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# CITY OF ASHTABULA



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2007

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### ISSUED BY AUDITOR'S OFFICE

Michael A. Zullo, CPA  
City Auditor

Karen S. Jury  
City Deputy Auditor

### TREASURER'S OFFICE

Lori Mackey  
City Treasurer





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the City of Ashtabula, Ashtabula County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2007 through December 31, 2007. 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

August 13, 2008

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CITY OF ASHTABULA  
OFFICE OF CITY MANAGER

MUNICIPAL BUILDING  
4717 MAIN AVENUE  
ASHTABULA, OHIO 44004

ANTHONY J. CANTAGALLO  
CITY MANAGER



(440) 992-7103  
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June 9, 2008

Citizens of Ashtabula:

As we approach a new year that looks towards a grim economic forecast, I would like to reflect on what the City of Ashtabula has done to promote economic strength.

The City of Ashtabula has a fairly aggressive street paving program that is funded through the Permanent Improvement fund each year. In 2007 the total amount of dollars expended towards paving was \$406,673, providing street resurfacing for 15 streets within the City, this figure does not include any emergency work that was provided.

Upgrades to the Wastewater Treatment Plant in the area of chlorination pump replacement for an amount of \$154,676 will be beneficial to the function of the plant. The old outdated equipment was proving to be very costly. The new streamlined equipment will save the plant time and money. This is the first step in a phase process to upgrade the plant.

Equipment purchases for the City to enhance the functionality of Public Services included; a used sewer jet in the amount of \$210,431, refurbished Fire Department ladder truck in the amount of \$125,943, Massy Ferguson Wheel Tractor equipped with a machete boom in the amount of \$81,575, a used van for the Wastewater Treatment Plant in the amount of \$14,988, three Police Cruisers for a total of \$60,760. All the listed purchases will improve the safety and quality of service these departments provide to our community.

Infrastructure projects have taken a front seat in the City's coffers in 2007, and will continue to do so in the upcoming years. The Route 531 Lift Bridge Replacement Project, Michigan Avenue Equalization Basin Project, Morton Drive Siphon Chamber Project, and the West Avenue/West 19<sup>th</sup> Roadway Improvement Project, partially funded through the State and Federal government are underway or near completion. This type of funding requires a percentage of matching money from the municipality in which the project is located in. The City of Ashtabula commits match money as a requirement of the grant. This funding is beneficial to the community to develop and complete projects that would ordinarily not be possible to do from the City's Permanent Improvement fund alone.

All of the funding efforts acknowledged in the aforesaid are a direct link to building economic stability within our city. Stability that I am committed to provide to the citizens and business owners of our community in the most successful and cost-effective way possible.

A handwritten signature in black ink, appearing to read 'A. Cantagallo', written over a horizontal line.

Anthony J. Cantagallo

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# INTRODUCTORY SECTION

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**City of Ashtabula, Ohio**  
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*For the Year Ended December 31, 2007*  
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CITY OF ASHTABULA  
OFFICE OF THE CITY AUDITOR

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June 19, 2008

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, 2007. 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 unaudited 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. Ciuni & Panichi has issued an unqualified ("clean") opinion on the City of Ashtabula's financial statements for the year ended December 31, 2007. 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 2007. The walleye fishing in the Ashtabula area was probably the best we have seen since the late 1980's. Great 2003 & 2004 walleye hatches along with lower commercial catch quotas from the Canadian's are the most attributable reasons the walleye fishing has come back stronger than ever. 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 Fiber Glass 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. 4,374 students are enrolled in public schools and 288 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 Time Warner 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 Council selects the City Auditor and City Treasurer. Good government is reflected in the City's low property tax rate of \$9.31 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 three 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:

<u>Name</u>	<u>Contract Expires</u>	<u>Membership</u>
AFSCME Local #1197	April 30, 2009	69
Fraternal Order of Police, Lodge #26	April 30, 2009	31
International Association of Firefighters, Local #165	April 30, 2009	26

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 awarded a \$400,000 infrastructure grant to help with the enormous cost of installing the needed infrastructure in this park. During 2007 construction of the roads and infrastructure installation proceeded slightly ahead of schedule. At the end of 2007, the development of the business park was nearly completed and four different businesses are currently in discussions with the City administration to locate their business in the park. City Council has completed a list of covenants which will 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-four viable inquiries have been made, twelve full applications have been received and seven applicants were approved for funding. The revolving loan program did fund \$50,000 to Hoffmans Pharmacy which used the funds to help offset the construction cost of a new pharmacy which was completed in 2007 on City owned land. A long term lease agreement for the land was completed between the pharmacy owner and the City of Ashtabula.

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.

Phase one of two with the Ashtabula River deep water dredging project was completed in late fall of 2007. 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 contributed funds for this expensive project. The State of Ohio had committed seven million dollars, the federal government had 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. Another asset of the project is to once again allow the coal and iron freighters to load to capacity making the Port of Ashtabula more attractive to all vessels wanting to use our port.

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 38<sup>th</sup> 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 be available by the spring of 2008. 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 with the Port Authority. 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 in kind 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 2007. The City of Ashtabula did commit \$520,000 to street paving and infrastructure reconstruction projects. With regular side street paving costing \$415,531 the remainder was spent on various road improvement projects such as road reconstruction on Valleyview and street lighting like the work complete on the signal lights on Main Ave and 48<sup>th</sup> Street. The City continued the process of building a new West Avenue Grade Separation overpass over the Norfolk Southern tracks. During 2007, properties were 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.

During 2007 the City of Ashtabula started construction 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 3.0 million dollars plus any interest expense. The City of Ashtabula is still hopeful that the County will

participate in the project and pay for 20% or approximately \$600,000 towards the Equalization Basin as our engineers have determined through flow studies the 20% of the flow to the City's Wastewater treatment plant is from non city users.

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 does 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 focused on recreation, paving and sidewalk reconstruction in 2007. The City did contract with several different bands to play at Walnut beach during the summer of 2007 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 2008. The City of Ashtabula offered a homeowner up to \$2.50 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 renovated. New bleachers, fencing and parking area have been added at Smith Field and improvements to the pond have also been completed over the past several years. 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 1,675 alarms in 2007 including 71 structure fires with building and content losses of \$402,900. Fire department employees received 4,552 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 sent the 1991 Ladder truck back to Grumman Corporation, the manufacturer, where the truck was completely refurbished including the 102' aerial platform. The City did pay \$130,208 for the work but extended the life of the ladder truck by an additional 15 years. The 1991 ladder truck did cost \$750,000 new when purchased back in 1991 and the estimated cost to replace this vehicle with a new ladder truck would be in excess of \$1,000,000. Other equipment and building repairs for the fire department was purchased in 2007 with Permanent Improvement fund money. Several State grants were received by our fire department in response to the September 11<sup>th</sup> attacks. These grant monies were used to purchase miscellaneous gear and equipment for our firefighters and to provide hundreds of hours of training.

The Public Works Department kept busy in 2007 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 and receive 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 is still being studied and may house the City's Public Works, 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 excess of a 500,000 pounds of recyclable materials and approximately 5000 tires during 2007. The City sold the recyclable materials for \$15,579 and avoided paying \$41,697 in landfill tipping fees.

The Auditor's and Treasurer's Offices completed their twentieth Comprehensive Annual Financial Report (CAFR) during May of 2007. The CAFR that was completed in 2007 for year ended December 31, 2006, 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 Simons 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. During 2007, 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 2007 Crown Victoria cruisers in November of 2007.

The caseload for the Municipal Court totaled 11,650 in 2007, representing a 567 case increase from 2006. 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 2007. 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 ninth 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 2007.

***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 \$287,817 and the workers' compensation internal service fund with net assets of \$1,158,370 as of December 31, 2007.

### **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 KeyBank 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, 2007, the City of Ashtabula had \$1,028,013 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. A calculation of self funded versus the State Program 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.

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. The accounting firm of Ciuni & Panichi, Inc. was contracted to render an opinion on the City's financial statements as of December 31, 2007. 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 basic 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, 2006. This was the City of Ashtabula's twentieth 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 2007 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, 2006

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.



*Charles S. Cox*

President

*Jeffrey R. Emer*

Executive Director

**City of Ashtabula**  
*List of Principal Officials*

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**City Council**

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Robert E. Beacom ..... President  
Betty S. Kist ..... Vice President

Joseph L. Rose ..... Ward I  
Bernard P. Roskovics ..... Ward II  
Ericka H. Severino ..... Ward III  
Julie A. Lattimer ..... Ward IV  
James M. Trisket ..... Ward V

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

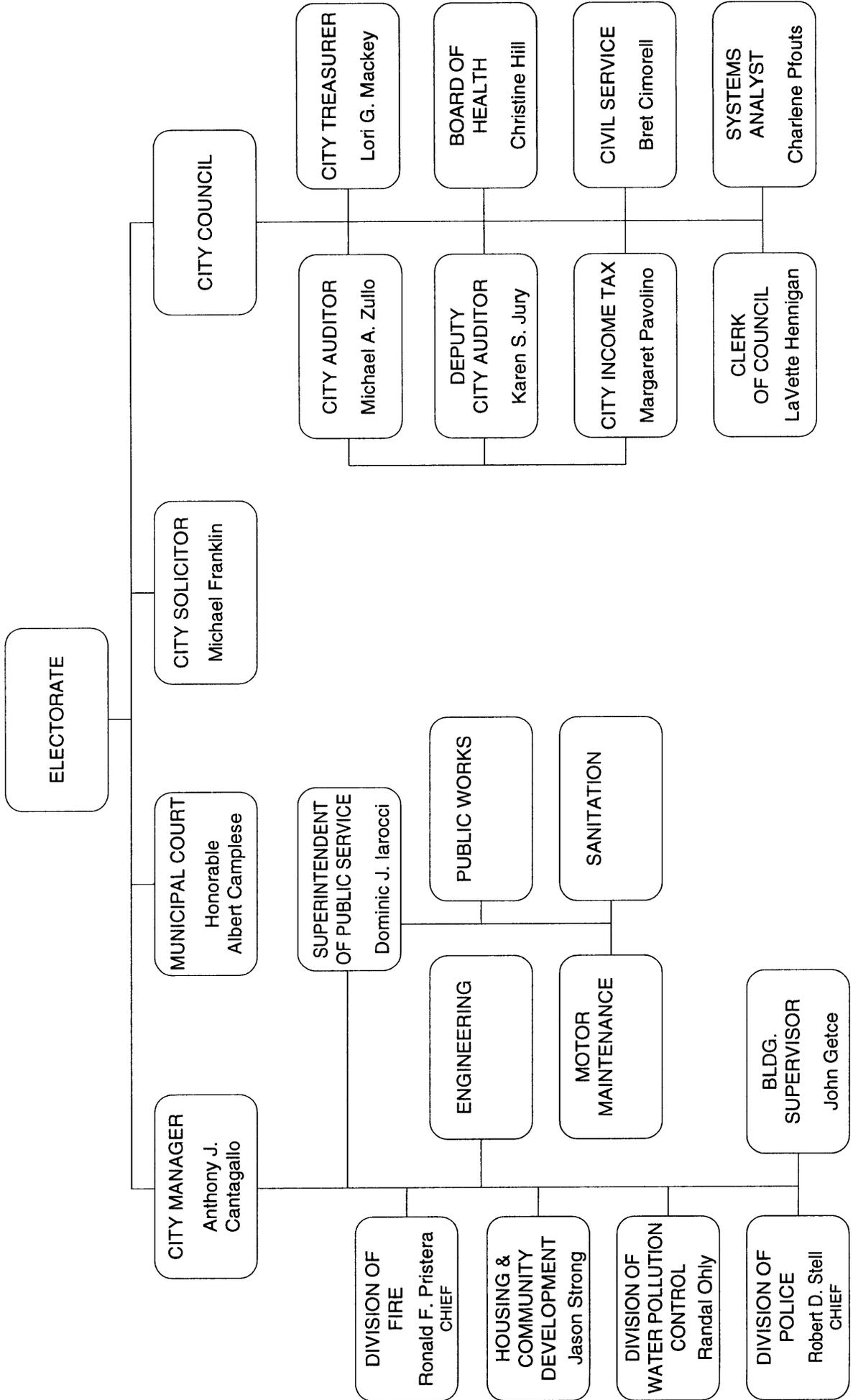
**City Officials**

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Albert S. Camplese ..... Municipal Court Judge  
Anthony J. Cantagallo ..... City Manager  
Michael Franklin ..... City Solicitor  
Dominic J. Iarocci ..... Superintendent of Public Works and Sanitation  
Karen S. Jury ..... Deputy City Auditor  
Lori G. Mackey ..... City Treasurer  
Michael A. Mearini ..... Assistant Superintendent of Wastewater Treatment Plant  
Randal Ohly ..... Superintendent of Wastewater Treatment Plant  
Margaret Pavolino ..... Income Tax Administrator  
Charlene Pfouts ..... Systems Analyst  
Ronald F. Pristera ..... Chief of Fire  
Robert D. Stell ..... Chief of Police  
Jason M. Strong ..... Director of Housing and Community Development  
Michael A. Zullo ..... City Auditor

**CITY OF ASHTABULA, OHIO  
ORGANIZATIONAL CHART**

**DECEMBER 31, 2007**



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# FINANCIAL SECTION

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## Independent Auditors' Report

Members of the City Council  
Ashtabula, Ohio

We have audited the accompanying 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, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Ashtabula'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 obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ashtabula as of December 31, 2007, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Community Development Block Grant, Sanitation, and Street Maintenance and Repair Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2007, the City implemented GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures."

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2008, on our consideration of the City of Ashtabula'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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Members of the City Council  
Ashtabula, Ohio

The Management's Discussion and Analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary 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 City of Ashtabula's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and 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 and statistical sections 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.

*Cini & Panichi, Inc.*

Cleveland, Ohio  
June 19, 2008

**City of Ashtabula, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2007*  
*Unaudited*

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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, 2007. 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 non-major 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 2007?" 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. The accrual basis of accounting does take 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, non financial 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, 2007*  
*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 2007 compared to 2006.

(Table 1)  
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Assets</b>						
Current and Other Assets	\$13,025,650	\$13,577,421	\$4,252,340	\$1,823,802	\$17,277,990	\$15,401,223
Capital Assets	19,388,571	18,780,915	12,222,332	11,214,428	31,610,903	29,995,343
<i>Total Assets</i>	<u>32,414,221</u>	<u>32,358,336</u>	<u>16,474,672</u>	<u>13,038,230</u>	<u>48,888,893</u>	<u>45,396,566</u>
<b>Liabilities</b>						
Current and Other Liabilities	(2,991,643)	(3,471,345)	(278,468)	(204,349)	(3,270,111)	(3,675,694)
Long-Term Liabilities						
Due Within One Year	(1,673,522)	(1,790,264)	(469,041)	(256,263)	(2,142,563)	(2,046,527)
Due in More Than One Year	(2,631,156)	(2,828,987)	(3,303,603)	(1,268,835)	(5,934,759)	(4,097,822)
<i>Total Liabilities</i>	<u>(\$7,296,321)</u>	<u>(\$8,090,596)</u>	<u>(\$4,051,112)</u>	<u>(\$1,729,447)</u>	<u>(\$11,347,433)</u>	<u>(\$9,820,043)</u>

**City of Ashtabula, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2007*  
*Unaudited*

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Net Assets</b>						
Invested in Capital						
Assets, Net of Debt	\$18,191,832	\$17,179,586	\$8,791,357	\$9,968,685	\$26,983,189	\$27,148,271
Restricted:						
Capital Projects	992,414	1,257,245	0	0	992,414	1,257,245
Debt Service	927,528	842,539	0	0	927,528	842,539
Other Purposes	3,134,178	2,704,749	0	0	3,134,178	2,704,749
Unrestricted	1,871,948	2,283,621	3,632,203	1,340,098	5,504,151	3,623,719
<i>Total Net Assets</i>	<u>\$25,117,900</u>	<u>\$24,267,740</u>	<u>\$12,423,560</u>	<u>\$11,308,783</u>	<u>\$37,541,460</u>	<u>\$35,576,523</u>

The net assets of the City's governmental type activities increased by \$850,160. Current assets were down slightly. This decrease is from lower cash balances in most funds as the City did bring staffing levels back to the pre September 11, 2001 era. For the first time in many years, the fire department is running at a staffing level which does include automatic overtime each week due to the minimal manning clause and staffing shortage. The City's capital assets in the Governmental Activities increased during 2007, which reflects major street improvements, the purchase of a new 21/2 ton dump truck/snowplow which cost \$113,441, a tractor with mowing boom arm that cost \$81,575, completion of the ladder truck renovations which cost \$125,000 but extended the life by 15 years and 3 new police cruisers. Short-term liabilities decreased, as deferred revenue was less by approximately \$466,438. Long-term liabilities decreased in 2007 as the City did make all the required debt payments as scheduled.

The net assets of the City's business type activities increased approximately \$1,114,000 in 2007. Current assets increased as cash increased from a loan taken out from Keybank to build the 1 million gallon retention basin as required by the Ohio EPA. A direct result of the higher cash balance is a higher long term liability which increased by \$2,247,546. Capital assets increased by slightly more than \$1,000,000 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 2007, 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 21 out of the 22 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 2007 and 2006. This Statement reflects our Governmental and Business-Type Funds bottom line.

**City of Ashtabula, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2007*  
*Unaudited*

(Table 2)  
 Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$3,248,207	\$2,686,243	\$3,770,834	\$3,092,660	\$7,019,041	\$5,778,903
Operating Grants, Contributions and Interest	281,676	197,598	0	0	281,676	197,598
Capital Grants and Contributions	1,751,720	1,208,407	470,322	276,649	2,222,042	1,485,056
General Revenues						
Property Taxes	2,526,750	2,609,225	0	0	2,526,750	2,609,225
Income Taxes	6,875,966	6,285,402	0	0	6,875,966	6,285,402
Grants and Entitlements	2,484,064	2,660,157	0	0	2,484,064	2,660,157
Investment Earnings	325,184	339,503	84,352	0	409,536	339,503
Other	214,713	268,753	0	0	214,713	268,753
<i>Total Revenues</i>	<u>17,708,280</u>	<u>16,255,288</u>	<u>4,325,508</u>	<u>3,369,309</u>	<u>22,033,788</u>	<u>19,624,597</u>
<b>Program Expenses</b>						
General Government						
Legislative and Executive	4,135,051	3,174,447	0	0	4,135,051	3,174,447
Judicial System	1,090,892	1,030,659	0	0	1,090,892	1,030,659
Security of Persons and Property						
Police	3,882,495	3,677,304	0	0	3,882,495	3,677,304
Fire	2,987,810	2,936,033	0	0	2,987,810	2,936,033
Public Health Services	357,245	331,826	0	0	357,245	331,826
Street Maintenance and Repairs	1,986,728	2,015,378	0	0	1,986,728	2,015,378
Housing and Community						
Development	486,457	376,820	0	0	486,457	376,820
Sanitation Services	1,839,276	1,861,734	0	0	1,839,276	1,861,734
Leisure Time Activities	86,083	110,002	0	0	86,083	110,002
Interest and Fiscal Charges	56,083	54,634	0	0	56,083	54,634
Wastewater Treatment	0	0	3,160,731	3,130,536	3,160,731	3,130,536
<i>Total Expenses</i>	<u>16,908,120</u>	<u>15,568,837</u>	<u>3,160,731</u>	<u>3,130,536</u>	<u>20,068,851</u>	<u>18,699,373</u>
<i>Excess before Transfers</i>	800,160	686,451	1,164,777	238,773	1,964,937	925,224
<i>Transfers</i>	<u>50,000</u>	<u>50,000</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>0</u>	<u>0</u>
<i>Increase in Net Assets</i>	850,160	736,451	1,114,777	188,773	1,964,937	925,224
<i>Net Assets Beginning of Year</i>	<u>24,267,740</u>	<u>23,531,289</u>	<u>11,308,783</u>	<u>11,120,010</u>	<u>35,576,523</u>	<u>34,651,299</u>
<i>Net Assets End of Year</i>	<u>\$25,117,900</u>	<u>\$24,267,740</u>	<u>\$12,423,560</u>	<u>\$11,308,783</u>	<u>\$37,541,460</u>	<u>\$35,576,523</u>

**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 May of 2007, which

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took effect January of 2008 and is in effect thru December 31, 2010. The income tax revenue for 2007 exceeded \$6.8 million including the 90 percent of collections which are allocated to the City's General Fund and the other 10 percent which goes to the Permanent Improvement Fund, The City Income Tax funds approximately 43 percent of all expenses in the Governmental Activities.

The City has seen the income tax collections increase in 2007 which is a complete turn around from 2006. The income tax did increase by \$590,564 or by 9.4 percent during 2007. During 2006 the income tax had broken a three year trend of increases and actually decreased slightly. The City's major employers have kept staffing levels for 2007 at the 2006 employment levels or even a little higher despite the national, state and local employment levels. The City of Ashtabula also hired an outside collection firm to help on the collection of delinquent income taxes. The firm of Keith Weiner & Associates have done an admiral job of getting people to pay whether it's by mailing letters or actually filing lawsuits against delinquent taxpayers. The City of Ashtabula municipal court has also 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 \$2,200 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 2007 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 facility generated charges for services revenues of \$3,770,834 and had expenses of \$3,160,731 during 2007. 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 2007, the City continues looking at ways to improve cash flow by reducing our cost of operation, such as the purchase of the centrifuge. Nonpayment of sewer bills 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 2007, 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 looks 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.

### **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 \$15,716,799 and expenditures of \$16,549,148. The most significant change in our funds is the decrease in the permanent improvement fund and additions to capital projects less the accumulated depreciation.

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The fund balance of the general fund decreased by \$127,755. While revenues exceeded expenditures by \$242,376, 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 year of 2007, 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 intra-fund 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 at yearend was \$365,662.

**Capital Assets and Debt Administration**

***Capital Assets***

Table 3  
 Capital Assets at December 31, 2007 & 2006

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Capital Assets, Non Depreciable</b>						
Land	\$1,989,609	\$2,055,840	\$70,125	\$70,125	\$2,059,734	\$2,125,965
Construction in Progress	1,567,827	1,226,903	1,542,831	427,809	3,110,658	1,654,712
Total Capital Assets, Non Depreciable	3,557,436	3,282,743	1,612,956	497,934	5,170,392	3,780,677

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	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Capital Assets, Being Depreciated</b>						
Buildings and Improvements	\$11,144,279	\$10,798,529	\$6,698,213	\$6,698,213	\$17,842,492	\$17,496,742
Equipment	3,092,170	3,057,885	2,277,272	2,050,922	5,369,442	5,108,807
Vehicles	3,976,594	3,822,509	408,577	476,329	4,385,171	4,298,838
Furniture and Fixtures	58,435	55,567	3,068	3,068	61,503	58,635
Infrastructure						
Bridges	4,155,266	4,155,266	0	0	4,155,266	4,155,266
Roads	9,258,475	8,902,270	0	0	9,258,475	8,902,270
Storm Sewers	2,533,404	2,533,404	0	0	2,533,404	2,533,404
Traffic Lights	562,781	547,103	0	0	562,781	547,103
Sanitary Sewers	0	0	10,561,524	10,407,236	10,561,524	10,407,236
Total Capital Assets, being Depreciated	34,781,404	33,872,533	19,948,654	19,635,768	54,730,058	53,508,301
Accumulated Depreciation	(18,950,269)	(18,374,361)	(9,339,278)	(8,919,308)	(28,289,547)	(27,293,669)
Total Capital Assets, Depreciable, Net	15,831,135	15,498,172	10,609,376	10,716,460	26,440,511	26,214,632
<b>Total Capital Assets</b>	<u>\$19,388,571</u>	<u>\$18,780,915</u>	<u>\$12,222,332</u>	<u>\$11,214,394</u>	<u>\$31,610,903</u>	<u>\$29,995,309</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 2007 were our regular street paving project, which cost approximately \$520,000. We also continued our equipment replacement program with the biggest single purchase being a new 21/2 ton dump truck/snowplow. Other major purchases, 3 police cruisers, tractor with boom arm, city hall HVAC upgrade, and upgrades to the finance, payroll, and utility billing software. 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 were the purchases of a new 2006 although purchased in 2007, International Sewer Jet that cost \$210,431 and two chlorination pumps that cost \$154,288 combined for both at the wastewater treatment plant. Both of these major purchases were paid for in cash using money collected from user fees. The sewer jet which will service the entire city is used daily to clean and maintain the many miles of sewer lines in the city. A high pressure water hose is inserted into the line, flushed then all contents are vacuumed out to clean the lines. The chlorination pumps which are computer operated add in the right amount of chlorine during the summer months to help sanitize the wastewater before being returned to Lake Erie, cleaner than when Ohio American takes the water out of the Lake Erie. Both of these purchases are just steps towards the City's plan to renovate and upgrade the entire plant within ten years. In May of 2008 City council entered into a contract with Valley Electric for \$339,000 to completely replace all the electrical components at the plant including a new electric component building. Most of the electric is original equipment and is very important considering the amount of pumps and systems running on the electric circuits. See Note 8 for additional information about the City's capital assets.

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**Debt**

At December 31, 2007 the City of Ashtabula had \$8,089,858 in bonds, notes, claims, judgments, and compensated absences outstanding, \$2,155,099 of which are due within one year.

Table 4  
 Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
General Obligation Bonds	\$0	\$200,000	\$0	\$0	\$0	\$200,000
Mareddy Estates	47,061	69,266	0	0	47,061	69,266
OPWC Loan	122,280	132,062	0	0	122,280	132,062
Police and Fire Loan	102,229	201,477	0	0	102,229	201,477
Building Improvement Loan	1,027,398	1,200,000	0	0	1,027,398	1,200,000
Claims Payable	261,333	198,951	0	0	261,333	198,951
Compensated Absences	2,744,377	2,617,496	341,670	279,356	3,086,047	2,896,852
OWDA Loan	0	0	1,137,278	1,245,743	1,137,278	1,245,743
EQ Basin Loan	0	0	2,293,696	0	2,293,696	0
<b>Total Outstanding Debt</b>	<b>\$4,304,678</b>	<b>\$4,619,252</b>	<b>\$3,772,644</b>	<b>\$1,525,099</b>	<b>\$8,077,322</b>	<b>\$6,144,351</b>

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. The City tried in earnest to contact the responsible party to invoice the City for the amount due in 2007. We were unsuccessful and never did receive any notification, invoice, or other request for payment, therefore, no payment was made in 2007. The City has now appropriated the \$200,000 to use as grant matching money for several large projects planned in the City.

The City's overall legal debt margin was \$25,487,778 at December 31, 2007. 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 2007. During 2007 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 receivable from non payment of sewer and trash bills.

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 costs which have doubled in the last few years still needs to be paid, yet approximately 25 percent of our citizens did not pay their bill. The City Manager Anthony Cantagallo recommended to the Finance Committee of City Council to increase the late payment penalty from 3% per bill to \$25 per month or \$50 per bill as our sewer and trash bills go out

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bi-monthly. With the passage of this legislation during 2007, the mail, citizens at the drive thru and direct pay at the window picked up immediately. Citizens are now paying on time in order to avoid the 50 dollar late fee.

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 one other option being explored is a tax levy to be used for street paving only. The City of Ashtabula is currently reviewing a 2 mill levy which would generate approximately \$500,000 annually. The City currently spends around a half million dollars in paving City streets per year but needs to double that amount to keep up with streets that are in need of repaving.

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 2007 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 cash balances have accumulated to over \$2,200,000 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, Anthem Blue Cross and Blue Shield processes and pays the claims. The City pays the self-insurance claims and administrative costs weekly from its Health Insurance Internal Service Fund.

During 2007, the City continued the self funded retrospective rating program for workers compensation. 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. As of January 1, 2006, the City has converted back to the respective rating plan and left the group. It is the City's position that we can get lower premiums, less cost by being on our own, and self funded.

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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, twenty two 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, new computers and software for the Auditors office, Municipal Court, and other departments as 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. I have always been very conservative when it came to borrowing money for projects the City of Ashtabula requires as opposed to desires. Then on the other side, we have done additional borrowing for projects which are needed and have added value for our City such as the equalization basin, building improvements, and other sewer related projects. I have been opposed to leasing equipment as requested by several departments. I have taken the position of equipment purchases being paid for as we can afford these purchases out of the City's Permanent Improvement Fund.

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 2006 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, 4717 Main Avenue, Ashtabula, Ohio 44004, telephone 440-992-7107, or e-mail at [michaelz@suite224.net](mailto:michaelz@suite224.net).

**City Of Ashtabula, Ohio**  
*Statement of Net Assets*  
*December 31, 2007*

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activity	Total	
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$5,106,271	\$2,442,583	\$7,548,854	\$0
Cash and Cash Equivalents in Segregated Accounts	214,791	0	214,791	647,332
Accounts Receivable	1,308,760	1,756,705	3,065,465	0
Accrued Interest	93	0	93	0
Due from Other Governments	2,097,632	0	2,097,632	39,697
Materials and Supplies Inventory	33,260	12,740	46,000	0
Prepaid Items	88,245	40,312	128,557	0
Due from Component Unit	104,316	0	104,316	0
Loans Receivable	149,169	0	149,169	0
Property Taxes Receivable	2,104,682	0	2,104,682	0
Income Taxes Receivable	1,648,801	0	1,648,801	0
Special Assessments Receivable	169,630	0	169,630	0
Capital Assets, Nondepreciable	3,557,436	1,612,956	5,170,392	1,532,485
Capital Assets, Depreciable, Net	15,831,135	10,609,376	26,440,511	349,420
<i>Total Assets</i>	<u>32,414,221</u>	<u>16,474,672</u>	<u>48,888,893</u>	<u>2,568,934</u>
<b>Liabilities</b>				
Accounts Payable	161,595	39,096	200,691	0
Contracts Payable	18,326	127,130	145,456	0
Accrued Wages and Benefits	317,391	45,519	362,910	0
Due to Other Governments	636,555	17,903	654,458	287,462
Claims Payable	12,536	0	12,536	0
Deferred Revenue	1,796,970	0	1,796,970	12,667
Deposits Held and Due to Others	3,861	0	3,861	0
Accrued Interest Payable	44,409	48,820	93,229	0
Due to Primary Government	0	0	0	104,316
Long-Term Liabilities:				
Due Within One Year	1,673,522	469,041	2,142,563	0
Due Within More Than One Year	2,631,156	3,303,603	5,934,759	659,000
<i>Total Liabilities</i>	<u>7,296,321</u>	<u>4,051,112</u>	<u>11,347,433</u>	<u>1,063,445</u>
<b>Net Assets</b>				
Invested in Capital Assets, Net of Related Debt	18,191,832	8,791,357	26,983,189	1,118,589
Restricted for:				
Capital Projects	992,414	0	992,414	0
Debt Service	927,528	0	927,528	0
Community Development	1,466,762	0	1,466,762	0
Sanitation	648,455	0	648,455	0
Street Maintenance and Repair	138,087	0	138,087	0
Other Purposes	880,874	0	880,874	0
Unrestricted	1,871,948	3,632,203	5,504,151	386,900
<i>Total Net Assets</i>	<u>\$25,117,900</u>	<u>\$12,423,560</u>	<u>\$37,541,460</u>	<u>\$1,505,489</u>

See accompanying notes to the basic financial statements

**City of Ashtabula, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2007

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government:				
Legislative and Executive	\$4,135,051	\$209,086	\$0	\$0
Judicial System	1,090,892	773,601	15,189	36,140
Security of Persons and Property:				
Police	3,882,495	60,398	4,110	0
Fire	2,987,810	53,790	0	0
Public Health Services	357,245	201,688	34,604	0
Street Maintenance and Repairs	1,986,728	25,485	97,960	875,500
Housing and Community Development	486,457	252,889	86,300	840,080
Sanitation Services	1,839,276	1,656,815	43,513	0
Leisure Time Activities	86,083	14,455	0	0
Interest and Fiscal Charges	56,083	0	0	0
<i>Total Governmental Activities</i>	16,908,120	3,248,207	281,676	1,751,720
<b>Business-Type Activity</b>				
Wastewater Treatment	3,160,731	3,770,834	0	470,322
<i>Total Primary Government</i>	\$20,068,851	\$7,019,041	\$281,676	\$2,222,042
<b>Component Unit</b>				
Asthabula Port Authority	\$11,238,929	\$23,272	\$11,447,472	\$0

**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
(\$3,925,965)	\$0	(\$3,925,965)	\$0
(265,962)	0	(265,962)	0
(3,817,987)	0	(3,817,987)	0
(2,934,020)	0	(2,934,020)	0
(120,953)	0	(120,953)	0
(987,783)	0	(987,783)	0
692,812	0	692,812	0
(138,948)	0	(138,948)	0
(71,628)	0	(71,628)	0
(56,083)	0	(56,083)	0
(11,626,517)	0	(11,626,517)	0
0	1,080,425	1,080,425	0
(11,626,517)	1,080,425	(10,546,092)	0
0	0	0	231,815
1,062,359	0	1,062,359	0
631,644	0	631,644	0
346,265	0	346,265	0
486,482	0	486,482	0
6,191,921	0	6,191,921	0
684,045	0	684,045	0
2,484,064	0	2,484,064	12,450
325,184	84,352	409,536	50,074
214,713	0	214,713	135,360
12,426,677	84,352	12,511,029	197,884
50,000	(50,000)	0	0
12,476,677	34,352	12,511,029	197,884
850,160	1,114,777	1,964,937	429,699
24,267,740	11,308,783	35,576,523	1,075,790
<u>\$25,117,900</u>	<u>\$12,423,560</u>	<u>\$37,541,460</u>	<u>\$1,505,489</u>

**City of Ashtabula, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2007*

	General	Community Development Block Grant	Sanitation	Street Maintenance and Repair	Debt Service
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$412,789	\$183,738	\$62,970	\$55,950	\$785,817
Cash and Cash Equivalents In Segregated Accounts	214,791	0	0	0	0
Receivables:					
Property Taxes	934,267	0	0	0	0
Income Taxes	1,483,921	0	0	0	0
Accounts	107,994	266,820	879,090	50,511	0
Special Assessments	0	0	0	0	169,630
Accrued Interest	0	0	0	93	0
Due from Other Governments	833,605	809,867	0	347,547	1,144
Materials and Supplies Inventory	20,341	0	0	12,919	0
Prepaid Items	82,445	0	0	336	0
Due from Component Unit	0	104,316	0	0	0
Loans Receivable	0	149,169	0	0	0
<i>Total Assets</i>	<u>\$4,090,153</u>	<u>\$1,513,910</u>	<u>\$942,060</u>	<u>\$467,356</u>	<u>\$956,591</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$68,258	\$15,250	\$59,490	\$11,672	\$0
Contracts Payable	3,468	0	0	0	0
Accrued Wages	245,458	8,845	26,938	34,111	0
Due to Other Governments	210,177	505	10,099	13,272	0
Deferred Revenue	2,805,174	1,076,687	787,606	340,958	170,774
Deposits Held and Due to Others	0	0	0	0	0
<i>Total Liabilities</i>	<u>3,332,535</u>	<u>1,101,287</u>	<u>884,133</u>	<u>400,013</u>	<u>170,774</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	46,501	0	9,565	14,598	0
Reserved for Inventory	20,341	0	0	12,919	0
Reserved for Loans Receivable	0	246,085	0	0	0
Unreserved:					
Designated for Roadway Improvements	0	0	0	0	0
Undesignated, Reported in:					
General Fund	690,776	0	0	0	0
Special Revenue Funds	0	166,538	48,362	39,826	0
Debt Service Fund	0	0	0	0	785,817
Capital Projects Funds	0	0	0	0	0
<i>Total Fund Balances</i>	<u>757,618</u>	<u>412,623</u>	<u>57,927</u>	<u>67,343</u>	<u>785,817</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,090,153</u>	<u>\$1,513,910</u>	<u>\$942,060</u>	<u>\$467,356</u>	<u>\$956,591</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, 2007*

Permanent Improvement	Other Governmental Funds	Total Governmental Funds		
			<b>Total Governmental Funds Balances</b>	\$3,597,235
			<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$788,903	\$944,835	\$3,235,002	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	19,388,571
0	0	214,791		
509,143	661,272	2,104,682	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:	
164,880	0	1,648,801	Property Taxes	\$292,849
0	4,345	1,308,760	Charges for Services	1,215,337
0	0	169,630	Income Tax	1,163,150
0	0	93	Intergovernmental	1,932,695
25,986	79,483	2,097,632	Special Assessments	169,630
0	0	33,260	Total	4,773,661
0	151	82,932		
0	0	104,316	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.	1,446,187
0	0	149,169		
<u>\$1,488,912</u>	<u>\$1,690,086</u>	<u>\$11,149,068</u>		
			In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due	(44,409)
\$6,809	\$116	\$161,595		
14,858	0	18,326		
0	2,039	317,391	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.	
32,547	213,429	480,029	General Obligation Bonds	(47,061)
651,444	737,988	6,570,631	OPWC Loan Payable	(122,280)
0	3,861	3,861	Police and Fire Loan	(102,229)
<u>705,658</u>	<u>957,433</u>	<u>7,551,833</u>	Building Improvement Loan	(1,027,398)
			Compensated Absences	(2,744,377)
29,190	302,800	402,654	Total	(4,043,345)
0	0	33,260		
0	0	246,085	<i>Net Assets of Governmental Activities</i>	<u>\$25,117,900</u>
412,000	0	412,000		
0	0	690,776		
0	426,542	681,268		
0	0	785,817		
<u>342,064</u>	<u>3,311</u>	<u>345,375</u>		
<u>783,254</u>	<u>732,653</u>	<u>3,597,235</u>		
<u>\$1,488,912</u>	<u>\$1,690,086</u>	<u>\$11,149,068</u>		

**City of Ashtabula, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2007*

	General	Community Development Block Grant	Sanitation	Street Maintenance and Repair	Debt Service
<b>Revenues</b>					
Property Taxes	\$1,015,198	\$0	\$0	\$0	\$393,085
Municipal Income Tax	6,101,497	0	0	0	0
Charges for Services	165,115	0	1,564,392	16,494	0
Licenses and Permits	70,731	0	0	0	0
Fines and Forfeitures	726,344	0	0	0	0
Intergovernmental	1,591,787	161,407	43,513	790,003	35,016
Special Assessments	0	0	0	0	36,476
Interest	226,491	14,581	0	51,323	0
Rentals	72,431	0	0	0	0
Other	232,105	0	7,040	512	0
<i>Total Revenues</i>	<u>10,201,699</u>	<u>175,988</u>	<u>1,614,945</u>	<u>858,332</u>	<u>464,577</u>
<b>Expenditures</b>					
Current:					
General Government:					
Legislative and Executive	3,038,557	0	0	0	9,433
Judicial System	933,147	0	0	0	0
Security of Persons and Property:					
Police	3,252,113	0	0	0	0
Fire	2,379,983	0	0	0	0
Public Health Services	215,442	0	0	0	0
Street Maintenance and Repairs	3,849	0	0	1,408,662	0
Housing and Community Development	8,194	312,009	0	0	0
Sanitation Services	2,723	0	1,636,020	0	0
Leisure Time Activities	20,000	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal Retirement	99,248	0	0	0	231,987
Interest and Fiscal Charges	6,067	0	0	0	9,300
<i>Total Expenditures</i>	<u>9,959,323</u>	<u>312,009</u>	<u>1,636,020</u>	<u>1,408,662</u>	<u>250,720</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>242,376</u>	<u>(136,021)</u>	<u>(21,075)</u>	<u>(550,330)</u>	<u>213,857</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from Sale of Capital Assets	800	0	0	0	0
Transfers In	0	0	40,000	390,000	0
Transfers Out	(360,829)	0	(200,000)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(360,029)</u>	<u>0</u>	<u>(160,000)</u>	<u>390,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(117,653)</u>	<u>(136,021)</u>	<u>(181,075)</u>	<u>(160,330)</u>	<u>213,857</u>
<i>Fund Balances Beginning of Year</i>	885,373	548,644	239,002	246,695	571,960
Increase (Decrease) in Reserve for Inventory	(10,102)	0	0	(19,022)	0
<i>Fund Balances End of Year</i>	<u>\$757,618</u>	<u>\$412,623</u>	<u>\$57,927</u>	<u>\$67,343</u>	<u>\$785,817</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*  
*General Fund*  
*For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$905,000	\$1,012,000	\$1,015,198	\$3,198
Municipal Income Tax	5,836,000	6,036,000	6,132,264	96,264
Charges for Services	156,500	156,500	165,115	8,615
Licenses and Permits	54,350	54,350	72,731	18,381
Fines and Forfeitures	624,400	724,400	726,208	1,808
Intergovernmental	1,946,800	1,974,800	1,592,944	(381,856)
Interest	183,000	183,000	226,491	43,491
Rentals	73,200	73,200	72,431	(769)
Other	215,116	250,116	236,455	(13,661)
<i>Total Revenues</i>	<u>9,994,366</u>	<u>10,464,366</u>	<u>10,239,837</u>	<u>(224,529)</u>
<b>Expenditures</b>				
Current:				
General Government:				
Legislative and Executive	2,982,800	3,186,277	3,111,591	74,686
Judicial System	930,356	951,940	943,272	8,668
Security of Persons and Property:				
Police	3,076,814	3,228,988	3,218,957	10,031
Fire	2,358,562	2,392,589	2,384,395	8,194
Public Health Services	214,010	221,521	216,947	4,574
Street Maintenance and Repairs	3,731	4,142	3,849	293
Housing and Community Development	12,303	13,757	8,194	5,563
Sanitation Services	2,710	2,892	2,723	169
Leisure Time Activities	20,000	20,000	20,000	0
Debt Service:				
Principal Retirement	99,248	99,248	99,248	0
Interest and Fiscal Charges	6,067	6,067	6,067	0
<i>Total Expenditures</i>	<u>9,706,601</u>	<u>10,127,421</u>	<u>10,015,243</u>	<u>112,178</u>
<i>Excess of Revenues Over Expenditures</i>	<u>287,765</u>	<u>336,945</u>	<u>224,594</u>	<u>(112,351)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	800	800	800	0
Transfers Out	(340,829)	(490,829)	(360,829)	130,000
<i>Total Other Financing Sources (Uses)</i>	<u>(340,029)</u>	<u>(490,029)</u>	<u>(360,029)</u>	<u>130,000</u>
<i>Net Change in Fund Balance</i>	(52,264)	(153,084)	(135,435)	17,649
<i>Fund Balance Beginning of Year</i>	449,642	449,642	449,642	0
Prior Year Encumbrances Appropriated	51,455	51,455	51,455	0
<i>Fund Balance End of Year</i>	<u>\$448,833</u>	<u>\$348,013</u>	<u>\$365,662</u>	<u>\$17,649</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  
 Community Development Block Grant Fund  
 For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$1,521,256	\$1,521,256	\$174,158	(\$1,347,098)
Interest	59,000	59,000	0	(59,000)
<i>Total Revenues</i>	1,580,256	1,580,256	174,158	(1,406,098)
<b>Expenditures</b>				
Current:				
Housing and Community Development	1,630,417	1,630,417	347,998	1,282,419
<i>Net Change in Fund Balance</i>	(50,161)	(50,161)	(173,840)	(123,679)
<i>Fund Balance Beginning of Year</i>	284,386	284,386	284,386	0
Prior Year Encumbrances Appropriated	50,161	50,161	50,161	0
<i>Fund Balance End of Year</i>	<u>\$284,386</u>	<u>\$284,386</u>	<u>\$160,707</u>	<u>(\$123,679)</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, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$1,502,000	\$1,502,000	\$1,570,342	\$68,342
Intergovernmental	45,000	45,000	43,513	(1,487)
Other	311	311	7,040	6,729
<i>Total Revenues</i>	1,547,311	1,547,311	1,620,895	73,584
<b>Expenditures</b>				
Current:				
Sanitation Services	1,632,413	1,700,258	1,646,417	53,841
<i>Excess of Revenues Under Expenditures</i>	(85,102)	(152,947)	(25,522)	127,425
<b>Other Financing Sources</b>				
Transfers In	75,000	125,000	40,000	(85,000)
<i>Net Change in Fund Balance</i>	(10,102)	(27,947)	14,478	42,425
<i>Fund Balance Beginning of Year</i>	27,845	27,845	27,845	0
Prior Year Encumbrances Appropriated	10,102	10,102	10,102	0
<i>Fund Balance End of Year</i>	<u>\$27,845</u>	<u>\$10,000</u>	<u>\$52,425</u>	<u>\$42,425</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, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$0	\$0	\$16,494	\$16,494
Intergovernmental	911,373	911,373	788,954	(122,419)
Interest	80,000	80,000	51,230	(28,770)
Other	4,000	4,000	0	(4,000)
<i>Total Revenues</i>	995,373	995,373	856,678	(138,695)
<b>Expenditures</b>				
Current:				
Street Maintenance and Repairs:				
Public Works:	1,248,447	1,471,710	1,421,442	50,268
<i>Excess of Revenues Under Expenditures</i>	(253,074)	(476,337)	(564,764)	(88,427)
<b>Other Financing Sources (Uses)</b>				
Transfers In	240,500	415,500	390,000	(25,500)
Transfers Out	(10,000)	(30,000)	0	30,000
<i>Total Other Financing Sources (Uses)</i>	230,500	385,500	390,000	4,500
<i>Net Change in Fund Balance</i>	(22,574)	(90,837)	(174,764)	(83,927)
<i>Fund Balance Beginning of Year</i>	190,134	190,134	190,134	0
Prior Year Encumbrances Appropriated	22,574	22,574	22,574	0
<i>Fund Balance End of Year</i>	<u>\$190,134</u>	<u>\$121,871</u>	<u>\$37,944</u>	<u>(\$83,927)</u>

See accompanying notes to the basic financial statements

**City of Ashtabula, Ohio**  
*Statement of Fund Net Assets*  
*Proprietary Funds*  
*December 31, 2007*

	Business Type Activity - Wastewater Treatment Fund	Governmental Activities - Internal Service Funds
<b>Assets</b>		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$2,442,583	\$1,871,269
Accounts Receivable	1,756,705	0
Materials and Supplies Inventory	12,740	0
Prepaid Items	40,312	5,313
<i>Total Current Assets</i>	<u>4,252,340</u>	<u>1,876,582</u>
Noncurrent Assets		
Capital Assets, Nondepreciable	1,612,956	0
Capital Assets, Depreciable, Net	10,609,376	0
<i>Total Noncurrent Assets</i>	<u>12,222,332</u>	<u>0</u>
<i>Total Assets</i>	<u>16,474,672</u>	<u>1,876,582</u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts Payable	39,096	0
Contracts Payable	127,130	0
Accrued Wages	45,519	0
Compensated Absences Payable	140,838	0
Due to Other Governments	17,903	156,526
Accrued Interest Payable	48,820	0
Claims Payable	0	168,869
Loans Payable	328,203	0
<i>Total Current Liabilities</i>	<u>747,509</u>	<u>325,395</u>
Long-Term Liabilities:		
Compensated Absences Payable	200,832	0
Claims Payable	0	105,000
Loans Payable	3,102,771	0
<i>Total Long-Term Liabilities</i>	<u>3,303,603</u>	<u>105,000</u>
<i>Total Liabilities</i>	<u>4,051,112</u>	<u>430,395</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	8,791,357	0
Unrestricted	3,632,203	1,446,187
<i>Total Net Assets</i>	<u>\$12,423,560</u>	<u>\$1,446,187</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, 2007*

	Business Type Activity - Wastewater Treatment Fund	Governmental Activities - Internal Service Funds
<b>Operating Revenues</b>		
Charges for Services	\$3,770,834	\$2,052,500
Miscellaneous	0	8,821
<i>Total Revenues</i>	<u>3,770,834</u>	<u>2,061,321</u>
<b>Operating Expenses</b>		
Personal Services	1,697,693	0
Contractual Services	614,193	486,976
Materials and Supplies	215,171	0
Depreciation	518,760	0
Claims	0	2,004,959
<i>Total Operating Expenses</i>	<u>3,045,817</u>	<u>2,491,935</u>
<i>Operating Income (Loss)</i>	<u>725,017</u>	<u>(430,614)</u>
<b>Non Operating Revenues (Expenses)</b>		
Interest on Investments	84,352	0
Gain on Disposal Of Capital Assets	13,931	0
Loss on Disposal of Capital Assets	(139)	0
Interest and Fiscal Charges	(128,706)	0
<i>Total Non Operating Revenue (Expenses)</i>	<u>(30,562)</u>	<u>0</u>
<i>Income (Loss) Before Contributions and Transfers</i>	694,455	(430,614)
Capital Contributions	470,322	0
Transfers Out	(50,000)	0
<i>Change in Net Assets</i>	1,114,777	(430,614)
<i>Net Assets Beginning of Year</i>	<u>11,308,783</u>	<u>1,876,801</u>
<i>Net Assets End of Year</i>	<u>\$12,423,560</u>	<u>\$1,446,187</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, 2007

	Business Type Activity - Wastewater Treatment Fund	Governmental Activities - Internal Service Funds
<b><i>Increase (Decrease) In Cash and Cash Equivalents</i></b>		
<b>Cash Flows from Operating Activities</b>		
Cash Received from Customers	\$3,509,345	\$0
Cash Received from Other Funds	0	2,052,500
Cash Payments Received from Other Operating Sources	0	8,821
Cash Payments to Suppliers for Goods and Services	(964,801)	(492,289)
Cash Payments for Claims	0	(1,994,026)
Cash Payments for Employee Services and Benefits	(1,638,951)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>905,593</u>	<u>(424,994)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
Transfers Out	(50,000)	0
<b>Cash Flows from Capital and Related Financing Activities</b>		
Tap-In Fees	268,975	0
Proceeds of Loan	2,500,000	
Acquisition of Capital Assets	(1,131,053)	0
Principal Paid OWDA Loan	(108,465)	0
Principal Paid EQ Basin Loan	(206,304)	
Interest Paid on OWDA Loan	(53,023)	
Interest Paid on EQ Basin Loan	(53,958)	0
<i>Net Cash Provided by Capital and Related Financing Activities</i>	<u>1,216,172</u>	<u>0</u>
<b>Cash Flows from Investing Activities</b>		
Interest on Investments	84,352	0
<i>Net Increase (Decrease) In Cash and Cash Equivalents</i>	2,156,117	(424,994)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>286,466</u>	<u>2,296,263</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$2,442,583</u>	<u>\$1,871,269</u>

(continued)

**City of Ashtabula, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds (continued)*  
*For the Year Ended December 31, 2007*

	Business Type Activity - Wastewater Treatment Fund	Governmental Activities - Internal Service Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>		
<i>Operating Income (Loss)</i>	\$725,017	(\$430,614)
Adjustments:		
Depreciation	518,760	0
(Increase)/ Decrease in Assets:		
Accounts Receivable	(261,489)	0
Materials and Supplies Inventory	(9,840)	0
Prepaid Items	(1,092)	(5,313)
Increase/ (Decrease) in Liabilities:		
Accounts Payable	(240,231)	0
Contracts Payable	115,726	0
Accrued Wages	2,777	0
Compensated Absences Payable	62,314	0
Due to Other Governments	(6,349)	(34,608)
Claims Payable	0	45,541
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$905,593</u>	<u>(\$424,994)</u>

**Noncash Capital Financing Activities**

During 2007, OPWC paid \$318,133 directly to contractors on behalf of the Wastewater Treatment fund and \$50,000 was paid by the Community Development Block Grant fund for capital assets. The Wastewater Treatment fund contributed \$166,786 for City infrastructure.

See accompanying notes to the basic financial statements

**City of Ashtabula, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*December 31, 2007*

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<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$42,895</u>
<i>Total Assets</i>	<u><u>\$42,895</u></u>
<b>Liabilities</b>	
Due to Other Governments	\$2,516
Deposits Held and Due to Others	<u>40,379</u>
<i>Total Liabilities</i>	<u><u>\$42,895</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, 2007*

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**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, 2007*

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**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, 2007*

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**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, 2007*

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***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 taxes is

**City of Ashtabula, Ohio**  
*Notes To The Basic Financial Statements*  
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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, 2007, but which were levied to finance year 2008 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 department 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 2007.

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 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.

**City of Ashtabula, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2007*

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***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 2007, investments were limited to Federal Home Loan Mortgage Notes 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, 2007.

Except for nonparticipating investment contracts, investments are reported at fair market value which is based on quoted market prices. The fair value of the Federal Home Loan Mortgage Notes is determined by the fund's December 31, 2007 share price. Any increase or decrease in fair market value is reported as a component of interest income. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

Interest is distributed to the general fund and certain special revenue funds of the City. Interest revenue credited to the general fund during 2007 amounted to \$226,491, which includes \$33,855 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, 2007, 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.

**City of Ashtabula, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2007*

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***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 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.

**City of Ashtabula, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2007*

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***K. Compensated Absences***

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

Sick leave benefits are accrued as a liability using the 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 \$5,054,120, of which none are restricted by enabling legislation. Net assets restricted for other purposes include funds for state highway 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.

**City of Ashtabula, Ohio**  
*Notes To The Basic Financial Statements*  
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***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.

***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***

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. 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. Interfund payments for services provided and used are not eliminated.

Interfund payments for services provided and used are not eliminated. 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 2007, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this Statement for both the OPERS and the OP&F post-employment healthcare plans in the amount of \$35,884 and \$66,778, respectively, which are the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement

**City of Ashtabula, Ohio**  
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established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

**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).
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	\$ (117,653)	\$ (136,021)	\$ (181,075)	\$ (160,330)
Net Adjustment for Revenue Accruals	38,138	(1,830)	(5,950)	(1,654)
Net Adjustment for Expenditure Accruals	(8,793)	(27,539)	212,048	5,226
Encumbrances	<u>(47,127)</u>	<u>(8,450)</u>	<u>(10,545)</u>	<u>(18,006)</u>
Budget Basis	<u>\$ (135,435)</u>	<u>\$ (173,840)</u>	<u>\$ 14,478</u>	<u>\$ (174,764)</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,

**City of Ashtabula, Ohio**  
*Notes To The Basic Financial Statements*  
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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:

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:

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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.

**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 \$842,624 and the bank balance was \$1,328,013. Of the bank balance \$300,000 was covered by Federal depository insurance and \$1,028,013 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, 2007, the City had the following investments:

	Fair Value	Maturity
Repurchase Agreements		
Federal Home Loan Mortgage Note	\$2,092,887	Daily
STAROhio	4,656,238	Average 41 days
Total Portfolio	\$6,749,125	

**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.

**City of Ashtabula, Ohio**  
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**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 addresses credit risk.

**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, 2007:

Investment Issuer	Percentage of Investments
Repurchase Agreements	31.01 %
STAROhio	68.99

**Note 6 - Receivables**

Receivables at December 31, 2007, 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. All receivables, except property taxes, loans and special assessments are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Special assessments expected to be collected in more than one year amount to \$168,025 in the Debt Service Fund. At December 31, 2007 the amount of delinquent special assessments was \$1,605.

**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 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) are for 2007 taxes.

2007 real property taxes are levied after October 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008. 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.

**City of Ashtabula, Ohio**  
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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. 2007 public utility property taxes which became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible personal property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. Payments 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 full tax rate for all City operations for the year ended December 31, 2007, was \$9.31 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	\$200,996,950
Public Utility Property	20,032,840
Tangible Personal Property	21,710,950
Total Valuation	<u>\$242,740,740</u>

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, 2007 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 2007 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 2010.

**City of Ashtabula, Ohio**  
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**C. Intergovernmental Receivables**

A summary of intergovernmental receivables follows:

<b>Governmental Activities</b>	<b>Amounts</b>
Grants	\$824,730
Local Government	748,959
Gasoline and Excise Tax	325,629
Homestead and Rollback Taxes	114,425
Permissive Tax	67,619
Estate Tax	9,210
Personal Property Tax	7,060
Total	\$2,097,632

**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 2007, 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	\$1,000
Law Enforcement Liability	2,000,000	25,000
Business Auto - Comprehensive	1,000,000	500
Business Auto - Collision	Actual cash value	1,00
Public Officials' Liability	2,000,000	25,000

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 2007, a total of \$2,220,475 was expensed in benefits and administrative costs. The liability for unpaid claims cost of \$12,536, reported in the self insurance internal service fund at December 31, 2007, 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 2008 which were incurred in 2007.

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 \$210,000 have been accrued as a liability in the workers' compensation internal service fund at December 31, 2007 based on an estimate by the City Auditor.

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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
2006	\$271,399	\$1,561,969	(\$1,570,432)	\$262,936
2007	262,936	2,004,959	(1,994,026)	273,869

**Note 8 - Capital Assets**

Capital asset activity for the year ended December 31, 2007, was as follows:

	Balance 12/31/2006	Additions	Deductions	Balance 12/31/2007
<b>Governmental Activities:</b>				
Capital Assets, Non-depreciable:				
Land	\$2,055,840	\$8,000	(\$74,231)	\$1,989,609
Construction in Progress	1,226,903	914,275	(573,351)	1,567,827
Total Capital Assets, Non-depreciable	3,282,743	922,275	(647,582)	3,557,436
Capital Assets, Depreciable:				
Buildings and Improvements	10,798,529	592,135	(246,385)	11,144,279
Equipment	3,057,885	261,220	(226,935)	3,092,170
Vehicles	3,822,509	310,659	(156,574)	3,976,594
Furniture and Fixtures	55,567	2,868	0	58,435
Infrastructure:				
Bridges	4,155,266	0	0	4,155,266
Roads	8,902,270	696,962	(340,757)	9,258,475
Storm Sewers	2,533,404	0	0	2,533,404
Traffic Lights	547,103	15,678	0	562,781
Total Capital Assets, Depreciable	\$33,872,533	\$1,879,522	(\$970,651)	\$34,781,404
<b>Less Accumulated Depreciation:</b>				
Buildings and Improvements	(\$4,493,961)	(\$384,140)	\$184,214	(\$4,693,887)
Equipment	(2,294,503)	(239,861)	214,591	(2,319,773)
Vehicles	(2,763,442)	(237,357)	156,574	(2,844,225)
Furniture and Fixtures	(43,952)	(4,374)	0	(48,326)
Infrastructure:				
Bridges	(1,347,244)	(41,972)	0	(1,389,216)
Roads	(6,270,653)	(504,053)	313,420	(6,461,286)
Storm Sewers	(1,080,722)	(25,345)	0	(1,106,067)
Traffic Lights	(79,884)	(7,605)	0	(87,489)
Total Accumulated Depreciation	(18,374,361)	(1,444,707)	868,799	(18,950,269)
Total Capital Assets, Depreciable, net	15,498,172	434,815	(101,852)	15,831,135
<b>Governmental Activities Capital Assets, Net</b>	<b>\$18,780,915</b>	<b>\$1,357,090</b>	<b>(\$749,434)</b>	<b>\$19,388,571</b>

**City of Ashtabula, Ohio**  
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	Balance 12/31/2006	Additions	Deductions	Balance 12/31/2007
<b>Business-Type Activities:</b>				
Capital Assets, Non-depreciable:				
Land	\$70,125	\$0	\$0	\$70,125
Construction in Progress	427,809	1,144,122	(29,100)	1,542,831
Total Capital Assets, Non-depreciable	497,934	1,144,122	(29,100)	1,612,956
Capital Assets, Depreciable:				
Buildings and Improvements	6,698,213	0	0	6,698,213
Equipment	2,050,922	241,539	(15,189)	2,277,272
Vehicles	476,329	15,988	(83,740)	408,577
Furniture and fixtures	3,068	0	0	3,068
Infrastructure:				
Sanitary Sewer System	10,407,236	154,288	0	10,561,524
Total Capital Assets, Depreciable	19,635,768	411,815	(98,929)	19,948,654
<b>Less Accumulated Depreciation:</b>				
Buildings and Improvements	(3,354,993)	(169,190)	0	(3,524,183)
Equipment	(1,328,664)	(154,550)	15,050	(1,468,164)
Vehicles	(439,255)	(11,989)	83,740	(367,504)
Furniture and Fixtures	(2,928)	(140)	0	(3,068)
Infrastructure				
Sanitary Sewer System	(3,793,468)	(182,891)	0	(3,976,359)
Total Accumulated Depreciation	(8,919,308)	(518,760)	98,790	(9,339,278)
Total Capital Assets, Depreciable, net	10,716,460	(106,945)	(139)	10,609,376
<b>Business-Type Activities</b>				
<b>Capital Assets, Net</b>	<b>\$11,214,394</b>	<b>\$1,037,177</b>	<b>(\$29,239)</b>	<b>\$12,222,332</b>

\* Depreciation expense was charged to governmental functions as follows:

General Government	
Legislative and Executive	\$252,141
Judicial	87,877
Security of Persons and Property	
Police	174,732
Fire	106,848
Public Health Services	4,628
Street Maintenance and Repair	677,146
Housing and Community Development	2,593
Sanitation	91,235
Leisure Time Activities	47,507
Total Depreciation Expense	<u>\$1,444,707</u>

**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
<b>Governmental Activities:</b>			
<b>General Obligation Debt Issues:</b>			
Justice Center	1994	2.6 – 5.5%	\$3,560,000
Mareddy Estates	2002	3.93	150,000
<b>OPWC Loan</b>	2000	0.0	195,647
<b>Business Type Activities:</b>			
Wastewater Plant Renovation	1999	4.35	1,964,178
Equalization Basin	2007	4.20	2,500,000

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During 2007 the City started construction on a one million gallon retention basin. This basin should stop any overflow of sanitary and storm water from flowing into the Ashtabula River. The overflows and backup into household basements only occur during very heavy rain. The retention basin is projected to cost approximately \$3,000,000 plus any interest expense. The City is hopeful that the County will participate in the project and pay twenty percent or approximately \$600,000 towards the equalization basin as our engineers have determined through flow studies that twenty percent of the flow to the City's wastewater treatment plant is from non City users.

A schedule of changes in bonds and other long-term obligations of the City during 2007 follows:

	Principal Outstanding 12/31/2006	Additions	Deletions	Principal Outstanding 12/31/2007	Amounts Due in One Year
<b>Governmental Activities</b>					
General Obligation Bonds 2.6% - 5.5%					
Justice Center Bonds	\$200,000	\$0	\$200,000	\$0	\$0
General Obligation Bonds 3.93%					
Mareddy Estates Bonds	69,266	0	22,205	47,061	23,077
Total General Obligation Bonds	269,266	0	222,205	47,061	23,077
OPWC Loan	132,062	0	9,782	122,280	9,782
Police and Fire Loan	201,477	0	99,248	102,229	102,229
Building Improvements Loan	1,200,000	0	172,602	1,027,398	152,194
Claims Payable	198,951	2,056,408	1,994,026	261,333	156,333
Compensated Absences	2,617,496	1,229,907	1,103,026	2,744,377	1,229,907
<i>Total Governmental Activities</i>	<u>\$4,619,252</u>	<u>\$3,286,315</u>	<u>\$3,600,889</u>	<u>\$4,304,678</u>	<u>\$1,673,522</u>
<b>Business Type Activities</b>					
OWDA Loan					
4.35% Wastewater Plant Renovation	\$1,245,743	\$0	\$108,465	\$1,137,278	\$113,234
EQ Basin Loan					
4.20% Equalization Basin	0	2,500,000	206,304	2,293,696	214,969
Compensated Absences	279,356	140,938	78,624	341,670	140,838
<i>Total Business Type Activities</i>	<u>\$1,525,099</u>	<u>\$2,640,938</u>	<u>\$393,393</u>	<u>\$3,772,644</u>	<u>\$469,041</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 OPWC loan is 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 and for the EQ Basin loan are payable solely from sewer revenues. The City has pledged future revenues to repay the two loans. The loans are payable solely from net revenues and are payable through 2017. Annual principal and interest payments on the loans are expected to require 3.2 percent of net revenues and 9.1 percent of total revenues. The total principal and interest remaining to be paid on the loan is \$4,174,380. Principal and interest paid for the current year were \$421,750, total net revenues were \$1,328,129 and total revenues were \$3,855,186. 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

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block grant, food service, sanitation, street maintenance and repair, special revenue funds and wastewater treatment fund. Claims payable will be paid from the internal service funds (See Note 7).

The City had been carrying a judgment payable for more than ten years for a final payment on a lawsuit regarding the cleaning of the New Lyme Landfill. The City Auditor has made multiple attempts over this period to make this payment but all parties involved have since dissolved. The City will utilize the \$200,000, it has been carrying in cash for this debt, as seed money for a new iron bridge at the intersections of Lake and West Avenues and Carpenter Road.

The City's overall legal debt margin was \$25,487,778 at December 31, 2007. Principal and interest requirements to retire OWDA loan, Equalization Basin loan, OPWC loan, general obligation bonds, building improvements loan, and the police and fire pension loan payable at December 31, 2007, are as follows:

Governmental Activities								
	General Obligation Bonds		Police and Fire Pension Loan		Building Improvements Loan		OPWC Loan	Governmental Activities Totals
	Principal	Interest	Principal	Interest	Principal	Interest		
2008	\$23,077	\$1,850	\$102,229	\$3,087	\$152,194	\$48,277	\$9,782	\$340,496
2009	23,984	942	0	0	159,346	41,125	9,782	235,179
2010	0	0	0	0	166,833	33,638	9,782	210,253
2011	0	0	0	0	174,672	25,798	9,783	210,253
2012	0	0	0	0	182,880	17,591	9,783	210,254
2013 - 2017	0	0	0	0	191,473	8,997	48,912	249,382
2018 - 2020	0	0	0	0	0	0	24,456	24,456
<b>Total</b>	<b>\$47,061</b>	<b>\$2,792</b>	<b>\$102,229</b>	<b>\$3,087</b>	<b>\$1,027,398</b>	<b>\$175,426</b>	<b>\$122,280</b>	<b>\$1,480,273</b>

Business Type Activities						
	OWDA Loan		Equalization Basin Loan		Business Type Activities Totals	Total Primary Government
	Principal	Interest	Principal	Interest		
2008	\$113,234	\$48,254	\$214,969	\$96,335	\$472,792	\$813,288
2009	118,214	43,274	223,997	87,307	472,792	707,971
2010	123,412	38,076	233,405	77,899	472,792	683,045
2011	128,839	32,649	243,208	68,095	472,791	683,044
2012	134,504	26,984	253,423	57,881	472,792	683,046
2013 - 2017	519,075	46,131	1,124,694	120,521	1,810,421	2,059,803
2018 - 2020	0	0	0	0	0	24,456
<b>Total</b>	<b>\$1,137,278</b>	<b>\$235,368</b>	<b>\$2,293,696</b>	<b>\$508,038</b>	<b>\$4,174,380</b>	<b>\$5,654,653</b>

**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 are paid as used by 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”.

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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 2007.

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, as a lessor, has entered into an agreement to assume the former Dairy Queen Inc. lease by Czap Fowler Limited, dba Hoffman's Pharmacy. The building, owned by the City was razed. The land is being leased to Czap Fowler Ltd for 30 years with five 10-year options to extend the lease. The City is also a lessor of thirteen and one half percent of a 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, 2007:

	Czap Fowler Limited, dba Hoffman's Pharmacy	Keybank National Corporation
Land	\$3,415	\$0
Building	0	99,201
Leased property, total value	3,415	99,201
Less: Accumulated Depreciation	0	(16,762)
Leased property, net of depreciation	\$3,415	\$82,439

The following is a schedule by years of minimum future rentals on the operating leases as of December 31, 2007:

Year ending December 31,	Hoffman's Pharmacy	Keybank National Corp
2008	\$7,200	\$134,062
2009	7,200	134,062
2010	7,200	22,344
2011	7,200	0
2012	7,200	0
2013 - 2017	42,000	0
2018 - 2022	48,000	0
2023 - 2027	54,000	0
2028 - 2032	60,000	0
2033 - 2037	66,000	0
Total minimum lease payments	\$306,000	\$290,468

**Note 12 - Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

Plan Description - 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

**City of Ashtabula, Ohio**  
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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, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5% of covered payroll, public safety members contributed 9.75%, and law enforcement members contributed 10.1%.

The City's contribution rate for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.17 percent of covered payroll. For the period January 1 through June 30, a portion of the City's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period July 1 through December 31, 2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$466,045, \$422,384 and \$416,306 respectively; 75 percent has been contributed for 2007 and 100 percent for 2006 and 2005. There were no contributions to the member-directed plan for 2007.

***B. Ohio Police and Fire Pension Fund***

Plan Description – 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.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The City's contribution was 19.5 percent for police officers and 24 percent for firefighters. Contribution rates are established by State statute. For 2007, a portion of the City's contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City's pension contributions to OP&F for police and firefighters were \$359,795 and \$373,871 for the year ended December 31, 2007, \$355,821 and \$355,046 for the year ended December 31, 2006, and \$338,714 and \$335,917 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 70 percent has been contributed for police and 72 percent has been contributed for firefighters for 2007.

**City of Ashtabula, Ohio**  
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**Note 13 – Postemployment Benefits**

***A. Ohio Public Employees Retirement System***

Plan Description – OPERS maintains a cost sharing multiple employer defined benefit post-employment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part b premium reimbursement.

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 5.00 percent of covered payroll from January 1 through June 30, 2007, and 6.00 percent from July 1 to December 31, 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2007, 2006, and 2005 were \$273,149, \$206,601 and \$174,369 respectively; 75 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

***B. Police and Firemen's Disability and Pension Fund***

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

**City of Ashtabula, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2007*

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OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

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

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding policy – OP&F’s post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24.00 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2007, the employer contribution allocated to the healthcare plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees’ primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The City’s contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$124,544 and \$105,151 for the year ended December 31, 2007, \$141,416 and \$114,650 for the year ended December 31, 2006, and \$134,617 and \$108,473 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 70 percent has been contributed for police and 72 percent has been contributed for firefighters for 2007.

**Note 14 - Contingent Liabilities**

***A. Litigation***

The City of Ashtabula is party to several 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.

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*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2007*

**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 2007, these contributions totaled \$12,450. 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, 2007 the City of Ashtabula had contractual commitments for engineering services with GGJ, Incorporated for \$1,883 for the Equalization Basin/Morton Drive Siphon project, Smolen Engineering for \$12,100 for engineering services for the West Avenue railroad overpass. Commitments for construction include Savcon Incorporated for the Equalization Basin in the amount of \$1,534,059 and to Union Industrial Contractors for the Morton Drive Siphon project for \$49,994.

**Note 17 – Interfund Transfers**

Interfund transfers for the year ended December 31, 2007, consisted of the following:

	Transfer From					Total
	General	Sanitation	Motor Vehicle License Tax	State Highway	Wastewater Treatment	
<u>Transfer To</u>						
Sanitation	\$40,000	\$0	\$0	\$0	\$0	\$40,000
Street Maintenance and Repair	280,000	0	44,000	66,000		390,000
Permanent Improvement	0	200,000	0	0	50,000	250,000
Other Governmental Funds						
Food Service	35,829	0	0	0	0	35,829
Walnut Beach	5,000	0	0	0	0	5,000
Total Other Governmental Funds	<u>40,829</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>40,829</u>
Total Transfers	<u>360,829</u>	<u>200,000</u>	<u>44,000</u>	<u>66,000</u>	<u>50,000</u>	<u>720,829</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; 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.

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

**City of Ashtabula, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2007*

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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 \$647,332 and the bank balance was \$648,685. Federal Depository Insurance covered \$100,000 of the bank balance. \$548,685 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.

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, 2007 follows:

**City of Ashtabula, Ohio**  
*Notes To The Basic Financial Statements*  
*For the Year Ended December 31, 2007*

	Balance 12/31/2006	Additions	Deductions	Balance 12/31/2007
<b>Governmental Activities</b>				
Capital Assets, Non-depreciable				
Land	\$321,885	\$1,210,600	\$0	\$1,532,485
Capital Assets, Depreciable				
Improvements	538,516	0	0	538,516
Less Accumulated Depreciation				
Improvements	(161,171)	(27,925)	0	(189,096)
Total Assets, Depreciable, Net	377,345	(27,925)	0	349,420
<b>Governmental Activities</b>				
<b>Capital Assets, Net</b>	<b>\$699,230</b>	<b>\$1,182,675</b>	<b>\$0</b>	<b>\$1,881,905</b>

**E. Long-term Debt**

On August 30, 2007 Ohio Water Development Authority approved a loan that will enable the Ashtabula City Port Authority to install the waterlines at the City's Industrial Park. The loan is for \$284,000 with an interest rate of 3 percent and semi-annual payments of \$16,542 for ten years. The first payment will be due January 1, 2009. In 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, 2007, \$45,684 of the City's loan has been repaid leaving a balance of \$104,316. The following are repayment schedules for the loans:

	City of Ashtabula - Loan		Industrial Park Loan		Ohio Water Development Authority Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$7,400	\$4,530	\$0	\$0	\$0	\$0
2009	7,173	4,214	0	0	24,748	8,336
2010	7,503	3,885	0	0	25,496	7,588
2011	7,847	3,540	21,657	7,311	26,266	6,817
2012	8,208	3,180	33,308	10,145	27,060	6,023
2013-2017	47,054	9,884	182,365	34,897	148,076	17,342
2018-2021	19,131	799	137,670	7,170	32,354	730
Total	<u>\$104,316</u>	<u>\$30,032</u>	<u>\$375,000</u>	<u>\$59,523</u>	<u>\$284,000</u>	<u>\$46,836</u>

**Note 19 – Subsequent Events**

On February 1, 2008 the City entered into a closed-end lease agreement with Harley-Davidson Leasing Inc. of Carson City, Nevada to lease a new 2007 Harley-Davidson motorcycle for the police department. The monthly payment will be \$137.29, payable for 36 months, for a total of \$4,942.44.

## **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.

*FEMA Grant Fund* - To account for reimbursement of expenses received from the Federal Emergency Management Agency and Ohio Emergency Management Agency.

*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.

(continued)

**Combining Statements - Nonmajor Governmental Funds (continued)**

***Nonmajor Special Revenue Funds***

*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.

*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, 2007*

	Code Enforcement	Fire Pension	Food Service	Indigent Alcohol
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$51,787	\$316,710	\$13,413	\$18,398
Receivables:				
Taxes	0	330,636	0	0
Accounts	4,345	0	0	0
Due from Other Governments	0	16,891	0	0
Prepaid Items	0	0	0	0
<i>Total Assets</i>	<u>\$56,132</u>	<u>\$664,237</u>	<u>\$13,413</u>	<u>\$18,398</u>
<b>Liabilities and Fund Balances</b>				
Accounts Payable	\$0	\$0	\$116	\$0
Accrued Wages	0	0	2,039	0
Due to Other Governments	87	104,636	810	0
Deferred Revenue	4,345	347,527	0	0
Deposits Held and Due to Others	0	0	0	0
<i>Total Liabilities</i>	<u>4,432</u>	<u>452,163</u>	<u>2,965</u>	<u>0</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	600	140,601	514	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	51,100	71,473	9,934	18,398
Capital Projects Fund	0	0	0	0
<i>Total Fund Balances</i>	<u>51,700</u>	<u>212,074</u>	<u>10,448</u>	<u>18,398</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$56,132</u>	<u>\$664,237</u>	<u>\$13,413</u>	<u>\$18,398</u>

(continued)

**City of Ashtabula, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds (continued)*  
*December 31, 2007*

	Law Enforcement Trust	Marina	Motor Vehicle License Tax	Municipal Probation Services	Police Pension
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$3,496	\$3,980	\$1,283	\$108,880	\$353,244
Receivables:					
Taxes	0	0	0	0	330,636
Accounts	0	0	0	0	0
Due from Other Governments	0	0	21,278	0	16,891
Prepaid Items	0	0	0	0	0
<i>Total Assets</i>	<u>\$3,496</u>	<u>\$3,980</u>	<u>\$22,561</u>	<u>\$108,880</u>	<u>\$700,771</u>
<b>Liabilities and Fund Balances</b>					
Accounts Payable	\$0	\$0	\$0	\$0	\$0
Accrued Wages	0	0	0	0	0
Due to Other Governments	0	0	0	0	107,896
Deferred Revenue	0	0	18,257	0	347,527
Deposits Held and Due to Others	0	0	0	3,861	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>18,257</u>	<u>3,861</u>	<u>455,423</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	0	0	0	0	155,663
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	3,496	3,980	4,304	105,019	89,685
Capital Projects Fund	0	0	0	0	0
<i>Total Fund Balances</i>	<u>3,496</u>	<u>3,980</u>	<u>4,304</u>	<u>105,019</u>	<u>245,348</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$3,496</u>	<u>\$3,980</u>	<u>\$22,561</u>	<u>\$108,880</u>	<u>\$700,771</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>
\$55,611	\$3,212	\$11,510	\$941,524	\$3,311	\$944,835
0	0	0	661,272	0	661,272
0	0	0	4,345	0	4,345
0	24,423	0	79,483	0	79,483
151	0	0	151	0	151
<u>\$55,762</u>	<u>\$27,635</u>	<u>\$11,510</u>	<u>\$1,686,775</u>	<u>\$3,311</u>	<u>\$1,690,086</u>
\$0	\$0	\$0	\$116	\$0	\$116
0	0	0	2,039	0	2,039
0	0	0	213,429	0	213,429
0	20,332	0	737,988	0	737,988
0	0	0	3,861	0	3,861
<u>0</u>	<u>20,332</u>	<u>0</u>	<u>957,433</u>	<u>0</u>	<u>957,433</u>
5,422	0	0	302,800	0	302,800
50,340	7,303	11,510	426,542	0	426,542
0	0	0	0	3,311	3,311
<u>55,762</u>	<u>7,303</u>	<u>11,510</u>	<u>729,342</u>	<u>3,311</u>	<u>732,653</u>
<u>\$55,762</u>	<u>\$27,635</u>	<u>\$11,510</u>	<u>\$1,686,775</u>	<u>\$3,311</u>	<u>\$1,690,086</u>

**City of Ashtabula, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2007*

	Code Enforcement	Fire Pension	Food Service	Indigent Alcohol
<b>Revenues</b>				
Property Taxes	\$0	\$302,891	\$0	\$0
Charges for Services	0	0	0	0
Licenses and Permits	158,609	0	40,345	0
Fines and Forfeitures	0	0	0	9,756
Intergovernmental	0	25,301	0	0
Interest	0	0	0	0
<i>Total Revenues</i>	<u>158,609</u>	<u>328,192</u>	<u>40,345</u>	<u>9,756</u>
<b>Expenditures</b>				
Current:				
General Government:				
Judicial System	0	0	0	7,085
Security of Persons and Property:				
Police	0	0	0	0
Fire	0	359,893	0	0
Public Health Services	0	0	104,488	0
Street Maintenance and Repairs	0	0	0	0
Housing and Community Development	163,403	0	0	0
Leisure Time Activities	0	0	0	0
<i>Total Expenditures</i>	<u>163,403</u>	<u>359,893</u>	<u>104,488</u>	<u>7,085</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(4,794)</u>	<u>(31,701)</u>	<u>(64,143)</u>	<u>2,671</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	35,829	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources and Uses</i>	<u>0</u>	<u>0</u>	<u>35,829</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(4,794)	(31,701)	(28,314)	2,671
<i>Fund Balances Beginning of Year</i>	<u>56,494</u>	<u>243,775</u>	<u>38,762</u>	<u>15,727</u>
<i>Fund Balances End of Year</i>	<u><u>\$51,700</u></u>	<u><u>\$212,074</u></u>	<u><u>\$10,448</u></u>	<u><u>\$18,398</u></u>

Law Enforcement Trust	Marina	Motor Vehicle License Tax	Municipal Probation Services	Police Pension	Public Health Nursing
\$0	\$0	\$0	\$0	\$302,891	\$0
0	0	0	0	0	64,848
0	12,450	0	0	0	0
8,294	0	0	37,501	0	0
0	0	40,782	0	25,301	0
0	0	0	0	0	0
<u>8,294</u>	<u>12,450</u>	<u>40,782</u>	<u>37,501</u>	<u>328,192</u>	<u>64,848</u>
0	0	0	26,920	0	0
21,907	0	0	0	348,581	0
0	0	0	0	0	0
0	0	0	0	0	49,220
0	0	0	0	0	0
0	0	0	0	0	0
0	12,450	0	0	0	0
<u>21,907</u>	<u>12,450</u>	<u>0</u>	<u>26,920</u>	<u>348,581</u>	<u>49,220</u>
<u>(13,613)</u>	<u>0</u>	<u>40,782</u>	<u>10,581</u>	<u>(20,389)</u>	<u>15,628</u>
0	0	0	0	0	0
0	0	(44,000)	0	0	0
0	0	(44,000)	0	0	0
(13,613)	0	(3,218)	10,581	(20,389)	15,628
<u>17,109</u>	<u>3,980</u>	<u>7,522</u>	<u>94,438</u>	<u>265,737</u>	<u>40,134</u>
<u>\$3,496</u>	<u>\$3,980</u>	<u>\$4,304</u>	<u>\$105,019</u>	<u>\$245,348</u>	<u>\$55,762</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, 2007*

	State Highway	Walnut Beach	Total Nonmajor Special Revenue Funds	Nonmajor Construction Capital Projects Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>					
Property Taxes	\$0	\$0	\$605,782	\$0	\$605,782
Charges for Services	0	0	64,848	0	64,848
Licenses and Permits	0	0	211,404	0	211,404
Fines and Forfeitures	0	0	55,551	0	55,551
Intergovernmental	57,440	0	148,824	0	148,824
Interest	7,784	0	7,784	0	7,784
<i>Total Revenues</i>	<u>65,224</u>	<u>0</u>	<u>1,094,193</u>	<u>0</u>	<u>1,094,193</u>
<b>Expenditures</b>					
Current:					
General Government:					
Judicial System	0	0	34,005	0	34,005
Security of Persons and Property:					
Police	0	0	370,488	0	370,488
Fire	0	0	359,893	0	359,893
Public Health Services	0	0	153,708	0	153,708
Street Maintenance and Repairs	12,000	0	12,000	0	12,000
Housing and Community Development	0	0	163,403	0	163,403
Leisure Time Activities	0	3,626	16,076	0	16,076
<i>Total Expenditures</i>	<u>12,000</u>	<u>3,626</u>	<u>1,109,573</u>	<u>0</u>	<u>1,109,573</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>53,224</u>	<u>(3,626)</u>	<u>(15,380)</u>	<u>0</u>	<u>(15,380)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	5,000	40,829	0	40,829
Transfers Out	(66,000)	0	(110,000)	0	(110,000)
<i>Total Other Financing Sources and Uses</i>	<u>(66,000)</u>	<u>5,000</u>	<u>(69,171)</u>	<u>0</u>	<u>(69,171)</u>
<i>Net Change in Fund Balances</i>	(12,776)	1,374	(84,551)	0	(84,551)
<i>Fund Balances Beginning of Year</i>	<u>20,079</u>	<u>10,136</u>	<u>813,893</u>	<u>3,311</u>	<u>817,204</u>
<i>Fund Balances End of Year</i>	<u><u>\$7,303</u></u>	<u><u>\$11,510</u></u>	<u><u>\$729,342</u></u>	<u><u>\$3,311</u></u>	<u><u>\$732,653</u></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, 2007*

	Self Insurance	Workers' Compensation	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$295,040	\$1,576,229	\$1,871,269
Prepaid Items	5,313	0	5,313
<i>Total Assets</i>	<u>300,353</u>	<u>1,576,229</u>	<u>1,876,582</u>
<b>Liabilities and Fund Balances</b>			
Due to Other Governments	0	156,526	156,526
Claims Payable	12,536	156,333	168,869
<i>Total Current Liabilities</i>	12,536	312,859	325,395
Long-Term Liabilities:			
Claims Payable	0	105,000	105,000
<i>Total Liabilities</i>	<u>12,536</u>	<u>417,859</u>	<u>430,395</u>
<b>Net Assets</b>			
Unrestricted	287,817	1,158,370	1,446,187
<i>Total Net Assets</i>	<u>\$287,817</u>	<u>\$1,158,370</u>	<u>\$1,446,187</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, 2007*

	Self Insurance	Workers' Compensation	Total
<b>Revenues</b>			
Charges for Services	\$1,957,500	\$95,000	\$2,052,500
Miscellaneous	0	8,821	8,821
<i>Total Revenues</i>	<u>1,957,500</u>	<u>103,821</u>	<u>2,061,321</u>
<b>Operating Expenses</b>			
Contractual Services	452,368	34,608	486,976
Claims	1,768,107	236,852	2,004,959
<i>Total Operating Expenses</i>	<u>2,220,475</u>	<u>271,460</u>	<u>2,491,935</u>
<i>Change in Net Assets</i>	(262,975)	(167,639)	(430,614)
<i>Net Assets Beginning of Year</i>	<u>550,792</u>	<u>1,326,009</u>	<u>1,876,801</u>
<i>Net Assets End of Year</i>	<u><u>\$287,817</u></u>	<u><u>\$1,158,370</u></u>	<u><u>\$1,446,187</u></u>

**City of Ashtabula, Ohio**  
*Combining Statement of Cash Flows*  
*Internal Service Funds*  
For the Year Ended December 31, 2007

	Self Insurance	Workers' Compensation	Total
<b><i>Increase (Decrease) In Cash and Cash Equivalents</i></b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Other Funds	\$1,957,500	\$95,000	\$2,052,500
Cash Payments Received from Other Operating Sources	0	8,821	8,821
Cash Payments to Suppliers for Goods and Services	(457,681)	(34,608)	(492,289)
Cash Payments for Claims	(1,774,522)	(219,504)	(1,994,026)
<i>Net Decrease In Cash and Cash Equivalents</i>	(274,703)	(150,291)	(424,994)
<i>Cash and Cash Equivalents Beginning of Year</i>	569,743	1,726,520	2,296,263
<i>Cash and Cash Equivalents End of Year</i>	\$295,040	\$1,576,229	\$1,871,269
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>			
<i>Operating Loss</i>	(\$262,975)	(\$167,639)	(\$430,614)
(Increase) Decrease in Assets:			
Prepaid Items	(5,313)	0	(5,313)
Increase (Decrease) in Liabilities:			
Due to Other Governments	0	(34,608)	(34,608)
Claims Payable	(6,415)	51,956	45,541
<i>Net Cash Used for Operating Activities</i>	(\$274,703)	(\$150,291)	(\$424,994)

## **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, 2007*

	Balance 1/1/2007	Additions	Reductions	Balance 12/31/2007
<b><i>Fire Deposits</i></b>				
<b>Assets</b>				
Equity Pooled in Cash and Cash Equivalents	\$19,824	\$23,987	\$3,987	\$39,824
<b>Liabilities</b>				
Deposits Held and Due to Others	\$19,824	\$23,987	\$3,987	\$39,824
<b><i>Law Library</i></b>				
<b>Assets</b>				
Equity Pooled in Cash and Cash Equivalents	\$2,598	\$36,951	\$37,033	\$2,516
<b>Liabilities</b>				
Due to Other Governments	\$2,598	\$36,951	\$37,033	\$2,516
<b><i>Street Deposits</i></b>				
<b>Assets</b>				
Equity Pooled in Cash and Cash Equivalents	\$555	\$0	\$0	\$555
<b>Liabilities</b>				
Deposits Held and Due to Others	\$555	\$0	\$0	\$555
<b><i>Total Agency</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$22,977	\$60,938	\$41,020	\$42,895
<b>Liabilities</b>				
Due to Other Governments	\$2,598	\$36,951	\$37,033	\$2,516
Deposits Held and Due to Others	20,379	23,987	3,987	40,379
<b><i>Total Liabilities</i></b>	<b>\$22,977</b>	<b>\$60,938</b>	<b>\$41,020</b>	<b>\$42,895</b>

**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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$905,000	\$1,012,000	\$1,015,198	\$3,198
Municipal Income Tax	5,836,000	6,036,000	6,132,264	96,264
Charges for Services	156,500	156,500	165,115	8,615
Licenses and Permits	54,350	54,350	72,731	18,381
Fines and Forfeitures	624,400	724,400	726,208	1,808
Intergovernmental	1,946,800	1,974,800	1,592,944	(381,856)
Interest	183,000	183,000	226,491	43,491
Rentals	73,200	73,200	72,431	(769)
Other	215,116	250,116	236,455	(13,661)
<i>Total Revenues</i>	9,994,366	10,464,366	10,239,837	(224,529)
<b>Expenditures</b>				
Current:				
General Government:				
Legislative and Executive:				
Council:				
Personal Services	175,275	174,723	174,068	655
Materials and Supplies	5,000	7,000	5,824	1,176
Contractual Services	4,900	1,400	0	1,400
Total Council	185,175	183,123	179,892	3,231
Administration:				
Personal Services	211,568	193,254	192,610	644
Materials and Supplies	5,000	4,150	4,101	49
Contractual Services	5,000	4,500	4,350	150
Total Administration	221,568	201,904	201,061	843
Auditor:				
Personal Services	260,982	257,725	257,520	205
Materials and Supplies	13,600	19,050	18,483	567
Contractual Services	4,000	4,000	4,000	0
Total Auditor	278,582	280,775	280,003	772
Treasurer:				
Personal Services	59,850	61,443	61,367	76
Materials and Supplies	3,274	4,524	4,467	57
Total Treasurer	\$63,124	\$65,967	\$65,834	\$133

(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, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
City Income Tax:				
Personal Services	\$182,126	\$193,295	\$193,158	\$137
Materials and Supplies	18,489	18,489	17,507	982
Total City Income Tax	<u>200,615</u>	<u>211,784</u>	<u>210,665</u>	<u>1,119</u>
Solicitor:				
Personal Services	290,117	283,025	281,962	1,063
Materials and Supplies	8,500	9,800	9,754	46
Total Solicitor	<u>298,617</u>	<u>292,825</u>	<u>291,716</u>	<u>1,109</u>
Motor Maintenance:				
Personal Services	181,890	187,397	186,445	952
Materials and Supplies	46,000	46,250	13,524	32,726
Total Motor Maintenance	<u>227,890</u>	<u>233,647</u>	<u>199,969</u>	<u>33,678</u>
Engineering:				
Personal Services	182,933	194,771	194,552	219
Materials and Supplies	19,508	21,808	21,489	319
Contractual Services	1,000	558	558	0
Total Engineering	<u>203,441</u>	<u>217,137</u>	<u>216,599</u>	<u>538</u>
Affirmative Action:				
Personal Services	2,388	2,490	2,431	59
Materials and Supplies	200	150	0	150
Total Affirmative Action	<u>2,588</u>	<u>2,640</u>	<u>2,431</u>	<u>209</u>
County Auditor Deductions:				
Contractual Services	146,850	146,950	143,282	3,668
General Services:				
Occup. Health & Unemploy	6,000	0	0	0
Street and Viaduct Lighting	363,200	363,900	363,250	650
Legal Advertising	4,500	5,500	4,764	736
Photocopy Machine	2,500	2,500	1,787	713
Bus Subsidy	31,000	31,000	31,000	0
Indigent Burials	5,000	1,500	1,500	0
Settlement of Claims	48,000	208,139	204,757	3,382
Membership Fees	9,300	9,300	9,206	94
Visitors Guide	850	1,035	985	50
Recreation	0	3,891	3,891	0
Bank Fees	6,000	12,000	11,693	307
Total General Services	<u>\$476,350</u>	<u>\$638,765</u>	<u>\$632,833</u>	<u>\$5,932</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, 2007*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Civil Service:				
Personal Services	\$11,600	\$11,750	\$11,555	\$195
Materials and Supplies	27,650	33,245	31,438	1,807
Total Civil Service	39,250	44,995	42,993	2,002
Lands and Buildings:				
Personal Services	170,737	170,929	170,376	553
Materials and Supplies	82,393	88,393	86,697	1,696
Contractual Services	301,190	320,583	301,647	18,936
Total Lands and Buildings	554,320	579,905	558,720	21,185
Systems Analyst:				
Personal Services	76,733	77,159	77,130	29
Materials and Supplies	5,000	6,000	5,866	134
Total Systems Analyst	81,733	83,159	82,996	163
Water Pollution:				
Personal Services	2,697	2,701	2,597	104
Total Legislative and Executive	2,982,800	3,186,277	3,111,591	74,686
Judicial System:				
Municipal Court/Probation:				
Personal Services	840,399	857,983	855,798	2,185
Materials and Supplies	78,429	78,429	73,975	4,454
Contractual Services	11,528	15,528	13,499	2,029
Total Judicial System	930,356	951,940	943,272	8,668
Total General Government	3,913,156	4,138,217	4,054,863	83,354
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	2,739,823	2,861,277	2,857,311	3,966
Materials and Supplies	303,991	355,491	349,784	5,707
Contractual Services	33,000	12,220	11,862	358
Total Police	\$3,076,814	\$3,228,988	\$3,218,957	\$10,031

(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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fire:				
Fire Prevention:				
Personal Services	\$2,253,746	\$2,286,330	\$2,283,417	\$2,913
Materials and Supplies	48,816	53,016	50,953	2,063
Contractual Services	56,000	53,243	50,025	3,218
Total Fire	2,358,562	2,392,589	2,384,395	8,194
Total Security of Persons and Property	5,435,376	5,621,577	5,603,352	18,225
Public Health Services:				
Health:				
Personal Services	161,610	169,121	168,952	169
Materials and Supplies	4,900	4,900	4,889	11
Contractual Services	47,500	47,500	43,106	4,394
Total Public Health Services	214,010	221,521	216,947	4,574
Street Maintenance and Repairs:				
Street:				
Personal Services	3,731	4,142	3,849	293
Housing and Community Development:				
Housing Inspection:				
Personal Services	12,303	13,757	8,194	5,563
Sanitation Services:				
Sanitation:				
Personal Services	2,710	2,892	2,723	169
Leisure Time Activities:				
Recreation:				
Materials and Supplies	20,000	20,000	20,000	0
Debt Service:				
Principal Retirement	99,248	99,248	99,248	0
Interest and Fiscal Charges	6,067	6,067	6,067	0
<i>Total Expenditures</i>	<u>\$9,706,601</u>	<u>\$10,127,421</u>	<u>\$10,015,243</u>	<u>\$112,178</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, 2007*

	<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>	<u>\$287,765</u>	<u>\$336,945</u>	<u>\$224,594</u>	<u>(\$112,351)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	800	800	800	0
Transfers Out	<u>(340,829)</u>	<u>(490,829)</u>	<u>(360,829)</u>	<u>130,000</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(340,029)</u>	<u>(490,029)</u>	<u>(360,029)</u>	<u>130,000</u>
<i>Net Change in Fund Balance</i>	(52,264)	(153,084)	(135,435)	17,649
<i>Fund Balance Beginning of Year</i>	449,642	449,642	449,642	0
Prior Year Encumbrances Appropriated	<u>51,455</u>	<u>51,455</u>	<u>51,455</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$448,833</u>	<u>\$348,013</u>	<u>\$365,662</u>	<u>\$17,649</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, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$1,521,256	\$1,521,256	\$174,158	(\$1,347,098)
Interest	59,000	59,000	0	(59,000)
<i>Total Revenues</i>	<u>1,580,256</u>	<u>1,580,256</u>	<u>174,158</u>	<u>(1,406,098)</u>
<b>Expenditures</b>				
Current:				
Housing and Community Development:				
Community Development Block Grant:				
Personal Services	122,150	162,905	67,928	94,977
Materials and Supplies	110,000	110,000	591	109,409
Contractual Services	1,398,267	1,357,512	279,479	1,078,033
<i>Total Expenditures</i>	<u>1,630,417</u>	<u>1,630,417</u>	<u>347,998</u>	<u>1,282,419</u>
<i>Net Change in Fund Balance</i>	(50,161)	(50,161)	(173,840)	(123,679)
<i>Fund Balance Beginning of Year</i>	284,386	284,386	284,386	0
Prior Year Encumbrances Appropriated	<u>50,161</u>	<u>50,161</u>	<u>50,161</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$284,386</u></u>	<u><u>\$284,386</u></u>	<u><u>\$160,707</u></u>	<u><u>(\$123,679)</u></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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$1,502,000	\$1,502,000	\$1,570,342	\$68,342
Intergovernmental	45,000	45,000	43,513	(1,487)
Other	311	311	7,040	6,729
<i>Total Revenues</i>	<u>1,547,311</u>	<u>1,547,311</u>	<u>1,620,895</u>	<u>73,584</u>
<b>Expenditures</b>				
Current:				
Sanitation Services:				
Sanitation:				
Personal Services	1,007,672	977,672	963,821	13,851
Materials and Supplies	97,151	117,151	110,546	6,605
Contractual Services	527,590	605,435	572,050	33,385
<i>Total Expenditures</i>	<u>1,632,413</u>	<u>1,700,258</u>	<u>1,646,417</u>	<u>53,841</u>
<i>Excess of Revenues Under Expenditures</i>	(85,102)	(152,947)	(25,522)	127,425
<b>Other Financing Sources</b>				
Transfers In	75,000	125,000	40,000	(85,000)
<i>Net Change in Fund Balance</i>	(10,102)	(27,947)	14,478	42,425
<i>Fund Balance Beginning of Year</i>	27,845	27,845	27,845	0
Prior Year Encumbrances Appropriated	10,102	10,102	10,102	0
<i>Fund Balance End of Year</i>	<u>\$27,845</u>	<u>\$10,000</u>	<u>\$52,425</u>	<u>\$42,425</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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$0	\$0	\$16,494	\$16,494
Intergovernmental	911,373	911,373	788,954	(122,419)
Interest	80,000	80,000	51,230	(28,770)
Other	4,000	4,000	0	(4,000)
<i>Total Revenues</i>	<u>995,373</u>	<u>995,373</u>	<u>856,678</u>	<u>(138,695)</u>
<b>Expenditures</b>				
Current:				
Street Maintenance and Repairs:				
Public Works:				
Personal Services	911,447	1,055,710	1,016,093	39,617
Materials and Supplies	299,000	378,000	372,212	5,788
Contractual Services	38,000	38,000	33,137	4,863
<i>Total Expenditures</i>	<u>1,248,447</u>	<u>1,471,710</u>	<u>1,421,442</u>	<u>50,268</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(253,074)</u>	<u>(476,337)</u>	<u>(564,764)</u>	<u>(88,427)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	240,500	415,500	390,000	(25,500)
Transfers Out	(10,000)	(30,000)	0	30,000
Total Other Financing Sources (Uses)	<u>230,500</u>	<u>385,500</u>	<u>390,000</u>	<u>4,500</u>
<i>Net Change in Fund Balance</i>	<u>(22,574)</u>	<u>(90,837)</u>	<u>(174,764)</u>	<u>(83,927)</u>
<i>Fund Balance Beginning of Year</i>	190,134	190,134	190,134	0
Prior Year Encumbrances Appropriated	<u>22,574</u>	<u>22,574</u>	<u>22,574</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$190,134</u></u>	<u><u>\$121,871</u></u>	<u><u>\$37,944</u></u>	<u><u>(\$83,927)</u></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, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Property Taxes	\$378,300	\$378,300	\$393,085	\$14,785
Intergovernmental	452,500	452,500	35,016	(417,484)
Special Assessments	43,500	43,500	36,476	(7,024)
Other	100,000	100,000	0	(100,000)
<i>Total Revenues</i>	<u>974,300</u>	<u>974,300</u>	<u>464,577</u>	<u>(509,723)</u>
<b>Expenditures</b>				
Current:				
General Government:				
Legislative and Executive:				
Bond Retirement:				
Materials and Supplies	3,000	3,000	350	2,650
Contractual Services	13,000	13,000	9,083	3,917
Total General Government	<u>16,000</u>	<u>16,000</u>	<u>9,433</u>	<u>6,567</u>
Debt Service:				
Principal Retirement	458,000	458,000	231,987	226,013
Interest and Fiscal Charges	29,000	29,000	9,650	19,350
Total Debt Service	<u>487,000</u>	<u>487,000</u>	<u>241,637</u>	<u>245,363</u>
<i>Total Expenditures</i>	<u>503,000</u>	<u>503,000</u>	<u>251,070</u>	<u>251,930</u>
<i>Net Change in Fund Balance</i>	471,300	471,300	213,507	(257,793)
<i>Fund Balance Beginning of Year</i>	<u>572,310</u>	<u>572,310</u>	<u>572,310</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,043,610</u></u>	<u><u>\$1,043,610</u></u>	<u><u>\$785,817</u></u>	<u><u>(\$257,793)</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, 2007*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$422,000	\$422,000	\$465,988	\$43,988
Municipal Income Tax	620,000	620,000	677,417	57,417
Fines and Forfeitures	28,000	28,000	36,117	8,117
Intergovernmental	887,500	887,500	38,903	(848,597)
Investment Income	0	0	25,005	25,005
Rentals	68,000	68,000	67,031	(969)
<i>Total Revenues</i>	<u>2,025,500</u>	<u>2,025,500</u>	<u>1,310,461</u>	<u>(715,039)</u>
<b>Expenditures</b>				
Capital Outlay:				
Materials and Supplies	71,387	71,387	71,387	0
Contractual Services	203,498	191,498	191,498	0
Capital Outlay	1,733,347	1,917,347	1,426,378	490,969
Total Capital Outlay	<u>2,008,232</u>	<u>2,180,232</u>	<u>1,689,263</u>	<u>490,969</u>
Debt Service:				
Principal Retirement	172,602	172,602	172,602	0
Interest and Fiscal Charges	27,870	27,870	27,870	0
Total Debt Service	<u>200,472</u>	<u>200,472</u>	<u>200,472</u>	<u>0</u>
<i>Total Expenditures</i>	<u>2,208,704</u>	<u>2,380,704</u>	<u>1,889,735</u>	<u>490,969</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(183,204)</u>	<u>(355,204)</u>	<u>(579,274)</u>	<u>(224,070)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	0	3,700	3,700
Transfers In	50,000	50,000	50,000	0
Transfers Out	(33,000)	(33,000)	0	33,000
<i>Total Other Financing Sources (Uses)</i>	<u>17,000</u>	<u>17,000</u>	<u>53,700</u>	<u>36,700</u>
<i>Net Change in Fund Balance</i>	(166,204)	(338,204)	(525,574)	(187,370)
<i>Fund Balance Beginning of Year</i>	1,088,297	1,088,297	1,088,297	0
Prior Year Encumbrances Appropriated	<u>183,733</u>	<u>183,733</u>	<u>183,733</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,105,826</u>	<u>\$933,826</u>	<u>\$746,456</u>	<u>(\$187,370)</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, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	\$3,481,528	\$4,019,608	\$3,509,345	(\$510,263)
Proceeds from Loan	0	3,200,000	2,500,000	(700,000)
Tap-In Fees	100,000	100,000	268,975	168,975
Interest Income	0	50,000	84,352	34,352
<i>Total Revenues</i>	<u>3,581,528</u>	<u>7,369,608</u>	<u>6,362,672</u>	<u>(1,006,936)</u>
<b>Expenses</b>				
Personal Services	1,600,815	1,671,295	1,656,653	14,642
Contractual Services	512,500	554,000	620,459	(66,459)
Materials and Supplies	304,054	398,045	345,655	52,390
Capital Outlay	773,056	3,816,156	2,805,972	1,010,184
Debt Service:				
Principal Retirement	418,465	340,465	314,769	25,696
Interest and Fiscal Charges	71,024	107,024	106,981	43
<i>Total Expenses</i>	<u>3,679,914</u>	<u>6,886,985</u>	<u>5,850,489</u>	<u>1,036,496</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(98,386)	482,623	512,183	29,560
Transfers Out	(50,000)	(50,000)	(50,000)	0
<i>Net Change in Fund Equity</i>	(148,386)	432,623	462,183	29,560
<i>Fund Equity Beginning of Year</i>	138,081	138,081	138,081	0
Prior Year Encumbrances Appropriated	148,385	148,385	148,385	0
<i>Fund Equity End of Year</i>	<u>\$138,080</u>	<u>\$719,089</u>	<u>\$748,649</u>	<u>\$29,560</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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Licenses and Permits	\$235,000	\$235,000	\$158,609	(\$76,391)
Interest	300	300	0	(300)
<i>Total Revenues</i>	<u>235,300</u>	<u>235,300</u>	<u>158,609</u>	<u>(76,691)</u>
<b>Expenditures</b>				
Current:				
Housing and Community Development:				
Code Enforcement:				
Personal Services	189,139	189,139	161,118	28,021
Materials and Supplies	15,000	15,000	12,099	2,901
Contractual Services	42,820	42,820	925	41,895
<i>Total Expenditures</i>	<u>246,959</u>	<u>246,959</u>	<u>174,142</u>	<u>72,817</u>
<i>Net Change in Fund Balance</i>	(11,659)	(11,659)	(15,533)	(3,874)
<i>Fund Balance Beginning of Year</i>	55,061	55,061	55,061	0
Prior Year Encumbrances Appropriated	<u>11,659</u>	<u>11,659</u>	<u>11,659</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$55,061</u>	<u>\$55,061</u>	<u>\$51,187</u>	<u>(\$3,874)</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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$10,000	\$10,000	\$0	(\$10,000)
<b>Other Financing Uses</b>				
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, 2007*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues</b>				
Property Taxes	\$286,500	\$286,500	\$302,891	\$16,391
Intergovernmental	90,500	90,500	25,301	(65,199)
<i>Total Revenues</i>	<u>377,000</u>	<u>377,000</u>	<u>328,192</u>	<u>(48,808)</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Fire:				
Fire Prevention:				
Personal Services	527,452	527,452	513,054	14,398
Contractual Services	7,000	7,000	5,530	1,470
<i>Total Expenditures</i>	<u>534,452</u>	<u>534,452</u>	<u>518,584</u>	<u>15,868</u>
<i>Excess of Revenues Under Expenditures</i>	(157,452)	(157,452)	(190,392)	(32,940)
<b>Other Financing Sources</b>				
Transfers In	40,000	40,000	0	(40,000)
<i>Net Change in Fund Balance</i>	(117,452)	(117,452)	(190,392)	(72,940)
<i>Fund Balance Beginning of Year</i>	249,049	249,049	249,049	0
Prior Year Encumbrances Appropriated	117,452	117,452	117,452	0
<i>Fund Balance End of Year</i>	<u>\$249,049</u>	<u>\$249,049</u>	<u>\$176,109</u>	<u>(\$72,940)</u>

**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, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Licenses and Permits	\$69,844	\$69,844	\$40,345	(\$29,499)
<b>Expenditures</b>				
Current:				
Public Health Services:				
Board of Health:				
Personal Services	94,551	96,550	95,805	745
Materials and Supplies	4,500	5,618	4,343	1,275
Contractual Services	6,900	6,900	5,476	1,424
<i>Total Expenditures</i>	<u>105,951</u>	<u>109,068</u>	<u>105,624</u>	<u>3,444</u>
<i>Excess of Revenues Under Expenditures</i>	(36,107)	(39,224)	(65,279)	(26,055)
<b>Other Financing Sources</b>				
Transfers In	35,829	35,829	35,829	0
<i>Net Change in Fund Balance</i>	(278)	(3,395)	(29,450)	(26,055)
<i>Fund Balance Beginning of Year</i>	41,793	41,793	41,793	0
Prior Year Encumbrances Appropriated	278	278	278	0
<i>Fund Balance End of Year</i>	<u>\$41,793</u>	<u>\$38,676</u>	<u>\$12,621</u>	<u>(\$26,055)</u>

**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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and Forfeitures	\$40,000	\$30,000	\$9,631	(\$20,369)
<b>Expenditures</b>				
Current:				
General Government:				
Judicial System:				
Indigent Alcohol:				
Materials and Supplies	40,000	30,000	7,085	22,915
<i>Net Change in Fund Balance</i>	0	0	2,546	2,546
<i>Fund Balance Beginning of Year</i>	15,632	15,632	15,632	0
<i>Fund Balance End of Year</i>	<u>\$15,632</u>	<u>\$15,632</u>	<u>\$18,178</u>	<u>\$2,546</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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and Forfeitures	\$50,000	\$50,000	\$8,294	(\$41,706)
<b>Expenditures</b>				
Current:				
Security of Persons and Property				
Law Enforcement Trust:				
Materials and Supplies	50,000	50,000	21,907	28,093
<i>Net Change in Fund Balance</i>	0	0	(13,613)	(13,613)
<i>Fund Balance Beginning of Year</i>	17,109	17,109	17,109	0
<i>Fund Balance End of Year</i>	<u>\$17,109</u>	<u>\$17,109</u>	<u>\$3,496</u>	<u>(\$13,613)</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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Licenses and Permits	\$14,000	\$14,000	\$12,450	(\$1,550)
<b>Expenditures</b>				
Current:				
Leisure Time Activities:				
Marina:				
Contractual Services	14,000	14,000	12,450	1,550
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	3,980	3,980	3,980	0
<i>Fund Balance End of Year</i>	<u>\$3,980</u>	<u>\$3,980</u>	<u>\$3,980</u>	<u>\$0</u>

**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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$44,000	\$44,000	\$40,940	(\$3,060)
<b>Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	44,000	44,000	40,940	(3,060)
<b>Other Financing Uses</b>				
Transfers Out	<u>(44,000)</u>	<u>(44,000)</u>	<u>(44,000)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	(3,060)	(3,060)
<i>Fund Balance Beginning of Year</i>	<u>4,343</u>	<u>4,343</u>	<u>4,343</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$4,343</u></u>	<u><u>\$4,343</u></u>	<u><u>\$1,283</u></u>	<u><u>(\$3,060)</u></u>

**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, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and Forfeitures	\$82,000	\$82,000	\$37,382	(\$44,618)
<b>Expenditures</b>				
Current:				
General Government:				
Judicial System:				
Municipal Probation Services:				
Materials and Supplies	82,000	82,000	26,920	55,080
<i>Net Change in Fund Balance</i>	0	0	10,462	10,462
<i>Fund Balance Beginning of Year</i>	91,953	91,953	91,953	0
<i>Fund Balance End of Year</i>	<u>\$91,953</u>	<u>\$91,953</u>	<u>\$102,415</u>	<u>\$10,462</u>

**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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$286,500	\$286,500	\$302,891	\$16,391
Intergovernmental	90,500	90,500	25,301	(65,199)
<i>Total Revenues</i>	377,000	377,000	328,192	(48,808)
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	534,820	534,820	511,106	23,714
Contractual Services	7,000	7,000	5,530	1,470
<i>Total Expenditures</i>	541,820	541,820	516,636	25,184
<i>Excess of Revenues Under Expenditures</i>	(164,820)	(164,820)	(188,444)	(23,624)
<b>Other Financing Sources</b>				
Transfers In	40,000	40,000	0	(40,000)
<i>Net Change in Fund Balance</i>	(124,820)	(124,820)	(188,444)	(63,624)
<i>Fund Balance Beginning of Year</i>	261,206	261,206	261,206	0
Prior Year Encumbrances Appropriated	124,820	124,820	124,820	0
<i>Fund Balance End of Year</i>	\$261,206	\$261,206	\$197,582	(\$63,624)

**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, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for Services	\$45,000	\$45,000	\$64,848	\$19,848
Intergovernmental	1,000	1,000	0	(1,000)
<b>Total Revenues</b>	<u>46,000</u>	<u>46,000</u>	<u>64,848</u>	<u>18,848</u>
<b>Expenditures</b>				
Current:				
Public Health Services:				
Public Health Nursing:				
Personal Services	12,000	12,000	12,000	0
Materials and Supplies	34,000	43,500	42,913	587
<b>Total Expenditures</b>	<u>46,000</u>	<u>55,500</u>	<u>54,913</u>	<u>587</u>
<b>Net Change in Fund Balance</b>	0	(9,500)	9,935	19,435
<b>Fund Balance Beginning of Year</b>	<u>40,254</u>	<u>40,254</u>	<u>40,254</u>	<u>0</u>
<b>Fund Balance End of Year</b>	<u><u>\$40,254</u></u>	<u><u>\$30,754</u></u>	<u><u>\$50,189</u></u>	<u><u>\$19,435</u></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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$60,000	\$60,000	\$57,331	(\$2,669)
Interest	2,500	2,500	7,784	5,284
<i>Total Revenues</i>	62,500	62,500	65,115	2,615
<b>Expenditures</b>				
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	53,115	2,615
<b>Other Financing Uses</b>				
Transfers Out	(50,500)	(66,500)	(66,000)	500
<i>Net Change in Fund Balance</i>	0	(16,000)	(12,885)	3,115
<i>Fund Balance Beginning of Year</i>	16,097	16,097	16,097	0
<i>Fund Balance End of Year</i>	\$16,097	\$97	\$3,212	\$3,115

**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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Leisure Time Activities:				
Walnut Beach:				
Materials and Supplies	5,000	5,000	3,626	1,374
<i>Excess of Revenues Under Expenditures</i>	(5,000)	(5,000)	(3,626)	1,374
<b>Other Financing Sources</b>				
Transfers In	5,000	5,000	5,000	0
<i>Net Change in Fund Balance</i>	0	0	1,374	1,374
<i>Fund Balance Beginning of Year</i>	10,136	10,136	10,136	0
<i>Fund Balance End of Year</i>	<u>\$10,136</u>	<u>\$10,136</u>	<u>\$11,510</u>	<u>\$1,374</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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Other	\$0	\$0	\$0	\$0
<b>Expenditures</b>	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, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for Services	<u>\$2,292,000</u>	<u>\$2,292,000</u>	<u>\$1,957,500</u>	<u>(\$334,500)</u>
<b>Expenses</b>				
Contractual Services	457,681	457,681	457,681	0
Claims	<u>1,834,319</u>	<u>2,034,319</u>	<u>1,774,522</u>	<u>259,797</u>
<i>Total Expenses</i>	<u>2,292,000</u>	<u>2,492,000</u>	<u>2,232,203</u>	<u>259,797</u>
<i>Net Change in Fund Equity</i>	0	(200,000)	(274,703)	(74,703)
<i>Fund Equity Beginning of Year</i>	<u>569,743</u>	<u>569,743</u>	<u>569,743</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$569,743</u></u>	<u><u>\$369,743</u></u>	<u><u>\$295,040</u></u>	<u><u>(\$74,703)</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, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$685,000	\$685,000	\$95,000	(\$590,000)
Intergovernmental	500	500	8,821	8,321
<b>Total Revenues</b>	685,500	685,500	103,821	(581,679)
<b>Expenses</b>				
Contractual Services	34,608	34,608	34,608	0
Claims	650,892	650,892	219,504	431,388
<b>Total Expenses</b>	685,500	685,500	254,112	431,388
<i>Net Change in Fund Equity</i>	0	0	(150,291)	(150,291)
<i>Fund Equity Beginning of Year</i>	1,726,520	1,726,520	1,726,520	0
<i>Fund Equity End of Year</i>	\$1,726,520	\$1,726,520	\$1,576,229	(\$150,291)

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# 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.

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<b>Contents</b>	<b>Page(s)</b>
<b>Financial Trends</b> .....	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.	
<b>Revenue Capacity</b> .....	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.	
<b>Debt Capacity</b> .....	S20-S27
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt in the future.	
<b>Economic and Demographic Information</b> .....	S28-S30
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b>Operating Information</b> .....	S31-S36
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 Nine Years*  
*(Accrual Basis of Accounting)*

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	\$18,191,832	\$17,179,586	\$16,519,641	\$16,072,672
Restricted:				
Capital Projects	992,414	1,257,245	768,188	704,115
Debt Service	927,528	842,539	617,568	926,146
Community Development	1,466,762	755,325	795,158	N/A
Sanitation	648,455	743,242	696,513	N/A
Street Maintenance and Repair	138,087	293,245	327,342	N/A
Other Purposes	880,874	912,937	635,520	2,200,932
Unrestricted	<u>1,871,948</u>	<u>2,283,621</u>	<u>2,971,359</u>	<u>2,721,642</u>
<i>Total Governmental Activities Net Assets</i>	<u>25,117,900</u>	<u>24,267,740</u>	<u>23,331,289</u>	<u>22,625,507</u>
Business Type - Activities				
Invested in Capital Assets, Net of Related Debt	8,791,357	9,968,685	9,632,357	8,753,780
Unrestricted	<u>3,632,203</u>	<u>1,340,098</u>	<u>1,487,653</u>	<u>1,690,631</u>
<i>Total Business-Type Activities Net Assets</i>	<u>12,423,560</u>	<u>11,308,783</u>	<u>11,120,010</u>	<u>10,444,411</u>
Primary Government				
Invested in Capital Assets, Net of Related Debt	26,983,189	27,148,271	26,151,998	24,826,452
Restricted	5,054,120	4,804,533	3,840,289	3,831,193
Unrestricted	<u>5,504,151</u>	<u>3,623,719</u>	<u>4,459,012</u>	<u>4,412,273</u>
<i>Total Primary Government Net Assets</i>	<u>\$37,541,460</u>	<u>\$35,576,523</u>	<u>\$34,451,299</u>	<u>\$33,069,918</u>

2003	2002	2001	2000	1999
\$14,824,413	\$14,016,961	\$13,777,856	\$13,648,047	\$12,518,234
1,041,588	865,251	1,403,316	823,962	656,266
776,956	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	N/A	N/A	N/A
2,230,814	1,812,974	2,328,379	3,046,617	1,934,811
2,535,254	3,437,987	3,327,649	4,383,893	3,256,697
21,409,025	21,742,692	22,072,147	22,995,348	19,339,202
8,759,633	7,936,963	7,874,120	8,177,824	8,430,490
1,225,137	1,094,561	1,337,358	1,669,377	1,781,184
9,984,770	9,031,524	9,211,478	9,847,201	10,211,674
23,584,046	21,953,924	21,651,976	21,825,871	20,948,724
4,049,358	4,287,744	4,966,642	4,963,408	3,564,271
3,760,391	4,532,548	4,665,007	6,053,270	5,037,881
\$31,393,795	\$30,774,216	\$31,283,625	\$32,842,549	\$29,550,876

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

	2007	2006	2005	2004
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services:				
General Government:				
Legislative and Executive	\$209,086	\$197,913	\$408,108	\$215,617
Judicial System	773,601	676,782	632,431	605,898
Security of Persons and Property:				
Police	60,398	23,140	18,126	73,923
Fire	53,790	47,862	42,679	67,511
Public Health Services	201,688	196,130	180,368	148,884
Street Maintenance and Repairs	25,485	42,047	11,958	3,073
Housing and Community Development	252,889	133,221	127,042	86,289
Sanitation Services	1,656,815	1,353,756	1,335,405	1,304,215
Leisure Time Activities	14,455	15,392	15,837	13,650
Subtotal - Charges for Services	<u>3,248,207</u>	<u>2,686,243</u>	<u>2,771,954</u>	<u>2,519,060</u>
Operating Grants and Contributions:				
General Government:				
Judicial System	15,189	0	0	0
Security of Persons and Property:				
Police	4,110	14,963	28,038	14,789
Fire	0	1,000	12,081	11,000
Public Health Services	34,604	17,677	4,125	32,504
Street Maintenance and Repairs	97,960	99,012	99,130	106,575
Housing and Community Development	86,300	25,946	133,135	461,510
Sanitation Services	43,513	39,000	44,765	74,596
Leisure Time Activities	0	0	0	0
Subtotal - Operating Grants and Contributions	<u>281,676</u>	<u>197,598</u>	<u>321,274</u>	<u>700,974</u>
Capital Grants and Contributions:				
General Government:				
Legislative and Executive	0	633,000	0	0
Judicial System	36,140	30,632	0	21,565
Security of Persons and Property:				
Police	0	664	59,040	0
Fire	0	28,368	0	0
Public Health Services	0	0	814,152	61,089
Street Maintenance and Repairs	875,500	402,400	1,012,062	0
Housing and Community Development	840,080	113,343	50,000	0
Sanitation Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Subtotal - Capital Grants and Contributions	<u>1,751,720</u>	<u>1,208,407</u>	<u>1,935,254</u>	<u>82,654</u>
<i>Total Governmental Activities Program Revenues</i>	<u>\$5,281,603</u>	<u>\$4,092,248</u>	<u>\$5,028,482</u>	<u>\$3,302,688</u>

2003	2002	2001	2000	1999
\$68,975	\$225,179	\$239,782	\$15,003	\$62,473
732,927	732,161	649,760	\$569,670	\$603,895
3,967	0	0	61,199	2,948
0	0	0	0	0
65,937	75,159	59,714	106,715	105,463
4,188	1,705	4,739	0	0
85,366	171,881	80,320	208,061	140,019
1,184,414	1,100,258	1,115,302	992,689	999,603
13,650	14,375	14,475	23,023	22,657
<u>2,159,424</u>	<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
125,104	264,793	125,508	200,466	208,908
42,943	16,195	0	0	0
10,712	8,034	0	0	0
96,616	108,139	456,533	695,556	787,659
484,623	184,646	45,667	688,844	83,325
36,781	67,041	40,326	35,044	72,795
0	0	0	0	0
<u>796,779</u>	<u>648,848</u>	<u>668,034</u>	<u>1,619,910</u>	<u>1,152,687</u>
0	0	500,099	0	0
28,793	33,600	19,934	9,368	23,000
0	0	0	6,344	0
8,640	27,000	0	0	0
3,831	0	0	0	0
0	184,271	212,000	256,399	216,255
0	0	800	0	0
0	0	25,000	0	0
0	24,325	0	0	34,728
<u>41,264</u>	<u>269,196</u>	<u>757,833</u>	<u>272,111</u>	<u>273,983</u>
<u>\$2,997,467</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 Nine Years*  
*(Accrual Basis of Accounting)*

	2007	2006	2005	2004
<b>Business-Type Activities:</b>				
Charges for Services:				
Wastewater Treatment	\$3,770,834	\$3,092,660	\$3,051,895	\$2,879,182
Capital Grants and Contributions				
Wastewater Treatment	470,322	276,649	523,003	618,318
<i>Total Business-Type Activities Program Revenues</i>	<u>4,241,156</u>	<u>3,369,309</u>	<u>3,574,898</u>	<u>3,497,500</u>
<i>Total Primary Government Program Revenues</i>	<u>\$9,522,759</u>	<u>\$7,461,557</u>	<u>\$8,603,380</u>	<u>\$6,800,188</u>
<b>Expenses</b>				
<b>Governmental Activities:</b>				
General Government:				
Legislative and Executive	\$4,135,051	\$3,174,447	\$3,049,175	\$3,025,729
Judicial System	1,090,892	1,030,659	977,279	912,233
Security of Persons and Property:				
Police	3,882,495	3,677,304	3,527,950	3,253,101
Fire	2,987,810	2,936,033	2,581,467	2,688,346
Public Health Services	357,245	331,826	306,416	289,136
Street Maintenance and Repairs	1,986,728	2,015,378	3,201,483	1,296,150
Housing and Community Development	486,457	376,820	680,192	649,653
Sanitation Services	1,839,276	1,861,734	1,567,216	1,263,037
Leisure Time Activities	86,083	110,002	90,413	137,588
Interest and Fiscal Charges	56,083	54,634	68,093	99,458
<i>Total Governmental Activities Expenses</i>	<u>16,908,120</u>	<u>15,568,837</u>	<u>16,049,684</u>	<u>13,614,431</u>
<b>Business-Type Activities</b>				
Wastewater Treatment	3,160,731	3,130,536	3,174,442	2,989,254
<i>Total Business-Type Activities Expenses</i>	<u>3,160,731</u>	<u>3,130,536</u>	<u>3,174,442</u>	<u>2,989,254</u>
<i>Total Primary Government Program Expenses</i>	<u>20,068,851</u>	<u>18,699,373</u>	<u>19,224,126</u>	<u>16,603,685</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(11,626,517)	(11,476,589)	(11,021,202)	(10,311,743)
Business-Type Activities	1,080,425	238,773	400,456	508,246
<i>Total Primary Government Net Expense</i>	<u>(\$10,546,092)</u>	<u>(\$11,237,816)</u>	<u>(\$10,620,746)</u>	<u>(\$9,803,497)</u>

2003	2002	2001	2000	1999
\$2,871,360	\$2,801,467	\$2,587,575	\$2,687,820	\$2,655,841
697,293	360,753	256,900	326,365	616,129
3,568,653	3,162,220	2,844,475	3,014,185	3,271,970
\$6,566,120	\$6,400,982	\$6,434,434	\$6,882,566	\$6,635,698
\$3,037,163	\$2,867,586	\$2,744,011	\$2,691,145	\$2,224,923
963,286	964,850	954,289	800,945	699,673
3,666,800	3,696,384	3,743,382	3,358,629	3,145,679
2,750,698	2,652,673	2,629,702	2,450,731	2,308,578
285,124	260,491	255,630	193,544	185,638
1,472,369	2,001,502	1,956,370	1,316,927	1,460,414
617,274	512,695	920,839	573,471	928,177
1,383,682	1,437,356	1,455,940	1,351,543	1,735,442
134,896	185,589	165,605	68,253	45,216
128,486	195,014	202,381	206,424	228,614
14,439,778	14,774,140	15,028,149	13,011,612	12,962,354
3,130,885	3,290,299	3,407,377	3,327,758	3,144,965
3,130,885	3,290,299	3,407,377	3,327,758	3,144,965
17,570,663	18,064,439	18,435,526	16,339,370	16,107,319
(11,442,311)	(11,535,378)	(11,438,190)	(9,143,231)	(9,598,626)
437,768	(128,079)	(562,902)	(313,573)	127,005
(\$11,004,543)	(\$11,663,457)	(\$12,001,092)	(\$9,456,804)	(\$9,471,621)

(continued)

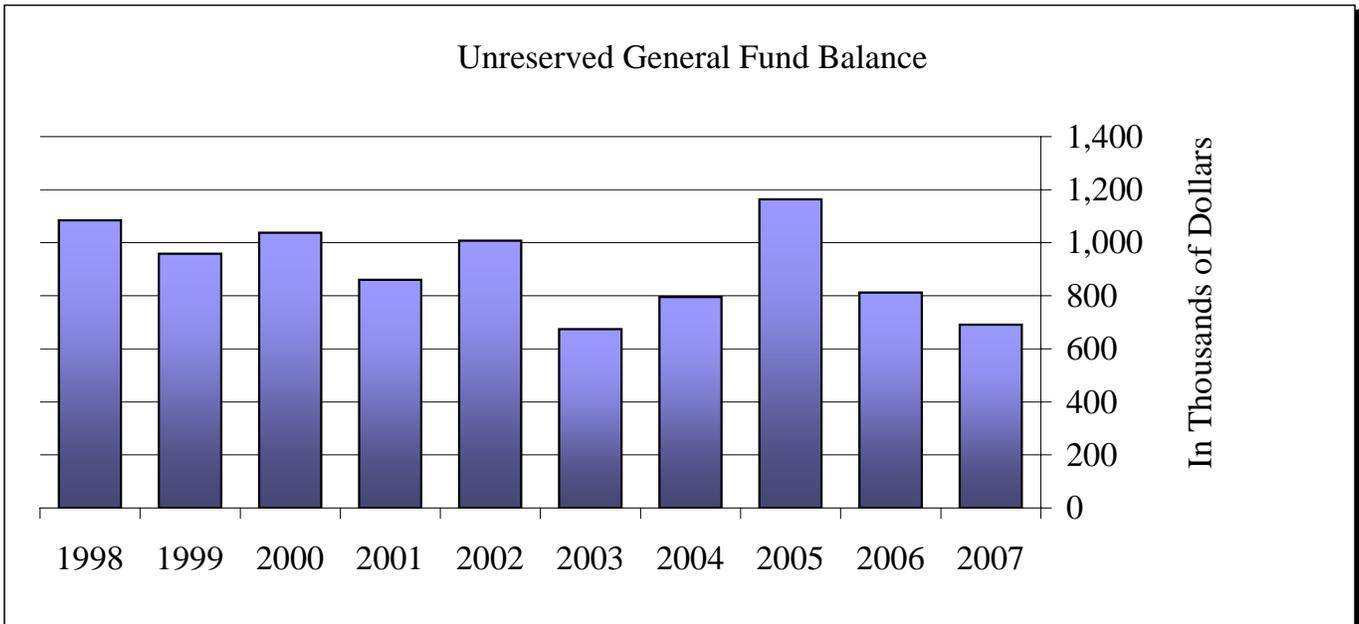
**City of Ashtabula, Ohio**  
*Changes in Net Assets (continued)*  
*Last Nine Years*  
*(Accrual Basis of Accounting)*

	2007	2006	2005	2004
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities				
Taxes:				
Property Taxes Levied For:				
General Purposes	\$1,062,359	\$1,109,720	\$989,460	\$1,118,036
Fire and Police Pension	631,644	616,830	548,288	356,657
Debt Service	346,265	409,341	374,170	537,367
Capital Outlay	486,482	473,334	418,575	392,721
Income Taxes Levied for:				
General Purposes	6,191,921	5,662,945	6,034,703	5,537,537
Capital Outlay	684,045	622,457	662,464	610,803
Grants and Entitlements not Restricted to				
Specific Programs	2,484,064	2,660,157	2,741,453	2,608,872
Investment Earnings	325,184	339,503	212,687	82,469
Other	214,713	268,753	20,327	233,763
Transfers	50,000	50,000	(275,143)	50,000
<i>Total Governmental Activities</i>	<u>12,476,677</u>	<u>12,213,040</u>	<u>11,726,984</u>	<u>11,528,225</u>
Business-Type Activities				
Investment Earnings	84,352	0	0	0
Other	0	0	0	1,395
Transfers	(50,000)	(50,000)	275,143	(50,000)
<i>Total Business-Type Activities Expenses</i>	<u>34,352</u>	<u>(50,000)</u>	<u>275,143</u>	<u>(48,605)</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>12,511,029</u>	<u>12,163,040</u>	<u>12,002,127</u>	<u>11,479,620</u>
<b>Change in Net Assets</b>				
Governmental Activities	850,160	736,451	705,782	1,216,482
Business-Type Activities	<u>1,114,777</u>	<u>188,773</u>	<u>675,599</u>	<u>459,641</u>
<i>Total Primary Government Change in Net Assets</i>	<u><u>\$1,964,937</u></u>	<u><u>\$925,224</u></u>	<u><u>\$1,381,381</u></u>	<u><u>\$1,676,123</u></u>

2003	2002	2001	2000	1999
\$1,131,816	\$1,100,934	\$1,080,441	\$1,021,888	\$929,688
529,950	444,167	454,740	443,196	450,779
458,839	505,826	504,298	501,142	514,786
407,987	395,293	420,359	391,919	353,342
5,270,568	5,206,572	5,034,519	5,365,368	5,504,629
589,127	580,967	593,497	613,795	617,626
2,828,530	2,555,737	1,647,229	2,705,913	1,967,337
128,801	184,076	426,662	541,246	301,463
241,484	180,476	280,423	283,158	555,547
(515,478)	51,875	72,821	87,000	87,000
<u>11,071,624</u>	<u>11,205,923</u>	<u>10,514,989</u>	<u>11,954,625</u>	<u>11,282,197</u>
0	0	0	0	0
0	0	0	0	89,401
<u>515,478</u>	<u>(51,875)</u>	<u>(72,821)</u>	<u>(87,000)</u>	<u>(87,000)</u>
<u>515,478</u>	<u>(51,875)</u>	<u>(72,821)</u>	<u>(87,000)</u>	<u>2,401</u>
<u>11,587,102</u>	<u>11,154,048</u>	<u>10,442,168</u>	<u>11,867,625</u>	<u>11,284,598</u>
(370,687)	(329,455)	(923,201)	2,811,394	1,683,571
<u>953,246</u>	<u>(179,954)</u>	<u>(635,723)</u>	<u>(400,573)</u>	<u>129,406</u>
<u>\$582,559</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)*

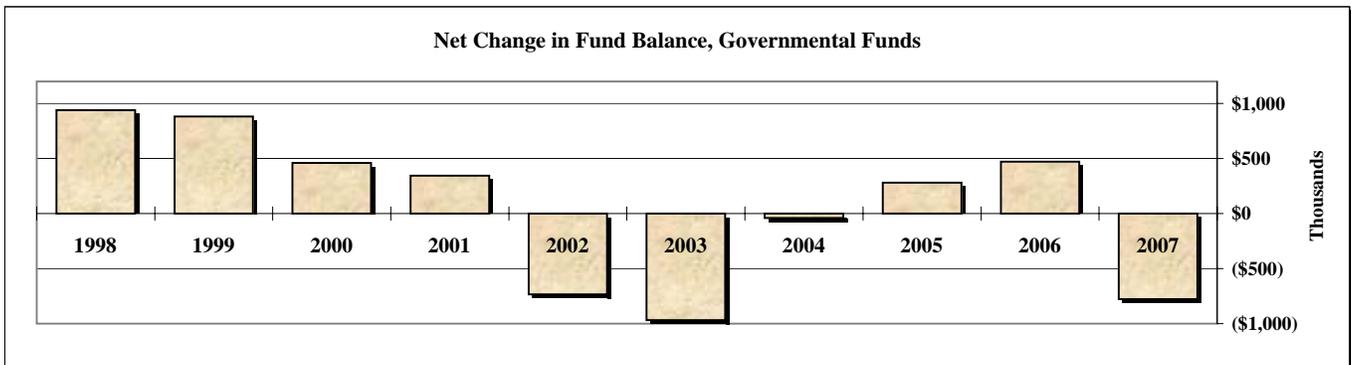
	2007	2006	2005	2004
<b>General Fund</b>				
Reserved	\$66,842	\$73,709	\$33,338	\$60,258
Unreserved	690,776	811,664	1,163,327	795,266
<b>Total General Fund</b>	<b>757,618</b>	<b>885,373</b>	<b>1,196,665</b>	<b>855,524</b>
<b>All Other Governmental Funds</b>				
Reserved	615,157	721,549	912,667	786,323
Unreserved, Designated	412,000	212,000	212,000	212,000
Unreserved, Undesignated, Reported in:				
Special Revenue funds	681,268	1,069,536	1,127,787	1,063,429
Debt Service funds	785,817	571,960	347,597	590,065
Capital Projects funds	345,375	943,790	115,636	125,109
<b>Total All Other Governmental Funds</b>	<b>2,839,617</b>	<b>3,518,835</b>	<b>2,715,687</b>	<b>2,776,926</b>
<b>Total Governmental Funds</b>	<b>\$3,597,235</b>	<b>\$4,404,208</b>	<b>\$3,912,352</b>	<b>\$3,632,450</b>



2003	2002	2001	2000	1999	1998
\$66,593	\$97,124	\$143,493	\$98,221	\$106,285	\$149,101
674,111	1,008,123	860,350	1,037,188	958,303	1,083,989
740,704	1,105,247	1,003,843	1,135,409	1,064,588	1,233,090
682,950	756,756	1,212,384	751,404	694,458	521,165
212,000	212,000	212,000	0	0	0
1,288,284	1,336,378	1,798,754	1,905,558	1,634,896	2,271,305
408,641	1,217,065	1,020,925	832,275	927,300	867,658
548,257	228,473	341,304	619,137	455,232	320,221
3,140,132	3,750,672	4,585,367	4,108,374	3,711,886	3,980,349
\$3,880,836	\$4,855,919	\$5,589,210	\$5,243,783	\$4,776,474	\$5,213,439

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

	2007	2006	2005	2004	2003
<b>Revenues</b>					
Property and Other Taxes	\$2,480,053	\$2,577,355	\$2,320,850	\$2,414,271	\$2,504,284
Municipal Income Taxes	6,775,495	6,445,095	6,532,764	6,067,735	5,872,015
Charges for Services	1,810,849	1,568,521	1,515,901	1,486,186	1,218,014
Licenses and Permits	282,135	228,358	178,677	204,762	168,752
Fines and Forfeitures	818,035	726,855	650,045	577,652	656,719
Intergovernmental	3,684,953	4,155,912	5,008,052	3,290,131	3,572,612
Special Assessments	36,476	35,490	56,489	56,100	22,493
Interest	325,184	339,503	212,687	82,469	128,801
Rentals	139,462	136,002	149,115	117,563	127,279
Payments in Lieu of Taxes	0	0	0	0	0
Other	239,657	268,753	223,645	233,763	241,484
<b>Total Revenues</b>	<b>16,592,299</b>	<b>16,481,844</b>	<b>16,848,225</b>	<b>14,530,632</b>	<b>14,512,453</b>
<b>Expenditures</b>					
Current:					
General Government					
Legislative and Executive	3,047,990	2,914,379	2,653,576	2,653,009	2,604,032
Judicial System	967,152	919,440	858,153	843,475	850,465
Security of Persons and Property:					
Police	3,622,601	3,448,319	3,292,317	3,257,335	3,504,702
Fire	2,739,876	2,807,075	2,520,738	2,509,403	2,469,614
Public Health Services	369,150	324,010	303,789	282,206	275,209
Street Maintenance and Repairs	1,424,511	1,920,884	1,141,728	1,091,528	1,070,944
Housing and Community Development	483,606	436,879	1,145,514	645,029	982,658
Sanitation Services	1,638,743	1,582,296	1,419,457	1,291,793	1,309,650
Leisure Time Activities	36,076	40,385	35,203	63,520	68,120
Capital Outlay	2,547,869	2,398,576	2,266,481	1,437,938	877,867
Debt Service:					
Principal Retirement	503,837	435,167	906,514	447,489	1,356,140
Interest and Fiscal Charges	43,237	38,842	72,703	103,418	159,274
<b>Total Expenditures</b>	<b>17,424,648</b>	<b>17,266,252</b>	<b>16,616,173</b>	<b>14,626,143</b>	<b>15,528,675</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(832,349)</b>	<b>(784,408)</b>	<b>232,052</b>	<b>(95,511)</b>	<b>(1,016,222)</b>
<b>Other Financing Sources (Uses)</b>					
Sale of Capital Assets	4,500	6,800	0	6,639	0
General Obligation Bonds Issued	0	0	0	0	0
Proceeds of Loan	0	1,200,000	0	0	0
Proceeds of OPWC Loan	0	0	0	0	0
Inception of Capital Lease	0	0	0	0	0
Transfers In	720,829	813,500	877,986	641,986	934,881
Transfers Out	(670,829)	(763,500)	(827,986)	(591,986)	(885,494)
<b>Total Other Financing Sources (Uses)</b>	<b>54,500</b>	<b>1,256,800</b>	<b>50,000</b>	<b>56,639</b>	<b>49,387</b>
<b>Net Change in Fund Balances</b>	<b>(\$777,849)</b>	<b>\$472,392</b>	<b>\$282,052</b>	<b>(\$38,872)</b>	<b>(\$966,835)</b>
Debt Service as a Percentage of Noncapital Expenditures	3.6%	3.1%	6.3%	4.4%	11.4%



2002	2001	2000	1999	1998
\$2,417,214	\$2,349,312	\$2,354,599	\$2,248,595	\$2,151,985
5,969,526	5,819,277	5,991,283	5,918,121	5,732,941
1,185,472	1,150,630	1,054,206	1,047,848	1,067,188
173,739	173,059	188,927	171,639	191,537
765,761	669,694	651,581	603,895	524,730
3,225,243	4,035,772	3,349,156	3,894,883	4,262,882
21,613	27,179	19,757	15,418	25,983
184,076	426,662	550,508	391,187	330,945
115,262	138,870	0	0	0
0	0	0	0	147,553
180,476	483,552	283,158	249,324	224,554
14,238,382	15,274,007	14,443,175	14,540,910	14,660,298
				2,355,931
2,672,685	2,533,191	2,481,183	2,304,022	
858,364	823,341	721,227	630,085	
				5,521,578
3,565,496	3,589,835	3,201,760	3,233,705	
2,448,741	2,453,589	2,408,233	2,220,244	
247,001	234,922	196,790	190,748	192,193
1,148,641	1,057,238	1,113,876	1,010,610	993,776
502,248	902,070	576,470	934,074	839,683
1,358,517	1,343,669	1,063,289	1,329,128	1,456,963
75,684	112,933	103,308	55,703	53,204
1,647,616	2,277,423	1,084,132	1,525,562	1,664,383
447,484	248,777	944,244	310,260	387,346
201,762	178,157	209,974	230,968	254,169
15,174,239	15,755,145	14,104,486	13,975,109	13,719,226
(935,857)	(481,138)	338,689	565,801	941,072
0	0	30,873	20,722	0
150,000	750,000	0	0	0
0	0	0	0	0
0	0	0	195,647	0
0	3,690	3,328	12,634	0
579,045	799,107	1,595,000	1,548,958	1,110,500
(527,170)	(726,286)	(1,508,000)	(1,461,958)	(1,110,500)
201,875	826,511	121,201	316,003	0
(\$733,982)	\$345,373	\$459,890	\$881,804	\$941,072
5.0%	3.3%	9.7%	4.5%	7.1%

**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
2007	\$145,005,660	\$55,991,290	\$574,277,000	\$20,032,840	\$22,764,591
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

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

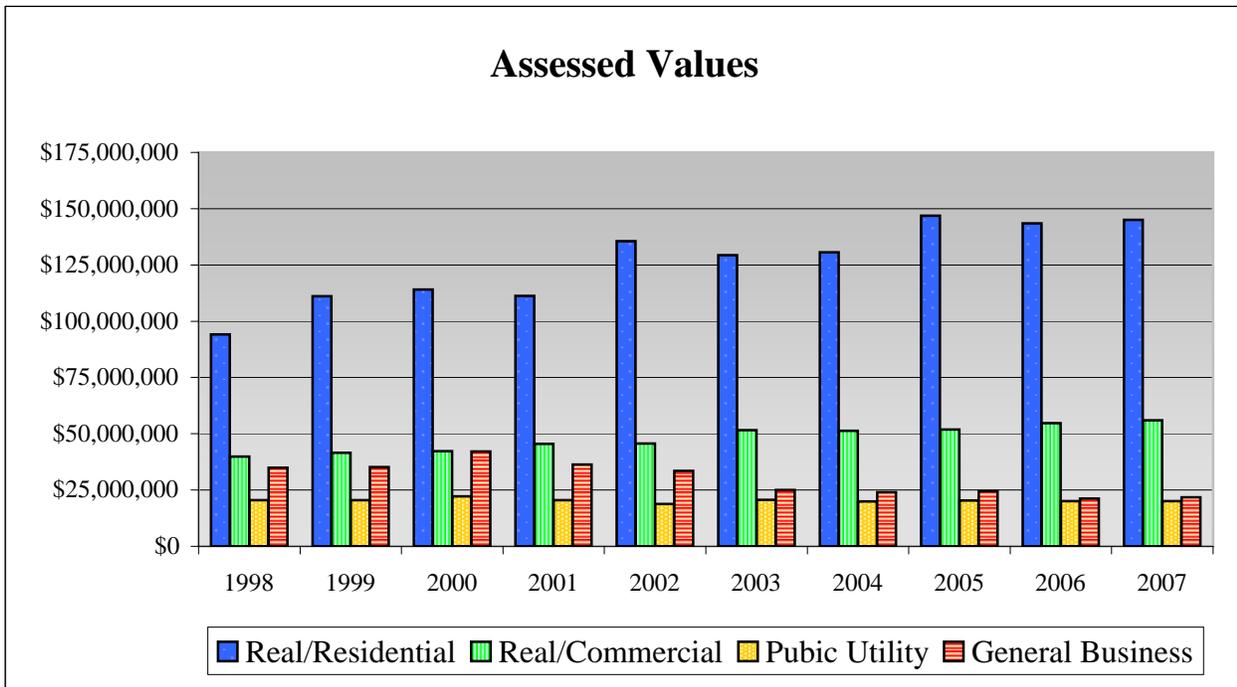
The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General 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. The percentage was 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. In the 2006 collection year, the 10% rollback for commercial/industrial property was eliminated.

Source: Ashtabula County, Ohio; County Auditor

**Tangible Personal Property**

General Business		Total			Total Direct Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$21,710,950	\$173,687,600	\$242,740,740	\$770,729,191	31.49%	\$9.31
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



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

	2007	2006	2005	2004
<b>Unvoted Millage</b>				
Operating	\$0.2700	\$0.2700	\$0.2700	\$0.2700
Fire Pension	1.3000	1.3000	1.3000	1.3000
Police Pension	1.3000	1.3000	1.3000	1.3000
<i>Total Unvoted Millage</i>	<u>2.8700</u>	<u>2.8700</u>	<u>2.8700</u>	<u>2.8700</u>
<b>Charter Millage</b>				
General Fund	4.1400	4.1400	4.1400	4.1400
Permanent Improvement Fund	2.0000	2.0000	2.0000	2.0000
Justice Center (Debt Service)	0.0000	1.8000	1.8000	1.8000
Senior Citizens	0.3000	0.3000	0.3000	0.3000
<i>Total Charter Millage</i>	<u>6.4400</u>	<u>8.2400</u>	<u>8.2400</u>	<u>8.2400</u>
<b>Total Millage</b>	<u><u>\$9.3100</u></u>	<u><u>\$11.1100</u></u>	<u><u>\$11.1100</u></u>	<u><u>\$11.1100</u></u>

**Overlapping Rates by Taxing District**

<b>Ashtabula Area City Schools</b>				
Residential/Agricultural Real	\$32.4762	\$32.5174	\$32.0119	\$33.8579
Commerical/Industrial and Public Utility Real	37.8697	37.7254	37.1955	38.6735
General Business and Public Utility Personal	52.5000	52.5000	52.0000	52.0000
<b>Ashtabula County Commissioner</b>				
Residential/Agricultural Real	8.9779	8.4057	8.4062	9.0059
Commerical/Industrial and Public Utility Real	9.0000	9.4487	9.4450	9.8485
General Business and Public Utility Personal	11.0300	11.0300	11.0300	11.0300
<b>Special Taxing Districts (1)</b>				
Residential/Agricultural Real	1.0790	1.0769	1.0767	1.1040
Commerical/Industrial and Public Utility Real	1.1229	1.1307	1.1304	1.1393
General Business and Public Utility Personal	1.1800	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
2007	\$2,479,512	\$2,340,288	94.38 %	\$131,671	\$2,471,959	99.69 %	\$270,956	10.92 %
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

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*  
2007 and 1998

<i>January 1, 2007</i>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Ohio American Water	\$10,547,400	5.25 %
Cleveland Electric Illuminating	5,300,010	2.64
Western Reserve Telephone	3,577,550	1.78
Pinney Dock	2,529,840	1.26
Molded Fiber Glass	1,673,410	0.83
Ashtabula Care Center	1,429,580	0.71
Ashtabula Homes II LLC	1,402,810	0.70
Ash-L Associates	1,264,380	0.63
Ashtabula Towers	1,098,800	0.55
Hupco Inc	989,980	0.49
Total	<u>\$29,813,760</u>	<u>14.83 %</u>
Total Assessed Valuation	<u>\$200,996,950</u>	

<i>January 1, 1998</i>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Western Reserve Telephone	\$6,732,780	5.02 %
Cleveland Electric Illuminating	6,570,550	4.90
Ohio American Water	4,353,200	3.25
Consolidated Rail	3,606,400	2.69
Pinney Dock	2,858,560	2.13
East Ohio Gas	1,886,010	1.41
Molded Fiber Glass	1,714,640	1.28
Reliance	959,930	0.72
Iten - Hupco	928,328	0.69
Ashtabula Care Center	925,220	0.69
Total	<u>\$30,535,618</u>	<u>22.79 %</u>
Total Assessed Valuation	<u>\$133,986,650</u>	

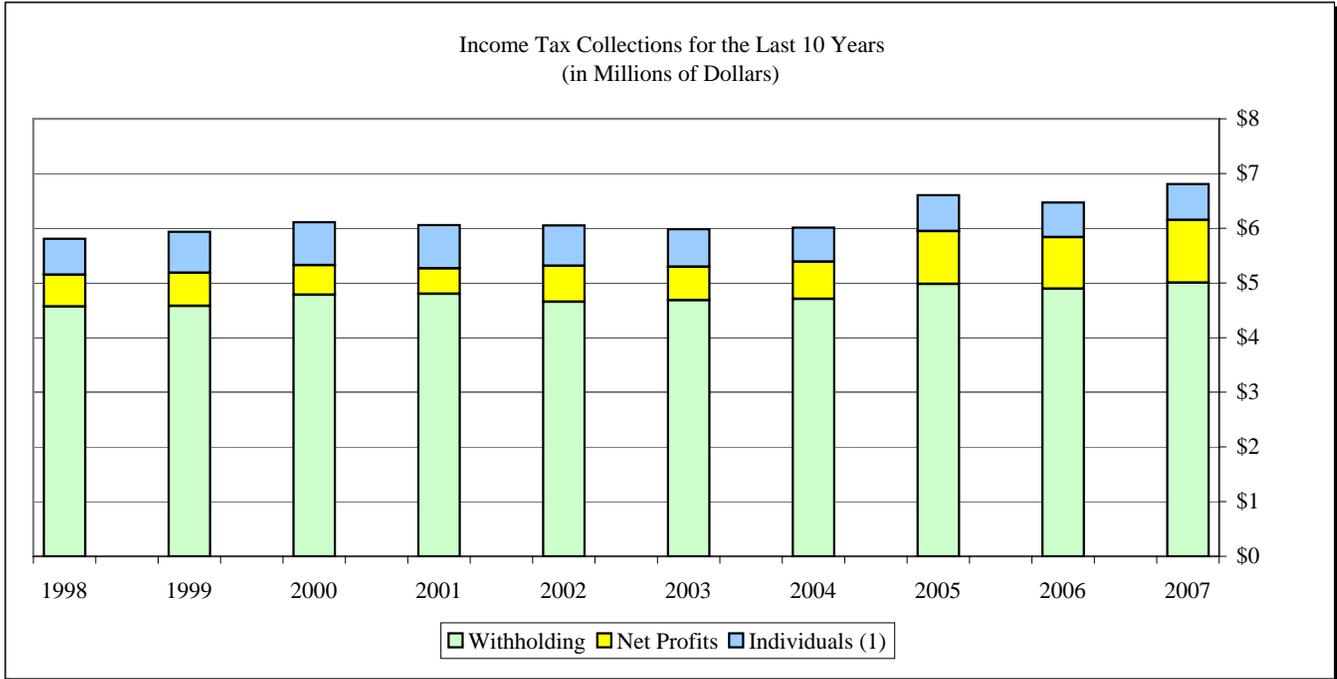
Source: Ashtabula County Auditor

NOTE: Amounts represent assessed values upon which 2007 and 1998 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
2007	1.80 %	\$6,809,681	\$5,001,739	73.45%	\$1,148,864	16.87%	\$659,078	9.68%
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

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

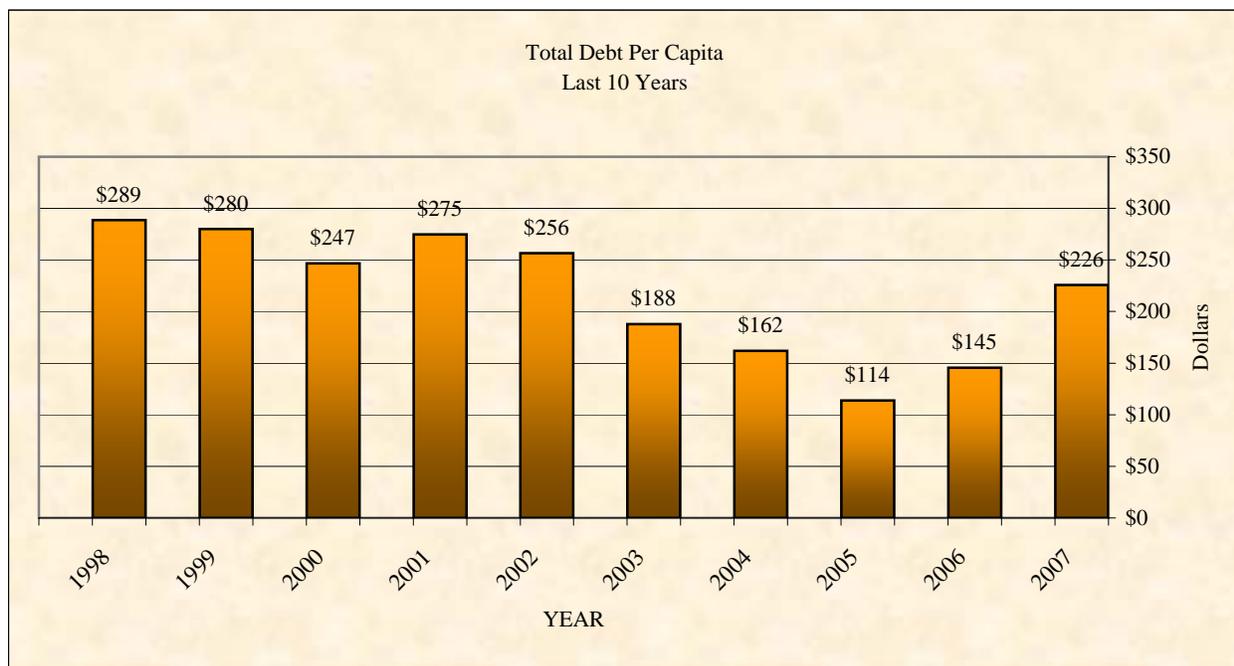


**City of Ashtabula, Ohio**  
*Ratio of Outstanding Debt to  
Total Personal Income and Debt Per Capita  
Last Ten Years*

Year	Governmental Activities					
	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	OPWC Loans	Police & Fire Loan	Building Improvements Loan
2007	\$47,061	\$0	\$0	\$122,280	\$102,229	\$1,027,398
2006	269,266	0	0	132,063	201,477	1,200,000
2005	592,558	0	10,000	136,954	297,824	0
2004	1,379,848	0	20,000	151,627	391,354	0
2003	1,719,311	0	30,000	156,518	481,610	0
2002	3,046,293	0	40,000	171,192	472,929	0
2001	3,240,000	0	50,000	180,974	553,080	0
2000	2,640,000	0	60,000	190,756	628,998	0
1999	2,785,000	410,000	70,000	195,647	700,805	0
1998	2,925,000	500,000	80,000	0	768,920	0

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

Governmental Activites	Business Type Activities				
Capital Leases	Equalization Basin Loan	OWDA Loans	Total Debt	Percentage of Personal Income(1)	Per Capita(1)
\$0	\$2,293,696	\$1,137,278	\$4,729,942	1.61 %	\$226
0	0	1,245,743	3,048,549	1.04	145
637	0	1,349,639	2,387,612	0.81	114
1,658	0	1,449,159	3,393,646	1.15	162
4,537	0	1,544,487	3,936,463	1.34	188
9,021	0	1,635,801	5,375,236	1.83	256
12,865	0	1,723,268	5,760,187	1.96	275
12,252	0	1,807,051	5,339,057	2.63	247
11,470	0	1,887,305	6,060,227	2.98	280
4,122	0	1,964,178	6,242,220	3.07	289



**City of Ashtabula, Ohio**

*Legal Debt Margin*

*Last Ten Years*

	2007	2006	2005	2004
Total Assessed Property Value	<u>\$242,740,740</u>	<u>\$239,484,190</u>	<u>\$243,460,550</u>	<u>\$226,008,470</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$47,061	\$269,266	\$592,558	\$1,379,848
Equalization Basin Loan	2,293,696	0	0	0
OWDA Loans	1,137,278	1,245,743	1,349,639	1,449,159
Building Improvements Loan	1,027,398	1,200,000	0	0
Revenue Bonds	0	0	0	0
OPWC Loans	122,280	132,063	136,954	151,627
Special Assessment Bonds	0	0	10,000	20,000
Total Gross Indebtedness	<u>4,627,713</u>	<u>2,847,072</u>	<u>2,089,151</u>	<u>3,000,634</u>
Less:				
General Obligation Bonds	(47,061)	(269,266)	(592,558)	(1,379,848)
Equalization Basin Loan	(2,293,696)	0	0	0
OWDA Loans	(1,137,278)	(1,245,743)	(1,349,639)	(1,449,159)
Building Improvements Loan	(1,027,398)	(1,200,000)	0	0
Revenue Bonds	0	0	0	0
OPWC Loans	(122,280)	(132,063)	(136,954)	(151,627)
Special Assessment Bonds	0	0	(10,000)	(20,000)
General Obligation Bond Retirement Fund Balance	<u>(785,817)</u>	<u>(571,960)</u>	<u>(347,597)</u>	<u>(590,065)</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>25,487,778</u>	<u>25,145,840</u>	<u>25,563,358</u>	<u>23,730,889</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$25,487,778</u>	<u>\$25,145,840</u>	<u>\$25,563,358</u>	<u>\$23,730,889</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>\$13,350,741</u>	<u>\$13,171,630</u>	<u>\$13,390,330</u>	<u>\$12,430,466</u>
Total Gross Indebtedness	4,627,713	2,847,072	2,089,151	3,000,634
Less:				
General Obligation Bonds	(47,061)	(269,266)	(592,558)	(1,379,848)
Equalization Basin Loan	(2,293,696)	0	0	0
OWDA Loans	(1,137,278)	(1,245,743)	(1,349,639)	(1,449,159)
Building Improvements Loan	(1,027,398)	(1,200,000)	0	0
Revenue Bonds	0	0	0	0
OPWC Loans	(122,280)	(132,063)	(136,954)	(151,627)
Special Assessment Bonds	0	0	(10,000)	(20,000)
General Obligation Bond Retirement Fund Balance	<u>(785,817)</u>	<u>(571,960)</u>	<u>(347,597)</u>	<u>(590,065)</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>\$13,350,741</u>	<u>\$13,171,630</u>	<u>\$13,390,330</u>	<u>\$12,430,466</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

\* These numbers are based on the Net Debt. This reflects only debt that is supported through real estate value.

2003	2002	2001	2000	1999	1998
<u>\$226,721,670</u>	<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>
\$1,719,311	\$3,046,293	\$3,240,000	\$2,640,000	\$2,785,000	\$2,925,000
0	0	0	0	0	0
1,544,487	1,635,801	1,723,268	1,807,051	1,887,305	1,964,178
0	0	0	0	0	0
0	0	0	0	410,000	500,000
156,518	171,192	180,974	190,756	195,647	0
30,000	40,000	50,000	60,000	70,000	80,000
<u>3,450,316</u>	<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>
(1,719,311)	(3,046,293)	(3,240,000)	(2,640,000)	(2,785,000)	(2,925,000)
0	0	0	0	0	0
(1,544,487)	(1,635,801)	(1,723,268)	(1,807,051)	(1,887,305)	(1,964,178)
0	0	0	0	0	0
0	0	0	0	(410,000)	(500,000)
(156,518)	(171,192)	(180,974)	(190,756)	(195,647)	0
(30,000)	(40,000)	(50,000)	(60,000)	(70,000)	(80,000)
<u>(408,641)</u>	<u>(1,217,065)</u>	<u>(1,020,925)</u>	<u>(832,275)</u>	<u>(455,697)</u>	<u>(411,341)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>23,805,775</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>\$23,805,775</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>
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<u>\$12,469,692</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>
3,450,316	4,893,286	5,194,242	4,697,807	5,347,952	5,469,178
(1,719,311)	(3,046,293)	(3,240,000)	(2,640,000)	(2,785,000)	(2,925,000)
0	0	0	0	0	0
(1,544,487)	(1,635,801)	(1,723,268)	(1,807,051)	(1,887,305)	(1,964,178)
0	0	0	0	0	0
0	0	0	0	(410,000)	(500,000)
(156,518)	(171,192)	(180,974)	(190,756)	(195,647)	0
(30,000)	(40,000)	(50,000)	(60,000)	(70,000)	(80,000)
<u>(408,641)</u>	<u>(1,217,065)</u>	<u>(1,020,925)</u>	<u>(832,275)</u>	<u>(455,697)</u>	<u>(411,341)</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$12,469,692</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>
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*

<u>Year</u>	<u>Population (1)</u>		<u>Estimated Actual Value of Taxable Property (2)</u>	<u>Gross Bonded Debt</u>	<u>Ratio of Bonded Debt to Estimated Actual Value of Taxable Property</u>	<u>Bonded Debt Per Capital</u>
2007	20,962	c	\$770,729,191	\$47,061	0.01 %	\$2.25
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

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, 2007*

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Ashtabula
<b>Direct - City of Ashtabula</b>			
General Obligation Bonds	\$47,061	100.00%	\$47,061
Building Improvements Loan	1,027,398	100.00%	1,200,000
OPWC Loans	122,280	100.00%	122,280
Police Pension	102,229	100.00%	102,229
<i>Total Direct Debt</i>	<u>1,298,968</u> *		<u>1,471,570</u>
<b>Overlapping</b>			
Ashtabula Area City School District			
General Obligation Bonds	39,361,933	53.40%	21,019,272
Ashtabula County			
General Obligation Bonds	<u>5,442,766</u>	13.30%	<u>723,888</u>
<i>Total Overlapping Debt</i>	<u>44,804,699</u>		<u>21,743,160</u>
<b>Total</b>	<u><u>\$46,103,667</u></u>		<u><u>\$23,214,730</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.

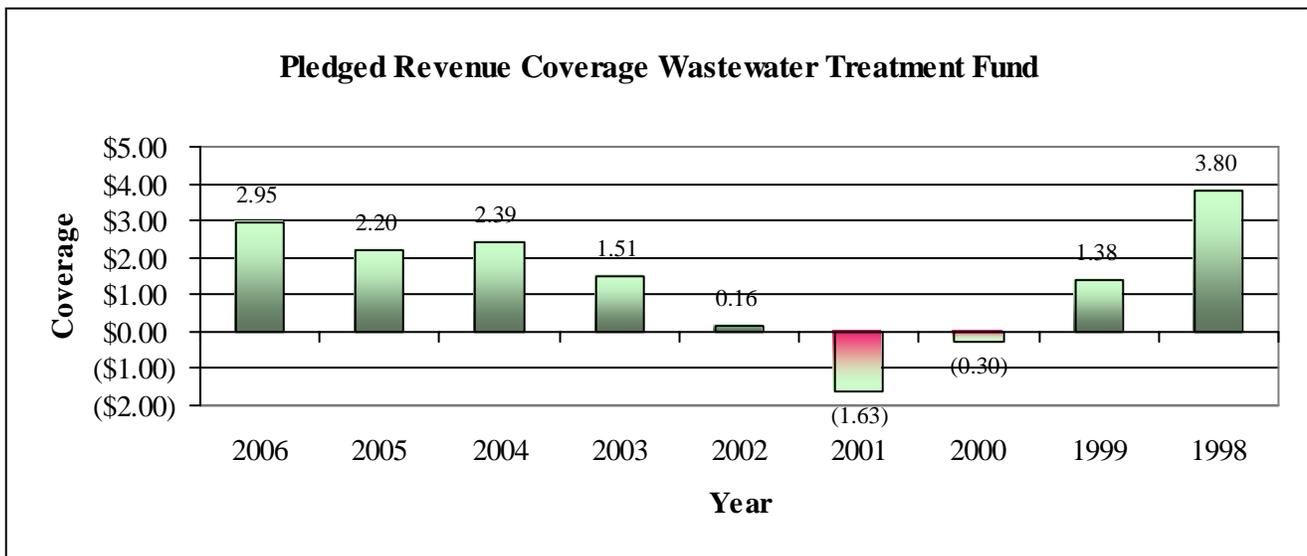
**City of Ashtabula, Ohio**  
*Pledged Revenue Coverage Wastewater Treatment Fund*  
*Last Ten Years*

	2007	2006	2005	2004
<b>Wastewater Treatment Fund</b>				
Operating Revenues (1)	\$3,855,186	\$3,092,660	\$3,051,895	\$2,880,449
Less: Operating Expenses (2)	<u>2,527,057</u>	<u>2,617,005</u>	<u>2,696,070</u>	<u>2,493,765</u>
<b>Net Available Revenue</b>	<u>1,328,129</u>	<u>475,655</u>	<u>355,825</u>	<u>386,684</u>
<b>Debt Service</b>				
Principal	314,769	103,896	99,520	95,328
Interest	<u>106,981</u>	<u>57,592</u>	<u>61,968</u>	<u>66,160</u>
<b>Total Debt Service</b>	<u>421,750</u>	<u>161,488</u>	<u>161,488</u>	<u>161,488</u>
<b>Coverage</b>	\$3.15	\$2.95	\$2.20	\$2.39

(1) Revenues include interest, in accordance with the debt agreements.

(2) Operating expenses do not include depreciation.

Source: Ashtabula City Auditor's office

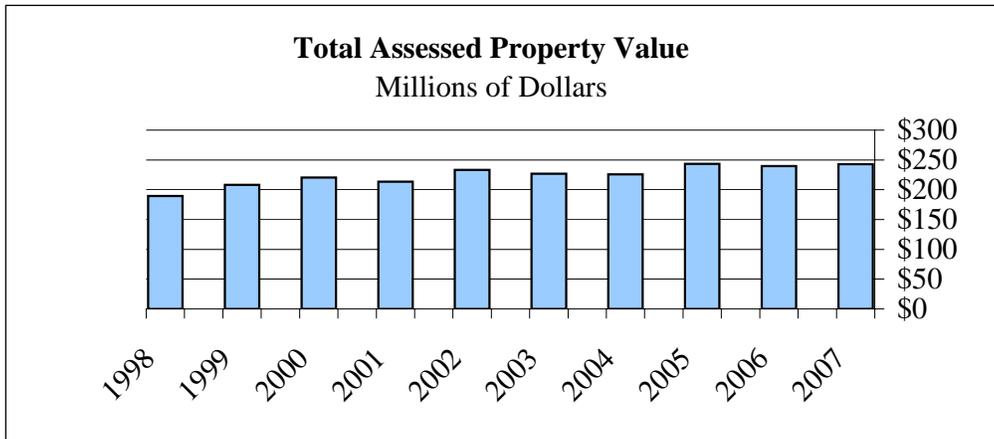


2003	2002	2001	2000	1999	1998
\$2,871,360	\$2,801,467	\$2,587,575	\$2,687,820	\$2,745,717	\$2,874,166
<u>2,628,308</u>	<u>2,774,960</u>	<u>2,850,199</u>	<u>2,736,821</u>	<u>2,522,524</u>	<u>2,269,722</u>
<u>243,052</u>	<u>26,507</u>	<u>(262,624)</u>	<u>(49,001)</u>	<u>223,193</u>	<u>604,444</u>
91,314	87,467	83,783	80,254	76,873	70,195
<u>70,174</u>	<u>74,021</u>	<u>77,705</u>	<u>81,234</u>	<u>84,615</u>	<u>88,820</u>
<u>161,488</u>	<u>161,488</u>	<u>161,488</u>	<u>161,488</u>	<u>161,488</u>	<u>159,015</u>
\$1.51	\$0.16	(\$1.63)	(\$0.30)	\$1.38	\$3.80

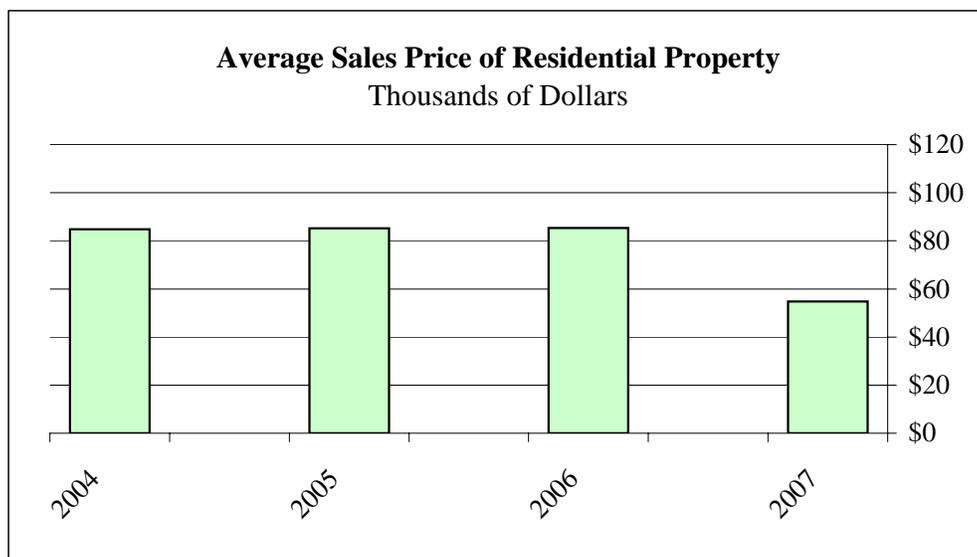
**City of Ashtabula, Ohio**  
*Demographic and Economic Statistics*  
*Last Ten Years*

Year	Population (1)	Total Personal Income (2)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2007	20,962	\$294,180,708	\$14,034	\$27,354	34.9
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

- (1) Source: U. S. Census
  - (a) Years 2000 through 2007 - 2000 Federal Census
  - (b) Years 1998 and 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	4,662	7.0%	\$54,772	\$242,740,740
10.4	4,686	0.1	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



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

<b>2007</b>		
Employer	Nature of Activity	Employees
Ashtabula County Medical Center	Medical Center	995
Ashtabula Area City Schools	Public Education	865
Molded Fiber Glass	Manufacturing - composites	676
CHS - Lake Erie	Nursing Home	288
Kent State University - Ashtabula Campus	Public Education/College	245
Ashtabula Rubber Company	Manufacturing - rubber components	230
Iten Industries	Manufacturing - plastic parts	225
City of Ashtabula, Ohio	Municipal Government	213
Country Club Retirement Center	Nursing Home	196
Plasticolors	Pigment and additive dispersions	175
Total		<u>4,108</u>

<b>2000</b>		
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 Six Years (1)*

Function/Program	2007	2006	2005	2004	2003	2002
General Government						
Legislative and Executive						
Council	8	8	8	8	8	8
Administration	3	3	2	2	2	2
Auditor	7	7	6	6	7	7
Treasurer	1	1	1	1	1	1
Income Tax	3	3	3	3	3	3
Solicitor	4	4	4	4	4	4
Motor Maintenance	3	3	1	3	3	3
Engineering	3	3	3	3	3	3
Civil Service	1	1	1	1	1	1
Lands and Buildings	3	3	6	6	6	6
Systems Analyst	1	1	1	1	1	1
Judicial System						
Municipal Court	13	14	12	12	12	13
Probation	4	4	4	4	4	4
Security of Persons and Property						
Police	32	31	33	34	35	37
Police - Civilian	9	9	5	6	9	10
Fire	27	25	25	26	26	26
Fire - Civilian	1	1	1	1	1	1
Public Health Services						
Food Service	1	1	1	1	1	1
Nursing	4	4	4	4	4	4
Street Maintenance and Repair						
Public Works	22	23	20	21	21	22
Housing and Community Development						
Code Enforcement	2	2	2	2	2	2
CDBG	2	1	2	2	2	2
Sanitation Services						
Sanitation	15	16	14	14	14	15
Leisure Time Activities						
Walnut Beach	0	0	0	9	10	9
Business Type Activity						
Wastewater Treatment	14	13	13	16	16	18
Totals:	<u>183</u>	<u>181</u>	<u>172</u>	<u>190</u>	<u>196</u>	<u>203</u>

(1) Information prior to 2002 not available.

**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 Four Years (1)*

Function/Program	2007	2006	2005	2004
<b>General Government</b>				
<i>Legislative and Executive</i>				
<i>Council &amp; Clerk</i>				
Number of Ordinances Passed	161	192	103	112
Number of Resolutions Passed	18	16	15	28
<i>Auditor</i>				
Number of checks/ vouchers issued	5,248	4,312	4,653	3,627
Amount of checks written	\$15,497,472	\$20,919,912	\$20,422,342	\$19,055,341
Number of Budget Adjustments issued	269	248	222	187
Agency Ratings - Standard & Poors	A-	A-	A-	A-
Agency Ratings - Moody's Financial Services	BBA	BAA	BAA	BAA
Health Insurance Costs vs General Fund Expenditures %	13.60%	13.99%	13.32%	13.05%
General Fund Receipts	\$10,239,837	\$10,028,364	\$9,981,777	\$9,245,696
General Fund Expenditures	\$10,015,243	\$9,536,404	\$8,906,539	\$8,802,912
General Fund Cash Balances	\$627,580	\$657,980	\$708,153	\$354,738
<i>Treasurer</i>				
Number of Pay-Ins issued	1,441	1,574	1,488	1,484
Interest earnings for fiscal year (cash basis)	\$394,355	\$339,503	\$212,687	\$82,469
<i>Income Tax Department</i>				
Number of Individual Returns	7,262	8,495	8,677	8,626
Number of Business Returns	1,484	1,347	1,381	1,410
Number of business withholding accounts	735	833	799	816
Amount of Penalties and Interest Collected	\$35,513	\$30,913	\$28,684	\$29,750
Annual number of Corporate withholding forms processed	9,371	9,440	9,201	8,812
Annual number of balance due statements forms processed	749	777	676	885
Annual number of estimated payment forms processed	905	856	922	797
Annual number of reconciliations of withholdings processed	57	41	389	315
<i>Engineering Department Indicators</i>				
Construction Permits Issued	385	374	311	383
Estimated Value of Construction	\$3,372,076	\$11,444,149	\$4,898,765	\$8,347,191
Number of permits issued	817	727	631	979
Amount of Revenue generated from permits	\$325,886	\$341,215	\$128,302	\$454,917
Number of Planning Commission meetings	2	8	8	6
Number of Administrative/Zoning Board meetings	1	1	2	5
<i>Civil Service</i>				
Number of police entry tests administered	1	0	0	1
Number of fire entry tests administered	1	1	0	1
Number of police promotional tests administered	2	0	2	0
Number of fire promotional tests administered	0	0	4	0
Number of hires of Police Officers from certified lists	7	2	1	0
Number of hires of Fire/Medics from certified lists	1	2	0	0
Number of promotions from police certified lists	2	7	11	13
Number of promotions from fire certified lists	0	6	4	1
<i>Judicial System</i>				
<i>Municipal Court</i>				
Number of Civil Cases	1,588	1,519	1,334	1,409
Number of Criminal cases	10,062	9,564	6,740	5,916
<i>Probation</i>				
Community Diversion participants	143	676	667	745
Community Diversion service hours	5,815	4,205	3,962	9,429

(continued)

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

Function/Program	2007	2006	2005	2004
<b>Security of Persons &amp; Property</b>				
<i>Police</i>				
Total Calls for Services	24,593	21,184	n/a	n/a
Number of traffic citations issued	2,875	1,936	1,500	n/a
Number of parking citations issued	836	360	114	n/a
Number of criminal arrests	1,718	1,212	1,234	n/a
Operating Motor Vehicle Under the Influence (OMVI) Arrests	120	61	58	n/a
Adult Driving Under Suspension (DUS) Arrests	549	356	242	n/a
Prisoners	972	781	705	n/a
Prisoner meal costs	\$41,066	\$46,271	\$36,499	\$29,193
Motor Vehicle Accidents	668	476	550	n/a
Fatalities from Motor Vehicle Accidents	5	0	2	0
Gasoline costs of fleet	\$67,932	\$87,882	\$93,171	\$94,120
<i>Fire</i>				
EMS/Medical Calls (Mutual Aid, Non Transport)	875	852	844	878
Fire Calls	800	141	150	125
Fire Fatalities	1	0	1	0
Fires with Loss	35	31	40	37
Fires with Losses exceeding \$10K	11	10	16	20
Fire Losses \$	\$451,670	\$515,600	\$2,365,150	\$998,450
Fire Investigations	34	34	37	40
Number of times Mutual Aid given to Fire and EMS	26	20	38	22
Departmental Training Hours	4,552	5,787	5,202	5,304
<b>Public Health &amp; Welfare</b>				
<i>Health Department</i>				
Certificates Filed				
Number of Births	602	576	636	541
Number of Deaths	281	287	338	341
Certificates Issued				
Number of Births	3,203	3,015	2,816	2,780
Number of Deaths	1,235	1,226	1,540	1,542
Burial Permits Issued	399	416	500	491
Receipts from Certificates Issued	\$84,321	\$81,827	\$74,910	\$66,303
Number of Health Inspections				
Food Service Operations, Licensed/Number of Inspections	86/182	99/240	101/243	103/245
Food Establishments, Licensed/Number of Inspections	44/68	44/81	45/85	46/78
Vending Operations, Licensed/Number of Inspections	15/12	19/17	23/21	22/23
Marinas, Licensed/Number of Inspections	16/10	10/11	10/10	10/11
Manufactured Home Parks, Licensed/Number of Inspections	3/3	3/10	3/6	3/6
Campgrounds, Licensed/Number of Inspections	4/4	4/7	4/4	4/5
Swimming Pools and Spas, Licensed/Number of Inspections	6/12	6/17	6/12	6/17

(continued)

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

Function/Program	2007	2006	2005	2004
<b>Street Maintenance and Repair</b>				
Guardrail Repair (hours)	129	123	87	176
Paint Striping (hours)	510	493	512	518
Street Sweeper (hours)	2,313	2,240	2,279	2,400
Cold Patch (hours)	4,085	4,160	4,113	3,978
Snow & Ice Removal regular hours	11,768	11,520	11,431	12,311
Snow & Ice Removal overtime hours	823	880	913	953
Sewer and Sanitary calls for service	949	963	946	1,012
After hours Sewer Calls (hours)	413	416	425	457
Sewer Crew (hours)	2,908	2,880	2,764	2,899
Sewer jet, Vac-all, other services (hours)	1,483	1,440	1,456	1,503
Landscaping Stump-Chipper service (hours)	410	413	385	395
Leaf collection (hours)	4,819	4,800	4,768	4,854
Holiday lights setup (hours)	80	40	40	40
Equipment repair/body shop (hours)	5,200	5,200	4,160	5,200
Sign department (hours)	1,500	1,036	1,058	1,113
Tons of snow melting salt purchased (Jan-Dec)	3,792	2,490	3,726	3,252
Cost of salt purchased	\$134,588	\$84,069	\$127,411	\$116,567
<b>Housing and Community Development</b>				
<i>Community Development Block Grant</i>				
Grant amounts received	\$45,834	\$536,000	\$151,000	\$659,000
<i>Code Enforcement</i>				
Number of rental inspections performed	2,178	480	360	360
Number of exterior inspections	1,403	n/a	700	673
Code Enforcement fees collected	\$158,144	\$98,950	\$44,352	\$50,636
<b>Sanitation</b>				
Residential trash pickup rate (billed every 2 months)	\$15.00	\$15.00	\$12.00	\$13.00
Refuse disposal per year (in tons)	13,937	12,565	12,106	11,901
Refuse disposal costs per year	\$540,000	\$435,814	\$378,744	\$328,931
Annual recycling tonnage (excluding leaf, and compost items)	480	476	476	414
Percentage of waste recycled	3.80%	3.65%	3.79%	3.36%
Revenue generated from sale of recyclables	\$15,595	\$5,233	\$6,736	\$3,895
<b>Leisure Time Activities</b>				
<i>Recreation</i>				
<b>Wastewater Treatment</b>				
Sewer Rates per unit of water used (1unit equals 750 gallons)	\$2.45	\$2.45	\$2.40	\$2.40
Total flow of wastewater treatment plant (Billions of Gallons)	1.713	1.998	2.540	2.262
Average daily flow (Millions of gallons per day)	4.693	5.550	6.990	6.170
Tons of dry sludge removed	510.56	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 Four Years (1)*

Function/Program	2007	2006	2005	2004
<b>General Government</b>				
Square Footage Occupied	95,943	95,943	95,943	95,943
Administrative Vehicles	4	8	6	6
Inspection Vehicles	6	4	4	3
Municipal Court Vehicles	2	3	2	2
Lands & Buildings Vehicles	4	4	4	3
<b>Police</b>				
Stations	1	1	1	1
Square Footage of Building	14,491	14,491	14,491	14,491
Vehicles	33	35	44	44
<b>Fire</b>				
Stations	1	1	1	1
Square Footage of Building	11,560	11,560	11,560	11,560
Vehicles	8	8	7	7
<b>Street Maintenance and Repairs</b>				
Square Footage of Building	25,050	25,050	25,050	25,050
Streets (miles)	97	97	97	97
Bridges	6	6	6	6
Traffic Signals	54	54	50	49
Service Vehicles	28	30	25	25
<b>Sanitation Services</b>				
Square Footage of Building	9,100	9,100	9,100	9,100
Vehicles	10	10	12	12
<b>Leisure Time Activities</b>				
Number of Parks	8	8	8	8
Number of Tennis Courts	2	2	2	2
Number of Skateboarding Areas	1	1	1	1
Number of Baseball Diamonds	4	4	4	4
Number of Soccer Fields	1	1	1	1
Square Footage of Walnut Beach Building	6,420	6,420	6,420	6,420
Square Footage of Smith Field Building	336	336	336	336
Square Footage of Massucci Building	1,944	1,944	1,944	n/a
<b>Wastewater Treatment</b>				
Square Footage of Building	22,344	22,344	22,344	22,344
Sanitary Sewers (miles)	91.94	91.94	91.94	91.94
Storm Sewers (miles)	76.18	76.18	76.18	76.18
Vehicles	6	11	11	11

(1) Information prior to 2004 is not available

**City of Ashtabula, Ohio**  
*Sewer and Trash Statistics*  
*Last Four Years*

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Sewer Billings (1)	\$2,668,957	\$2,669,897	\$2,792,173	\$2,337,816
Residential Trash Billings	<u>1,303,059</u>	<u>1,073,613</u>	<u>1,056,604</u>	<u>927,328</u>
Total Utility Billing	<u>\$3,972,016</u>	<u>\$3,743,510</u>	<u>\$3,848,777</u>	<u>\$3,265,144</u>
Sewer Collections (1)(2)	\$2,119,014	\$1,989,073	\$2,065,929	\$1,858,330
Residential Trash Collections(2)	<u>980,335</u>	<u>786,512</u>	<u>833,520</u>	<u>776,486</u>
Total Utility Billing Collections	<u>\$3,099,349</u>	<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	78.03%	74.14%	75.33%	80.70%
Delinquent Sewer Collections(2)	\$498,674	\$458,820	\$487,751	\$408,230
Delinquent Residential Trash Collections(2)	<u>257,230</u>	<u>239,361</u>	<u>244,018</u>	<u>207,596</u>
Total Delinquent Collections	<u>\$755,904</u>	<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 2007 were for the amounts certified in 2006.

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

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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 the City Council  
Ashtabula, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ashtabula (the “City”), as of and for the year ended December 31, 2007, which collectively comprise the City of Ashtabula’s basic financial statements and have issued our report thereon dated June 19, 2008, wherein we noted the City adopted *Governmental Accounting Standards Board Statement Nos. 45, 48, and 50*. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Ashtabula’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Ashtabula’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 of Ashtabula’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 of Ashtabula’s financial statements that is more than inconsequential will not be prevented or detected by the City of Ashtabula’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 of Ashtabula’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.

Members of the City Council  
Ashtabula, Ohio

### **Compliance and Other Matters**

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

We noted certain matters that we reported to management of the City of Ashtabula in a separate letter dated June 19, 2008.

This report is intended solely for the information and use of management, City Council, finance committee, others within the entity and the Auditor of State's Office and is not intended to be and should not be used by anyone other than these specified parties.

*Cini & Paricki, Inc.*

Cleveland, Ohio  
June 19, 2008





**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  
AUGUST 26, 2008**