	930,306	30,034
Expenditures				
Current:				
Street Maintenance and Repairs:				
Public Works:	1,148,728	1,333,728	1,292,415	41,313
<i>Excess of Revenues Under Expenditures</i>	(248,456)	(433,456)	(362,109)	71,347
Other Financing Sources				
Transfers In	230,500	280,500	269,500	(11,000)
<i>Net Change in Fund Balance</i>	(17,956)	(152,956)	(92,609)	60,347
<i>Fund Balance Beginning of Year</i>	264,787	264,787	264,787	0
Prior Year Encumbrances Appropriated	17,956	17,956	17,956	0
<i>Fund Balance End of Year</i>	<u>\$264,787</u>	<u>\$129,787</u>	<u>\$190,134</u>	<u>\$60,347</u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2006

	Business Type Activity - Wastewater Treatment Fund	Governmental Activities - Internal Service Funds
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$286,466	\$2,296,263
Accounts Receivable	1,495,216	0
Materials and Supplies Inventory	2,900	0
Prepaid Items	39,220	0
<i>Total Current Assets</i>	<u>1,823,802</u>	<u>2,296,263</u>
Noncurrent Assets		
Capital Assets, Nondepreciable	497,934	0
Capital Assets, Depreciable, Net	10,716,494	0
<i>Total Noncurrent Assets</i>	<u>11,214,428</u>	<u>0</u>
<i>Total Assets</i>	<u>13,038,230</u>	<u>2,296,263</u>
Liabilities		
Current Liabilities:		
Accounts Payable	98,856	0
Contracts Payable	11,404	0
Accrued Wages	42,742	0
Compensated Absences Payable	147,798	0
Due to Other Governments	24,252	220,511
Accrued Interest Payable	27,095	0
Claims Payable	0	108,951
OWDA Loan Payable	108,465	0
<i>Total Current Liabilities</i>	<u>460,612</u>	<u>329,462</u>
Long-Term Liabilities:		
Compensated Absences Payable	131,557	0
Claims Payable	0	90,000
OWDA Loan Payable	1,137,278	0
<i>Total Long-Term Liabilities</i>	<u>1,268,835</u>	<u>90,000</u>
<i>Total Liabilities</i>	<u>1,729,447</u>	<u>419,462</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	9,968,685	0
Unrestricted	1,340,098	1,876,801
<i>Total Net Assets</i>	<u>\$11,308,783</u>	<u>\$1,876,801</u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
*Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2006*

	Business Type Activity - Wastewater Treatment Fund	Governmental Activities - Internal Service Funds
Operating Revenues		
Charges for Services	\$3,092,660	\$2,034,326
Miscellaneous	0	8,220
<i>Total Revenues</i>	<u>3,092,660</u>	<u>2,042,546</u>
Operating Expenses		
Personal Services	1,689,040	0
Contractual Services	576,081	610,026
Materials and Supplies	351,884	0
Depreciation	458,658	0
Claims	0	1,561,969
<i>Total Operating Expenses</i>	<u>3,075,663</u>	<u>2,171,995</u>
<i>Operating Income (Loss)</i>	16,997	(129,449)
Non Operating Revenues (Expenses)		
Gain on Disposal Of Capital Assets	2,100	0
Loss on Disposal of Capital Assets	(1,641)	0
Interest and Fiscal Charges	(55,332)	0
<i>Total Non Operating Expenses</i>	<u>(54,873)</u>	<u>0</u>
<i>Income (Loss) Before Contributions and Transfers</i>	(37,876)	(129,449)
Capital Contributions	276,649	0
Transfers Out	(50,000)	0
<i>Change in Net Assets</i>	188,773	(129,449)
<i>Net Assets Beginning of Year</i>	<u>11,120,010</u>	<u>2,006,250</u>
<i>Net Assets End of Year</i>	<u><u>\$11,308,783</u></u>	<u><u>\$1,876,801</u></u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2006

	Business Type Activity - Wastewater Treatment Fund	Governmental Activities - Internal Service Funds
<i>Increase (Decrease) In Cash and Cash Equivalents</i>		
Cash Flows from Operating Activities		
Cash Received from Customers	\$2,999,935	\$0
Cash Received from Other Funds	0	2,034,326
Cash Payments Received from Other Operating Sources	0	8,220
Cash Payments to Suppliers for Goods and Services	(898,611)	(555,695)
Cash Payments for Claims	0	(1,599,809)
Cash Payments for Employee Services and Benefits	(1,647,036)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	454,288	(112,958)
Cash Flows from Noncapital Financing Activities		
Transfers Out	(50,000)	0
Cash Flows from Capital and Related Financing Activities		
Tap-In Fees	276,649	0
Acquisition of Capital Assets	(655,018)	0
Principal Paid OWDA Loans	(103,896)	0
Interest Paid on OWDA Loans	(57,592)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	(539,857)	0
<i>Net Decrease In Cash and Cash Equivalents</i>	(135,569)	(112,958)
<i>Cash and Cash Equivalents Beginning of Year</i>	422,035	2,409,221
<i>Cash and Cash Equivalents End of Year</i>	\$286,466	\$2,296,263

City of Ashtabula, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2006

	Business Type Activity - Wastewater Treatment Fund	Governmental Activities - Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
<i>Operating Income (Loss)</i>	\$16,997	(\$129,449)
Adjustments:		
Depreciation	458,658	0
(Increase)/ Decrease in Assets:		
Accounts Receivable	(92,725)	0
Prepaid Items	2,224	6,450
Increase/ (Decrease) in Liabilities:		
Accounts Payable	22,176	(280)
Contracts Payable	4,954	0
Accrued Wages	3,829	0
Compensated Absences Payable	19,196	0
Due to Other Governments	18,979	49,050
Claims Payable	0	(38,729)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$454,288</u>	<u>(\$112,958)</u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2006

Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$22,977</u>
<i>Total Assets</i>	<u><u>\$22,977</u></u>
Liabilities	
Due to Other Governments	\$2,598
Deposits Held and Due to Others	<u>20,379</u>
<i>Total Liabilities</i>	<u><u>\$22,977</u></u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2006

Note 1 - Description of the City and Reporting Entity

The City of Ashtabula is a home rule municipal corporation incorporated as a city in 1891 under the laws of the State of Ohio. The City operates under its own charter. The charter provides for an elected City Manager-Council form of government, which was adopted on January 1, 1950. Elected officials are the city manager, members of council, and the city solicitor. All serve four-year terms.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Ashtabula, this includes police and fire, street maintenance and repairs, parks and recreation, public improvements, community development (planning and zoning), health services, wastewater, sanitation, and general administrative and legislative services. The operation of each of these activities is directly controlled by Council through the budgetary process.

Component units are legally separate organizations for which the City is financially accountable (See Note 18). The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board; and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organizations. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget.

The component unit column in the basic financial statements identifies the financial data of the discretely presented component unit, the Ashtabula Port Authority. It is reported separately to emphasize that it is legally separate from the City.

Ashtabula City Port Authority The Ashtabula City Port Authority is a legally separate entity, statutorily created under Section 4582.02 of the Ohio Revised Code, served by a seven-member board of directors appointed by the City Manager with the approval of City Council. Charged with the responsibility of industrial development and the improvement of Ashtabula's interconnecting waterways, the Port Authority is empowered with the ability to carry out the actions they consider necessary to achieve these responsibilities. The Port Authority is fiscally dependent on the City and is therefore presented as a component unit of the City. On November 1, 1999, the Port Authority borrowed \$150,000 from the City's Revolving Loan Fund to finance the construction of a new housing facility for the United States Coast Guard Station located within the city limits. The Coast Guard signed a twenty year lease with the Port Authority. The City of Ashtabula was the co-signer on a fifteen year, \$375,000 Rural Industrial Park loan, taken out by the Port Authority for the infrastructure installation in the new 38 acre Industrial Park located at the end of State Route 11. The loan was through the Ohio Department of Development. The Port Authority is planning on selling the lots to businesses and applying the proceeds on repayment of the loan. The loan has no interest, principal, or service fee payments for the first sixty months. Thereafter the Port Authority will pay interest at the rate of 3 percent plus a .25 percent service fee per annum. Financial statements can be obtained from J. A. Valentic & Company Inc., 517 West Prospect Road, Ashtabula, Ohio.

Information in the following notes to the basic financial statements is applicable to the primary government. Information relative to the Ashtabula City Port Authority is presented in Note 18.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2006

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City of Ashtabula have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB pronouncements issued after November 30, 1989, to its business type activities and enterprise fund. The most significant of the City's accounting policies are described below.

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service funds is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

Fund Financial Statements During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

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

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2006

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balances. The following are the City's major governmental funds:

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

Community Development Block Grant Special Revenue Fund The Community Development Block Grant Special Revenue fund is used to account for monies received from the State under the federal Community Development Block Grant and Rental Rehabilitation programs and expended under the guidelines of those programs.

Sanitation Special Revenue Fund The Sanitation Special Revenue fund is used to account for the charges for services fees collected for residential and commercial trash services provided to City residents.

Street Maintenance and Repair Special Revenue Fund The Street Maintenance and Repair Special Revenue fund accounts for the portion of the gasoline tax and motor vehicle registration fees designated for maintenance and repair of dedicated streets within the City.

Debt Service Fund The Debt Service fund is used to account for the property and other taxes collected and special assessments for, and the payment of, general long-term debt principal, interest and related costs.

Permanent Improvement Capital Projects Fund The Permanent Improvement Capital Projects fund accounts for property and other taxes, municipal income tax and intergovernmental revenues to be used for the acquisition, construction, or improvement of major capital facilities other than those financed by proprietary funds.

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Fund Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The only enterprise fund of the City accounts for the operations of the wastewater treatment facility.

Internal Service Funds Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service funds report on self-insurance programs for employee medical benefits and workers' compensation.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2006

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's only fiduciary funds are agency funds to account for assets held by the City for fire deposits, the law library and street deposits.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets.

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

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

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, the resources must also be available before they can be recorded as revenue. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within thirty-one days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2006

taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2006, but which were levied to finance year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Budgets

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the function and object level within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2006.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2006

automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

F. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

During 2006, investments were limited to Federal Home Loan Mortgage Notes, which are reported at fair value and STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2006.

Interest is distributed to the general fund and certain special revenue funds of the City. Interest revenue credited to the general fund during 2006 amounted to \$203,411, which includes \$27,004 assigned from other City funds.

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest-bearing depository accounts are presented on the statement of net assets as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the City's treasury. The cash of the recreation department, Municipal Court and the Ashtabula Port Authority component unit are included in this line item.

Investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

G. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the enterprise fund are expensed when used.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2006, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which it was consumed.

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2006

the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of one thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land	N/A	N/A
Buildings and Improvements	5 - 50 years	5 - 50 years
Equipment	3 - 25 years	3 - 25 years
Vehicles	3 - 7 years	3 - 7 years
Furniture and Fixtures	7 - 10 years	7 - 10 years
Infrastructure	10 - 99 years	25 - 99 years

The City's infrastructure consists of bridges, roads, storm sewers, traffic lights and sanitary sewers and includes infrastructure acquired prior to December 31, 1980.

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Receivables and payables resulting from transactions between the primary government and the component unit for services provided or goods received are classified as "Due to Primary Government" or "Due from Component Unit" on the fund financial statements.

K. Compensated Absences

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

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2006

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at fiscal year-end taking into consideration any limits specified in the City's termination policy.

L. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term loans are recognized as a liability on the governmental fund financial statements when due.

M. Fund Balance Reserves and Designations

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. As a result, encumbrances, inventories, and loans receivable are recorded as a reservation of fund balance. The Capital Projects permanent improvement fund has a designation for improvements to roadways at railway crossings in the City.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports restricted net assets of \$4,604,533, of which none are restricted by enabling legislation. Net assets restricted for other purposes include funds for street and highway repairs and the payment of fire and police pensions.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for wastewater treatment and self-insurance for health and workers' compensation. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. Revenues and expenses which do not meet these definitions are reported as non-operating.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2006

P. Contributions of Capital

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

Q. Interfund Activity

Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

R. Estimates

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

Note 3 – Change in Accounting Principles

For 2006, the City has implemented GASB Statement No. 44, “Economic Condition Reporting: The Statistical Section” and GASB Statement No. 47, “Accounting for Termination Benefits”.

The purpose of GASB Statement No. 44 is to improve the understanding and usefulness of the information that State and local governments present as supplementary information in the statistical section.

GASB Statement No. 47 establishes standards of accounting and financial reporting for termination benefits. The implementation of GASB Statement No. 47 did not materially affect the presentation of the financial statements of the City.

Note 4 - Budgetary Basis of Accounting

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general and each major special revenue fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

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2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and for the major special revenue funds.

Net Change in Fund Balance
 General and Major Special Revenue Funds

	General	Community Development Block Grant	Sanitation	Street Maintenance And Repair
GAAP Basis	\$ (310,583)	\$ (3,799)	\$ (133,556)	\$ (84,453)
Net Adjustment for Revenue Accruals	83,892	(11,782)	(26,604)	10,741
Net Adjustment for Expenditure Accruals	93,917	(108,268)	18,545	3,677
Encumbrances	(43,266)	(50,161)	(5,907)	(22,574)
Budget Basis	<u>\$ (176,040)</u>	<u>\$ (174,010)</u>	<u>\$ (147,522)</u>	<u>\$ (92,609)</u>

Note 5 - Deposits and Investments

State statutes classify monies held by the City into three categories.

Active monies are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City Treasury, in commercial accounts payable or be withdrawn on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit, maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the City treasurer 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.

Interim monies may be deposited or invested in the following securities:

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1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentality;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that instruments in securities described in this division are made only through eligible institutions; and
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available.

The City may also invest any monies not required or needed for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the City.

Investments in stripped principal or interest obligations and reverse repurchase agreement and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the City treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, the carrying amount of the City's deposits was \$931,858 and the bank balance was \$1,278,800. Of the bank balance \$300,000 was covered by Federal depository insurance and \$978,800 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institutions' trust department or agent, but not in the City's name.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

Investments are reported at fair value. As of December 31, 2006, the City had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Repurchase Agreements		
Federal Home Loan Mortgage Note	\$1,030,253	Daily
STAROhio	4,825,401	Average 30 days
Total Portfolio	<u>\$5,855,654</u>	

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. To date, no investments have been purchased with a life greater than five years.

Credit Risk The Federal Home Loan Mortgage Note carries a rating of AAA by Standard and Poor's. STAROhio carries a rating of AAA by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that would further limit its investment choices.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Mortgage Note is exposed to custodial credit risk in that it is uninsured, unregistered and held by the counterparty's trust department or agent but not in the City's name. The City has no investment policy dealing with investment custodial credit risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the City Treasurer or qualified trustee.

Concentration of Credit Risk is defined by the Governmental Accounting Standards Board as having five percent or more invested in the securities of a single issuer. The City's investment policy places no limit on the amount it may invest in any one issuer. The following is the City's allocation as of December 31, 2006:

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Investment Issuer	Percentage of Investments
Repurchase Agreements	17.50 %
STAROhio	82.50

Note 6 - Receivables

Receivables at December 31, 2006, consisted primarily of taxes, accounts (billings for utility service), special assessments, accrued interest on investments, amounts due from other governments and loans receivable. Loans receivable represent low interest loans for development projects and home improvements granted to eligible City residents and businesses under the Federal Community Development Block Grant program. The loans bear interest at annual rates ranging between three and seven percent. The loans are to be repaid over periods ranging from five to fifteen years. The City has also loaned money to the Ashtabula Port Authority (component unit). The loan has an interest rate of 4.5 percent and is to be repaid over twenty years. No allowances for doubtful accounts have been recorded. Although two accounts are delinquent by \$61,264, the City is making every effort to collect these accounts.

Special assessments expected to be collected in more than one year amount to \$212,516 in the Debt Service Fund. At December 31, 2006 the amount of delinquent special assessments was \$1,874.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2006 for real and public utility property taxes represents collections of the 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) are for 2006 taxes.

2006 real property taxes are levied after October 1, 2006, on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 public utility property taxes which became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible personal property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The full tax rate for all City operations for the year ended December 31, 2006, was \$11.11 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	\$198,185,320
Public Utility Property	20,029,930
Tangible Personal Property	21,268,940
Total Valuation	\$239,484,190

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Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Ashtabula. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2006 and for which there is an enforceable legal claim. In the general fund, debt service fund, permanent improvement fund, fire pension fund and police pension fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2006 operations and the collections of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while on a modified accrual basis it is deferred.

B. Income Taxes

An income tax of 1.8 percent is levied on substantially all income earned within the City. In addition, the residents of the City are required to pay City income taxes on income earned outside the City; however, credit is allowed for income taxes paid to other municipalities up to one hundred percent of the City's current tax rate.

The City's income tax ordinance requires ten percent of the income tax revenues to be used to finance capital projects or acquire capital assets. As a result, this portion of the revenue is placed in the permanent improvement capital projects fund. The remaining ninety percent is unrestricted and is credited to the City's general fund.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

In accordance with the City Charter, any income tax ordinance must be approved by a majority vote at a City election prior to the ordinance becoming effective. The current income tax levy has been renewed through December 2007.

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
Local Government	\$742,508
Gasoline and Excise Tax	320,160
Homestead and Rollback Taxes	108,365
Permissive Tax	67,000
Estate Tax	18,905
Fines and Foreitures	3,913
Total	<u><u>\$1,260,851</u></u>

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Note 7 - 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; injuries to employees; and natural disasters. During 2006, the City contracted with Argonaut Insurance Company for various types of insurance as follows:

Type of Coverage	Coverage Amounts	Deductible
General Liability	\$2,000,000	\$0
Law Enforcement Liability	2,000,000	10,000
Business Auto - Comprehensive	1,000,000	250
Business Auto - Collision	Actual cash value	500
Public Officials' Liability	2,000,000	15,000

There were no significant reductions from prior years and claims have not exceeded insurance coverage in any of the last three years.

The City provides hospital/medical, dental, drug and vision benefits for its employees through a self-insured program. A third party administrator processes and pays the claims. The City is paying self-insurance claims and administrative costs from its insurance internal service fund. An excess coverage insurance (stop loss) policy covers claims in excess of \$50,000 per employee. During 2006, a total of \$1,909,317 was expensed in benefits and administrative costs. The liability for unpaid claims cost of \$18,951, reported in the self insurance internal service fund at December 31, 2006, is based on the requirements of Governmental Accounting Standards Board Statement 30. Statement 30 requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liability was determined by reviewing invoices for claims paid in January and February 2007 which were incurred in 2006.

The City participates in the State Workers' Compensation retrospective rating and payment system. This plan involves the payment of a minimum premium for administrative services and stop-loss coverage plus the actual claim costs for employees injured. Incurred but not reported claims of \$180,000 have been accrued as a liability in the workers' compensation internal service fund at December 31, 2006 based on an estimate by the City Auditor.

The estimates for the internal services funds were not affected by incremental claim adjustment expenses and does not include other allocated claim adjustment expenses. Changes in the internal services funds' claims liability amounts in the last two years follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2005	\$393,723	\$822,165	(\$979,097)	\$236,791
2006	236,791	1,561,969	(1,599,809)	198,951

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Note 8 - Capital Assets

Capital asset activity for the year ended December 31, 2006, was as follows:

	Balance 12/31/2005	Additions	Deductions	Balance 12/31/2006
Governmental Activities:				
Capital Assets, Non-depreciable:				
Land	\$1,983,340	\$72,500	\$0	\$2,055,840
Construction in Progress	426,092	1,000,811	(200,000)	1,226,903
Total Capital Assets, Non-depreciable	<u>2,409,432</u>	<u>1,073,311</u>	<u>(200,000)</u>	<u>3,282,743</u>
Capital Assets, Depreciable:				
Buildings and Improvements	10,205,644	592,885	0	10,798,529
Equipment	2,920,263	296,654	(159,032)	3,057,885
Vehicles	3,669,973	576,614	(424,078)	3,822,509
Furniture and Fixtures	55,567	0	0	55,567
Infrastructure:				
Bridges	4,155,266	0	0	4,155,266
Roads	8,555,279	460,869	(113,878)	8,902,270
Storm Sewers	2,458,027	75,377	0	2,533,404
Traffic Lights	530,694	16,409	0	547,103
Total Capital Assets, Depreciable	<u>32,550,713</u>	<u>2,018,808</u>	<u>(696,988)</u>	<u>33,872,533</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(4,157,449)	(336,512)	0	(4,493,961)
Equipment	(2,244,866)	(210,186)	160,549	(2,294,503)
Vehicles	(2,971,049)	(216,471)	424,078	(2,763,442)
Furniture and Fixtures	(39,250)	(4,702)	0	(43,952)
Infrastructure:				
Bridges	(1,305,825)	(41,972)	553	(1,347,244)
Roads	(5,851,902)	(505,107)	86,356	(6,270,653)
Storm Sewers	(1,055,588)	(25,134)	0	(1,080,722)
Traffic Lights	(74,426)	(5,458)	0	(79,884)
Total Accumulated Depreciation	<u>(17,700,355)</u>	<u>(1,345,542)</u>	<u>671,536</u>	<u>(18,374,361)</u>
Total Capital Assets, Depreciable, net	<u>14,850,358</u>	<u>673,266</u>	<u>(25,452)</u>	<u>15,498,172</u>
Governmental Activities Capital Assets, Net	<u><u>\$17,259,790</u></u>	<u><u>\$1,746,577</u></u>	<u><u>(\$225,452)</u></u>	<u><u>\$18,780,915</u></u>
Business-Type Activities:				
Capital Assets, Non-depreciable:				
Land	\$70,125	\$0	\$0	\$70,125
Construction in Progress	265,045	174,278	(11,514)	427,809
Total Capital Assets, Non-depreciable	<u>335,170</u>	<u>174,278</u>	<u>(11,514)</u>	<u>497,934</u>
Capital Assets, Depreciable:				
Buildings and Improvements	6,698,213	0	0	6,698,213
Equipment	1,564,652	498,877	(12,607)	2,050,922
Vehicles	484,756	16,250	(24,677)	476,329
Furniture and fixtures	3,068	0	0	3,068
Infrastructure:				
Sanitary Sewer System	10,390,877	16,359	0	10,407,236
Total Capital Assets, Depreciable	<u>19,141,566</u>	<u>531,486</u>	<u>(37,284)</u>	<u>19,635,768</u>

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	Balance 12/31/2005	Additions	Deductions	Balance 12/31/2006
Less Accumulated Depreciation:				
Buildings and Improvements	(\$3,185,494)	(\$169,499)	\$0	(\$3,354,993)
Equipment	(1,240,397)	(97,715)	9,448	(1,328,664)
Vehicles	(456,202)	(7,729)	24,676	(439,255)
Furniture and Fixtures	(2,687)	(207)	0	(2,894)
Infrastructure				
Sanitary Sewer System	(3,609,960)	(183,508)	0	(3,793,468)
Total Accumulated Depreciation	(8,494,740)	(458,658)	34,124	(8,919,274)
Total Capital Assets, Depreciable, net	10,646,826	72,828	(3,160)	10,716,494
Business-Type Activities				
Capital Assets, Net	\$10,981,996	247,106	(\$14,674)	\$11,214,428

* Depreciation expense was charged to governmental functions as follows:

General Government	
Legislative and Executive	\$192,788
Judicial	88,696
Security of Persons and Property	
Police	171,716
Fire	104,950
Public Health Services	3,793
Street Maintenance and Repair	643,659
Housing and Community Development	1,552
Sanitation	90,656
Leisure Time Activities	47,732
Total Depreciation Expense	<u>\$1,345,542</u>

The City received a donation of land and buildings from the Ohio Department of Transportation in the amount of \$1,035,400.

Note 9 - Long-Term Debt

The original issue date, interest rate and original issuance amount for each of the City's bonds follows:

	Original Issue Date	Interest Rate	Original Issue Amount
Governmental Activities:			
General Obligation Debt Issues:			
Justice Center	1994	2.6 – 5.5%	\$3,560,000
Building Renovation	2001	4.71	750,000
Mareddy Estates	2002	3.93	150,000
Special Assessment Debt Issues:			
Main Avenue Widening	1985	9.375	255,000
OPWC Loan	2000	0.0	195,647
Business Type Activities:			
Wastewater Plant Renovation	1999	4.35	1,964,178

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A schedule of changes in bonds and other long-term obligations of the City during 2006 follows:

	Principal Outstanding 12/31/2005	Additions	Deletions	Principal Outstanding 12/31/2006	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds					
2.6% - 5.5%					
Justice Center Bonds	\$390,000	\$0	\$190,000	\$200,000	\$200,000
General Obligation Bonds					
4.71%					
Building Renovation Bonds	111,927	0	111,927	0	0
General Obligation Bonds					
3.93%					
Mareddy Estates Bonds	90,631	0	21,365	69,266	22,205
Total General Obligation Bonds	592,558	0	323,292	269,266	222,205
Special Assessment Debt with Governmental Commitment					
9.375% Main Avenue Widening	10,000	0	10,000	0	0
OPWC Loan	136,954	0	4,891	132,063	9,782
Police and Fire Loan	297,824	0	96,347	201,477	99,248
Building Improvements Loan	0	1,200,000	0	1,200,000	172,601
Claims Payable	237,680	108,951	147,680	198,951	108,951
Judgments Payable	200,000	0	0	200,000	200,000
Compensated Absences	2,477,594	1,177,477	1,037,577	2,617,494	1,177,477
Capital Lease Obligations	637	0	637	0	0
<i>Total Governmental Activities</i>	<u>\$3,953,247</u>	<u>\$2,486,428</u>	<u>\$1,620,424</u>	<u>\$4,819,251</u>	<u>\$1,990,264</u>
Business Type Activities					
OWDA Loan					
4.35% Wastewater Plant Renovation	\$1,349,639	\$0	\$103,896	\$1,245,743	\$108,465
Compensated Absences	260,159	147,798	128,602	279,355	147,798
<i>Total Business Type Activities</i>	<u>\$1,609,798</u>	<u>\$147,798</u>	<u>\$232,498</u>	<u>\$1,525,098</u>	<u>\$256,263</u>

All bonds are secured by the full faith and credit of the City. General obligation bonds are to be repaid from general property taxes levied on all taxable property located within the City. The main avenue widening special assessment bonds and the OPWC loan are secured by the future collection of special assessments. In the event that the benefited property owner would fail to pay the assessment, payment would be made by the City. The amounts due the Ohio Water Development Authority are payable solely from sewer revenues. The judgment will be paid from the sanitation fund. The police and fire loan is paid from revenues of the general fund. The building improvements loan will be paid from revenues of the permanent improvement fund. Compensated absences will be paid from the general fund, the code enforcement, community development block grant, food service, sanitation, street maintenance and repair, walnut beach special revenue funds and wastewater treatment fund. Claims payable will be paid from the internal service funds (See Note 7). The capital lease is paid from the code enforcement fund.

The City's overall legal debt margin was \$25,145,840 at December 31, 2006. Principal and interest requirements to retire OWDA loan, OPWC loan, general obligation bonds, building improvements loan, and the police and fire pension loan payable at December 31, 2006, are as follows:

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	General Obligation Bonds		OPWC Loan	Police and Fire Pension Loan		Building Improvements Loan		OWDA Loan		Totals
	Principal	Interest		Principal	Interest	Principal	Interest	Principal	Interest	
2007	\$222,205	\$13,122	\$9,782	\$99,248	\$6,067	\$172,601	\$27,870	\$108,465	\$53,023	\$712,383
2008	23,077	1,850	9,782	102,229	3,087	152,194	48,277	113,234	48,254	\$501,984
2009	23,984	943	9,782	0	0	159,346	41,125	118,214	43,274	\$396,668
2010	0	0	9,782	0	0	166,833	33,638	123,412	38,076	\$371,741
2011	0	0	9,783	0	0	174,672	25,798	128,839	32,649	\$371,741
2012 - 2016	0	0	48,912	0	0	374,354	26,588	653,579	73,115	\$1,176,548
2016 - 2020	0	0	34,240	0	0	0	0	0	0	\$34,240
Total	\$269,266	\$15,915	\$132,063	\$201,477	\$9,154	\$1,200,000	\$203,296	\$1,245,743	\$288,391	\$3,565,305

Note 10 - Compensated Absences

All full-time employees of the City earn vacation and sick leave at varying rates depending on length of service. Vacation hours are earned in one year and credited to the employee the following January 1. Vacations must be taken in the year the hours are credited to the employees or paid upon separation from the City. Sick leave is accrued at the rate of 1 1/4 days for each month of service for all full-time employees, except the fire department. The fire department is entitled to 14 hours per month for shift employees and 10 hours per month for "40 hour employees".

Each year the City determines whether a sick leave buy-out option will be offered to employees. This option with maximum buy-out of 160 hours per year allows employees to receive 100 percent payment for any sick leave balance in excess of 960 hours. This sick leave buy-out was not offered in 2006.

Upon retirement from the City all employees, with the exception of Police union employees, receive a lump sum payment for unused sick leave up to one hundred twenty (120) days. Employees of the Police union must have five or more years of service to receive payment for accumulated sick leave. An employee who has accumulated more than 120 days will receive a percentage of the excess based on years of service.

Note 11 - Leases

The City had one lease for a copier. The City's lease obligation meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", and was recorded on the government-wide statements. The equipment has been capitalized in the amount of \$4,490. The book value is zero. The final lease payment was made in 2006.

The City, as a lessor, has entered into an agreement leasing a building and accompanying land to Dairy Queen Inc., as well as thirteen and one half percent of an additional building to Keybank National Corporation. The lease with Keybank is for ten years with a five-year extension at Keybank's option. The following schedule provides an analysis of the leased property at December 31, 2006:

	Dairy Queen Incorporated	Keybank National Corporation
Land	\$3,415	\$0
Building	97,000	99,201
Leased property, total value	100,415	99,201
Less: Accumulated Depreciation	(34,222)	(14,282)
Leased property, net of depreciation	<u>\$66,193</u>	<u>\$84,919</u>

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2006

The following is a schedule by years of minimum future rentals on the operating leases as of December 31, 2006:

Year ending December 31,	Dairy Queen Incorporated	Keybank National Corporation
2007	\$13,134	\$134,062
2008	13,528	134,062
2009	13,934	134,062
2010	14,352	22,344
2011	14,783	0
2012 - 2013	29,566	0
Total minimum lease payments	\$99,297	\$424,530

Note 12 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary. The City's contribution rate for pension benefits for 2006 was 13.7 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 16.93 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$422,384, \$416,306, and \$420,158, respectively; 82.92 percent has been contributed for 2006 and 100 percent for 2005 and 2004. There were no contributions to the member-directed plan for 2006.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2006

B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 19.5 percent for police officers and 24 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for the years ended December 31, 2006, 2005, and 2004 were \$454,800, \$431,541, and \$446,730, respectively, equal to the required contributions for each year. The full amount has been contributed for 2005 and 2004. 65.17 percent has been contributed for 2006.

Note 13 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage.

A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.70 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase at the same rate as the payroll (4.00 percent), plus an additional factor between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005 actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$206,601. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2006

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the financial solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

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

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2005. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2006 that were used to fund postemployment benefits were \$141,416 for police and \$114,650 for firefighters. The OP&F's total health care expense for the year ended December 31, 2005, (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters.

Note 14 - Contingent Liabilities

A. Litigation

The City of Ashtabula is a defendant in a lawsuit filed by the Ashtabula Area City Schools, Board of Education for implementing a Community Reinvestment Act tax abatement program which they believe is in noncompliance. The suit asks for actual and punitive damages totaling \$1,700,000. The City believes the suit is completely without merit and intends to vigorously defend its position.

The City of Ashtabula is also party to several other legal proceedings seeking damages. The City management is of the opinion that the ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

B. Federal and State Grants

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantor or their representatives. Any liability for reimbursement, which may arise as the result of these audits, is not believed to be material.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2006

Note 15 - Related Party Transactions

The Ashtabula Port Authority, a discretely presented component unit of the City of Ashtabula, receives contributions from the City for salaries for the administration, implementation and supervision of its projects. In 2006, these contributions totaled \$13,745. The City of Ashtabula cosigns for debt that the Ashtabula Port Authority issues and also appoints the board of the Ashtabula Port Authority.

Note 16 – Contractual Commitments

At December 31, 2006 the City of Ashtabula had contractual commitments for engineering services with GGJ, Incorporated for \$69,976 for the Equalization Basin project, Smolen Engineering for \$31,100 for engineering services for the West Avenue railroad overpass. Commitments for construction include the State of Ohio for the West Avenue railroad overpass, Johnson Controls for \$2,000 for HVAC and lighting and Severino Construction for \$38,692 for Michigan Avenue/Strongbrook sewer improvements. Additional contractual commitments with Ashtabula County Public Defender for \$14,000 for indigent representation, S R Snodgrass for \$48,050 for audit services and Bleckman & Associates for assisting with the 2006 CHIP grant. The City also has purchase commitments with Southeastern Equipment for \$28,162 for a stump grinder, Five Star International for \$63,483 for a chassis for a 2007 truck and Concord Road Equipment for \$49,958 for a new truck.

Note 17 – Interfund Transfers

Interfund transfers for the year ended December 31, 2006, consisted of the following:

	Transfer From				Total
	General	Motor Vehicle License Tax	State Highway	Wastewater Treatment	
<u>Transfer to</u>					
Sanitation	\$40,000	\$0	\$0	\$0	\$40,000
Street Maintenance and Repair	175,000	44,000	50,500	0	269,500
Debt Service	5,000				5,000
Permanent Improvement	0	0	0	50,000	50,000
Other Governmental Funds					
Code Enforcement	61,000	0	0	0	61,000
Food Service	63,000	0	0	0	63,000
Fire Pension	160,000	0	0	0	160,000
Police Pension	160,000	0	0	0	160,000
Walnut Beach	5,000	0	0	0	5,000
Total Other Governmental Funds	<u>449,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>449,000</u>
Total Transfers	<u>\$669,000</u>	<u>\$44,000</u>	<u>\$50,500</u>	<u>\$50,000</u>	<u>\$813,500</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to provide additional resources for current operations or debt service; to segregate money for anticipated capital projects; and to return money to the fund from which it was originally provided once a project is completed.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2006

The City had no transfers that either do not occur on a regular basis or were inconsistent with the purpose of the fund making the transfer.

Note 18 - Ashtabula City Port Authority

A. Description of Reporting Entity

The Ashtabula City Port Authority is a legally separate entity, statutorily created under Section 4582.02 of the Ohio Revised Code, served by a seven-member board of directors appointed by the City Manager with the approval of City Council. Charged with the responsibility of industrial development and the improvement of Ashtabula's interconnecting waterways, the Port Authority is empowered with the ability to carry out the actions they consider necessary to achieve these responsibilities. The Ashtabula City Port Authority is fiscally dependent on the City and is therefore presented as a component unit of the City (See Note 1).

B. Summary of Significant Accounting Policies

The Ashtabula Port Authority's financial information is presented on the statement of net assets and statement of activities using the full accrual basis of accounting and the economic resources measurement focus.

1. Due to Primary Government

Payables resulting from transactions between the Ashtabula Port Authority and the primary government are classified as "due to primary government" on the financial statements.

2. Property, Plant, Equipment and Depreciation

Capital assets at the Ashtabula Port Authority are capitalized. All capital assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year.

Donated capital assets are recorded at their fair market values as of the date donated. The Ashtabula Port Authority has established a capitalization threshold for capital assets at \$1,000 with the exception of land, as all land is listed regardless of cost.

The cost 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 capital assets. Depreciation for the Ashtabula Port Authority is computed over either ten or twenty years.

C. Deposits and Investments

The Ashtabula Port Authority follows the same statutory requirements for deposits and investments as the primary government (See Note 5).

At year-end, the carrying amount of the Ashtabula Port Authority's deposits was \$788,934 and the bank balance was \$790,267. Federal Depository Insurance covered \$100,000 of the bank balance. \$690,267 was uncollateralized and uninsured. Although the pledging banks have an investment and securities pool used to collateralize all public deposits which are held in the financial institutions' name, noncompliance with federal requirements could potentially subject the Port Authority to a successful claim by the FDIC.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2006

For the purpose of classification under GASB Statement No. 40, the Ashtabula Port Authority did not have any investments at year-end.

D. Capital Assets

A summary of the Ashtabula City Port Authority's capital assets at December 31, 2006 follows:

	<u>Balance</u> <u>12/31/2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>12/31/2006</u>
Governmental Activities				
Capital Assets, Non-depreciable				
Land	\$321,885	\$0	\$0	\$321,885
Capital Assets, Depreciable				
Improvements	484,175	54,341	0	538,516
Less Accumulated Depreciation				
Improvements	(135,880)	(25,291)	0	(161,171)
Total Assets, Depreciable, Net	<u>348,295</u>	<u>29,050</u>	<u>0</u>	<u>377,345</u>
Governmental Activities				
Capital Assets, Net	<u><u>\$670,180</u></u>	<u><u>\$29,050</u></u>	<u><u>\$0</u></u>	<u><u>\$699,230</u></u>

E. Long-term Debt

On March 13, 2006 the Ashtabula City Port Authority received a State of Ohio Rural Industrial Park loan from the Ohio Department of Development for the City's Industrial Park, in the amount of \$375,000. This loan bears no interest for years one through five with no payments due. Years six through fifteen bear interest at three percent. The City has loaned the Ashtabula City Port Authority money in the amount of \$150,000. As of December 31, 2006, \$39,136 of the City's loan has been repaid leaving a balance of \$110,864. The following are repayment schedules for the loans:

	<u>City of Ashtabula - Loan</u>		<u>Industrial Park Loan</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$7,091	\$4,297	\$0	\$0
2008	6,858	4,530	0	0
2009	7,173	4,214	0	0
2010	7,503	3,885	0	0
2011	7,847	3,540	21,657	7,311
2012-2016	44,987	11,951	176,982	40,280
2017-2021	29,405	1,912	176,361	11,932
Total	<u><u>\$110,864</u></u>	<u><u>\$34,329</u></u>	<u><u>\$375,000</u></u>	<u><u>\$59,523</u></u>

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2006

Note 19 – Subsequent Events

On April 2, 2007 the City entered into a lease agreement with Czup-Fowler LTD to assume the Dairy Queen lease. The transfer was retroactive to and effective September 25, 2006. The term of the lease was extended from November 30, 2013 through November 30, 2037.

May 8, 2007 the citizens of the City voted to renew the 1.8 percent income tax levy. This extends the current ordinance through December of 2010.

On April 6, 2007 the City of Ashtabula gave \$303,000 to the Ashtabula City Port Authority for infrastructure cost with the City's new business park at the end of State Route 11. There are approximately 50 acres in the new park. The park will be operated by the Ashtabula City Port Authority.

Combining Statements and Individual Fund Schedules

Combining Statements - Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

To account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditures for specified purposes.

Code Enforcement Fund - To account for rental unit inspection fees collected, ensuring each unit meets minimum standards for health and safety.

Fire Pension Fund - To accumulate property taxes levied for the payment of the current and accrued liability for fire disability and pension benefits.

Food Service Fund - To account for food service establishment inspection, license and permit fees collected by the City.

Indigent Alcohol Fund - To account for fees collected by the municipal court from persons' whose driver's license or permit was suspended for driving under the influence of alcohol.

Law Enforcement Trust Fund - To account for the custody of proceeds and property subject to seizure/receipt/expenditure from court ordered forfeiture of criminal assets and mandatory drug fines.

Marina Fund - To account for monies received from permits and licenses issued in connection with the operation of the marina.

Motor Vehicle License Tax Fund - To account for resources received as a result of the County's levied motor vehicle license tax.

Municipal Probation Services Fund - To account for resources received from municipal probation.

Police Pension Fund - To accumulate property taxes levied for the payment of the current and accrued liability for police disability and pension benefits.

Public Health Nursing Fund - To account for monies received from residents who utilize the services of the home nursing program sponsored by the Department of Health of the City.

(continued)

Combining Statements - Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds

State Highway Fund - To account for the portion of the state gasoline tax and motor vehicle registration fees designated for maintenance of state highways within the City.

Walnut Beach Fund - To account for revenue received from concession stand operations.

Nonmajor Capital Projects Fund

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

Construction Fund – To account for financial services to be used for the acquisition and construction of the new Municipal building.

City of Ashtabula, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2006

	Code Enforcement	Fire Pension	Food Service	Indigent Alcohol
Assets				
Equity in Pooled Cash and Cash Equivalents	\$66,720	\$366,501	\$42,071	\$15,727
Receivables:				
Taxes	0	323,568	0	0
Accounts	9,954	0	0	0
Due from Other Governments	0	12,750	0	0
<i>Total Assets</i>	<u>\$76,674</u>	<u>\$702,819</u>	<u>\$42,071</u>	<u>\$15,727</u>
Liabilities and Fund Balances				
Accounts Payable	\$2,330	\$0	\$0	\$0
Accrued Wages	5,764	0	1,841	0
Due to Other Governments	2,132	122,726	1,468	0
Deferred Revenue	9,954	336,318	0	0
Deposits Held and Due to Others	0	0	0	0
<i>Total Liabilities</i>	<u>20,180</u>	<u>459,044</u>	<u>3,309</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	9,329	117,452	278	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	47,165	126,323	38,484	15,727
Capital Projects Fund	0	0	0	0
<i>Total Fund Balances</i>	<u>56,494</u>	<u>243,775</u>	<u>38,762</u>	<u>15,727</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$76,674</u>	<u>\$702,819</u>	<u>\$42,071</u>	<u>\$15,727</u>

(continued)

City of Ashtabula, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds (continued)
December 31, 2006

	Law Enforcement Trust	Marina	Motor Vehicle License Tax	Municipal Probation Services	Police Pension
Assets					
Equity in Pooled Cash and Cash Equivalents	\$17,109	\$3,980	\$4,343	\$99,570	\$386,026
Receivables:					
Taxes	0	0	0	0	323,568
Accounts	0	0	0	0	0
Due from Other Governments	0	0	22,000	0	12,750
<i>Total Assets</i>	<u>\$17,109</u>	<u>\$3,980</u>	<u>\$26,343</u>	<u>\$99,570</u>	<u>\$722,344</u>
Liabilities and Fund Balances					
Accounts Payable	\$0	\$0	\$0	\$0	\$0
Accrued Wages	0	0	0	0	0
Due to Other Governments	0	0	0	0	120,289
Deferred Revenue	0	0	18,821	0	336,318
Deposits Held and Due to Others	0	0	0	5,132	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>18,821</u>	<u>5,132</u>	<u>456,607</u>
Fund Balances					
Reserved for Encumbrances	0	0	0	0	124,820
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	17,109	3,980	7,522	94,438	140,917
Capital Projects Fund	0	0	0	0	0
<i>Total Fund Balances</i>	<u>17,109</u>	<u>3,980</u>	<u>7,522</u>	<u>94,438</u>	<u>265,737</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$17,109</u>	<u>\$3,980</u>	<u>\$26,343</u>	<u>\$99,570</u>	<u>\$722,344</u>

<u>Public Health Nursing</u>	<u>State Highway</u>	<u>Walnut Beach</u>	<u>Total Nonmajor Special Revenue Funds</u>	<u>Nonmajor Construction Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$40,254	\$16,097	\$10,136	\$1,068,534	\$3,311	\$1,071,845
0	0	0	647,136	0	647,136
0	0	0	9,954	0	9,954
0	24,012	0	71,512	0	71,512
<u>\$40,254</u>	<u>\$40,109</u>	<u>\$10,136</u>	<u>\$1,797,136</u>	<u>\$3,311</u>	<u>\$1,800,447</u>
\$0	\$0	\$0	\$2,330	\$0	\$2,330
0	0	0	7,605	0	7,605
120	0	0	246,735	0	246,735
0	20,030	0	721,441	0	721,441
0	0	0	5,132	0	5,132
<u>120</u>	<u>20,030</u>	<u>0</u>	<u>983,243</u>	<u>0</u>	<u>983,243</u>
0	0	0	251,879	0	251,879
40,134	20,079	10,136	562,014	0	562,014
0	0	0	0	3,311	3,311
<u>40,134</u>	<u>20,079</u>	<u>10,136</u>	<u>813,893</u>	<u>3,311</u>	<u>817,204</u>
<u>\$40,254</u>	<u>\$40,109</u>	<u>\$10,136</u>	<u>\$1,797,136</u>	<u>\$3,311</u>	<u>\$1,800,447</u>

City of Ashtabula, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2006

	Code Enforcement	Fire Pension	Food Service	Indigent Alcohol
Revenues				
Property and Other Taxes	\$0	\$300,340	\$0	\$0
Charges for Services	0	0	0	0
Licenses and Permits	91,195	0	43,709	0
Fines and Forfeitures	0	0	0	8,879
Intergovernmental	0	28,805	0	0
Interest	0	0	0	0
<i>Total Revenues</i>	<u>91,195</u>	<u>329,145</u>	<u>43,709</u>	<u>8,879</u>
Expenditures				
Current:				
General Government:				
Judicial System	0	0	0	18,256
Security of Persons and Property:				
Police	0	0	0	0
Fire	0	387,108	0	0
Public Health Services	0	0	79,002	0
Street Maintenance and Repairs	0	0	0	0
Housing and Community Development	144,782	0	0	0
Leisure Time Activities	0	0	0	0
Principal Retirement	637	0	0	0
Interest and Fiscal Charges	12	0	0	0
<i>Total Expenditures</i>	<u>145,431</u>	<u>387,108</u>	<u>79,002</u>	<u>18,256</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(54,236)</u>	<u>(57,963)</u>	<u>(35,293)</u>	<u>(9,377)</u>
Other Financing Sources (Uses)				
Transfers In	61,000	160,000	63,000	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources and Uses</i>	<u>61,000</u>	<u>160,000</u>	<u>63,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	6,764	102,037	27,707	(9,377)
<i>Fund Balances Beginning of Year</i>	<u>49,730</u>	<u>141,738</u>	<u>11,055</u>	<u>25,104</u>
<i>Fund Balances End of Year</i>	<u><u>\$56,494</u></u>	<u><u>\$243,775</u></u>	<u><u>\$38,762</u></u>	<u><u>\$15,727</u></u>

Law Enforcement Trust	Marina	Motor Vehicle License Tax	Municipal Probation Services	Police Pension	Public Health Nursing
\$0	\$0	\$0	\$0	\$307,843	\$0
0	0	0	0	0	58,889
0	13,475	0	0	0	0
19,441	0	0	37,318	0	0
0	0	42,642	0	28,805	0
0	0	0	0	0	0
<u>19,441</u>	<u>13,475</u>	<u>42,642</u>	<u>37,318</u>	<u>336,648</u>	<u>58,889</u>
0	0	0	26,071	0	0
20,758	0	0	0	381,470	0
0	0	0	0	0	0
0	0	0	0	0	44,958
0	0	0	0	0	0
0	0	0	0	0	0
0	13,745	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>20,758</u>	<u>13,745</u>	<u>0</u>	<u>26,071</u>	<u>381,470</u>	<u>44,958</u>
<u>(1,317)</u>	<u>(270)</u>	<u>42,642</u>	<u>11,247</u>	<u>(44,822)</u>	<u>13,931</u>
0	0	0	0	160,000	0
0	0	(44,000)	0	0	0
<u>0</u>	<u>0</u>	<u>(44,000)</u>	<u>0</u>	<u>160,000</u>	<u>0</u>
(1,317)	(270)	(1,358)	11,247	115,178	13,931
<u>18,426</u>	<u>4,250</u>	<u>8,880</u>	<u>83,191</u>	<u>150,559</u>	<u>26,203</u>
<u>\$17,109</u>	<u>\$3,980</u>	<u>\$7,522</u>	<u>\$94,438</u>	<u>\$265,737</u>	<u>\$40,134</u>

(continued)

City of Ashtabula, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (continued)
For the Year Ended December 31, 2006

	State Highway	Walnut Beach	Total Nonmajor Special Revenue Funds	Nonmajor Construction Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues					
Property and Other Taxes	\$0	\$0	\$608,183	\$0	\$608,183
Charges for Services	0	0	58,889	0	58,889
Licenses and Permits	0	0	148,379	0	148,379
Fines and Forfeitures	0	0	65,638	0	65,638
Intergovernmental	60,127	0	160,379	0	160,379
Interest	7,358	0	7,358	0	7,358
<i>Total Revenues</i>	<u>67,485</u>	<u>0</u>	<u>1,048,826</u>	<u>0</u>	<u>1,048,826</u>
Expenditures					
Current:					
General Government:					
Judicial System	0	0	44,327	0	44,327
Security of Persons and Property:					
Police	0	0	402,228	0	402,228
Fire	0	0	387,108	0	387,108
Public Health Services	0	0	123,960	0	123,960
Street Maintenance and Repairs	12,000	0	12,000	0	12,000
Housing and Community Development	0	0	144,782	0	144,782
Leisure Time Activities	0	3,953	17,698	0	17,698
Principal Retirement	0	0	637	0	637
Interest and Fiscal Charges	0	0	12	0	12
<i>Total Expenditures</i>	<u>12,000</u>	<u>3,953</u>	<u>1,132,752</u>	<u>0</u>	<u>1,132,752</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>55,485</u>	<u>(3,953)</u>	<u>(83,926)</u>	<u>0</u>	<u>(83,926)</u>
Other Financing Sources (Uses)					
Transfers In	0	5,000	449,000	0	449,000
Transfers Out	(50,500)	0	(94,500)	0	(94,500)
<i>Total Other Financing Sources and Uses</i>	<u>(50,500)</u>	<u>5,000</u>	<u>354,500</u>	<u>0</u>	<u>354,500</u>
<i>Net Change in Fund Balances</i>	4,985	1,047	270,574	0	270,574
<i>Fund Balances Beginning of Year</i>	<u>15,094</u>	<u>9,089</u>	<u>543,319</u>	<u>3,311</u>	<u>546,630</u>
<i>Fund Balances End of Year</i>	<u>\$20,079</u>	<u>\$10,136</u>	<u>\$813,893</u>	<u>\$3,311</u>	<u>\$817,204</u>

Combining Statements - Internal Service Funds

To account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

Self Insurance Fund - To account for a medical benefit self insurance program for employees of the City. Monthly fees are paid and any balance on hand is held until used.

Workers' Compensation Fund - To account for the revenues used for the purpose of providing workers' compensation benefits to employees.

City of Ashtabula, Ohio
Combining Statement of Fund Net Assets
Internal Service Funds
December 31, 2006

	Self Insurance	Workers' Compensation	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$569,743	\$1,726,520	\$2,296,263
<i>Total Assets</i>	<u>569,743</u>	<u>1,726,520</u>	<u>2,296,263</u>
Liabilities and Fund Balances			
Due to Other Governments	0	220,511	220,511
Claims Payable	<u>18,951</u>	<u>90,000</u>	<u>108,951</u>
<i>Total Current Liabilities</i>	18,951	310,511	329,462
Long-Term Liabilities:			
Claims Payable	<u>0</u>	<u>90,000</u>	<u>90,000</u>
<i>Total Liabilities</i>	<u>18,951</u>	<u>400,511</u>	<u>419,462</u>
Net Assets			
Unrestricted	<u>550,792</u>	<u>1,326,009</u>	<u>1,876,801</u>
<i>Total Net Assets</i>	<u><u>\$550,792</u></u>	<u><u>\$1,326,009</u></u>	<u><u>\$1,876,801</u></u>

City of Ashtabula, Ohio
*Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2006*

	Self Insurance	Workers' Compensation	Total
Revenues			
Charges for Services	\$2,009,326	\$25,000	\$2,034,326
Miscellaneous	0	8,220	8,220
<i>Total Revenues</i>	<u>2,009,326</u>	<u>33,220</u>	<u>2,042,546</u>
Operating Expenses			
Contractual Services	492,424	117,602	610,026
Claims	1,416,893	145,076	1,561,969
<i>Total Operating Expenses</i>	<u>1,909,317</u>	<u>262,678</u>	<u>2,171,995</u>
<i>Change in Net Assets</i>	100,009	(229,458)	(129,449)
<i>Net Assets Beginning of Year</i>	<u>450,783</u>	<u>1,555,467</u>	<u>2,006,250</u>
<i>Net Assets End of Year</i>	<u><u>\$550,792</u></u>	<u><u>\$1,326,009</u></u>	<u><u>\$1,876,801</u></u>

City of Ashtabula, Ohio
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2006

	Self Insurance	Workers' Compensation	Total
<i>Increase (Decrease) In Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Other Funds	\$2,009,326	\$25,000	\$2,034,326
Cash Payments Received from Other Operating Sources	0	8,220	8,220
Cash Payments to Suppliers for Goods and Services	(486,863)	(68,832)	(555,695)
Cash Payments for Claims	(1,404,733)	(195,076)	(1,599,809)
<i>Net Increase (Decrease) In Cash and Cash Equivalents</i>	117,730	(230,688)	(112,958)
<i>Cash and Cash Equivalents Beginning of Year</i>	452,013	1,957,208	2,409,221
<i>Cash and Cash Equivalents End of Year</i>	\$569,743	\$1,726,520	\$2,296,263
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities			
<i>Operating Income (Loss)</i>	\$100,009	(\$229,458)	(\$129,449)
(Increase) Decrease in Assets:			
Prepaid Items	6,450	0	6,450
Increase (Decrease) in Liabilities:			
Accounts Payable	0	(280)	(280)
Due to Other Governments	0	49,050	49,050
Claims Payable	11,271	(50,000)	(38,729)
<i>Net Cash Provided by (Used for) Operating Activities</i>	\$117,730	(\$230,688)	(\$112,958)

Combining Statement - Agency Funds

To account for assets held by the City as an agent for individuals, other governmental units and/or other funds. These funds are custodial in nature and do not involve measurement of operations.

Fire Deposits Fund - To account for deposits made by property owners or insurance companies to ensure that fire damaged buildings are restored or razed in compliance with the City building code.

Law Library Fund - To accumulate monies collected from state patrol fines that are then distributed to the County law library.

Street Deposits Fund - To account for deposits from contractors or vendors held by the City to ensure compliance with various City ordinances regarding development within the City.

City of Ashtabula, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2006

	Balance 1/1/2006	Additions	Reductions	Balance 12/31/2006
<i>Fire Deposits</i>				
Assets				
Equity Pooled in Cash and Cash Equivalents	\$25,157	\$4,667	\$10,000	\$19,824
Liabilities				
Deposits Held and Due to Others	\$25,157	\$4,667	\$10,000	\$19,824
<i>Law Library</i>				
Assets				
Equity Pooled in Cash and Cash Equivalents	\$2,873	\$42,015	\$42,290	\$2,598
Liabilities				
Due to Other Governments	\$2,873	\$42,015	\$42,290	\$2,598
<i>Street Deposits</i>				
Assets				
Equity Pooled in Cash and Cash Equivalents	\$555	\$0	\$0	\$555
Liabilities				
Deposits Held and Due to Others	\$555	\$0	\$0	\$555
<i>Total Agency</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$28,585	\$46,682	\$52,290	\$22,977
Liabilities				
Due to Other Governments	\$2,873	\$42,015	\$42,290	\$2,598
Deposits Held and Due to Others	25,712	4,667	10,000	20,379
<i>Total Liabilities</i>	\$28,585	\$46,682	\$52,290	\$22,977

**Individual Fund Schedules of Revenues, Expenditures/Expenses
and Changes in Fund Balances/Equity - Budget (Non-GAAP Basis) and
Actual**

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Taxes	\$928,000	\$1,028,000	\$1,097,547	\$69,547
Municipal Income Tax	5,601,000	5,731,500	5,831,259	99,759
Charges for Services	120,554	120,554	161,895	41,341
Licenses and Permits	50,850	50,850	79,979	29,129
Fines and Forfeitures	572,400	572,400	649,382	76,982
Intergovernmental	2,132,381	2,132,381	1,721,145	(411,236)
Interest	120,165	120,165	203,411	83,246
Rentals	73,200	73,200	68,971	(4,229)
Other	185,087	185,087	214,775	29,688
<i>Total Revenues</i>	<u>9,783,637</u>	<u>10,014,137</u>	<u>10,028,364</u>	<u>14,227</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Council:				
Personal Services	170,814	172,485	172,103	382
Materials and Supplies	4,150	5,350	5,193	157
Contractual Services	4,000	1,500	1,500	0
Total Council	<u>178,964</u>	<u>179,335</u>	<u>178,796</u>	<u>539</u>
Administration:				
Personal Services	128,782	145,836	145,115	721
Materials and Supplies	4,967	6,167	5,916	251
Contractual Services	2,000	11,700	9,722	1,978
Total Administration	<u>135,749</u>	<u>163,703</u>	<u>160,753</u>	<u>2,950</u>
Auditor:				
Personal Services	244,124	244,907	244,552	355
Materials and Supplies	12,450	13,050	12,636	414
Contractual Services	3,500	3,500	3,500	0
Total Auditor	<u>260,074</u>	<u>261,457</u>	<u>260,688</u>	<u>769</u>
Treasurer:				
Personal Services	57,924	58,742	58,553	189
Materials and Supplies	2,500	3,500	2,953	547
Total Treasurer	<u>\$60,424</u>	<u>\$62,242</u>	<u>\$61,506</u>	<u>\$736</u>

(continued)

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
City Income Tax:				
Personal Services	\$173,308	\$178,213	\$177,940	\$273
Materials and Supplies	16,940	18,940	18,824	116
Total City Income Tax	190,248	197,153	196,764	389
Solicitor:				
Personal Services	248,189	265,472	263,988	1,484
Materials and Supplies	7,498	11,498	11,153	345
Total Solicitor	255,687	276,970	275,141	1,829
Motor Maintenance:				
Personal Services	126,496	142,356	141,403	953
Materials and Supplies	165,643	168,643	165,106	3,537
Total Motor Maintenance	292,139	310,999	306,509	4,490
Engineering:				
Personal Services	178,043	180,950	180,213	737
Materials and Supplies	16,000	22,300	21,026	1,274
Contractual Services	1,000	1,000	782	218
Total Engineering	195,043	204,250	202,021	2,229
Affirmative Action:				
Personal Services	2,215	2,290	2,012	278
Materials and Supplies	200	200	0	200
Total Affirmative Action	2,415	2,490	2,012	478
County Auditor Deductions:				
Contractual Services	150,800	137,600	136,708	892
General Services:				
Street and Viaduct Lighting	363,200	363,600	362,686	914
Legal Advertising	4,000	5,500	5,460	40
Photocopy Machine	3,000	3,000	1,726	1,274
Bus Subsidy	31,000	31,000	31,000	0
Indigent Burials	3,000	3,000	2,230	770
Settlement of Claims	8,000	8,000	4,711	3,289
Membership Fees	10,100	10,245	9,995	250
Bank Fees	15,000	12,900	12,566	334
Total General Services	\$437,300	\$437,245	\$430,374	\$6,871

(continued)

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Civil Service:				
Personal Services	\$9,686	\$10,726	\$10,629	\$97
Materials and Supplies	8,733	8,483	8,002	481
Total Civil Service	18,419	19,209	18,631	578
Lands and Buildings:				
Personal Services	162,480	158,065	157,397	668
Materials and Supplies	77,650	105,550	100,444	5,106
Contractual Services	314,029	302,129	291,912	10,217
Total Lands and Buildings	554,159	565,744	549,753	15,991
Systems Analyst:				
Personal Services	71,049	72,480	72,308	172
Materials and Supplies	4,450	5,450	5,013	437
Total Systems Analyst	75,499	77,930	77,321	609
Water Pollution:				
Personal Services	2,645	2,323	2,313	10
Total Legislative and Executive	2,809,565	2,898,650	2,859,290	39,360
Judicial System:				
Municipal Court/Probation:				
Personal Services	791,411	796,703	796,236	467
Materials and Supplies	75,530	75,530	71,753	3,777
Contractual Services	13,980	14,980	13,612	1,368
Total Judicial System	880,921	887,213	881,601	5,612
Total General Government	3,690,486	3,785,863	3,740,891	44,972
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	2,485,421	2,720,171	2,717,942	2,229
Materials and Supplies	292,040	295,040	291,452	3,588
Contractual Services	38,000	30,600	29,823	777
Total Police	\$2,815,461	\$3,045,811	\$3,039,217	\$6,594

(continued)

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fire:				
Fire Prevention:				
Personal Services	\$2,197,010	\$2,310,261	\$2,310,060	\$201
Materials and Supplies	41,462	57,262	55,496	1,766
Contractual Services	49,024	44,024	43,044	980
Total Fire	<u>2,287,496</u>	<u>2,411,547</u>	<u>2,408,600</u>	<u>2,947</u>
Total Security of Persons and Property	<u>5,102,957</u>	<u>5,457,358</u>	<u>5,447,817</u>	<u>9,541</u>
Public Health Services:				
Health:				
Personal Services	148,706	155,525	155,439	86
Materials and Supplies	3,200	4,900	4,875	25
Contractual Services	47,000	47,000	43,288	3,712
Total Public Health Services	<u>198,906</u>	<u>207,425</u>	<u>203,602</u>	<u>3,823</u>
Street Maintenance and Repairs:				
Street:				
Personal Services	<u>2,675</u>	<u>2,378</u>	<u>2,366</u>	<u>12</u>
Housing and Community Development:				
Housing Inspection:				
Personal Services	<u>28,245</u>	<u>10,194</u>	<u>10,192</u>	<u>2</u>
Sanitation Services:				
Sanitation:				
Personal Services	<u>3,803</u>	<u>3,544</u>	<u>3,534</u>	<u>10</u>
Leisure Time Activities:				
Recreation:				
Materials and Supplies	<u>19,887</u>	<u>22,687</u>	<u>22,687</u>	<u>0</u>
Debt Service:				
Principal Retirement	96,347	96,352	96,347	5
Interest and Fiscal Charges	<u>8,968</u>	<u>8,973</u>	<u>8,968</u>	<u>5</u>
<i>Total Expenditures</i>	<u>\$9,152,274</u>	<u>\$9,594,774</u>	<u>\$9,536,404</u>	<u>\$58,370</u>

(continued)

City of Ashtabula, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 General Fund (continued)
 For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<i>Excess of Revenues Over Expenditures</i>	\$631,363	\$419,363	\$491,960	\$72,597
Other Financing Sources (Uses)				
Sale of Capital Assets	1,000	1,000	1,000	0
Transfers Out	(634,000)	(669,000)	(669,000)	0
<i>Total Other Financing Uses</i>	(633,000)	(668,000)	(668,000)	0
<i>Net Change in Fund Balance</i>	(1,637)	(248,637)	(176,040)	72,597
<i>Fund Balance Beginning of Year</i>	618,045	618,045	618,045	0
Prior Year Encumbrances Appropriated	7,637	7,637	7,637	0
<i>Fund Balance End of Year</i>	<u>\$624,045</u>	<u>\$377,045</u>	<u>\$449,642</u>	<u>\$72,597</u>

City of Ashtabula, Ohio
*Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Community Development Block Grant Fund
 For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$712,323	\$814,356	\$255,769	(\$558,587)
Interest	4,600	4,600	14,246	9,646
<i>Total Revenues</i>	<u>716,923</u>	<u>818,956</u>	<u>270,015</u>	<u>(548,941)</u>
Expenditures				
Current:				
Housing and Community Development:				
Community Development Block Grant:				
Personal Services	120,000	126,010	92,913	33,097
Materials and Supplies	107,553	107,553	499	107,054
Contractual Services	802,451	819,941	350,613	469,328
<i>Total Expenditures</i>	<u>1,030,004</u>	<u>1,053,504</u>	<u>444,025</u>	<u>609,479</u>
<i>Net Change in Fund Balance</i>	(313,081)	(234,548)	(174,010)	60,538
<i>Fund Balance Beginning of Year</i>	145,315	145,315	145,315	0
Prior Year Encumbrances Appropriated	<u>313,081</u>	<u>313,081</u>	<u>313,081</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$145,315</u>	<u>\$223,848</u>	<u>\$284,386</u>	<u>\$60,538</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Sanitation Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$1,265,000	\$1,340,000	\$1,318,998	(\$21,002)
Intergovernmental	125,258	125,258	39,000	(86,258)
Other	10,000	10,000	20,604	10,604
<i>Total Revenues</i>	<u>1,400,258</u>	<u>1,475,258</u>	<u>1,378,602</u>	<u>(96,656)</u>
Expenditures				
Current:				
Sanitation Services:				
Sanitation:				
Personal Services	877,796	930,346	929,129	1,217
Materials and Supplies	121,462	190,612	178,293	12,319
Contractual Services	451,000	489,300	458,702	30,598
<i>Total Expenditures</i>	<u>1,450,258</u>	<u>1,610,258</u>	<u>1,566,124</u>	<u>44,134</u>
<i>Excess of Revenues Under Expenditures</i>	(50,000)	(135,000)	(187,522)	(52,522)
Other Financing Sources				
Transfers In	50,000	50,000	40,000	(10,000)
<i>Net Change in Fund Balance</i>	0	(85,000)	(147,522)	(62,522)
<i>Fund Balance Beginning of Year</i>	<u>375,367</u>	<u>375,367</u>	<u>375,367</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$375,367</u></u>	<u><u>\$290,367</u></u>	<u><u>\$227,845</u></u>	<u><u>(\$62,522)</u></u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Maintenance and Repair Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$0	\$0	\$15,132	\$15,132
Intergovernmental	866,272	866,272	821,571	(44,701)
Interest	30,000	30,000	93,279	63,279
Other	4,000	4,000	324	(3,676)
<i>Total Revenues</i>	<u>900,272</u>	<u>900,272</u>	<u>930,306</u>	<u>30,034</u>
Expenditures				
Current:				
Street Maintenance and Repairs:				
Public Works:				
Personal Services	813,772	912,947	905,320	7,627
Materials and Supplies	292,956	388,781	357,627	31,154
Contractual Services	42,000	32,000	29,468	2,532
<i>Total Expenditures</i>	<u>1,148,728</u>	<u>1,333,728</u>	<u>1,292,415</u>	<u>41,313</u>
<i>Excess of Revenues Under Expenditures</i>	(248,456)	(433,456)	(362,109)	71,347
Other Financing Sources				
Transfers In	230,500	280,500	269,500	(11,000)
<i>Net Change in Fund Balance</i>	(17,956)	(152,956)	(92,609)	60,347
<i>Fund Balance Beginning of Year</i>	264,787	264,787	264,787	0
Prior Year Encumbrances Appropriated	17,956	17,956	17,956	0
<i>Fund Balance End of Year</i>	<u>\$264,787</u>	<u>\$129,787</u>	<u>\$190,134</u>	<u>\$60,347</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Debt Service Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$356,300	\$356,300	\$403,792	\$47,492
Intergovernmental	152,500	152,500	39,875	(112,625)
Special Assessments	50,400	50,400	35,490	(14,910)
<i>Total Revenues</i>	<u>559,200</u>	<u>559,200</u>	<u>479,157</u>	<u>(80,043)</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Bond Retirement:				
Materials and Supplies	800	800	350	450
Contractual Services	11,100	11,100	8,598	2,502
Total General Government	<u>11,900</u>	<u>11,900</u>	<u>8,948</u>	<u>2,952</u>
Debt Service:				
Principal Retirement	231,750	231,750	226,256	5,494
Interest and Fiscal Charges	29,950	29,950	24,590	5,360
Total Debt Service	<u>261,700</u>	<u>261,700</u>	<u>250,846</u>	<u>10,854</u>
<i>Total Expenditures</i>	<u>273,600</u>	<u>273,600</u>	<u>259,794</u>	<u>13,806</u>
<i>Excess of Revenues Over Expenditures</i>	285,600	285,600	219,363	(66,237)
Other Financing Sources				
Transfers In	0	0	5,000	5,000
<i>Net Change in Fund Balance</i>	285,600	285,600	224,363	(61,237)
<i>Fund Balance Beginning of Year</i>	<u>347,947</u>	<u>347,947</u>	<u>347,947</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$633,547</u></u>	<u><u>\$633,547</u></u>	<u><u>\$572,310</u></u>	<u><u>(\$61,237)</u></u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permanent Improvement Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property and Other Taxes	\$385,000	\$385,000	\$467,833	\$82,833
Municipal Income Tax	620,000	620,000	641,158	21,158
Fines and Forfeitures	28,000	28,001	30,086	2,085
Intergovernmental	315,750	315,750	73,330	(242,420)
Investment Income	0	0	21,209	21,209
Rentals	68,000	68,000	67,031	(969)
Other	7,500	7,500	30,000	22,500
<i>Total Revenues</i>	<u>1,424,250</u>	<u>1,424,251</u>	<u>1,330,647</u>	<u>(93,604)</u>
Expenditures				
Capital Outlay:				
Materials and Supplies	289,577	315,177	277,017	38,160
Contractual Services	96,990	97,490	90,575	6,915
Capital Outlay	<u>1,233,568</u>	<u>2,667,235</u>	<u>1,997,931</u>	<u>669,304</u>
Total Capital Outlay	<u>1,620,135</u>	<u>3,079,902</u>	<u>2,365,523</u>	<u>714,379</u>
Debt Service:				
Principal Retirement	112,000	112,000	111,927	73
Interest and Fiscal Charges	6,000	6,000	5,272	728
Total Debt Service	<u>118,000</u>	<u>118,000</u>	<u>117,199</u>	<u>801</u>
<i>Total Expenditures</i>	<u>1,738,135</u>	<u>3,197,902</u>	<u>2,482,722</u>	<u>715,180</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(313,885)</u>	<u>(1,773,651)</u>	<u>(1,152,075)</u>	<u>621,576</u>
Other Financing Sources				
Sale of Capital Assets	0	0	5,800	5,800
Proceeds of Loan	0	1,200,000	1,200,000	0
Transfers In	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>50,000</u>	<u>1,250,000</u>	<u>1,255,800</u>	<u>5,800</u>
<i>Net Change in Fund Balance</i>	(263,885)	(523,651)	103,725	627,376
<i>Fund Balance Beginning of Year</i>	520,687	520,687	520,687	0
Prior Year Encumbrances Appropriated	<u>263,885</u>	<u>263,885</u>	<u>263,885</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$520,687</u>	<u>\$260,921</u>	<u>\$888,297</u>	<u>\$627,376</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Wastewater Treatment Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$3,155,000	\$3,155,000	\$2,999,935	(\$155,065)
Tap-In Fees	100,000	225,000	276,649	51,649
<i>Total Revenues</i>	<u>3,255,000</u>	<u>3,380,000</u>	<u>3,276,584</u>	<u>(103,416)</u>
Expenses				
Personal Services	1,495,511	1,659,961	1,658,312	1,649
Contractual Services	533,170	513,170	492,572	20,598
Materials and Supplies	315,638	465,638	427,092	38,546
Capital Outlay	727,084	772,634	771,074	1,560
Debt Service:				
Principal Retirement	103,897	103,897	103,896	1
Interest and Fiscal Charges	57,592	57,592	57,592	0
<i>Total Expenses</i>	<u>3,232,892</u>	<u>3,572,892</u>	<u>3,510,538</u>	<u>62,354</u>
<i>Excess of Revenues Over (Under) Expenses</i>	22,108	(192,892)	(233,954)	(41,062)
Transfers Out	(50,000)	(50,000)	(50,000)	0
<i>Net Change in Fund Equity</i>	(27,892)	(242,892)	(283,954)	(41,062)
<i>Fund Equity Beginning of Year</i>	394,143	394,143	394,143	0
Prior Year Encumbrances Appropriated	27,892	27,892	27,892	0
<i>Fund Equity End of Year</i>	<u>\$394,143</u>	<u>\$179,143</u>	<u>\$138,081</u>	<u>(\$41,062)</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Code Enforcement Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Licenses and Permits	\$85,000	\$85,000	\$91,195	\$6,195
Interest	300	300	0	(300)
<i>Total Revenues</i>	<u>85,300</u>	<u>85,300</u>	<u>91,195</u>	<u>5,895</u>
Expenditures				
Current:				
Housing and Community Development:				
Code Enforcement:				
Personal Services	93,000	131,500	126,630	4,870
Materials and Supplies	31,351	17,351	11,828	5,523
Contractual Services	21,300	21,300	7,757	13,543
Total Housing and Community Development	<u>145,651</u>	<u>170,151</u>	<u>146,215</u>	<u>23,936</u>
Debt Service:				
Principal Retirement	637	637	637	0
Interest and Fiscal Charges	12	12	12	0
Total Debt Service	<u>649</u>	<u>649</u>	<u>649</u>	<u>0</u>
<i>Total Expenditures</i>	<u>146,300</u>	<u>170,800</u>	<u>146,864</u>	<u>23,936</u>
<i>Excess of Revenues Under Expenditures</i>	(61,000)	(85,500)	(55,669)	29,831
Other Financing Sources				
Transfers In	<u>61,000</u>	<u>61,000</u>	<u>61,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	(24,500)	5,331	29,831
<i>Fund Balance Beginning of Year</i>	<u>49,730</u>	<u>49,730</u>	<u>49,730</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$49,730</u></u>	<u><u>\$25,230</u></u>	<u><u>\$55,061</u></u>	<u><u>\$29,831</u></u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
FEMA Grant Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$10,000	\$10,000	\$0	(\$10,000)
Other Financing Uses				
Transfers Out	(10,000)	(10,000)	0	10,000
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Pension Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$263,500	\$263,500	\$300,340	\$36,840
Intergovernmental	50,500	50,500	28,805	(21,695)
<i>Total Revenues</i>	314,000	314,000	329,145	15,145
Expenditures				
Current:				
Security of Persons and Property:				
Fire:				
Fire Prevention:				
Personal Services	519,913	519,913	472,578	47,335
Contractual Services	6,000	6,000	5,426	574
<i>Total Expenditures</i>	525,913	525,913	478,004	47,909
<i>Excess of Revenues Under Expenditures</i>	(211,913)	(211,913)	(148,859)	63,054
Other Financing Sources				
Transfers In	110,000	110,000	160,000	50,000
<i>Net Change in Fund Balance</i>	(101,913)	(101,913)	11,141	113,054
<i>Fund Balance Beginning of Year</i>	135,995	135,995	135,995	0
Prior Year Encumbrances Appropriated	101,913	101,913	101,913	0
<i>Fund Balance End of Year</i>	\$135,995	\$135,995	\$249,049	\$113,054

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Food Service Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Licenses and Permits	\$44,700	\$44,700	\$43,709	(\$991)
Expenditures				
Current:				
Public Health Services:				
Board of Health:				
Personal Services	66,441	69,321	68,164	1,157
Materials and Supplies	4,447	4,847	4,710	137
Contractual Services	6,812	6,412	5,648	764
<i>Total Expenditures</i>	77,700	80,580	78,522	2,058
<i>Excess of Revenues Under Expenditures</i>	(33,000)	(35,880)	(34,813)	1,067
Other Financing Sources				
Transfers In	33,000	33,000	63,000	30,000
<i>Net Change in Fund Balance</i>	0	(2,880)	28,187	31,067
<i>Fund Balance Beginning of Year</i>	13,606	13,606	13,606	0
<i>Fund Balance End of Year</i>	\$13,606	\$10,726	\$41,793	\$31,067

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Indigent Alcohol Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$40,000	\$39,500	\$9,054	(\$30,446)
Expenditures				
Current:				
General Government:				
Judicial System:				
Indigent Alcohol:				
Materials and Supplies	40,000	39,500	18,256	21,244
<i>Net Change in Fund Balance</i>	0	0	(9,202)	(9,202)
<i>Fund Balance Beginning of Year</i>	24,834	24,834	24,834	0
<i>Fund Balance End of Year</i>	<u>\$24,834</u>	<u>\$24,834</u>	<u>\$15,632</u>	<u>(\$9,202)</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Trust Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$50,000	\$50,000	\$19,441	(\$30,559)
Expenditures				
Current:				
Security of Persons and Property				
Law Enforcement Trust:				
Materials and Supplies	50,000	50,000	20,758	29,242
<i>Net Change in Fund Balance</i>	0	0	(1,317)	(1,317)
<i>Fund Balance Beginning of Year</i>	18,426	18,426	18,426	0
<i>Fund Balance End of Year</i>	<u>\$18,426</u>	<u>\$18,426</u>	<u>\$17,109</u>	<u>(\$1,317)</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Marina Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Licenses and Permits	\$14,000	\$14,000	\$13,475	(\$525)
Expenditures				
Current:				
Leisure Time Activities:				
Marina:				
Contractual Services	14,000	14,000	13,745	255
<i>Net Change in Fund Balance</i>	0	0	(270)	(270)
<i>Fund Balance Beginning of Year</i>	4,250	4,250	4,250	0
<i>Fund Balance End of Year</i>	\$4,250	\$4,250	\$3,980	(\$270)

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Motor Vehicle License Tax Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$44,000	\$44,000	\$41,584	(\$2,416)
Expenditures	0	0	0	0
<i>Excess of Revenues Over Expenditures</i>	44,000	44,000	41,584	(2,416)
Other Financing Uses				
Transfers Out	(44,000)	(44,000)	(44,000)	0
<i>Net Change in Fund Balance</i>	0	0	(2,416)	(2,416)
<i>Fund Balance Beginning of Year</i>	6,759	6,759	6,759	0
<i>Fund Balance End of Year</i>	\$6,759	\$6,759	\$4,343	(\$2,416)

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Probation Services Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$82,000	\$82,000	\$37,238	(\$44,762)
Expenditures				
Current:				
General Government:				
Judicial System:				
Municipal Probation Services:				
Materials and Supplies	82,000	82,000	26,071	55,929
<i>Net Change in Fund Balance</i>	0	0	11,167	11,167
<i>Fund Balance Beginning of Year</i>	80,786	80,786	80,786	0
<i>Fund Balance End of Year</i>	\$80,786	\$80,786	\$91,953	\$11,167

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$268,500	\$268,500	\$307,843	\$39,343
Intergovernmental	50,500	50,500	28,805	(21,695)
<i>Total Revenues</i>	<u>319,000</u>	<u>319,000</u>	<u>336,648</u>	<u>17,648</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	529,951	529,951	476,011	53,940
Contractual Services	6,000	6,000	5,426	574
<i>Total Expenditures</i>	<u>535,951</u>	<u>535,951</u>	<u>481,437</u>	<u>54,514</u>
<i>Excess of Revenues Under Expenditures</i>	(216,951)	(216,951)	(144,789)	72,162
Other Financing Sources				
Transfers In	110,000	110,000	160,000	50,000
<i>Net Change in Fund Balance</i>	(106,951)	(106,951)	15,211	122,162
<i>Fund Balance Beginning of Year</i>	139,044	139,044	139,044	0
Prior Year Encumbrances Appropriated	106,951	106,951	106,951	0
<i>Fund Balance End of Year</i>	<u>\$139,044</u>	<u>\$139,044</u>	<u>\$261,206</u>	<u>\$122,162</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Public Health Nursing Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$35,000	\$35,000	\$58,889	\$23,889
Intergovernmental	1,000	1,000	0	(1,000)
Total Revenues	<u>36,000</u>	<u>36,000</u>	<u>58,889</u>	<u>22,889</u>
Expenditures				
Current:				
Public Health Services:				
Public Health Nursing:				
Personal Services	12,000	12,000	12,000	0
Materials and Supplies	24,950	38,950	33,938	5,012
Total Expenditures	<u>36,950</u>	<u>50,950</u>	<u>45,938</u>	<u>5,012</u>
Net Change in Fund Balance	(950)	(14,950)	12,951	27,901
Fund Balance Beginning of Year	26,353	26,353	26,353	0
Prior Year Encumbrances Appropriated	950	950	950	0
Fund Balance End of Year	<u>\$26,353</u>	<u>\$12,353</u>	<u>\$40,254</u>	<u>\$27,901</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$60,000	\$60,000	\$59,870	(\$130)
Interest	2,500	2,500	7,358	4,858
<i>Total Revenues</i>	62,500	62,500	67,228	4,728
Expenditures				
Current:				
Street Maintenance and Repairs:				
Public Works:				
Personal Services	12,000	12,000	12,000	0
<i>Excess of Revenues Over Expenditures</i>	50,500	50,500	55,228	4,728
Other Financing Uses				
Transfers Out	(50,500)	(50,500)	(50,500)	0
<i>Net Change in Fund Balance</i>	0	0	4,728	4,728
<i>Fund Balance Beginning of Year</i>	11,369	11,369	11,369	0
<i>Fund Balance End of Year</i>	<u>\$11,369</u>	<u>\$11,369</u>	<u>\$16,097</u>	<u>\$4,728</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Walnut Beach Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Leisure Time Activities:				
Walnut Beach:				
Materials and Supplies	5,000	5,000	3,953	1,047
<i>Excess of Revenues Under Expenditures</i>	(5,000)	(5,000)	(3,953)	1,047
Other Financing Sources				
Transfers In	5,000	5,000	5,000	0
<i>Net Change in Fund Balance</i>	0	0	1,047	1,047
<i>Fund Balance Beginning of Year</i>	9,089	9,089	9,089	0
<i>Fund Balance End of Year</i>	<u>\$9,089</u>	<u>\$9,089</u>	<u>\$10,136</u>	<u>\$1,047</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Construction Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	3,311	3,311	3,311	0
<i>Fund Balance End of Year</i>	\$3,311	\$3,311	\$3,311	\$0

City of Ashtabula, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Self Insurance Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$2,142,000	\$2,142,000	\$2,009,326	(\$132,674)
Expenses				
Contractual Services	594,563	594,563	486,863	107,700
Claims	1,547,437	1,547,437	1,404,733	142,704
<i>Total Expenses</i>	<u>2,142,000</u>	<u>2,142,000</u>	<u>1,891,596</u>	<u>250,404</u>
<i>Net Change in Fund Equity</i>	0	0	117,730	117,730
<i>Fund Equity Beginning of Year</i>	<u>452,013</u>	<u>452,013</u>	<u>452,013</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$452,013</u></u>	<u><u>\$452,013</u></u>	<u><u>\$569,743</u></u>	<u><u>\$117,730</u></u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Workers' Compensation Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$625,000	\$625,000	\$25,000	(\$600,000)
Intergovernmental	500	500	8,220	7,720
Total Revenues	625,500	625,500	33,220	(592,280)
Expenses				
Contractual Services	68,832	68,832	68,832	0
Claims	558,152	558,152	195,076	363,076
Total Expenses	626,984	626,984	263,908	363,076
<i>Net Change in Fund Equity</i>	(1,484)	(1,484)	(230,688)	(229,204)
<i>Fund Equity Beginning of Year</i>	1,955,724	1,955,724	1,955,724	0
Prior Year Encumbrances Appropriated	1,484	1,484	1,484	0
<i>Fund Equity End of Year</i>	<u><u>\$1,955,724</u></u>	<u><u>\$1,955,724</u></u>	<u><u>\$1,726,520</u></u>	<u><u>(\$229,204)</u></u>

STATISTICAL SECTION

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Statistical Section

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

Contents	Page(s)
Financial Trends	S2-S13
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	S14-S19
These schedules contain information to help the reader assess the City's most significant local revenue, the property tax and the municipal income tax.	
Debt Capacity	S20-S25
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt in the future.	
Economic and Demographic Information	S26-S28
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	S29-S34
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement No. 34 in 1999; schedules presenting government-wide information include information beginning in that year.

City of Ashtabula, Ohio
Net Assets By Component
Last Eight Years
(Accrual Basis of Accounting)

	2006	2005	2004	2003
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$17,179,586	\$16,519,641	\$16,072,672	\$14,824,413
Restricted:				
Capital Projects	1,257,245	768,188	704,115	1,041,588
Debt Service	842,539	617,568	926,146	776,956
Community Development	755,325	795,158	N/A	N/A
Sanitation	543,242	696,513	N/A	N/A
Street Maintenance and Repair	293,245	327,342	N/A	N/A
Other Purposes	912,937	635,520	2,200,932	2,230,814
Unrestricted	2,283,621	2,971,359	2,721,642	2,535,254
<i>Total Governmental Activities Net Assets</i>	<u>\$24,067,740</u>	<u>\$23,331,289</u>	<u>\$22,625,507</u>	<u>\$21,409,025</u>
Business Type - Activities				
Invested in Capital Assets, Net of Related Debt	\$9,968,685	\$9,632,357	\$8,753,780	\$8,759,633
Unrestricted	1,340,098	1,487,653	1,690,631	1,225,137
<i>Total Business-Type Activities Net Assets</i>	<u>\$11,308,783</u>	<u>\$11,120,010</u>	<u>\$10,444,411</u>	<u>\$9,984,770</u>
Primary Government				
Invested in Capital Assets, Net of Related Debt	\$27,148,271	\$26,151,998	\$24,826,452	\$23,584,046
Restricted	4,604,533	3,840,289	3,831,193	4,049,358
Unrestricted	3,623,719	4,459,012	4,412,273	3,760,391
<i>Total Primary Government Net Assets</i>	<u>\$35,376,523</u>	<u>\$34,451,299</u>	<u>\$33,069,918</u>	<u>\$31,393,795</u>

2002	2001	2000	1999
\$14,016,961	\$13,777,856	\$13,648,047	\$12,518,234
865,251	1,403,316	823,962	656,266
1,609,519	1,234,947	1,092,829	973,194
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
1,812,974	2,328,379	3,046,617	1,934,811
3,437,987	3,327,649	4,383,893	3,256,697
<u>\$21,742,692</u>	<u>\$22,072,147</u>	<u>\$22,995,348</u>	<u>\$19,339,202</u>
\$7,936,963	\$7,874,120	\$8,177,824	\$8,430,490
1,094,561	1,337,358	1,669,377	1,781,184
<u>\$9,031,524</u>	<u>\$9,211,478</u>	<u>\$9,847,201</u>	<u>\$10,211,674</u>
\$21,953,924	\$21,651,976	\$21,825,871	\$20,948,724
4,287,744	4,966,642	4,963,408	3,564,271
4,532,548	4,665,007	6,053,270	5,037,881
<u>\$30,774,216</u>	<u>\$31,283,625</u>	<u>\$32,842,549</u>	<u>\$29,550,876</u>

City of Ashtabula, Ohio
Changes in Net Assets
Last Eight Years
(Accrual Basis of Accounting)

	2006	2005	2004	2003
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government:				
Legislative and Executive	\$197,913	\$408,108	\$215,617	\$68,975
Judicial System	676,782	632,431	605,898	732,927
Security of Persons and Property:				
Police	23,140	18,126	73,923	3,967
Fire	47,862	42,679	67,511	0
Public Health Services	196,130	180,368	148,884	65,937
Street Maintenance and Repairs	42,047	11,958	3,073	4,188
Housing and Community Development	133,221	127,042	86,289	85,366
Sanitation Services	1,353,756	1,335,405	1,304,215	1,184,414
Leisure Time Activities	15,392	15,837	13,650	13,650
Subtotal - Charges for Services	<u>2,686,243</u>	<u>2,771,954</u>	<u>2,519,060</u>	<u>2,159,424</u>
Operating Grants and Contributions:				
General Government:				
Legislative and Executive	0	0	0	0
Judicial System	0	0	0	0
Security of Persons and Property:				
Police	14,963	28,038	14,789	125,104
Fire	1,000	12,081	11,000	42,943
Public Health Services	17,677	4,125	32,504	10,712
Street Maintenance and Repairs	99,012	99,130	106,575	96,616
Housing and Community Development	25,946	133,135	461,510	484,623
Sanitation Services	39,000	44,765	74,596	36,781
Leisure Time Activities	0	0	0	0
Subtotal - Operating Grants and Contributions	<u>197,598</u>	<u>321,274</u>	<u>700,974</u>	<u>796,779</u>
Capital Grants and Contributions:				
General Government:				
Legislative and Executive	633,000	0	0	0
Judicial System	30,632	0	21,565	28,793
Security of Persons and Property:				
Police	664	59,040	0	0
Fire	28,368	0	0	8,640
Public Health Services	0	814,152	61,089	3,831
Street Maintenance and Repairs	402,400	1,012,062	0	0
Housing and Community Development	113,343	50,000	0	0
Sanitation Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Subtotal - Capital Grants and Contributions	<u>1,208,407</u>	<u>1,935,254</u>	<u>82,654</u>	<u>41,264</u>
<i>Total Governmental Activities Program Revenues</i>	<u>\$4,092,248</u>	<u>\$5,028,482</u>	<u>\$3,302,688</u>	<u>\$2,997,467</u>

2002	2001	2000	1999
\$225,179	\$239,782	\$15,003	\$62,473
732,161	649,760	\$569,670	\$603,895
0	0	61,199	2,948
0	0	0	0
75,159	59,714	106,715	105,463
1,705	4,739	0	0
171,881	80,320	208,061	140,019
1,100,258	1,115,302	992,689	999,603
14,375	14,475	23,023	22,657
<u>2,320,718</u>	<u>2,164,092</u>	<u>1,976,360</u>	<u>1,937,058</u>
0	0	0	0
0	0	0	0
264,793	125,508	200,466	208,908
16,195	0	0	0
8,034	0	0	0
108,139	456,533	695,556	787,659
184,646	45,667	688,844	83,325
67,041	40,326	35,044	72,795
0	0	0	0
<u>648,848</u>	<u>668,034</u>	<u>1,619,910</u>	<u>1,152,687</u>
0	500,099	0	0
33,600	19,934	9,368	23,000
0	0	6,344	0
27,000	0	0	0
0	0	0	0
184,271	212,000	256,399	216,255
0	800	0	0
0	25,000	0	0
24,325	0	0	34,728
<u>269,196</u>	<u>757,833</u>	<u>272,111</u>	<u>273,983</u>
<u>\$3,238,762</u>	<u>\$3,589,959</u>	<u>\$3,868,381</u>	<u>\$3,363,728</u>

(continued)

City of Ashtabula, Ohio
Changes in Net Assets (continued)
Last Eight Years
(Accrual Basis of Accounting)

	2006	2005	2004	2003
Business-Type Activities:				
Charges for Services:				
Wastewater Treatment	\$3,092,660	\$3,051,895	\$2,879,182	\$2,871,360
Capital Grants and Contributions				
Wastewater Treatment	276,649	523,003	618,318	697,293
<i>Total Business-Type Activities Program Revenues</i>	<u>3,369,309</u>	<u>3,574,898</u>	<u>3,497,500</u>	<u>3,568,653</u>
<i>Total Primary Government Program Revenues</i>	<u>\$7,461,557</u>	<u>\$8,603,380</u>	<u>\$6,800,188</u>	<u>\$6,566,120</u>
Expenses				
Governmental Activities:				
General Government:				
Legislative and Executive	\$3,174,447	\$3,049,175	\$3,025,729	\$3,037,163
Judicial System	1,030,659	977,279	912,233	963,286
Security of Persons and Property:				
Police	3,677,304	3,527,950	3,253,101	3,666,800
Fire	2,936,033	2,581,467	2,688,346	2,750,698
Public Health Services	331,826	306,416	289,136	285,124
Street Maintenance and Repairs	2,015,378	3,201,483	1,296,150	1,472,369
Housing and Community Development	376,820	680,192	649,653	617,274
Sanitation Services	1,861,734	1,567,216	1,263,037	1,383,682
Leisure Time Activities	110,002	90,413	137,588	134,896
Interest and Fiscal Charges	54,634	68,093	99,458	128,486
<i>Total Governmental Activities Expenses</i>	<u>15,568,837</u>	<u>16,049,684</u>	<u>13,614,431</u>	<u>14,439,778</u>
Business-Type Activities				
Wastewater Treatment	3,130,536	3,174,442	2,989,254	3,130,885
<i>Total Business-Type Activities Expenses</i>	<u>3,130,536</u>	<u>3,174,442</u>	<u>2,989,254</u>	<u>3,130,885</u>
<i>Total Primary Government Program Expenses</i>	<u>18,699,373</u>	<u>19,224,126</u>	<u>16,603,685</u>	<u>17,570,663</u>
Net (Expense)/Revenue				
Governmental Activities	(11,476,589)	(11,021,202)	(10,311,743)	(11,442,311)
Business-Type Activities	238,773	400,456	508,246	437,768
<i>Total Primary Government Net Expense</i>	<u>(\$11,237,816)</u>	<u>(\$10,620,746)</u>	<u>(\$9,803,497)</u>	<u>(\$11,004,543)</u>

2002	2001	2000	1999
\$2,801,467	\$2,587,575	\$2,687,820	\$2,655,841
360,753	256,900	326,365	616,129
3,162,220	2,844,475	3,014,185	3,271,970
\$6,400,982	\$6,434,434	\$6,882,566	\$6,635,698
\$2,867,586	\$2,744,011	\$2,691,145	\$2,224,923
964,850	954,289	800,945	699,673
3,696,384	3,743,382	3,358,629	3,145,679
2,652,673	2,629,702	2,450,731	2,308,578
260,491	255,630	193,544	185,638
2,001,502	1,956,370	1,316,927	1,460,414
512,695	920,839	573,471	928,177
1,437,356	1,455,940	1,351,543	1,735,442
185,589	165,605	68,253	45,216
195,014	202,381	206,424	228,614
14,774,140	15,028,149	13,011,612	12,962,354
3,290,299	3,407,377	3,327,758	3,144,965
3,290,299	3,407,377	3,327,758	3,144,965
18,064,439	18,435,526	16,339,370	16,107,319
(11,535,378)	(11,438,190)	(9,143,231)	(9,598,626)
(128,079)	(562,902)	(313,573)	127,005
(\$11,663,457)	(\$12,001,092)	(\$9,456,804)	(\$9,471,621)

(continued)

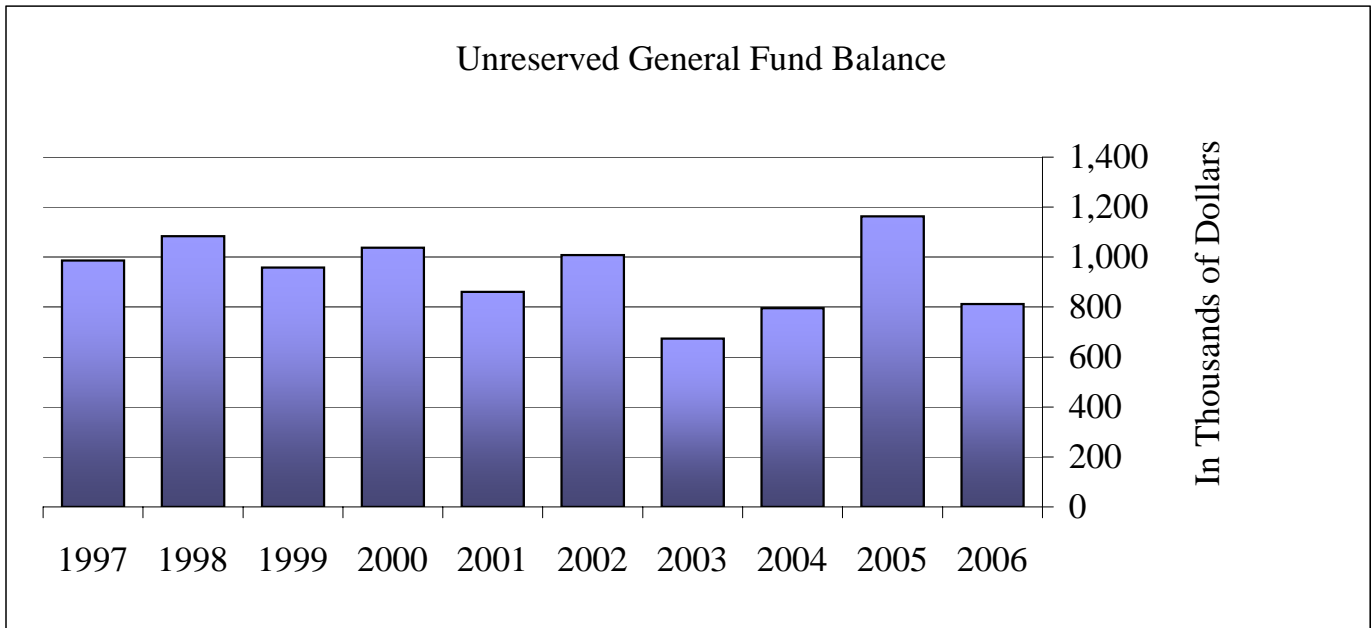
City of Ashtabula, Ohio
Changes in Net Assets (continued)
Last Eight Years
(Accrual Basis of Accounting)

	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Taxes:				
Property Taxes Levied For:				
General Purposes	\$1,109,720	\$989,460	\$1,118,036	\$1,131,816
Fire and Police Pension	616,830	548,288	356,657	529,950
Debt Service	409,341	374,170	537,367	458,839
Capital Outlay	473,334	418,575	392,721	407,987
Income Taxes Levied for:				
General Purposes	5,662,945	6,034,703	5,537,537	5,270,568
Capital Outlay	622,457	662,464	610,803	589,127
Grants and Entitlements not Restricted to				
Specific Programs	2,660,157	2,741,453	2,608,872	2,828,530
Investment Earnings	339,503	212,687	82,469	128,801
Other	268,753	20,327	233,763	241,484
Transfers	50,000	(275,143)	50,000	(515,478)
<i>Total Governmental Activities</i>	<u>12,213,040</u>	<u>11,726,984</u>	<u>11,528,225</u>	<u>11,071,624</u>
Business-Type Activities				
Other	0	0	1,395	0
Transfers	(50,000)	275,143	(50,000)	515,478
<i>Total Business-Type Activities Expenses</i>	<u>(50,000)</u>	<u>275,143</u>	<u>(48,605)</u>	<u>515,478</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>12,163,040</u>	<u>12,002,127</u>	<u>11,479,620</u>	<u>11,587,102</u>
Change in Net Assets				
Governmental Activities	736,451	705,782	1,216,482	(370,687)
Business-Type Activities	188,773	675,599	459,641	953,246
<i>Total Primary Government Change in Net Assets</i>	<u>\$925,224</u>	<u>\$1,381,381</u>	<u>\$1,676,123</u>	<u>\$582,559</u>

2002	2001	2000	1999
\$1,100,934	\$1,080,441	\$1,021,888	\$929,688
444,167	454,740	443,196	450,779
505,826	504,298	501,142	514,786
395,293	420,359	391,919	353,342
5,206,572	5,034,519	5,365,368	5,504,629
580,967	593,497	613,795	617,626
2,555,737	1,647,229	2,705,913	1,967,337
184,076	426,662	541,246	301,463
180,476	280,423	283,158	555,547
51,875	72,821	87,000	87,000
<u>11,205,923</u>	<u>10,514,989</u>	<u>11,954,625</u>	<u>11,282,197</u>
0	0	0	89,401
<u>(51,875)</u>	<u>(72,821)</u>	<u>(87,000)</u>	<u>(87,000)</u>
<u>(51,875)</u>	<u>(72,821)</u>	<u>(87,000)</u>	<u>2,401</u>
<u>11,154,048</u>	<u>10,442,168</u>	<u>11,867,625</u>	<u>11,284,598</u>
(329,455)	(923,201)	2,811,394	1,683,571
<u>(179,954)</u>	<u>(635,723)</u>	<u>(400,573)</u>	<u>129,406</u>
<u>(\$509,409)</u>	<u>(\$1,558,924)</u>	<u>\$2,410,821</u>	<u>\$1,812,977</u>

City of Ashtabula, Ohio
Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

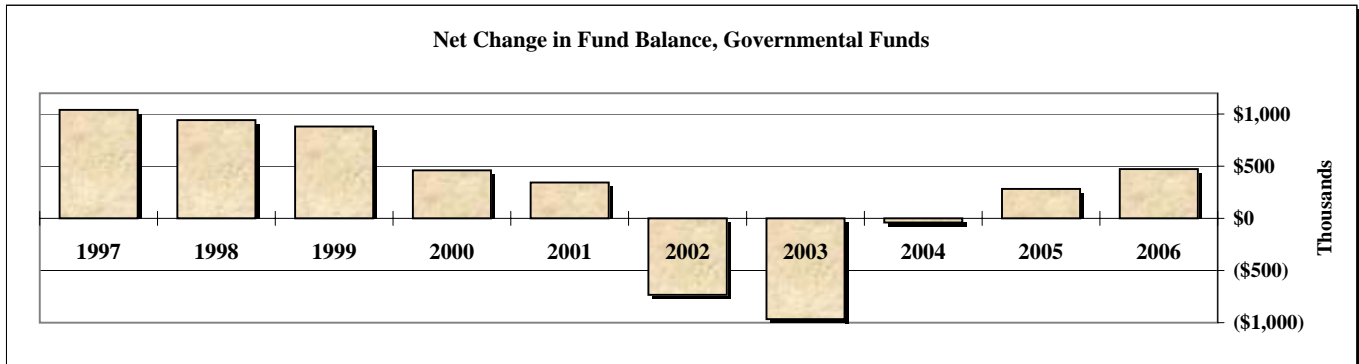
	2006	2005	2004	2003
General Fund				
Reserved	\$73,709	\$33,338	\$60,258	\$66,593
Unreserved	811,664	1,163,327	795,266	674,111
Total General Fund	885,373	1,196,665	855,524	740,704
All Other Governmental Funds				
Reserved	\$721,549	912,667	786,323	682,950
Unreserved, Designated	212,000	212,000	212,000	212,000
Unreserved, Undesignated, Reported in:				
Special Revenue funds	1,269,536	1,127,787	1,063,429	1,288,284
Debt Service funds	571,960	347,597	590,065	408,641
Capital Projects funds	743,790	115,636	125,109	548,257
Total All Other Governmental Funds	3,518,835	2,715,687	2,776,926	3,140,132
Total Governmental Funds	\$4,404,208	\$3,912,352	\$3,632,450	\$3,880,836



2002	2001	2000	1999	1998	1997
\$97,124	\$143,493	\$98,221	\$106,285	\$149,101	\$90,177
1,008,123	860,350	1,037,188	958,303	1,083,989	986,359
1,105,247	1,003,843	1,135,409	1,064,588	1,233,090	1,076,536
756,756	1,212,384	751,404	694,458	521,165	636,923
212,000	212,000	0	0	0	0
1,336,378	1,798,754	1,905,558	1,634,896	2,271,305	1,675,114
1,217,065	1,020,925	832,275	927,300	867,658	616,719
228,473	341,304	619,137	455,232	320,221	249,617
3,750,672	4,585,367	4,108,374	3,711,886	3,980,349	3,178,373
\$4,855,919	\$5,589,210	\$5,243,783	\$4,776,474	\$5,213,439	\$4,254,909

City of Ashtabula, Ohio
Changes in Fund Balances, Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2006	2005	2004	2003	2002
Revenues					
Property and Other Taxes	\$2,577,355	\$2,320,850	\$2,414,271	\$2,504,284	\$2,417,214
Municipal Income Taxes	6,445,095	6,532,764	6,067,735	5,872,015	5,969,526
Charges for Services	1,568,521	1,515,901	1,486,186	1,218,014	1,185,472
Licenses and Permits	228,358	178,677	204,762	168,752	173,739
Fines and Forfeitures	726,855	650,045	577,652	656,719	765,761
Intergovernmental	4,155,912	5,008,052	3,290,131	3,572,612	3,225,243
Special Assessments	35,490	56,489	56,100	22,493	21,613
Interest	339,503	212,687	82,469	128,801	184,076
Rentals	136,002	149,115	117,563	127,279	115,262
Payments in Lieu of Taxes	0	0	0	0	0
Other	268,753	223,645	233,763	241,484	180,476
<i>Total Revenues</i>	<u>16,481,844</u>	<u>16,848,225</u>	<u>14,530,632</u>	<u>14,512,453</u>	<u>14,238,382</u>
Expenditures					
Current:					
General Government					
Legislative and Executive	2,914,379	2,653,576	2,653,009	2,604,032	2,672,685
Judicial System	919,440	858,153	843,475	850,465	858,364
Security of Persons and Property:					
Police	3,448,319	3,292,317	3,257,335	3,504,702	3,565,496
Fire	2,807,075	2,520,738	2,509,403	2,469,614	2,448,741
Public Health Services	324,010	303,789	282,206	275,209	247,001
Street Maintenance and Repairs	1,920,884	1,141,728	1,091,528	1,070,944	1,148,641
Housing and Community Development	436,879	1,145,514	645,029	982,658	502,248
Sanitation Services	1,582,296	1,419,457	1,291,793	1,309,650	1,358,517
Leisure Time Activities	40,385	35,203	63,520	68,120	75,684
Capital Outlay	2,398,576	2,266,481	1,437,938	877,867	1,647,616
Debt Service:					
Principal Retirement	435,167	906,514	447,489	1,356,140	447,484
Interest and Fiscal Charges	38,842	72,703	103,418	159,274	201,762
<i>Total Expenditures</i>	<u>17,266,252</u>	<u>16,616,173</u>	<u>14,626,143</u>	<u>15,528,675</u>	<u>15,174,239</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(784,408)</u>	<u>232,052</u>	<u>(95,511)</u>	<u>(1,016,222)</u>	<u>(935,857)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	6,800	0	6,639	0	0
General Obligation Bonds Issued	0	0	0	0	150,000
Proceeds of Loan	1,200,000	0	0	0	0
Proceeds of OPWC Loan	0	0	0	0	0
Inception of Capital Lease	0	0	0	0	0
Transfers In	813,500	877,986	641,986	934,881	579,045
Transfers Out	(763,500)	(827,986)	(591,986)	(885,494)	(527,170)
<i>Total Other Financing Sources (Uses)</i>	<u>1,256,800</u>	<u>50,000</u>	<u>56,639</u>	<u>49,387</u>	<u>201,875</u>
<i>Net Change in Fund Balances</i>	<u>\$472,392</u>	<u>\$282,052</u>	<u>(\$38,872)</u>	<u>(\$966,835)</u>	<u>(\$733,982)</u>
Debt Service as a Percentage of Noncapital Expenditures	3.3%	7.3%	4.4%	11.5%	5.0%



2001	2000	1999	1998	1997
\$2,349,312	\$2,354,599	\$2,248,595	\$2,151,985	\$1,878,439
5,819,277	5,991,283	5,918,121	5,732,941	5,440,374
1,150,630	1,054,206	1,047,848	1,067,188	1,061,614
173,059	188,927	171,639	191,537	262,155
669,694	651,581	603,895	524,730	490,412
4,035,772	3,349,156	3,894,883	4,262,882	4,026,385
27,179	19,757	15,418	25,983	18,254
426,662	550,508	391,187	330,945	259,079
138,870	0	0	0	0
0	0	0	147,553	92,252
483,552	283,158	249,324	224,554	247,846
15,274,007	14,443,175	14,540,910	14,660,298	13,776,810
			2,355,931	2,309,263
2,533,191	2,481,183	2,304,022		
823,341	721,227	630,085		
			5,521,578	5,184,637
3,589,835	3,201,760	3,233,705		
2,453,589	2,408,233	2,220,244		
234,922	196,790	190,748	192,193	175,826
1,057,238	1,113,876	1,010,610	993,776	1,125,579
902,070	576,470	934,074	839,683	719,616
1,343,669	1,063,289	1,329,128	1,456,963	1,604,126
112,933	103,308	55,703	53,204	62,049
2,277,423	1,084,132	1,525,562	1,664,383	798,846
248,777	944,244	310,260	387,346	480,762
178,157	209,974	230,968	254,169	276,130
15,755,145	14,104,486	13,975,109	13,719,226	12,736,834
(481,138)	338,689	565,801	941,072	1,039,976
0	30,873	20,722	0	0
750,000	0	0	0	0
0	0	0	0	0
0	0	195,647	0	0
3,690	3,328	12,634	0	0
799,107	1,595,000	1,548,958	1,110,500	721,139
(726,286)	(1,508,000)	(1,461,958)	(1,110,500)	(721,139)
826,511	121,201	316,003	0	0
\$345,373	\$459,890	\$881,804	\$941,072	\$1,039,976
3.3%	9.7%	4.5%	7.1%	8.5%

City of Ashtabula, Ohio
Assessed Valuation and Estimated Actual Values of Taxable Property
Last Ten Years

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial/ Industrial		Assessed Value	Estimated Actual Value
2006	\$143,492,870	\$54,692,450	\$566,243,771	\$20,029,930	\$22,761,284
2005	146,829,390	51,818,020	567,564,029	20,403,000	23,185,227
2004	130,673,080	51,290,690	519,896,486	19,956,700	22,678,068
2003	129,384,880	51,654,980	517,256,743	20,640,590	23,455,216
2002	135,524,390	45,600,600	517,499,971	18,870,460	21,443,705
2001	111,252,730	45,461,130	447,753,886	20,506,010	23,302,284
2000	114,094,590	42,235,040	446,656,086	22,207,110	25,235,352
1999	111,152,080	41,539,320	436,261,143	20,542,780	23,344,068
1998	94,186,110	39,800,540	382,819,000	20,563,170	23,367,239
1997	92,462,950	39,848,020	378,031,343	20,464,150	23,254,716

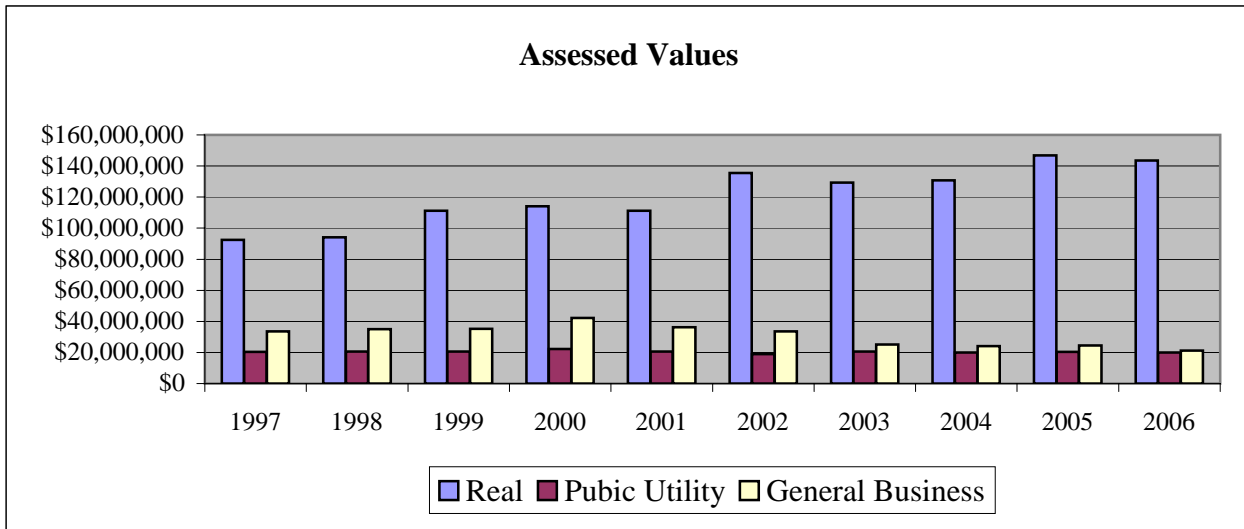
Real property is reassessed every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax is being phased out beginning in 2006. For collection year 2006 both types of general business tangible personal property were assessed at 18.75 percent. The percentage will be 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10%, 2 1/2% and homestead exemptions before being billed. Beginning in the 2006 collection year, the 10% rollback for commercial/industrial property has been eliminated.

Tangible Personal Property

General Business		Total		Ratio	Total Direct Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$21,268,940	\$113,434,347	\$239,484,190	\$702,439,402	34.09%	\$11.11
24,410,140	97,640,560	243,460,550	688,389,816	35.37	11.11
24,088,000	96,352,000	226,008,470	638,926,554	35.37	11.11
25,041,220	104,338,417	226,721,670	645,050,375	35.15	12.61
33,520,280	134,081,120	233,515,730	673,024,796	34.70	12.61
36,306,920	145,227,680	213,526,790	616,283,850	34.65	12.31
42,143,680	168,574,720	220,680,420	640,466,158	34.46	12.31
35,194,640	140,778,560	208,428,820	600,383,771	34.72	12.31
34,919,000	139,676,000	189,468,820	545,862,239	34.71	12.31
33,574,780	134,299,120	186,349,900	535,585,179	34.79	12.31



City of Ashtabula, Ohio
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Three Years

	2006	2005	2004
Unvoted Millage			
Operating	\$0.2700	\$0.2700	\$0.2700
Fire Pension	1.3000	1.3000	1.3000
Police Pension	1.3000	1.3000	1.3000
<i>Total Unvoted Millage</i>	<u>2.8700</u>	<u>2.8700</u>	<u>2.8700</u>
Charter Millage			
General Fund	4.1400	4.1400	4.1400
Permanent Improvement Fund	2.0000	2.0000	2.0000
Justice Center	1.8000	1.8000	1.8000
Senior Citizens	0.3000	0.3000	0.3000
<i>Total Charter Millage</i>	<u>8.2400</u>	<u>8.2400</u>	<u>8.2400</u>
Total Millage	<u><u>\$11.1100</u></u>	<u><u>\$11.1100</u></u>	<u><u>\$11.1100</u></u>

Overlapping Rates by Taxing District

Ashtabula Area City Schools			
Residential/Agricultural Real	\$32.5174	\$32.0119	\$33.8579
Commerical/Industrial and Public Utility Real	37.7254	37.1955	38.6735
General Business and Public Utility Personal	52.5000	52.0000	52.0000
Ashtabula County Commissioner			
Residential/Agricultural Real	8.4057	8.4062	9.0059
Commerical/Industrial and Public Utility Real	9.4487	9.4450	9.8485
General Business and Public Utility Personal	11.0300	11.0300	11.0300
Special Taxing Districts (1)			
Residential/Agricultural Real	1.0769	1.0767	1.1040
Commerical/Industrial and Public Utility Real	1.1307	1.1304	1.1393
General Business and Public Utility Personal	1.1800	1.1800	1.1800

Source: Ashtabula County Auditor

Note: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year.

The City's basic property tax rate may be increased only by a majority vote of the City's residents.

Charter millage is consistently applied to all types of property as opposed to the voted levies of the overlapping taxing districts.

Overlapping rates are those of local and county governments that apply to property owners within the City.

(1) Ashtabula Township Park

City of Ashtabula, Ohio
Property Tax Levies And Collections
Last Ten Years

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections (1)	Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
2006	\$2,457,892	\$2,312,705	94.09 %	\$131,820	\$2,444,525	99.46 %	\$245,861	10.00 %
2005	3,180,491	3,043,735	95.70	143,695	3,187,430	100.22	220,549	6.93
2004	3,233,136	3,014,061	93.22	44,238	3,058,299	94.59	327,785	10.14
2003	2,956,252	2,804,509	94.87	99,856	2,904,365	98.24	273,875	9.26
2002	2,945,300	2,797,393	94.98	150,618	2,948,011	100.09	199,186	6.76
2001	2,961,620	2,790,577	94.22	90,090	2,880,667	97.27	191,148	6.45
2000	2,634,161	2,559,951	97.18	73,816	2,633,767	99.99	106,576	4.05
1999	2,643,590	2,547,540	96.37	61,049	2,608,589	98.68	95,378	3.61
1998	2,618,889	2,531,929	96.68	44,305	2,576,234	98.37	136,358	5.21
1997	2,412,697	2,332,212	96.66	105,067	2,437,279	101.02	71,335	2.96

Source: Ashtabula County, Ohio; County Auditor

(1) State reimbursement of rollback and homestead exemptions are included.

Note: The County does not identify delinquent collections by the year for which the tax was levied.

City of Ashtabula, Ohio
Principal Real Property Taxpayers
2006 and 1997

<i>January 1, 2006</i>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Ohio American Water	\$10,544,360	4.40 %
Cleveland Electric Illuminating	5,299,770	2.21
Western Reserve Telephone	3,576,452	1.49
Pinney Dock	2,520,780	1.05
Molded Fiber Glass	1,673,410	0.70
Ashtabula Care Center	1,429,580	0.60
Ashtabula Homes II LLC	1,408,090	0.59
Ash-L Associates	1,264,380	0.53
Ashtabula Towers	1,098,860	0.46
Reliance Business Park	825,310	0.34
Total	<u>\$29,640,992</u>	<u>12.38 %</u>
Total Assessed Valuation	<u>\$239,484,190</u>	

<i>January 1, 1997</i>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Cleveland Electric Illuminating	\$7,138,670	3.83 %
Western Reserve Telephone	6,566,870	3.52
Ohio American Water	4,157,070	2.23
Consolidated Rail	3,656,700	1.96
Pinney Dock	2,845,300	1.53
East Ohio Gas	1,811,070	0.97
Molded Fiber Glass	1,712,299	0.92
Ashtabula Care Center	925,220	0.50
Marion Plaza	721,300	0.39
Jonmar Inc.	557,310	0.30
Total	<u>\$30,091,809</u>	<u>16.15 %</u>
Total Assessed Valuation	<u>\$186,349,900</u>	

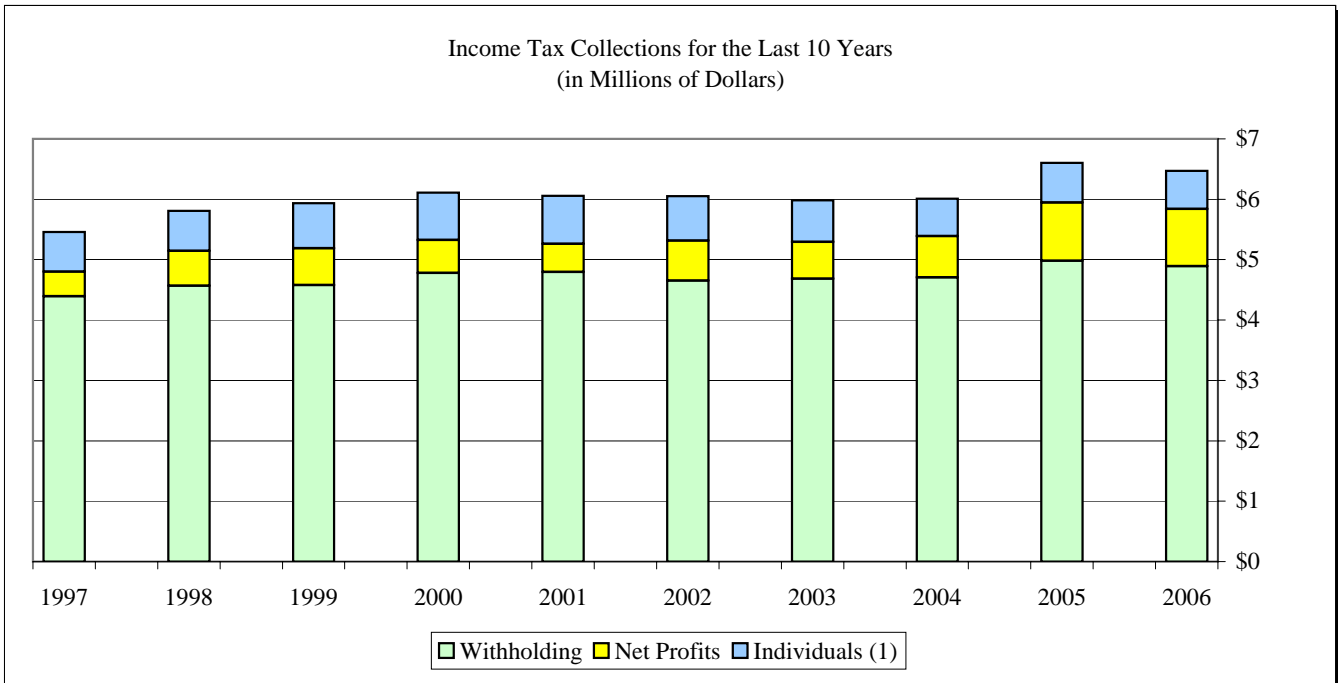
Source: Ashtabula County Auditor

NOTE: Amounts represent assessed values upon which 2006 and 1997 collections were based.

City of Ashtabula, Ohio
Income Tax Revenue Base and Collections
Last Ten Years (cash basis)

Tax Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals (1)	Percentage of Taxes from Individuals
2006	1.80 %	\$6,472,417	\$4,891,466	75.57%	\$946,007	14.62%	\$634,944	9.81%
2005	1.80	6,602,325	4,979,834	75.43	964,776	14.61	657,715	9.96
2004	1.80	6,009,039	4,705,472	78.31	681,872	11.35	621,695	10.35
2003	1.80	5,983,929	4,683,572	78.27	610,621	10.20	689,736	11.53
2002	1.80	6,050,220	4,654,319	76.93	659,986	10.91	735,915	12.16
2001	1.80	6,057,069	4,797,845	79.21	465,020	7.68	794,204	13.11
2000	1.80	6,107,170	4,780,903	78.28	544,764	8.92	781,503	12.80
1999	1.80	5,934,989	4,579,785	77.17	605,938	10.21	749,266	12.62
1998	1.80	5,806,222	4,568,506	78.68	578,047	9.96	659,669	11.36
1997	1.80	5,459,050	4,392,244	80.46	411,209	7.53	655,597	12.01

(1) The City is statutorily prohibited from presenting individual taxpayers.

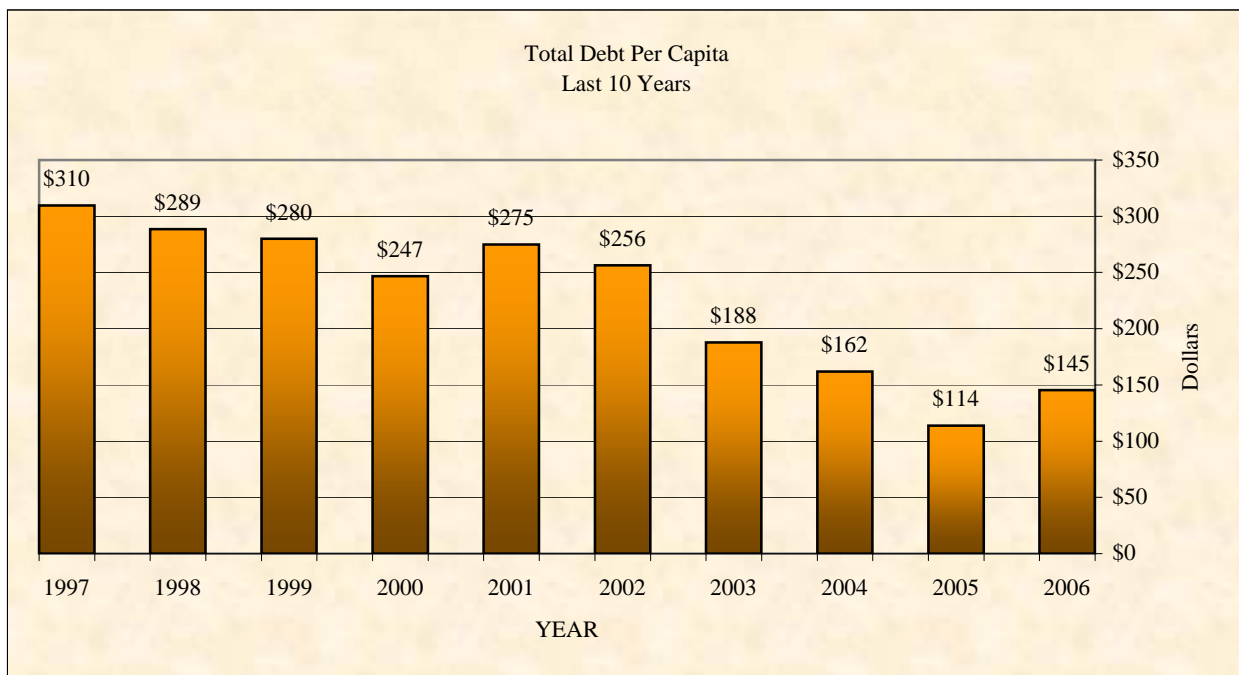


City of Ashtabula, Ohio
*Ratio of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years*

Year	Governmental Activities				
	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	OPWC Loans	Police & Fire Loan
2006	\$269,266	\$0	\$0	\$132,063	\$201,477
2005	592,558	0	10,000	136,954	297,824
2004	1,379,848	0	20,000	151,627	391,354
2003	1,719,311	0	30,000	156,518	481,610
2002	3,046,293	0	40,000	171,192	472,929
2001	3,240,000	0	50,000	180,974	553,080
2000	2,640,000	0	60,000	190,756	628,998
1999	2,785,000	410,000	70,000	195,647	700,805
1998	2,925,000	500,000	80,000	0	768,920
1997	3,091,000	585,000	90,000	0	833,438

(1) Personal Income and Population Data are located on S26

Governmental Activities		Business Type Activities		Total Debt	Percentage of Personal Income(1)	Per Capita(1)
Building Improvements Loan	Capital Leases	OWDA Loans				
\$1,200,000	\$0	\$1,245,743	\$3,048,549	1.04 %	\$145	
0	637	1,349,639	2,387,612	0.81	114	
0	1,658	1,449,159	3,393,646	1.15	162	
0	4,537	1,544,487	3,936,463	1.34	188	
0	9,021	1,635,801	5,375,236	1.83	256	
0	12,865	1,723,268	5,760,187	1.96	275	
0	12,252	1,807,051	5,339,057	2.63	247	
0	11,470	1,887,305	6,060,227	2.98	280	
0	4,122	1,964,178	6,242,220	3.07	289	
0	65,950	2,034,373	6,699,761	3.30	310	



City of Ashtabula, Ohio

Legal Debt Margin

Last Ten Years

	2006	2005	2004	2003
Total Assessed Property Value	<u>\$239,484,190</u>	<u>\$243,460,550</u>	<u>\$226,008,470</u>	<u>\$226,721,670</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$269,266	\$592,558	\$1,379,848	\$1,719,311
OWDA Loans	1,245,743	1,349,639	1,449,159	1,544,487
Building Improvements Loan	1,200,000	0	0	0
Revenue Bonds	0	0	0	0
OPWC Loans	132,063	136,954	151,627	156,518
Special Assessment Bonds	<u>0</u>	<u>10,000</u>	<u>20,000</u>	<u>30,000</u>
Total Gross Indebtedness	<u>2,847,072</u>	<u>2,089,151</u>	<u>3,000,634</u>	<u>3,450,316</u>
Less:				
General Obligation Bonds	(269,266)	(592,558)	(1,379,848)	(1,719,311)
OWDA Loans	(1,245,743)	(1,349,639)	(1,449,159)	(1,544,487)
Building Improvements Loan	(1,200,000)	0	0	0
Revenue Bonds	0	0	0	0
OPWC Loans	(132,063)	(136,954)	(151,627)	(156,518)
Special Assessment Bonds	0	(10,000)	(20,000)	(30,000)
General Obligation Bond Retirement Fund Balance	<u>(582,293)</u>	<u>(347,597)</u>	<u>(590,065)</u>	<u>(408,641)</u>
Total Net Debt Applicable to Debt Limit	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>25,145,840</u>	<u>25,563,358</u>	<u>23,730,889</u>	<u>23,805,775</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$25,145,840</u>	<u>\$25,563,358</u>	<u>\$23,730,889</u>	<u>\$23,805,775</u>
Legal Debt Margin as a Percentage of the Debt Limit	100.00%	100.00%	100.00%	100.00%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$13,171,630</u>	<u>\$13,390,330</u>	<u>\$12,430,466</u>	<u>\$12,469,692</u>
Total Gross Indebtedness	2,847,072	2,089,151	3,000,634	3,450,316
Less:				
General Obligation Bonds	(269,266)	(592,558)	(1,379,848)	(1,719,311)
OWDA Loans	(1,245,743)	(1,349,639)	(1,449,159)	(1,544,487)
Building Improvements Loan	(1,200,000)	0	0	0
Revenue Bonds	0	0	0	0
OPWC Loans	(132,063)	(136,954)	(151,627)	(156,518)
Special Assessment Bonds	0	(10,000)	(20,000)	(30,000)
General Obligation Bond Retirement Fund Balance	<u>(582,293)</u>	<u>(347,597)</u>	<u>(590,065)</u>	<u>(408,641)</u>
Net Debt Within 5 ½ % Limitations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$13,171,630</u>	<u>\$13,390,330</u>	<u>\$12,430,466</u>	<u>\$12,469,692</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	100.00%	100.00%	100.00%	100.00%

Source: City Financial Records

2002	2001	2000	1999	1998	1997
<u>\$233,515,730</u>	<u>\$213,526,790</u>	<u>\$220,680,420</u>	<u>\$208,428,820</u>	<u>\$198,468,820</u>	<u>\$186,349,900</u>
\$3,046,293	\$3,240,000	\$2,640,000	\$2,785,000	\$2,925,000	\$3,091,000
1,635,801	1,723,268	1,807,051	1,887,305	1,964,178	2,034,373
0	0	0	0	0	0
0	0	0	410,000	500,000	585,000
171,192	180,974	190,756	195,647	0	0
40,000	50,000	60,000	70,000	80,000	90,000
<u>4,893,286</u>	<u>5,194,242</u>	<u>4,697,807</u>	<u>5,347,952</u>	<u>5,469,178</u>	<u>5,800,373</u>
(3,046,293)	(3,240,000)	(2,640,000)	(2,785,000)	(2,925,000)	(3,091,000)
(1,635,801)	(1,723,268)	(1,807,051)	(1,887,305)	(1,964,178)	(2,034,373)
0	0	0	0	0	0
0	0	0	(410,000)	(500,000)	(585,000)
(171,192)	(180,974)	(190,756)	(195,647)	0	0
(40,000)	(50,000)	(60,000)	(70,000)	(80,000)	(90,000)
<u>(1,217,065)</u>	<u>(1,020,925)</u>	<u>(832,275)</u>	<u>(455,697)</u>	<u>(411,341)</u>	<u>(204,985)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>24,519,152</u>	<u>22,420,313</u>	<u>23,171,444</u>	<u>21,885,026</u>	<u>20,839,226</u>	<u>19,566,740</u>
<u>\$24,519,152</u>	<u>\$22,420,313</u>	<u>\$23,171,444</u>	<u>\$21,885,026</u>	<u>\$20,839,226</u>	<u>\$19,566,740</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<u>\$12,843,365</u>	<u>\$11,743,973</u>	<u>\$12,137,423</u>	<u>\$11,463,585</u>	<u>\$10,915,785</u>	<u>\$10,249,245</u>
4,893,286	5,194,242	4,697,807	5,347,952	5,469,178	5,800,373
(3,046,293)	(3,240,000)	(2,640,000)	(2,785,000)	(2,925,000)	(3,091,000)
(1,635,801)	(1,723,268)	(1,807,051)	(1,887,305)	(1,964,178)	(2,034,373)
0	0	0	0	0	0
0	0	0	(410,000)	(500,000)	(585,000)
(171,192)	(180,974)	(190,756)	(195,647)	0	0
(40,000)	(50,000)	(60,000)	(70,000)	(80,000)	(90,000)
<u>(1,217,065)</u>	<u>(1,020,925)</u>	<u>(832,275)</u>	<u>(455,697)</u>	<u>(411,341)</u>	<u>(204,985)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$12,843,365</u>	<u>\$11,743,973</u>	<u>\$12,137,423</u>	<u>\$11,463,585</u>	<u>\$10,915,785</u>	<u>\$10,249,245</u>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

City of Ashtabula, Ohio
*Ratio of General Obligation Bonded Debt to Estimated Actual
 Value and Bonded Debt Per Capita
 Last Ten Years*

Year	Population (1)		Estimated Actual Value of Taxable Property (2)	Gross Bonded Debt	Ratio of Bonded Debt to Estimated Actual Value of Taxable Property	Bonded Debt Per Capital
2006	20,962	c	\$702,439,402	\$269,266	0.04	\$12.85
2005	20,962	c	688,390,189	592,558	0.09	28.27
2004	20,962	c	638,926,554	1,379,848	0.22	65.83
2003	20,962	c	645,336,090	1,719,311	0.27	82.02
2002	20,962	c	674,310,511	3,046,293	0.45	145.32
2001	20,962	c	616,283,850	3,240,000	0.53	154.57
2000	21,630	b	640,466,158	2,640,000	0.41	122.05
1999	21,472	b	600,383,771	2,785,000	0.46	129.70
1998	21,315	a	545,862,239	2,925,000	0.54	137.23
1997	21,315	a	535,585,179	3,091,000	0.58	145.02

Sources:

- (1) U. S. Bureau of Census, Census of Population.
 - (a) 1990 Federal Census
 - (b) Ohio Data Users Center, Sub-county population estimate
 - (c) 2000 Federal Census
- (2) Ashtabula County Auditor

City of Ashtabula, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2006

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Ashtabula
Direct - City of Ashtabula			
General Obligation Bonds	\$269,266	100.00%	\$269,266
Building Improvements Loan	1,200,000	100.00%	\$1,200,000
OPWC Loans	132,063	100.00%	132,063
Police Pension	201,477	100.00%	201,477
<i>Total Direct Debt</i>	<u>1,802,806</u> *		<u>1,802,806</u>
Overlapping			
Ashtabula Area City School District			
General Obligation Bonds	40,093,860	53.40%	21,410,121
Ashtabula County			
General Obligation Bonds	44,482,649	13.30%	5,916,192
<i>Total Overlapping Debt</i>	<u>84,576,509</u>		<u>27,326,313</u>
Total	<u><u>\$86,379,315</u></u>		<u><u>\$29,129,119</u></u>

Source: Ashtabula County, Ohio; County Auditor

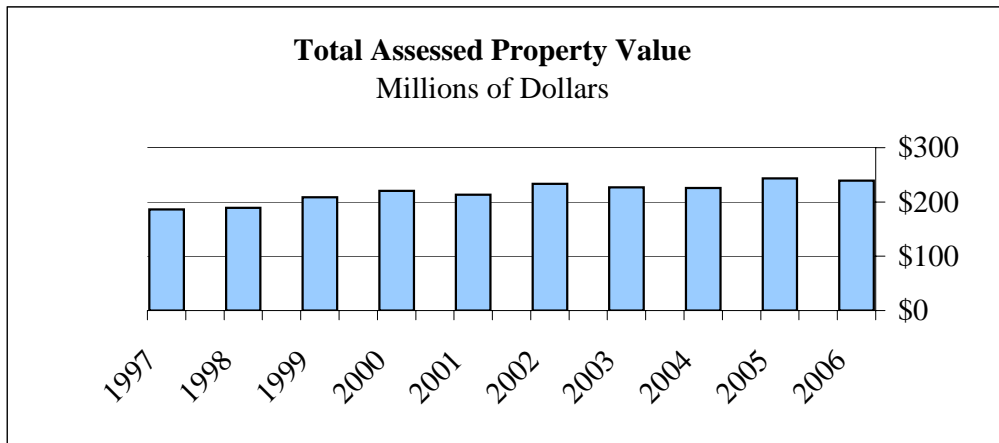
(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.
The debt outstanding includes general obligation bonds.

* All direct debt is backed by the 1.8 percent income tax and all real estate tax collected.

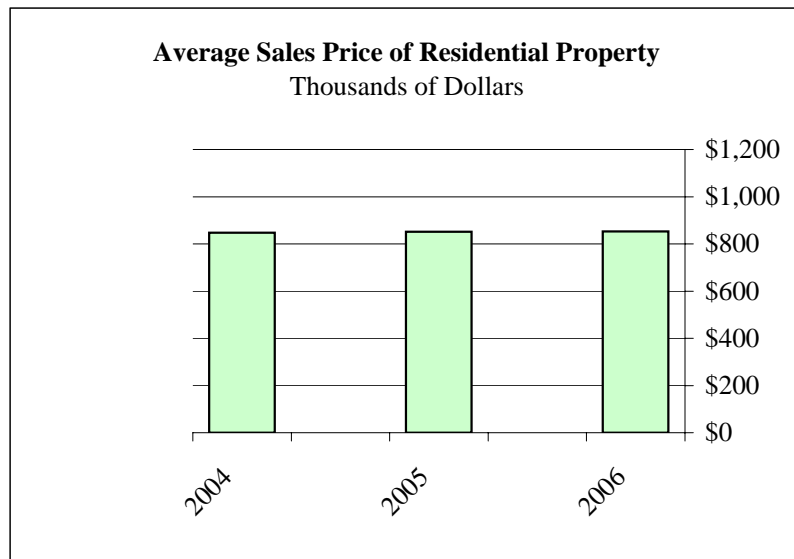
City of Ashtabula, Ohio
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (2)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2006	20,962	\$294,180,708	\$14,034	\$27,354	34.9
2005	20,962	294,180,708	14,034	27,354	34.9
2004	20,962	294,180,708	14,034	27,354	34.9
2003	20,962	294,180,708	14,034	27,354	34.9
2002	20,962	294,180,708	14,034	27,354	34.9
2001	20,962	294,180,708	14,034	27,354	34.9
2000	20,962	294,180,708	14,034	27,354	34.9
1999	21,633	203,155,503	9,391	18,660	32.8
1998	21,633	203,155,503	9,391	18,660	32.8
1997	21,633	203,155,503	9,391	18,660	32.8

- (1) Source: U. S. Census
 - (a) Years 2000 through 2004 - 2000 Federal Census
 - (b) Years 1995 through 1999 - 1990 Federal Census
- (2) Computation of per capita personal income multiplied by population
- (3) Ohio Bureau of Employment Services
- (4) Northeast Ohio Multiple Listing Service for Zipcode 44004 (which includes portions of surrounding townships).
- (5) Source: Ashtabula County Auditor



Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (3)	Ashtabula County Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value (5)
10.4%	4,686	7.0%	\$85,300	\$239,484,190
10.4	4,743	7.3	85,200	243,460,550
10.4	5,057	7.3	84,775	226,008,470
10.4	5,170	8.1	n/a	226,721,670
10.4	5,252	8.1	n/a	233,515,730
10.4	5,270	7.2	n/a	213,526,790
10.4	5,364	5.5	n/a	220,680,420
7.9	5,437	5.7	n/a	208,428,820
7.9	5,091	6.3	n/a	189,468,820
7.9	5,216	6.2	n/a	186,349,900



City of Ashtabula, Ohio
Principal Employers
Current Year and Six Years Ago (1)

2006		
Employer	Nature of Activity	Employees
Ashtabula County Medical Center	Medical Center	966
Ashtabula Area City Schools	Public Education	900
Molded Fiber Glass	Manufacturing - composites	836
CHS - Lake Erie	Nursing Home	272
Kent State University - Ashtabula Campus	Public Education/College	249
Ashtabula Rubber Company	Manufacturing - rubber components	239
Continuum Home Care Inc	Home Health Care	210
Iten Industries	Manufacturing - plastic parts	195
Plasticolors	Pigment and additive dispersions	193
Country Club Retirement Center	Nursing Home	178
Total		<u>4,238</u>

2000		
Employer	Nature of Activity	Employees
Molded Fiber Glass	Manufacturing - composites	1,262
Ashtabula County Medical Center	Medical Center	1,116
Ashtabula Area City Schools	Public Education	882
CHS - Lake Erie	Nursing Home	284
Ashtabula Rubber Company	Manufacturing - rubber components	281
Zehrco Plastics	Injection molding	263
Country Club Retirement Center	Nursing Home/Assisted Living	261
Carington Park	Nursing Home	258
City of Ashtabula	Municipal Government	236
Kent State University - Ashtabula Campus	Public Education/College	234
Total		<u>5,077</u>

Source: Number of employees obtained from the W2's filed with our Tax Department

(1) Information prior to 2000 is not available

City of Ashtabula, Ohio
Full-Time Equivalent City Government Employees by Function/Program
Last Five Years

Function/Program	2006	2005	2004	2003	2002
General Government					
Legislative and Executive					
Council	8	8	8	8	8
Administration	3	2	2	2	2
Auditor	7	6	6	7	7
Treasurer	1	1	1	1	1
Income Tax	3	3	3	3	3
Solicitor	4	4	4	4	4
Motor Maintenance	3	1	3	3	3
Engineering	3	3	3	3	3
Civil Service	1	1	1	1	1
Lands and Buildings	3	6	6	6	6
Systems Analyst	1	1	1	1	1
Judicial System					
Municipal Court	14	12	12	12	13
Probation	4	4	4	4	4
Security of Persons and Property					
Police	31	33	34	35	37
Police - Civilian	9	5	6	9	10
Fire	25	25	26	26	26
Fire - Civilian	1	1	1	1	1
Public Health Services					
Food Service	1	1	1	1	1
Nursing	4	4	4	4	4
Street Maintenance and Repair					
Public Works	23	20	21	21	22
Housing and Community Development					
Code Enforcement	2	2	2	2	2
CDBG	1	2	2	2	2
Sanitation Services					
Sanitation	16	14	14	14	15
Leisure Time Activities					
Walnut Beach	0	0	9	10	9
Business Type Activity					
Wastewater Treatment	13	13	16	16	18
Totals:	<u>181</u>	<u>172</u>	<u>190</u>	<u>196</u>	<u>203</u>

Source: City of Ashtabula, Ohio Payroll

Method: Using 1.0 for each employee. All numbers are based on an average for the year, rounded to the nearest whole number.

City of Ashtabula, Ohio
Operating Indicators by Function/Program
Last Three Years (1)

Function/Program	2006	2005	2004
General Government			
<i>Legislative and Executive</i>			
<i>Council & Clerk</i>			
Number of Ordinances Passed	192	103	112
Number of Resolutions Passed	16	15	28
<i>Auditor</i>			
Number of checks/ vouchers issued	4,312	4,653	3,627
Amount of checks written	\$20,919,912	\$20,422,342	\$19,055,341
Number of Budget Adjustments issued	248	222	187
Agency Ratings - Standard & Poors	A-	A-	A-
Agency Ratings - Moody's Financial Services	BAA	BAA	BAA
Health Insurance Costs vs General Fund Expenditures %	13.99%	13.32%	13.05%
General Fund Receipts	\$10,028,364	\$9,981,777	\$9,245,696
General Fund Expenditures	\$9,536,404	\$8,906,539	\$8,802,912
General Fund Cash Balances	\$657,980	\$708,153	\$354,738
<i>Treasurer</i>			
Number of Pay-Ins issued	1,574	1,488	1,484
Interest earnings for fiscal year (cash basis)	\$339,503	\$212,687	\$82,469
<i>Income Tax Department</i>			
Number of Individual Returns	8,495	8,677	8,626
Number of Business Returns	1,347	1,381	1,410
Number of business withholding accounts	833	799	816
Amount of Penalties and Interest Collected	\$30,913	\$28,684	\$29,750
Annual number of Corporate withholding forms processed	9,440	9,201	8,812
Annual number of balance due statements forms processed	777	676	885
Annual number of estimated payment forms processed	856	922	797
Annual number of reconciliations of withholdings processed	41	389	315
<i>Engineering Department Indicators</i>			
Construction Permits Issued	374	311	383
Estimated Value of Construction	\$11,444,149	\$4,898,765	\$8,347,191
Number of permits issued	727	631	979
Amount of Revenue generated from permits	\$341,215	\$128,302	\$454,917
Number of Planning Commission meetings	8	8	6
Number of Administrative/Zoning Board meetings	1	2	5
<i>Civil Service</i>			
Number of police entry tests administered	0	0	1
Number of fire entry tests administered	1	0	1
Number of police promotional tests administered	0	2	0
Number of fire promotional tests administered	0	4	0
Number of hires of Police Officers from certified lists	2	1	0
Number of hires of Fire/Medics from certified lists	2	0	0
Number of promotions from police certified lists	7	11	13
Number of promotions from fire certified lists	6	4	1
<i>Judicial System</i>			
<i>Municipal Court</i>			
Number of Civil Cases	1,519	1,334	1,409
Number of Criminal cases	9,564	6,740	5,916
<i>Probation</i>			
Community Diversion participants	676	667	745
Community Diversion service hours	4,205	3,962	9,429

(continued)

City of Ashtabula, Ohio
Operating Indicators by Function/Program (continued)
Last Three Years (1)

Function/Program	2006	2005	2004
Security of Persons & Property			
<i>Police</i>			
Total Calls for Services	21,184	n/a	n/a
Number of traffic citations issued	1,936	1,500	n/a
Number of parking citations issued	360	114	n/a
Number of criminal arrests	1,212	1,234	n/a
Operating Motor Vehicle Under the Influence (OMVI) Arrests	61	58	n/a
Adult Driving Under Suspension (DUS) Arrests	356	242	n/a
Prisoners	781	705	n/a
Prisoner meal costs	\$46,271	\$36,499	\$29,193
Motor Vehicle Accidents	476	550	n/a
Fatalities from Motor Vehicle Accidents	0	2	0
Gasoline costs of fleet	\$87,882	\$93,171	\$94,120
<i>Fire</i>			
EMS/Medical Calls (Mutual Aid, Non Transport)	852	844	878
Fire Calls	141	150	125
Fire Fatalities	0	1	0
Fires with Loss	31	40	37
Fires with Losses exceeding \$10K	10	16	20
Fire Losses \$	\$515,600	\$2,365,150	\$998,450
Fire Investigations	34	37	40
Number of times Mutual Aid given to Fire and EMS	20	38	22
Departmental Training Hours	5,787	5,202	5,304
Public Health & Welfare			
<i>Health Department</i>			
Certificates Filed			
Number of Births	576	636	541
Number of Deaths	287	338	341
Certificates Issued			
Number of Births	3,015	2,816	2,780
Number of Deaths	1,226	1,540	1,542
Burial Permits Issued	416	500	491
Receipts from Certificates Issued	\$81,827	\$74,910	\$66,303
Number of Health Inspections			
Food Service Operations, Licensed/Number of Inspections	99/240	101/243	103/245
Food Establishments, Licensed/Number of Inspections	44/81	45/85	46/78
Vending Operations, Licensed/Number of Inspections	19/17	23/21	22/23
Marinas, Licensed/Number of Inspections	10/11	10/10	10/11
Manufactured Home Parks, Licensed/Number of Inspections	3/10	3/6	3/6
Campgrounds, Licensed/Number of Inspections	4/7	4/4	4/5
Swimming Pools and Spas, Licensed/Number of Inspections	6/17	6/12	6/17

(continued)

City of Ashtabula, Ohio
Operating Indicators by Function/Program (continued)
Last Three Years (1)

Function/Program	2006	2005	2004
Street Maintenance and Repair			
Guardrail Repair (hours)	123	87	176
Paint Striping (hours)	493	512	518
Street Sweeper (hours)	2,240	2,279	2,400
Cold Patch (hours)	4,160	4,113	3,978
Snow & Ice Removal regular hours	11,520	11,431	12,311
Snow & Ice Removal overtime hours	880	913	953
Sewer and Sanitary calls for service	963	946	1,012
After hours Sewer Calls (hours)	416	425	457
Sewer Crew (hours)	2,880	2,764	2,899
Sewer jet, Vac-all, other services (hours)	1,440	1,456	1,503
Landscaping Stump-Chipper service (hours)	413	385	395
Leaf collection (hours)	4,800	4,768	4,854
Holiday lights setup (hours)	40	40	40
Equipment repair/body shop (hours)	5,200	4,160	5,200
Sign department (hours)	1,036	1,058	1,113
Tons of snow melting salt purchased (Jan-Dec)	2,490	3,726	3,252
Cost of salt purchased	\$84,069	\$127,411	\$116,567
Housing and Community Development			
<i>Community Development Block Grant</i>			
Grant amounts received	\$536,000	\$151,000	\$659,000
<i>Code Enforcement</i>			
Number of rental inspections performed	480	360	360
Number of exterior inspections	n/a	700	673
Code Enforcement fees collected	\$98,950	\$44,352	\$50,636
Sanitation			
Residential trash pickup rate (billed every 2 months)	\$15.00	\$12.00	\$13.00
Refuse disposal per year (in tons)	12,565	12,106	11,901
Refuse disposal costs per year	\$435,814	\$378,744	\$328,931
Annual recycling tonnage (excluding leaf, and compost items)	476	476	414
Percentage of waste recycled	3.65%	3.79%	3.36%
Revenue generated from sale of recyclables	\$5,233	\$6,736	\$3,895
Leisure Time Activities			
<i>Recreation</i>			
Wastewater Treatment			
Sewer Rates per unit of water used (1unit equals 750 gallons)	\$2.45	\$2.40	\$2.40
Total flow of wastewater treatment plant (Billions of Gallons)	1.998	2.540	2.262
Average daily flow (Millions of gallons per day)	5.550	6.990	6.170
Tons of dry sludge removed	558.24	612.07	421.34

(1) Information prior to 2004 is not available

City of Ashtabula, Ohio
Capital Assets Statistics by Function/Program
Last Three Years (1)

Function/Program	2006	2005	2004
General Government			
Square Footage Occupied	95,943	95,943	95,943
Administrative Vehicles	8	6	6
Inspection Vehicles	4	4	3
Municipal Court Vehicles	3	2	2
Lands & Buildings Vehicles	4	4	3
Police			
Stations	1	1	1
Square Footage of Building	14,491	14,491	14,491
Vehicles	35	44	44
Fire			
Stations	1	1	1
Square Footage of Building	11,560	11,560	11,560
Vehicles	8	7	7
Street Maintenance and Repairs			
Square Footage of Building	25,050	25,050	25,050
Streets (miles)	97	97	97
Bridges	6	6	6
Traffic Signals	54	50	49
Service Vehicles	30	25	25
Sanitation Services			
Square Footage of Building	9,100	9,100	9,100
Vehicles	10	12	12
Leisure Time Activities			
Number of Parks	8	8	8
Number of Tennis Courts	2	2	2
Number of Skateboarding Areas	1	1	1
Number of Baseball Diamonds	4	4	4
Number of Soccer Fields	1	1	1
Square Footage of Walnut Beach Building	6,420	6,420	6,420
Square Footage of Smith Field Building	336	336	336
Square Footage of Massucci Building	1,944	1,944	n/a
Wastewater Treatment			
Square Footage of Building	22,344	22,344	22,344
Sanitary Sewers (miles)	91.94	91.94	91.94
Storm Sewers (miles)	76.18	76.18	76.18
Vehicles	11	11	11

(1) Information prior to 2004 is not available

City of Ashtabula, Ohio
Sewer and Trash Statistics
Last Three Years

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Sewer Billings (1)	\$2,669,897	\$2,792,173	\$2,337,816
Residential Trash Billings	<u>1,073,613</u>	<u>1,056,604</u>	<u>927,328</u>
Total Utility Billing	<u>\$3,743,510</u>	<u>\$3,848,777</u>	<u>\$3,265,144</u>
Sewer Collections	\$1,989,073	\$2,065,929	\$1,858,330
Residential Trash Collections(2)	<u>786,512</u>	<u>833,520</u>	<u>776,486</u>
Total Utility Billing Collections	<u>\$2,775,585</u>	<u>\$2,899,449</u>	<u>\$2,634,816</u>
Percentage Collected from Billings Before Outstanding Balances are Certified to Property Taxes	74.14%	75.33%	80.70%
Delinquent Sewer Collections(2)	\$458,820	\$487,751	\$408,230
Delinquent Residential Trash Collections(2)	<u>239,361</u>	<u>244,018</u>	<u>207,596</u>
Total Delinquent Collections	<u>\$698,181</u>	<u>\$731,769</u>	<u>\$615,826</u>

Source: City of Ashtabula Auditor's Office

(1) Amount billed does not include \$2.00 per month service charge or any other special project fees assessed.

(2) Delinquent collections are one year behind, ie: delinquent amounts collected in 2006 were for the amounts certified in 2005.

Address comments
and suggestions to:

Michael A. Zullo, CPA
City Auditor
4717 Main Avenue
Ashtabula, Ohio 44004
(440) 992-7107

Special acknowledgement and appreciation goes out to those who helped in the implementation of this GABS compliant report. Thank you to Mary Taylor, Auditor of State, and her staff for their guidance. To Lori Mackey, City Treasurer and Karen Jury, Deputy Auditor whose work on this CAFR ties it all together.

Special Thanks To

The Auditor's Staff

Karen S. Jury, Deputy Auditor
Charissa Lefik
Marcena Pizzi
Carolyn Sheldon
Traci Simons
Peter Tulino

Cover:
Great Lakes Printing, Inc.



Mary Taylor, CPA
Auditor of State

CITY OF ASHTABULA

ASHTABULA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 9, 2007**