



Mary Taylor, CPA
Auditor of State

CITY OF CONNEAUT
ASHTABULA COUNTY

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Mary Taylor, CPA

Auditor of State

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

City of Conneaut
Ashtabula County
294 Main Street
Conneaut, Ohio 44030

To the Members of Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Conneaut, Ashtabula County, (the City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 26, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we noted certain matters that we reported to the City's management in a separate letter dated June 26, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. However, we did note one noncompliance or other matter that we reported to the City's management in a separate letter dated June 26, 2008.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 26, 2008

CITY OF CONNEAUT, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2007

ISSUED BY THE DEPARTMENT OF FINANCE

John Williams, J.D., CPA,

FINANCE DIRECTOR

City of Conneaut, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2007
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CITY OF CONNEAUT
FINANCE DEPARTMENT
294 MAIN STREET, CONNEAUT, OHIO 44030

John Williams, J.D., CPA
Finance Director

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June 26, 2008

Citizens of Conneaut
Interim City Manager, Edward Somppi
and Honorable Members of City Council
Conneaut, Ohio

It is my privilege to present to you the City of Conneaut's (the City) Comprehensive Annual Financial Report (CAFR). This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file an annual report with the Auditor of State within 150 days of fiscal year end.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Ohio State Auditor's Office has issued an unqualified ("clean") opinion of the City of Conneaut's financial statements for the year ended December 31, 2007. The State Auditor's report is located at the front of this financial report.

Management's discussion and analysis (MD&A) immediately follows the State 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 Government

The City of Conneaut, Ohio, is located in the most northeastern section of Ohio, along the Lake Erie shore, with a population of 12,485 and has 27 square miles within the City limits. The City was incorporated as a borough in 1832, and eventually achieved City status in 1902.

The City is well served by diversified transportation facilities, with two State highways, Routes 7 and 531, U.S. Route 20 and interstate highway I-90. It has three major railroads: CSX, Norfolk and Southern and the Bessemer-Lake Erie. Norfolk and Southern has a large rail yard located in the center of the City, while the Bessemer-Lake Erie has two rail yard facilities located in the Port of Conneaut. The Port is the largest along the southern shore of Lake Erie, both in area and shipping tonnage.

Within 30 miles, there are several public and private colleges and universities providing a wide range of educational facilities and opportunities. These include Kent State University-Ashtabula Branch, Gannon University, Edinboro University, Penn State-Behrend and Mercyhurst College. The City also has a local hospital, University Hospitals Health System – Conneaut Medical Center, which is a state of the art medical facility.

The City operated under the statutory Mayor-Council form of government until the electors of the City passed the City Charter with a Council-Manager form of government. Members of the Conneaut Charter Commission were elected at the general election held November 7, 1989 to frame and submit a Charter to the electors of the City. In the general election held Tuesday, November 6, 1990, the electors of the City of Conneaut approved the proposed charter and the City's first City Manager began serving in February of 1992. Beginning in January, 1997, and at least every seven years thereafter, City Council must appoint a Committee to review the Charter and propose any amendments as the Committee deems advisable. Amendments shall be submitted to the electorate at the next November general election. The last major amendments occurred in November 2004, which established staggered four year terms for City Council and eliminated the Department of Public Safety, with the City Manager assuming charge of all programs related to public safety, including the divisions of Police and Fire. The City has all powers of local self-government and home rule subject to certain general laws applicable to all Ohio cities.

Legislative authority is vested in a seven-member Council, with an elected President of Council, two at large, and one from each of the City's four wards. Previously, all seven members of Council were elected every two years, but after the last Charter amendment each council member is now elected to four year staggered terms. Starting in November, 2005, the President of Council and the two at large positions were elected to four year terms and beginning in November, 2007, each of the ward council positions are elected to four year terms.

The Council has the authority to appoint the City Manager, establish, combine, or separate administrative departments, adopt the budget of the City, issue debt, adopt and amend zoning, building, and sanitary regulations, fix the compensation of all City officials employees, including that of its own members, and has various other municipal powers.

The City Charter vests administrative authority in the City Manager, who is the chief administrative official. There are three named departments: the Department of Finance, the Department of Law, and the Department of Public Service. All other departments, including police, fire, water, wastewater, ambulance, public works, housing/zoning and recreation are created by City Council. The City Manager appoints the directors of all City departments, including the Directors of Finance, Law, and Service, as well as the Chiefs of Police and Fire. Additionally, most boards and commissions are also appointed by the City Manager, although some boards require council approval.

The City provides basic services to its residents including water, sewer, police and fire protection, ambulance, planning, housing-zoning, street maintenance and repair, and general administrative services.

The City Council adopts an annual appropriation measure by December 31 for the up-coming year. This annual budget serves as the foundation for the City of Conneaut's financial planning and control. The budget is prepared by fund, department and object. Transfers between object levels within each department require approval by Council.

Local Economy

The City of Conneaut's goals are to aggressively pursue economic growth, promote business retention, assist with business expansion and create a pro-business environment. To help accomplish these goals, the City's economic development committee holds monthly meetings to discuss strategy and monitor the implementation of objectives. The committee is comprised of the City Manager, council members, and business leaders. The City continues to remain the focal point for new and existing businesses to obtain assistance with and information about some of the programs available through the City, including the community reinvestment areas, enterprise zones, downtown revitalization, economic development funding and the new industrial park. A partnership has been developed between the City's economic development committee and the Conneaut Area Chamber of Commerce to combine resources in an effort to facilitate business progress.

The City has a revolving loan fund, which is used to promote economic development by providing low interest loans to individuals and businesses to help them succeed. The goal is to encourage development and create jobs

for our citizens. Some of the money available through this fund can be used for downtown revitalization. Individuals and businesses in the downtown district may apply for a zero-percent loan for up to \$15,000 for improvements to buildings, including facade improvements, new roofs, new windows, and electrical, plumbing, and heating. This is designed to beautify the downtown area and encourage patronage of local businesses to help ensure that the downtown continues to thrive. Several businesses have utilized the City's revolving loan fund for business expansion and building improvements.

Tourism is vital component of the City's economy. Conneaut has many tourist attractions including Conneaut Creek, which has been declared a "Wild and Scenic River" and is the number one ranked trout stream in the USA. It has a premier marina with multiple boat launching ramps, four covered bridges, some of the best local wineries, seven miles of shoreline with some of the best perch and walleye fishing in Lake Erie, a historical railroad museum and a sixty-acre lake shore park with an expansive one-half mile long public beach. In order to provide more diversity and expand the scope of duties, the Board of Tourism was expanded from three members to seven.

The Board of Tourism and Conneaut Chamber of Commerce continue to promote the City's tourism industry, and with each passing year, more tourists are visiting the City of Conneaut, which helps support the local economy.

A City-wide Community Reinvestment Area (CRA) has been established. The CRA provides a tax reduction on the increase in taxable value of a property for new construction and renovation of existing structures. The City offers up to 100 percent real estate tax abatement for fifteen years for new commercial or industrial facilities and up to 100 percent real estate tax abatement for twelve years for the renovation of an existing commercial or industrial facility. An agreement has been established between the Conneaut Area City Schools and the City that outlines revenue sharing on projects over \$500,000. Utilizing the tax reductions provided by the CRA, developers have invested \$2,400,000 in the historic Cleveland Hotel, completing the construction of twenty-nine condominiums. The developer has plans for variety of retail shops located in the hotel. Snap Fitness, a premier fitness center, has located on the first floor of the hotel, providing members with state of the art equipment. The recently enacted CRA was a crucial factor in making this project a reality, providing 100 percent real estate tax abatement for twelve years. This project has helped to revitalize the downtown area.

Development of the I-90 interchange and State Route 7 has been a top priority. Love's Travel Center has purchased land at the interchange and has plans to build a \$6,000,000 facility in early 2009. Utilizing the City's CRA, the company is expected to receive a fifty percent tax abatement for fifteen years. Until 2006, there was a limited highway access restriction along Route 7 that hindered development of the area. However, the City Manager, working with the Ohio Department of Transportation, was able to remove the limited access, opening up new development opportunities. Studies have been performed to determine traffic counts, as well as the topography of the land to determine areas suitable for development. It is anticipated that other development will follow, as other businesses have expressed interest in land near the interchange.

Long-Term Financial Planning

A five year capital improvement plan is being developed to address ageing vehicles, equipment, and infrastructure. The majority of the equipment and vehicles in the public works department is between fifteen and twenty-five years old, and a significant portion of the storm sewer infrastructure needs to be replaced or repaired. Of the fire department's five fire engines, the newest fire engine is twelve years old, while the oldest is a 1979 Seagrave. With the average fire engine costing approximately \$400,000, it poses a challenge to replace these vehicles. The water and sewer departments also have major equipment and capital needs. The City is currently examining ways of funding these capital needs. The fire department may look at replacing current levies, the public works department may review storm water management assessments, and the water and sewer departments may review the current rate structure to meet future capital needs.

A long term goal is to replace all existing water meters within the City, both commercial and residential, with radio reads. Full implementation of this program will cost approximately \$1 million. The initial cost of the

project will need to finance, at least partially, with some note or bonded debt. Commercial meters will be the first to be replaced, as these are the high volume users. Currently residential meters are owned by the City, but commercial meters are privately owned. However, legislation is being considered by City Council whereby the City would purchase the new commercial meters and implement a monthly user charge. As part of this proposed project, new radio read water meters would be installed throughout the water system. Radio read meters will save a tremendous amount of time and money by permitting one person to obtain water meter readings for the entire City in less than one day, which currently takes two meter readers, with two vehicles, an entire month to complete. The City also plans to conduct a five-year water and sewer rate study after the City-wide meter replacement, so that rates are sufficient to meet future operational and capital needs. A restructuring of water fees, along with projected increases in revenue from more accurate meters, are projected to generate more than enough revenue to service the debt necessary to fund the project.

Although no formal policy exists, City Council and the City Manager advocate sound financial practices to help ensure that adequate undesignated fund balances are maintained in all of the operating funds. With an undesignated fund balance of 17.16 percent of total general fund revenues, the City has the financial ability to address most contingencies without the issuance of debt or major cutbacks. As part of Council's long term goals and objectives, revenue enhancement and economic development are paramount, with particular emphasis on growing the City's tax base to help maintain financial stability.

Relevant Financial Policies

The City's largest revenue source is the income tax. Beginning January 1, 2006, the income tax was increased .15 percent, from 1.65 percent to 1.80 percent. City Council can allocate the first 1 percent however they wish, but the remaining .80 percent is allocated by City ordinance, as directed by the voters through specific ballot language. At 1.80 percent the City's income tax generated \$3.249 million in 2007 and was allocated as follows: General Fund: 62.48 percent, which is used to fund the fire, police, municipal court and administrative offices; Street Construction Maintenance and Repair Fund: 26.02 percent, which is used to fund a wide variety of public works' projects, including paving, road maintenance, and storm water management; Street Improvement Fund: 8.33 percent, which is used exclusively for the resurfacing of local streets; Capital Improvement Fund: 1.44 percent, which is used for infrastructure repairs and the acquisition of capital assets; Street Lighting: .94 percent, which is used to pay for street lighting along state routes, the downtown district, and traffic lights throughout the city; and Recreation: .79 percent, which is used to maintain the City's seven parks, playgrounds, and other recreational activities.

The 1 percent allocation of the income tax is reviewed by City Council on an as needed basis.

Within the City's inside 10 mill limitation, the City levies 3.63 mills. The general fund allocation was 2.00 mills or \$396,700, the police pension fund allocation 1.19 mill or \$182,000 and the fire pension fund allocation was .44 mills or \$80,000. Outside millage of 1.47 is levied to pay debt service on two general obligation bonds, with collections totaling about \$303,000. Police and fire levies generated about \$506,000 with a total of 3.00 mills. Total millage levied by the City in 2007 was 8.10. Millage allocations are reviewed by the Finance Department and City Council before the annual tax budget is prepared.

Requirements for the development of the City's tax and annual budget, appropriations and other financial regulations are followed as established by the Ohio Revised Code and the City Charter. Under the direction of the City Manager, the Finance Director has charge of the administration of financial affairs of the City and acts as both the auditor and treasurer of the City. As part of the budgetary controls established in the City Charter, the Finance Director is responsible for the maintenance of a general accounting system; the exercise of budgetary control over each office; the disbursement of all monies and control of all expenditures so that appropriation and cash resources are not exceeded; and the certification of all appropriations.

Further budgetary control is maintained by the encumbrance of purchase order requests. Purchase order requisitions for the expenditure of monies need approval by the department head, which are then forwarded to the City Manager for approval. Once the City Manager has approved the purchase order request, it is then forwarded

to the finance department for preparation of a purchase order and certification and returned to the respective departments. The purchase orders are then signed by each department and returned to the finance department to be audited for accuracy and completeness and finally processed for payment. Encumbrances which would exceed the available appropriation are not approved or recorded until City Council authorizes additional appropriations. Any change to an existing purchase for more than fifty dollars requires approval by the City Manager, if additional appropriations are available. Prior year encumbrances outstanding at the end of the year are carried over to the next year after a thorough review by the Finance Director. Unencumbered appropriations lapse at the end of each year. Only City Council has the authority to transfer appropriations between object levels within a department. Any increase or decrease in an appropriation line must be approved by Council in ordinance form. All City departments, the City Manager and City Council are provided with at least monthly reports which indicate current appropriations, year to date expenditures, outstanding encumbrances and unexpended and unencumbered balances. Monthly revenue reports are provided to the City Council and City Manager.

The City Manager is required to submit to Council a tax budget of estimated revenues and expenditures for all funds of the City for the next succeeding year by the first Council meeting in July. The legislative body is required to adopt the budget by July 15 and to submit it to the County Budget Commission by July 20 of each year. Council is required to adopt an annual appropriation measure on or about the first day of each year. The City maintains budgetary control on a non-GAAP basis at the object level within each department.

Major Initiatives

For the Year In 2007, the City of Conneaut embarked on a variety of projects and worked on implementing City Council's goals and objectives. While much emphasis was placed on improving and maintaining the City's street, water and sewer infrastructure, plans were created to help enhance tourism and promote economic development.

Infrastructure repair and replacement is a high priority for the City. The City was approved for Ohio Public Works funding to replace a major section of water line along Lake Road. It is a \$409,000 project, of which approximately \$150,000 of the funding is a grant. City workers will perform the majority of the labor. This project will improve the quality of water for a large number of our residents by replacing 3,000 linear feet of existing 6-inch water main with a new 8-inch water main and it will improve safety by increasing water flow to the fire hydrants.

Another large infrastructure project was approved for funding by the Ohio Public Works Commission that will replace nearly 500 feet of sanitary sewer, manholes, and service laterals on Sandusky Street. It is a \$223,000 project with \$82,000 of grant funding. About 180 feet of the sanitary sewer will be installed beneath the Norfolk and Southern railroad tracks. The existing sewer pipe is made of clay with no protective casing, but the new pipe will be PVC encased in steel. There are plans to replace the storm sewer beneath the railroad tracks at a cost of \$45,000.

The Center Road water booster pump station received funding from the Ohio Public Works Commission. It is a \$272,000 project with \$117,000 in grant funding. The new station will supply water to the City's southern water tank and ensure adequate water supply to the southern water circuit. It replaces the existing structure, including new foundations, pumps, and valves. Also part of this project is plans to replace a large pump at the water treatment plant.

With funding from the Ohio Department of Natural Resources, the City received a land and water conservation grant to create a pond, wetland, and observation deck at Malek Park. Total cost of the project is estimated at \$60,000. The park has an arboretum, an expansive walking trail, a baseball field, and a playground. This project is a tremendous addition to the park and complements the existing attractions. The idea for the project originated with and was promoted by the Conneaut Tree Commission, with much of the work performed by city workers. Private contractors were hired to assist with the excavation of the pond and wetland areas, but there were many people who donated their time and labor to this project.

The City was awarded Community Housing Improvement Grant for \$500,000 in 2006. Funds from the Community Development Block Grant, Home Grant and the City's Community Housing Fund were disbursed in 2007 to purchase and rehabilitate homes within the City for qualified applicants. The program is of great benefit to our lower income citizens and it improves the City's housing stock. The grant project will be completed in 2008.

Several large equipment purchases were made in 2007. The City's Ambulance department purchased a Braun Chief Ambulance at a cost of \$149,000. The Conneaut Police department updated the existing fleet by purchasing three new police vehicles at a cost of approximately \$61,000. A new sodium hypochlorite system was installed at the water treatment plant at a cost of \$81,000. The cemetery department purchased a new trailer and three new mowers at a cost of \$33,761.

Through the development of the east side industrial park, the City hopes to spur economic development. The estimated cost of this project has increased from \$1,060,000 to \$1,440,000 to develop the first phase of the project. The City plans to develop approximately 70 acres by investing extensively in water, sewer and roadways. The size of the industrial park had to be reduced due to the presence of designated wetlands. Various funding sources are being used to develop the industrial park, including grants, loans and local revenues. Currently the City has secured about \$600,000 in grants and \$840,000 in loans to complete this project. Engineering and design of the park is progressing as planned. Once the industrial park has the necessary infrastructure, the price for acreage in the industrial park will be negotiated with each prospective buyer, and price will vary depending upon the amount of investment and the number of jobs projected.

Construction of a 600,000 gallon sludge holding tank at the Wastewater facility, a new generator, force main, pumps, and sewer lift station improvements, as well as upgrades to three sludge digesters were completed in 2007. To improve plant capacity, help overall operations, and remain in compliance with Environmental Protection Agency regulations, a major improvement project was initiated at the Wastewater facility in 2004. Final project costs totaled nearly \$4,000,000. Since its inception, the City received \$3.5 million in loan funding through the Ohio Water Development Authority at a 3.25 percent interest rate for a twenty-year term and a \$500,000 CDBG grant for the remainder. Although the interest expense on the loan will approach \$1,000,000 over the life of the loan, the City worked with the Ohio Department of Natural Resources to utilize a program whereby the interest paid on the loan would come back to the community to help preserve critical water habitat by purchasing property and easements along Conneaut Creek. Options have been executed with fourteen property owners, accounting for the purchase of 150 acres and the acquisition of 246 acres for conservation easements. This will help ensure that Conneaut Creek retains its wild and scenic river designation.

Utilizing funds from the street improvement tax and other revenue sources, the Public Work's department was able to pave six local roads, accounting for nine lane miles and one mile of new curbing, at a cost of over \$430,000. The voters passed an income tax increase of 0.15 percent in May 2005 to help fund an aggressive street paving program. The increase will be in effect for seven years and is projected to generate over two million dollars over the life of the tax, which took effect January 1, 2006. This tax is designated for local streets only, and will be used exclusively for the construction of roads, resurfacing and street maintenance. It is estimated that the seven year income tax increase will be enough to pave at least half of the roads in the City of Conneaut. At the end of the seven year period, the voters will be asked to pass the levy again to complete the remaining roads. The City street department will be responsible for all of the road paving, which will save the taxpayers a substantial amount of money.

The City's wastewater department continues to utilize the sewer camera truck to inspect sanitary and storm sewers throughout the City. With the help of the sewer camera truck, the City identified and repaired seventeen sewer pipe cave-ins and five storm sewer cave-ins at a cost of nearly \$70,000. With the sewer camera, the City now takes a pro-active approach to the problem by identifying problem areas before a total sewer collapse. Information obtained through the use of the sewer camera also allows the City to be more cost efficient by permitting work crews to accurately evaluate the condition of pipe and determine the estimated remaining useful life of the infrastructure, or decide whether it needs to be lined or replaced. It allows for better planning by giving the sewer and public works departments the ability to rank sections of pipe according to severity of deterioration, which provides the City ample time to obtain and allocate funding towards future repairs and capital projects.

The Parrish road rail grade separation project was completed in December 2007. The City has two railroad underpasses in the center of the City. With two major rail lines running through the middle of the City, the west side of the City has experienced impeded traffic flow from train traffic. The rail grade overpass provides our citizens unimpeded access to the west side of the City. With a very large nursing home facility, an assisted living facility and a hospital located on the west side, all within a one half mile of the rail crossings, it is critical that ambulance, fire, and police have quick response times, thus helping make our community safer. Total project cost is estimated to exceed \$11,000,000, with the City's contribution being five percent of the total and not to exceed \$580,000. A SIB (State Infrastructure Bank) loan was approved for the City's share up to the \$580,000. The loan has an interest rate of 3.00 percent and a ten-year term, with annual payments of \$82,000.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Conneaut for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2006. This was the second year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of achievement is valid for a period of one year only. We believe that our current CAFR 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.

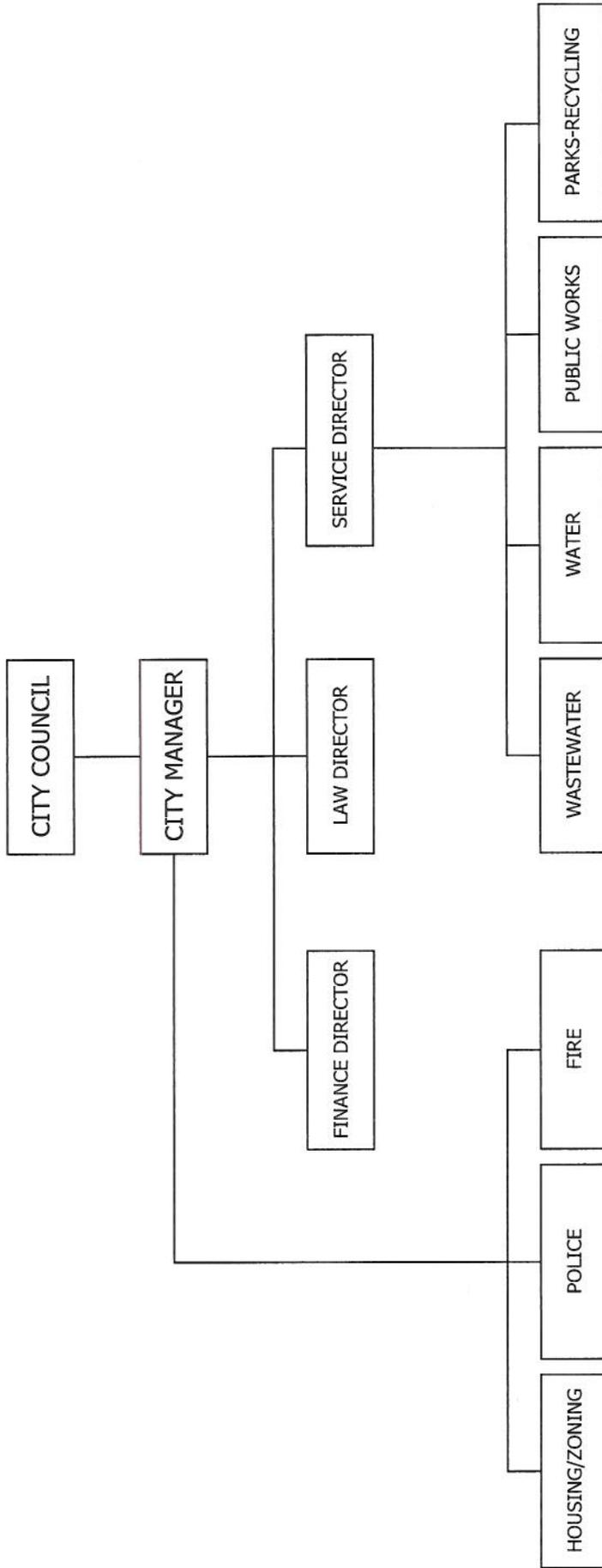
The successful preparation of the Comprehensive Annual Financial Report required the contribution and dedication of the Finance Department. Sincere appreciation is extended to City Council and City Manager Douglas L. Lewis for their commitment to sound financial reporting. Gratitude is also expressed to all City Hall Department Heads for their support. To the Local Government Services Section of the Office of the Auditor of State, a special acknowledgment is extended for their support and guidance in the preparation of this report.

Respectfully submitted,



John Williams, J.D., CPA
Finance Director

CITY ORGANIZATIONAL CHART - ESTABLISHED BY CITY CHARTER



CITY OF CONNEAUT
ELECTED AND APPOINTED CITY OFFICIALS

CITY COUNCIL

James Jones, President

Jacob Chicatelli, At Large

Chris Castrilla, At Large

Vince Vendetti, Ward 1

Joan Norton, Ward 2

Greg Mooney, Ward 3

Anthony Julio, Ward 4

CITY MANAGER

Douglas L. Lewis

APPOINTED OFFICIALS

John Williams, Director of Finance

Lori Lamer, Director of Law

Jon Arcaro, Chief of Police

Bim Orrenmaa, Chief of Fire

Robert Gustafson, Water Superintendent

Craig Pierce, Wastewater Superintendent

John Roach, Public Works Director

Luciana Ratermann, Housing/Zoning Inspector

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Conneaut
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



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

City of Conneaut
Ashtabula County
294 Main Street
Conneaut, Ohio 44030

To the Members of Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Conneaut, Ashtabula County, Ohio (the City), 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'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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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, each major fund, and the aggregate remaining fund information of the City of Conneaut, Ashtabula County, as of December 31, 2007, and the respective changes in financial position, and cash flows, where applicable, and the respective budgetary comparison for the General Fund and the Street, Construction, Maintenance and Repair Fund thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2008, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 26, 2008

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

The management's discussion and analysis for the City of Conneaut's financial statements provides an overall review of the financial activity of the City for the twelve months ended December 31, 2007. The intent of this discussion and analysis is to provide a narrative that describes the City's performance as a whole; readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and the notes.

Financial Highlights

Financial highlights for 2007 are as follows:

- Total liabilities of the City decreased \$1,087,633 or 7.58 percent from 2006 due in large part to a decrease in long term debt and contracts payable.
- Total revenues in governmental activities decreased by \$485,826 or 5.87 percent primarily due to a decrease in property tax, grants, and investment income, while total revenues in business-type activities increased by \$171,374 or 4.57 percent due to an increase in charges for services.
- Total equity in pooled cash and cash equivalents in governmental activities decreased by \$413,920 or 15.22 percent from 2006.
- Total program expenses in governmental activities decreased by \$98,669 or 1.17 percent, and program expenses in the business-type activities increased only \$19,672 or 0.56 percent.

Using this Annual Financial Report

This report is designed to allow the reader to look at the financial activities of the City of Conneaut as a whole and is intended to allow the reader to obtain a summary view or a more detailed view of the City operations, as they prefer.

The Statement of Net Assets and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2007 and how they affected the operations of the City as a whole.

Reporting the City of Conneaut as a Whole

Statement of Net Assets and Statement of Activities

The Statement of Net Assets and the Statement of Activities provide summary information concerning the financial position and operations of the City as an entity. They provide a good resource for an overall evaluation of the City's financial performance. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting. This method takes into account all revenues when they are earned and all expenses when they are incurred. These transactions are booked when they occur and not when the actual cash is received for revenues or when invoices are paid for expenses.

City of Conneaut, Ohio
Management's Discussion and Analysis
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These two statements report the City's net assets and changes in those assets. The change in net assets is important since it is an indication of whether the financial position of the City is improving or declining. However, to properly evaluate the operation of the City, certain non-cash items should be taken into consideration. These items would include the current economic situation as a whole, the current tax base for the City and the age and condition of the City buildings and infrastructure.

In the Statement of Net Assets and the Statement of Activities, the City is divided into two major activities:

- **Governmental Activities** - Most of the City's programs and services are reported here, including general government, security of persons and property, public health services, leisure time activities, basic utility services, community development and transportation.
- **Business-Type Activities** - These services are provided on a fee basis to recover all of the expenses of the goods or services provided. The City's business-type activities are water and sewer.

Reporting on the Most Significant Funds of the City of Conneaut

Fund Financial Statements

The analysis of the City's major funds begins on page 8. The fund financial reports give a detailed report of the activities within the funds. The City currently has thirty-seven funds. These funds are in existence to provide a multitude of services to the citizens of Conneaut. Each fund is in some ways an entity unto itself. Each fund has a designated revenue stream and restricted uses for the monies within the fund.

In this report, the focus is on six major funds, the general fund, the street construction, maintenance and repair special revenue fund, the general obligation bond retirement fund, the special assessment bond retirement fund, the water enterprise fund and the sewer enterprise fund.

Governmental Funds All of the City's major activities (excluding the water and sewer funds) are reported in the governmental funds. This report shows how monies flow into and out of these funds and also shows what balances are available for future expenditures. The accounting method used to report this activity is the modified accrual method. This method reports cash and like-cash items that can be converted into cash. This shows what level of financial resources is available or will be available to provide the services that the general government provides in the near future. These services include police and fire protection, as well as the improving and maintaining the City's streets, parks, cemeteries, and City Hall. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the government funds is reconciled in the financial statements.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary fund is an agency fund.

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
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The City of Conneaut as a Whole

The Statement of Net Assets provides an overall view of the City. Table 1 shows a summary of the City's net assets for 2007 as they compare to 2006.

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Assets						
Current and Other Assets	\$7,650,350	\$8,256,294	\$1,177,079	\$1,143,624	\$8,827,429	\$9,399,918
Capital Assets, Net	18,847,148	19,223,550	17,060,715	17,328,760	35,907,863	36,552,310
<i>Total Assets</i>	<u>26,497,498</u>	<u>27,479,844</u>	<u>18,237,794</u>	<u>18,472,384</u>	<u>44,735,292</u>	<u>45,952,228</u>
Liabilities						
Current and Other Liabilities	1,970,196	1,998,462	478,046	693,999	2,448,242	2,692,461
Long-Term Liabilities:						
Due Within One Year	676,557	593,268	696,276	686,413	1,372,833	1,279,681
Due in More than One Year	3,436,677	3,956,684	6,009,059	6,425,618	9,445,736	10,382,302
<i>Total Liabilities</i>	<u>6,083,430</u>	<u>6,548,414</u>	<u>7,183,381</u>	<u>7,806,030</u>	<u>13,266,811</u>	<u>14,354,444</u>
Net Assets						
Invested in Capital Assets						
Net of Debt	17,632,445	17,835,648	10,543,038	10,383,052	28,175,483	28,218,700
Restricted:						
Capital Projects	328,198	300,157	0	0	328,198	300,157
Debt Service	875,896	924,154	0	0	875,896	924,154
Street Construction,						
Maintenance and Repair	262,384	355,363	0	0	262,384	355,363
Community Housing	53,730	153,734	0	0	53,730	153,734
Economic Development	324,232	322,253	0	0	324,232	322,253
Ambulance Services	246,531	348,878	0	0	246,531	348,878
Other Purposes	586,281	486,801	0	0	586,281	486,801
Unrestricted (Deficit)	104,371	204,442	511,375	283,302	615,746	487,744
<i>Total Net Assets</i>	<u>\$20,414,068</u>	<u>\$20,931,430</u>	<u>\$11,054,413</u>	<u>\$10,666,354</u>	<u>\$31,468,481</u>	<u>\$31,597,784</u>

Total net assets of the City, including both governmental and business-type activities, are \$31,468,481, which is a decrease of \$129,303 from last year. 89.54 percent of the City's net assets are investments in capital assets, such as machinery and equipment, buildings, improvements, infrastructure, and vehicles, less any debt issued to purchase or construct these assets. Debt service on the debt issued to acquire assets in the governmental-type activities is paid from income tax, property tax, gas tax, interest income, fees, licenses, permits and other various revenue sources. Net assets restricted for debt service for the City decreased by \$48,258 during 2007. This decrease was the result of the general obligation bond retirement fund collecting less property tax revenues for 2007. In the business-type activities, user fees are the primary revenue source for the repayment of debt.

Net assets in the governmental activities decreased by \$517,362 or 2.47 percent. Current assets for 2007 were \$7,650,350, which is a decrease of \$605,944 or 7.34 percent from 2006. The most significant decreases occurred in cash and cash equivalents, property tax receivable and special assessments receivable. The decrease in net capital assets was due primarily to depreciation exceeding new asset acquisitions. A decrease

City of Conneaut, Ohio
Management's Discussion and Analysis
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in total governmental liabilities of \$464,984 was due primarily to a reduction in outstanding debt and deferred revenue in 2007.

Business activities experienced a \$388,059 increase in net assets, primarily due to a decrease in current and long-term liabilities. Total liabilities for 2007 were \$7,183,381, which is a decrease of \$622,649 from 2006. Most of the decrease in total liabilities was due to the reduction in contracts payable and principal reductions in general obligation bonds and OWDA loans.

Further details of the changes in net assets can be observed in Table 2 that presents changes in net assets by way of the results of activities in 2007 compared to 2006.

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
Program Revenues						
Charges for Services	\$903,835	\$780,838	\$3,866,905	\$3,664,634	\$4,770,740	\$4,445,472
Operating Grants and Contributions	840,222	992,035	0	0	840,222	992,035
Capital Grants and Assessments	88,642	190,740	43,242	40,690	131,884	231,430
Total Program Revenues	1,832,699	1,963,613	3,910,147	3,705,324	5,742,846	5,668,937
General Revenues						
Property Taxes	1,383,923	1,457,694	0	0	1,383,923	1,457,694
Municipal Income Taxes	3,249,607	3,220,457	0	0	3,249,607	3,220,457
Grants and Entitlements not Restricted to Specific Programs	1,122,971	1,196,117	0	0	1,122,971	1,196,117
Investment Earnings	139,919	147,560	0	0	139,919	147,560
Gain on Sale of Capital Assets	7,303	0	239	0	7,542	0
Miscellaneous	56,620	293,427	10,877	44,565	67,497	337,992
Total General Revenues	5,960,343	6,315,255	11,116	44,565	5,971,459	6,359,820
Total Revenues	7,793,042	8,278,868	3,921,263	3,749,889	11,714,305	12,028,757
Program Expenses						
General Government	1,308,725	1,406,409	0	0	1,308,725	1,406,409
Security of Persons and Property	3,527,501	3,387,785	0	0	3,527,501	3,387,785
Public Health Services	432,807	374,896	0	0	432,807	374,896
Leisure Time Activities	115,777	94,657	0	0	115,777	94,657
Community Development	294,546	467,034	0	0	294,546	467,034
Basic Utility Services	31,975	32,500	0	0	31,975	32,500
Transportation	2,420,821	2,449,845	0	0	2,420,821	2,449,845
Interest and Fiscal Charges	178,252	195,947	0	0	178,252	195,947
Water	0	0	1,763,839	1,711,495	1,763,839	1,711,495
Sewer	0	0	1,769,365	1,802,037	1,769,365	1,802,037
Total Program Expenses	8,310,404	8,409,073	3,533,204	3,513,532	11,843,608	11,922,605
Increase (Decrease) in Net Assets	(517,362)	(130,205)	388,059	236,357	(129,303)	106,152
Net Assets Beginning of Year - Restated (See Note 3)	20,931,430	21,061,635	10,666,354	10,429,997	31,597,784	31,491,632
Net Assets End of Year	\$20,414,068	\$20,931,430	\$11,054,413	\$10,666,354	\$31,468,481	\$31,597,784

City of Conneaut, Ohio
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Governmental Activities

Funding for governmental activities is derived from several sources, the largest of which is the City's municipal income tax. Beginning January 1, 2006 the City's income tax rate increased to 1.80 percent, up from 1.65 percent in 2005. The tax generated \$3,249,607 in revenue for 2007, accounting for approximately 41.70 percent of governmental activities revenue. The revenue collected from the income tax was receipted into the following funds: 62.48 percent went to the general fund, 26.02 percent to the street construction maintenance and repair fund, 8.33 percent to the street improvement capital projects fund, 1.44 percent to the capital improvement capital projects fund, .94 percent to the street lighting fund, and 0.79 percent to the recreation fund. Overall, income tax revenue for 2007 was .91 percent higher than 2006.

Unrestricted grants and entitlements 2007 were \$1,122,971 and represent about 14.41 percent of governmental activities revenue. Local government funding represents a large share of this revenue, approximately \$718,000, and it has remained stagnant for the past six years. In prior years, the City could rely on annual increases of around 3 percent. However, due to a decline in the economy, State sales, income, and other taxes have decreased, which has negatively impacted our share of local government funds. The freeze on local government revenues continued into 2007, but starting January 1, 2008 the freeze ends, and changes in the sources and method of funding will be broadened to provide more stability to this critical funding source, with possible increases in funding. The local fund distributions will be derived from a percentage of all State General Revenue Fund (GRF) tax sources. Local government funds are receipted into the City's general fund and are used to help pay for police, fire, administrative, and a wide variety of other programs and departments.

42.45 percent or \$3,527,501 of governmental activities expenses are allocated to the police and fire departments. The police department employs twenty full-time officers, three part-time officers, four full-time dispatchers, 2 full-time corrections officers, one full-time administrative assistant, and several other part-time employees. The fire department has twelve full-time positions and numerous part-time personnel. There are three fire stations within the City, one staffed by the full-time firefighters, while the other two stations are staffed by part-time or volunteer personnel. The City also operates its own ambulance service with an annual budget of around \$350,000.

The City's Public Works Department (transportation) accounted for 29.13 percent of the expenses in the governmental activities or \$2,420,821. The street department has eighteen employees, including three mechanics, thirteen equipment operators, one manager, and one full-time administrative assistant. The public works department is responsible for maintaining 565 lane miles of roads, including the paving of local streets, as well as snow plowing, storm sewer and ditch maintenance, tree trimming/removal, park maintenance, litter pick up, recycling programs and various other duties.

Business-Type Activities

The City operates two business-type activities: the water and sewer treatment facilities. The water and sewer plants had program revenues of \$1,935,599 and \$1,974,548 respectively, while program expenses were \$1,763,839 and \$1,769,365 respectively. In 2007, the water plant provided water to approximately 4,900 customers. Approximately fifty million gallons of water and seventy four million gallons of wastewater are processed each month.

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2007
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The City's Funds

Information about the City's governmental funds begins on page 16. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues of \$7,949,745 and expenditures of \$8,486,201. The funds are monitored consistently with adjustments made throughout the year in budgets to accommodate yearly revenues. The general fund had revenues of \$4,035,004, expenditures of \$4,110,698 and net other financing sources (uses) of (\$34,879). The net change in fund balance of (\$110,054) resulted due to increases in expenditures outpacing increases in revenues.

The street construction, maintenance and repair fund had revenues of \$1,424,718 and expenditures of \$1,456,713, which resulted in a net change in fund balance of (\$31,995) during 2007. An increase in transportation expenditures can account for this decrease in fund balance. The general obligation and the special assessment bond retirement funds account for tax and assessment collections and are used to pay down the City's outstanding obligations. During 2007, the general obligation bond retirement fund balance decreased \$5,282 and the special assessment bond retirement fund balance decreased \$29,887.

Information about the proprietary funds starts on page 22. These funds are accounted for on an accrual basis. All business type funds had operating revenues of \$3,877,782 which exceeded operating expenses of \$3,266,132 by \$611,650 or 15.77 percent of operating revenues. An increase in charges for services and tap-in fees can account for this increase. The City is consistent with reviews of these funds, and the necessary rate adjustments are made to ensure strength in our enterprise funds.

General Fund Budgeting Highlights

Budgeting is prescribed by the Ohio Revised Code. Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the Ohio Revised Code. In 2007, estimated revenues were \$3,907,180 whereas actual revenues received were \$4,013,767 which is \$106,587 higher than estimated revenues. A large part of the difference was made from increased property tax collections, as well as higher municipal income tax and intergovernmental revenues. Additionally, members of council passed final appropriations of \$4,625,439. Actual expenditures were \$4,377,923, which is \$247,516 lower than final appropriations. Excess of revenues under expenditures is (\$364,156). This difference is made from the City becoming more conservative in spending due to the current economic conditions that entities are facing State-wide.

City of Conneaut, Ohio
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Capital Assets and Debt Administration

Capital Assets

(Table 3)
 Capital Assets at December 31,
 (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$559,303	\$554,738	\$6,880	\$6,880	\$566,183	\$561,618
Construction in Progress	0	0	37,760	3,990,350	37,760	3,990,350
Buildings and Improvements	525,101	504,090	60,418	66,699	585,519	570,789
Equipment	554,952	549,129	1,816,814	1,781,823	2,371,766	2,330,952
Vehicles	389,816	290,946	289,342	304,769	679,158	595,715
Furniture and Fixtures	3,963	4,911	0	0	3,963	4,911
Infrastructure						
Traffic Signals	42,084	44,180	0	0	42,084	44,180
Roads	16,186,864	16,688,211	0	0	16,186,864	16,688,211
Storm Sewers	585,065	587,345	0	0	585,065	587,345
Water and Sewer Lines	0	0	14,849,501	11,178,239	14,849,501	11,178,239
Total	\$18,847,148	\$19,223,550	\$17,060,715	\$17,328,760	\$35,907,863	\$36,552,310

Total capital assets (net of depreciation) for the governmental activities were \$18,847,148 which was a \$376,402 decrease from the prior year. The decrease was due to depreciation exceeding the acquisition of new assets. Several large acquisitions were made in 2007, including three new police cruisers, a new ambulance, and a new salt shed for public works. Major infrastructure improvements were made such as street paving projects and improvements were made to existing storm sewers.

Total capital assets (net of depreciation) for the business activities were \$17,060,715, which was a decrease of \$268,045. This was due primarily to depreciation exceeding the acquisition of new assets. The completion of the \$3.99 million dollar wastewater improvement project resulted in a 600,000-gallon sludge holding tank and 3 new sludge digesters, which will greatly improve the sludge holding capacity at the sewer facility. Infrastructure improvements were made to existing sanitary sewer lines. For more information about the City's capital assets, see Note 8 to the basic financial statements.

Long-term Obligations

The City had \$10,818,569 in outstanding obligations, which is \$843,414 less than last year. These obligations are comprised of general obligation bonds, OPWC and OWDA loans, notes payable, capital leases and compensated absences.

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(Table 4)
 Outstanding Long-term Obligations at Year End

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
General Obligation Bonds	\$1,555,000	\$1,760,000	\$741,264	\$811,387	\$2,296,264	\$2,571,387
OWDA Loans	1,226,509	1,332,998	5,143,931	5,402,913	6,370,440	6,735,911
OPWC Loans	27,673	29,254	423,995	464,225	451,668	493,479
Notes Payable	329,000	467,000	10,000	20,000	339,000	487,000
Capital Leases	261,030	201,148	34,751	68,570	295,781	269,718
Compensated Absences	714,022	759,552	351,394	344,936	1,065,416	1,104,488
Total	\$4,113,234	\$4,549,952	\$6,705,335	\$7,112,031	\$10,818,569	\$11,661,983

The three general obligation bonds outstanding at the end of the year were the City Hall Annex at \$400,000, the Library at \$1,155,000, and the Water Phase III Improvement at \$741,264 (\$1,264 is outstanding premium). All of the interest and principal on these general obligation bonds are paid from real estate taxes, except for the Water III bond, which is paid from water user fees. Special assessment loans consist of various sewer projects. The debt service on these loans is paid from special assessments on those property owners who benefited from the improvements. There are six OPWC and eleven OWDA loans, all of which are being funded by special assessments and water and sewer user fees. Total principal outstanding on these loans is \$6,822,108. The City entered into a capitalized lease obligation for three new vehicles for the police department. The minimum lease payments required under the capital lease are being paid from the police levy fund. Currently there are eleven vehicles and equipment under lease in various departments. The total lease principal outstanding at December 31, 2007 was \$295,781.

Compensated absences as of December 31, 2007 were \$1,065,416, which is down by \$39,072 from the prior year. This was due to a variety of factors including severance payments and more vacation and sick time usage. For more information about the City's long-term obligations, see Note 11 to the basic financial statements.

Current Financial Issues

Most of the financial issues that the City encountered in the last several years have continued to pose a challenge in 2007. The City is facing many of the same issues as other communities, mainly stagnating or slowly growing revenue sources, rising personnel costs, and rapid increases in health care premiums, fuel, and utilities.

Health insurance rates rose about 10.66 percent over the prior year, and nearly twenty percent over a two year period. Funding these increases will continue to be a financial challenge, as the rate at which medical coverage continues to grow is faster than both the rate of inflation and the City's revenue growth. Although this increase was considered modest in comparison with other communities and nationwide averages, it is cause for concern. The cost of this plan for the City's 106 full-time employees is around \$1,100,000 per year. All of the City's unions have agreed that each of their members will pay 5 percent of the health insurance premium to help offset the increased cost to the City. Health care contributions by employees totaled approximately \$55,000.

As in most organizations, personnel costs dominate the City's major operating funds. The total personnel cost for 2007 was approximately \$6,000,000. All five of the City's unions negotiated three-year contracts, which became effective on January 1, 2007 and expire on December 31, 2009. Proposed wage rate increases

City of Conneaut, Ohio
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Unaudited

were 2.5 percent in 2007, 3 percent in 2008, and 3.5 percent in 2009. Estimated annual cost, with benefits, of the proposed increase from the 2006 base year is \$145,000 in 2007, \$178,000 in 2008, and \$214,000 in 2009. The City's ability to fund these increases without layoffs will depend upon the strength of our local economic tax base and our ability to contain other costs.

Workers' compensation premiums paid in 2007, which were based on 2006 rates, decreased by 3.43 percent. Rates for all employees, except for part-time and volunteer emergency personnel, decreased from 2.5146 percent of wages to 2.4282 percent of wages. Part-time and volunteer emergency personnel nominal rates increased from 19.3168 percent to 21.2907 percent or a 10.21 percent increase. Total cost for workers' compensation premiums increased from \$116,619 paid in 2006 to \$119,585 in 2007. In addition, the City belongs to the Ohio Rural Water Association's pooled workers' compensation group program. This program allows the City to realize savings in the workers compensation premium. However, due to the City's large increase in the individual rating in comparison to the group rating, the City had realized significantly more savings from the group program. As a result, the City had to contribute back to the pool approximately \$37,800, with net savings to the City of \$33,960. Therefore, total cost to the City for workers' compensation was \$157,385. Substantial increases in rates are expected next year which will continue to strain the City's budget.

Personal property tax collections in 2007 decreased to \$132,000, with a tax valuation of approximately \$12 million, compared with \$170,000 in collections and an assessed valuation for personal property of about \$21 million at its peak in tax year 2005. This represents a 42 percent reduction in the personal property tax valuation, primarily due to the passage of House Bill 66, which phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies and railroads beginning in 2006. For the first five years of the phase out the City will be fully reimbursed for the lost revenue, however, from years 2011-2017 the City will receive a declining percentage reimbursement from the 2005 base year. After 2017, the phase out will be complete. In preparing for this phase out of personal property tax, the City must begin to find other revenue sources to replace this critical funding source.

While the City continues to be very aggressive in pursuing delinquent income taxpayers, a substantial amount of income tax due the City is delinquent. As of December 31, 2007, delinquent income tax outstanding totaled \$332,562 from various tax years. The income tax department utilizes a variety of methods to collect delinquent income taxes, including the City's municipal court and a collection agency. Revenues from delinquent collections average \$3,500 per month.

Although the City's financial condition in 2007 was relatively stable, we have experienced a substantial decrease in general fund unreserved fund balance over the past six years. In 2001, the City's general fund unreserved fund balance was \$1,097,801, in contrast to the 2007 unreserved ending fund balance of \$692,425. The unencumbered fund balance in 2007 represents a decrease of 11.67 percent or \$91,566 from the prior year. This was due in part to some unanticipated expenditures such as health care, severance pay, and overtime. The cost of fuel, natural gas and electricity has increased dramatically over the past several years. There has been a concerted effort by the City Manager and staff to curtail spending wherever possible without compromising City services. As part of the annual goals and objectives, the City continues to explore new ways to improve efficiency, cut costs and increase revenue.

Contacting the City's Finance Department

This report is designed to provide the reader with a broad overview of the City's financial position, as well as a general understanding of the financial operations of the City. If you have any questions about this report or need any additional financial information, please contact John Williams, J.D., CPA, Finance Director, 294 Main Street, Conneaut, Ohio 44030, telephone 440-593-7416, or e-mail at connfinance@suite224.net.

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City of Conneaut, Ohio

Statement of Net Assets

December 31, 2007

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,305,434	\$463,868	\$2,769,302
Accounts Receivable	120,758	552,053	672,811
Intergovernmental Receivable	1,008,966	0	1,008,966
Materials and Supplies Inventory	77,169	120,307	197,476
Property Taxes Receivable	1,272,522	0	1,272,522
Municipal Income Taxes Receivable	1,064,626	0	1,064,626
Special Assessments Receivable	1,735,324	40,851	1,776,175
Loans Receivable	65,551	0	65,551
Nondepreciable Capital Assets	559,303	44,640	603,943
Depreciable Capital Assets, Net	18,287,845	17,016,075	35,303,920
<i>Total Assets</i>	<u>26,497,498</u>	<u>18,237,794</u>	<u>44,735,292</u>
Liabilities			
Accounts Payable	111,113	98,571	209,684
Contracts Payable	47,272	3,595	50,867
Accrued Wages	87,930	31,214	119,144
Intergovernmental Payable	243,842	55,480	299,322
Accrued Interest Payable	50,262	124,186	174,448
Deferred Revenue	1,137,777	0	1,137,777
Notes Payable	292,000	165,000	457,000
Long-Term Liabilities:			
Due Within One Year	676,557	696,276	1,372,833
Due In More Than One Year	3,436,677	6,009,059	9,445,736
<i>Total Liabilities</i>	<u>6,083,430</u>	<u>7,183,381</u>	<u>13,266,811</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	17,632,445	10,543,038	28,175,483
Restricted for:			
Capital Projects	328,198	0	328,198
Debt Service	875,896	0	875,896
Street Construction, Maintenance and Repair	262,384	0	262,384
Community Housing	53,730	0	53,730
Economic Development	324,232	0	324,232
Ambulance Services	246,531	0	246,531
Other Purposes	586,281	0	586,281
Unrestricted	104,371	511,375	615,746
<i>Total Net Assets</i>	<u>\$20,414,068</u>	<u>\$11,054,413</u>	<u>\$31,468,481</u>

See accompanying notes to the basic financial statements

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

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
General Government	\$1,308,725	\$176,418	\$5,649	\$82,883
Security of Persons and Property	3,527,501	508,332	18,655	0
Public Health Services	432,807	38,655	4,716	0
Leisure Time Activities	115,777	47,501	1,878	0
Community Development	294,546	65,921	106,897	0
Basic Utility Services	31,975	0	0	0
Transportation	2,420,821	67,008	702,427	5,759
Interest and Fiscal Charges	178,252	0	0	0
<i>Total Governmental Activities</i>	<u>8,310,404</u>	<u>903,835</u>	<u>840,222</u>	<u>88,642</u>
Business-Type Activities:				
Water	1,763,839	1,922,216	0	13,383
Sewer	1,769,365	1,944,689	0	29,859
<i>Total Business-Type Activities</i>	<u>3,533,204</u>	<u>3,866,905</u>	<u>0</u>	<u>43,242</u>
<i>Total - Primary Government</i>	<u>\$11,843,608</u>	<u>\$4,770,740</u>	<u>\$840,222</u>	<u>\$131,884</u>

General Revenues

Property Taxes Levied for:

 General Purposes

 Debt Service

 Other Purposes

Municipal Income Taxes Levied for:

 General Purposes

 Capital Outlay

 Street Construction, Maintenance and Repair

 Other Purposes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Gain on Sale of Capital Assets

Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year - Restated (See Note 3)

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 Activities	Total
(\$1,043,775)	\$0	(\$1,043,775)
(3,000,514)	0	(3,000,514)
(389,436)	0	(389,436)
(66,398)	0	(66,398)
(121,728)	0	(121,728)
(31,975)	0	(31,975)
(1,645,627)	0	(1,645,627)
(178,252)	0	(178,252)
(6,477,705)	0	(6,477,705)
0	171,760	171,760
0	205,183	205,183
0	376,943	376,943
(6,477,705)	376,943	(6,100,762)
401,371	0	401,371
275,546	0	275,546
707,006	0	707,006
2,030,350	0	2,030,350
317,487	0	317,487
845,549	0	845,549
56,221	0	56,221
1,122,971	0	1,122,971
139,919	0	139,919
7,303	239	7,542
56,620	10,877	67,497
5,960,343	11,116	5,971,459
(517,362)	388,059	(129,303)
20,931,430	10,666,354	31,597,784
\$20,414,068	\$11,054,413	\$31,468,481

City of Conneaut, Ohio

Balance Sheet

Governmental Funds

December 31, 2007

	General	Street Construction, Maintenance and Repair	General Obligation Bond Retirement	Special Assessment Bond Retirement
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$428,286	\$111,265	\$563,506	\$201,155
Materials and Supplies Inventory	16,644	56,425	0	0
Accounts Receivable	80,814	0	0	0
Intergovernmental Receivable	421,828	234,010	13,521	0
Property Taxes Receivable	325,828	0	240,491	0
Municipal Income Taxes Receivable	665,131	276,987	0	0
Loans Receivable	0	0	0	0
Interfund Receivable	57,670	0	0	0
Special Assessments Receivable	337,019	59,349	0	1,338,956
<i>Total Assets</i>	<u>\$2,333,220</u>	<u>\$738,036</u>	<u>\$817,518</u>	<u>\$1,540,111</u>
Liabilities				
Accounts Payable	\$47,675	\$37,275	\$0	\$0
Contracts Payable	4,811	156	0	0
Accrued Wages	69,426	15,665	0	0
Intergovernmental Payable	101,982	31,918	0	0
Interfund Payable	0	0	0	0
Accrued Interest Payable	4,939	938	0	0
Deferred Revenue	1,182,117	328,824	254,012	1,338,956
Notes Payable	217,000	25,000	0	0
<i>Total Liabilities</i>	<u>1,627,950</u>	<u>439,776</u>	<u>254,012</u>	<u>1,338,956</u>
Fund Balances				
Reserved for Encumbrances	12,326	1,798	0	0
Reserved for Loans Receivable	0	0	0	0
Unreserved				
Undesignated, Reported in:				
General Fund	692,944	0	0	0
Special Revenue Funds	0	296,462	0	0
Debt Service Funds	0	0	563,506	201,155
Capital Projects Funds	0	0	0	0
<i>Total Fund Balances</i>	<u>705,270</u>	<u>298,260</u>	<u>563,506</u>	<u>201,155</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,333,220</u>	<u>\$738,036</u>	<u>\$817,518</u>	<u>\$1,540,111</u>

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2007*

Other Governmental Funds	Total Governmental Funds	Total Governmental Funds Balances	\$2,867,287
\$1,001,222	\$2,305,434	<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
4,100	77,169	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	18,847,148
39,944	120,758	Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
339,607	1,008,966	Property Taxes	134,745
706,203	1,272,522	Municipal Income Taxes	434,768
122,508	1,064,626	Intergovernmental	513,170
65,551	65,551	Special Assessments	1,735,324
0	57,670	Charges for Services	37,368
0	1,735,324	Total	2,855,375
\$2,279,135	\$7,708,020	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(42,508)
\$26,163	\$111,113	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
42,305	47,272	General Obligation Bonds	(1,555,000)
2,839	87,930	OWDA Loans Payable	(1,226,509)
109,942	243,842	OPWC Loans Payable	(27,673)
57,670	57,670	Notes Payable	(329,000)
1,877	7,754	Capital Lease Payable	(261,030)
889,243	3,993,152	Compensated Absences	(714,022)
50,000	292,000	Total	(4,113,234)
1,180,039	4,840,733	<i>Net Assets of Governmental Activities</i>	\$20,414,068
71,337	85,461		
37,900	37,900		
0	692,944		
676,188	972,650		
0	764,661		
313,671	313,671		
1,099,096	2,867,287		
\$2,279,135	\$7,708,020		

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

	General	Street Construction, Maintenance and Repair	General Obligation Bond Retirement	Special Assessment Bond Retirement
Revenues				
Property Taxes	\$397,928	\$0	\$276,384	\$0
Municipal Income Taxes	2,039,599	849,401	0	0
Special Assessments	17,178	14,550	0	128,677
Intergovernmental	972,703	514,928	27,041	5,364
Fees, Licenses and Permits	279,631	35,100	0	0
Fines and Forfeitures	158,898	0	0	0
Rentals	20,000	0	0	0
Charges for Services	0	0	0	0
Contributions and Donations	19,010	0	0	0
Interest	114,805	857	0	0
Other	15,252	9,882	0	0
<i>Total Revenues</i>	<u>4,035,004</u>	<u>1,424,718</u>	<u>303,425</u>	<u>134,041</u>
Expenditures				
Current:				
General Government	1,176,302	0	6,700	4,786
Security of Persons and Property	2,378,640	0	0	0
Public Health Services	335,221	0	0	0
Leisure Time Activities	39,422	0	0	0
Community Development	66,993	0	0	0
Basic Utility Services	0	0	0	0
Transportation	0	1,402,464	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	85,393	16,070	205,000	106,489
Principal Retirement - Current Refunding	7,000	25,000	0	0
Interest and Fiscal Charges	21,208	13,179	97,007	52,653
<i>Total Expenditures</i>	<u>4,110,179</u>	<u>1,456,713</u>	<u>308,707</u>	<u>163,928</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(75,175)</u>	<u>(31,995)</u>	<u>(5,282)</u>	<u>(29,887)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	7,303	0	0	0
General Obligation Notes Issued	8,000	157,000	0	0
Proceeds of Capital Lease	74,568	0	0	0
Current Refunding	(8,000)	(157,000)	0	0
Transfers In	0	0	0	0
Transfers Out	(116,750)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(34,879)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(110,054)</u>	<u>(31,995)</u>	<u>(5,282)</u>	<u>(29,887)</u>
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>815,324</u>	<u>330,255</u>	<u>568,788</u>	<u>231,042</u>
<i>Fund Balances End of Year</i>	<u>\$705,270</u>	<u>\$298,260</u>	<u>\$563,506</u>	<u>\$201,155</u>

See accompanying notes to the basic financial statements

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

Other Governmental Funds	Total Governmental Funds		
		Net Change in Fund Balances - Total Governmental Funds	(\$425,389)
		<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
\$700,330	\$1,374,642	Governmental funds report capital outlays as expenditures.	
375,412	3,264,412	However, in the statement of activities, the cost of those	
0	160,405	assets is allocated over their estimated useful lives as	
504,797	2,024,833	depreciation expense. This is the amount by which depreciation	
28,185	342,916	exceeded capital outlays in the current period.	
50,550	209,448	Capital Outlay	764,872
33,525	53,525	Depreciation	(1,141,274)
288,911	288,911		
15,104	34,114	Total	(376,402)
24,257	139,919	Revenue in the statement of activities that do not provide	
31,486	56,620	current financial resources are not reported as revenue in	
		the funds.	
2,052,557	7,949,745	Property Taxes	9,281
		Municipal Income Taxes	(14,805)
0	1,187,788	Intergovernmental	(7,112)
1,302,018	3,680,658	Special Assessments	(89,350)
94,300	429,521	Fees, Licenses and Permits	(62,658)
101,981	141,403	Charges for Services	638
251,175	318,168		
31,975	31,975	Total	(164,006)
190,344	1,592,808	Repayment of bond, note and capital lease principal is an	
418,959	418,959	expenditure in the governmental funds, but the repayment	
0	412,952	reduces long-term liabilities in the statement of net assets.	709,952
50,000	82,000	In the statement of activities, interest is accrued on outstanding	
5,922	189,969	bonds, whereas in governmental funds, an interest expenditure	
		is reported when due.	11,717
2,446,674	8,486,201	Compensated absences reported in the statement of activities	
(394,117)	(536,456)	do not require the use of current financial resources and	
0	7,303	therefore are not reported as expenditures in governmental	
50,000	215,000	funds.	45,530
29,196	103,764	Other financing sources in the governmental funds that increase	
(50,000)	(215,000)	long-term liabilities in the statement of net assets are not	
116,750	116,750	reported as revenues in the statement of activities.	
0	(116,750)	Proceeds of Capital Lease	(103,764)
		General Obligation Notes Issued	(215,000)
145,946	111,067	Total	(318,764)
(248,171)	(425,389)	<i>Change in Net Assets of Governmental Activities</i>	(\$517,362)
1,347,267	3,292,676		
\$1,099,096	\$2,867,287		

City of Conneaut, 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		
Revenues				
Property Taxes	\$363,000	\$363,000	\$397,928	\$34,928
Municipal Income Taxes	2,014,840	2,014,840	2,029,660	14,820
Special Assessments	15,000	15,000	17,178	2,178
Intergovernmental	934,900	954,900	1,025,491	70,591
Fees, Licenses and Permits	206,590	206,590	212,290	5,700
Fines and Forfeitures	169,230	169,230	162,179	(7,051)
Rentals	20,000	20,000	20,000	0
Contributions and Donations	9,000	9,000	19,010	10,010
Interest	125,000	125,000	114,805	(10,195)
Other	29,620	29,620	15,226	(14,394)
<i>Total Revenues</i>	3,887,180	3,907,180	4,013,767	106,587
Expenditures				
Current:				
General Government	1,305,502	1,261,302	1,203,706	57,596
Security of Persons and Property	2,529,662	2,537,773	2,377,341	160,432
Public Health Services	338,981	356,709	336,911	19,798
Leisure Time Activities	37,450	41,425	39,110	2,315
Community Development	76,690	73,190	65,849	7,341
Debt Service:				
Principal Retirement	336,000	336,000	336,000	0
Interest and Fiscal Charges	19,040	19,040	19,006	34
<i>Total Expenditures</i>	4,643,325	4,625,439	4,377,923	247,516
<i>Excess of Revenues Under Expenditures</i>	(756,145)	(718,259)	(364,156)	354,103
Other Financing Sources (Uses)				
Sale of Capital Assets	5,000	5,000	7,303	2,303
General Obligation Notes Issued	230,000	230,000	225,000	(5,000)
Proceeds of Capital Lease	75,000	75,000	74,568	(432)
Advances Out	0	(57,670)	(57,670)	0
Transfers Out	(158,750)	(158,750)	(116,750)	42,000
<i>Total Other Financing Sources (Uses)</i>	151,250	93,580	132,451	38,871
<i>Net Change in Fund Balance</i>	(604,895)	(624,679)	(231,705)	392,974
<i>Fund Balance Beginning of Year</i>	589,683	589,683	589,683	0
Prior Year Encumbrances Appropriated	44,838	44,838	44,838	0
<i>Fund Balances End of Year</i>	\$29,626	\$9,842	\$402,816	\$392,974

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$839,057	\$839,057	\$845,261	\$6,204
Special Assessments	15,000	15,000	14,550	(450)
Intergovernmental	487,000	507,000	514,508	7,508
Fees, Licenses and Permits	5,000	5,000	35,100	30,100
Interest	2,000	2,000	857	(1,143)
Other	0	0	9,882	9,882
<i>Total Revenues</i>	<u>1,348,057</u>	<u>1,368,057</u>	<u>1,420,158</u>	<u>52,101</u>
Expenditures				
Current:				
Transportation	1,937,663	1,947,717	1,392,049	555,668
Debt Service:				
Principal Retirement	216,245	223,571	223,570	1
Interest and Fiscal Charges	10,641	13,123	13,115	8
<i>Total Expenditures</i>	<u>2,164,549</u>	<u>2,184,411</u>	<u>1,628,734</u>	<u>555,677</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(816,492)</u>	<u>(816,354)</u>	<u>(208,576)</u>	<u>607,778</u>
Other Financing Sources (Uses)				
OPWC Loans Issued	500,000	500,000	0	(500,000)
General Obligation Notes Issued	182,000	182,000	182,000	0
Transfers In	24,000	24,000	0	(24,000)
<i>Total Other Financing Sources (Uses)</i>	<u>706,000</u>	<u>706,000</u>	<u>182,000</u>	<u>(524,000)</u>
<i>Net Change in Fund Balance</i>	(110,492)	(110,354)	(26,576)	83,778
<i>Fund Balance Beginning of Year</i>	102,009	102,009	102,009	0
Prior Year Encumbrances Appropriated	17,063	17,063	17,063	0
<i>Fund Balance End of Year</i>	<u>\$8,580</u>	<u>\$8,718</u>	<u>\$92,496</u>	<u>\$83,778</u>

See accompanying notes to the basic financial statements

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

	Business-Type Activities		
	Water	Sewer	Total
Assets			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$289,960	\$173,908	\$463,868
Materials and Supplies Inventory	83,328	36,979	120,307
<i>Receivables:</i>			
Accounts	278,022	274,031	552,053
Special Assessments	6,145	9,596	15,741
<i>Total Current Assets</i>	<u>657,455</u>	<u>494,514</u>	<u>1,151,969</u>
<i>Noncurrent Assets:</i>			
Special Assessment Receivable	18,825	6,285	25,110
<i>Capital Assets:</i>			
Nondepreciable Capital Assets	44,640	0	44,640
Depreciable Capital Assets, Net	6,637,836	10,378,239	17,016,075
<i>Total Noncurrent Assets</i>	<u>6,701,301</u>	<u>10,384,524</u>	<u>17,085,825</u>
<i>Total Assets</i>	<u>7,358,756</u>	<u>10,879,038</u>	<u>18,237,794</u>
Liabilities			
<i>Current Liabilities:</i>			
Accounts Payable	43,507	55,064	98,571
Contracts Payable	608	2,987	3,595
Accrued Wages	16,293	14,921	31,214
Intergovernmental Payable	26,823	28,657	55,480
Compensated Absences Payable	69,734	28,960	98,694
Accrued Interest Payable	9,897	114,289	124,186
General Obligation Bonds Payable	70,000	0	70,000
OPWC Loans Payable	25,173	14,283	39,456
OWDA Loans Payable	27,269	416,106	443,375
Capital Leases Payable	0	34,751	34,751
Notes Payable	10,000	165,000	175,000
<i>Total Current Liabilities</i>	<u>299,304</u>	<u>875,018</u>	<u>1,174,322</u>
<i>Long-Term Liabilities (net of current portion):</i>			
Compensated Absences Payable	116,506	136,194	252,700
General Obligation Bonds Payable	671,264	0	671,264
OPWC Loans Payable	329,489	55,050	384,539
OWDA Loans Payable	285,923	4,414,633	4,700,556
<i>Total Long-Term Liabilities</i>	<u>1,403,182</u>	<u>4,605,877</u>	<u>6,009,059</u>
<i>Total Liabilities</i>	<u>1,702,486</u>	<u>5,480,895</u>	<u>7,183,381</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	5,264,622	5,278,416	10,543,038
Unrestricted	391,648	119,727	511,375
<i>Total Net Assets</i>	<u>\$5,656,270</u>	<u>\$5,398,143</u>	<u>\$11,054,413</u>

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2007*

	Business-Type Activities		
	Water	Sewer	Total
Operating Revenues			
Charges for Services	\$1,902,270	\$1,933,092	\$3,835,362
Tap-In Fees	11,485	11,597	23,082
Special Assessments	6,011	0	6,011
Rentals	2,450	0	2,450
Other	5,052	5,825	10,877
<i>Total Operating Revenues</i>	<u>1,927,268</u>	<u>1,950,514</u>	<u>3,877,782</u>
Operating Expenses			
Personal Services	994,192	775,742	1,769,934
Purchased Services	282,660	335,959	618,619
Contractual Services	100,632	55,777	156,409
Materials and Supplies	135,275	97,442	232,717
Depreciation	188,009	292,173	480,182
Other	5,688	2,583	8,271
<i>Total Operating Expenses</i>	<u>1,706,456</u>	<u>1,559,676</u>	<u>3,266,132</u>
<i>Operating Income</i>	<u>220,812</u>	<u>390,838</u>	<u>611,650</u>
Non-Operating Revenues (Expenses)			
Gain on Sale of Capital Assets	0	239	239
Loss on Sale of Capital Assets	(3,655)	0	(3,655)
Interest and Fiscal Charges	(53,728)	(209,689)	(263,417)
<i>Total Non-Operating Revenues (Expenses)</i>	<u>(57,383)</u>	<u>(209,450)</u>	<u>(266,833)</u>
<i>Income before Contributions</i>	163,429	181,388	344,817
Capital Contributions	13,383	29,859	43,242
<i>Change in Net Assets</i>	176,812	211,247	388,059
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>	<u>5,479,458</u>	<u>5,186,896</u>	<u>10,666,354</u>
<i>Net Assets End of Year</i>	<u><u>\$5,656,270</u></u>	<u><u>\$5,398,143</u></u>	<u><u>\$11,054,413</u></u>

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2007

	Business-Type Activities		
	Water	Sewer	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Customers	\$1,876,901	\$1,914,178	\$3,791,079
Cash Received from Tap-In Fees	11,485	11,597	23,082
Cash Received from Special Assessments	4,028	6,501	10,529
Cash Received from Rentals	2,450	0	2,450
Other Cash Receipts	5,052	5,825	10,877
Cash Payments to Employees for Services	(998,018)	(757,943)	(1,755,961)
Cash Payments for Goods and Services	(519,938)	(499,119)	(1,019,057)
Other Cash Payments	(5,688)	(2,583)	(8,271)
<i>Net Cash Provided by Operating Activities</i>	<u>376,272</u>	<u>678,456</u>	<u>1,054,728</u>
Cash Flows from Capital and Related Financing Activities			
Related Financing Activities			
Proceeds from Sale of Capital Assets	1,507	239	1,746
Capital Grants	13,383	29,859	43,242
Proceeds from General Obligation Notes	0	165,000	165,000
Proceeds from OWDA Loans	0	164,775	164,775
Principal Paid on OWDA Loans	(26,121)	(397,636)	(423,757)
Interest Paid on OWDA Loans	(14,479)	(209,735)	(224,214)
Principal Paid on OPWC Loans	(25,174)	(15,056)	(40,230)
Principal Paid on General Obligation Bond	(70,000)	0	(70,000)
Interest Paid on General Obligation Bond	(40,205)	0	(40,205)
Principal Paid on Short-term Notes	0	(180,000)	(180,000)
Interest Paid on Short-term Notes	0	(7,917)	(7,917)
Principal Paid on Capital Lease	0	(33,819)	(33,819)
Interest Paid on Capital Lease	0	(2,573)	(2,573)
Principal Paid on Long-term Note	(10,000)	0	(10,000)
Payments for Capital Acquisitions	(42,635)	(358,944)	(401,579)
<i>Net Cash Used in Capital and Related Financing Activities</i>	<u>(213,724)</u>	<u>(845,807)</u>	<u>(1,059,531)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalent</i>	162,548	(167,351)	(4,803)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>127,412</u>	<u>341,259</u>	<u>468,671</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$289,960</u>	<u>\$173,908</u>	<u>\$463,868</u>

(continued)

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

	Business-Type Activities		
	Water	Sewer	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$220,812	\$390,838	\$611,650
Adjustments:			
Depreciation	188,009	292,173	480,182
(Increase) Decrease in Assets:			
Accounts Receivable	(25,369)	(18,914)	(44,283)
Special Assessments Receivable	(1,983)	6,501	4,518
Materials and Supplies Inventory	4,117	(2,610)	1,507
Increase (Decrease) in Liabilities:			
Accounts Payable	7,492	23,187	30,679
Contracts Payable	(9,990)	(29,093)	(39,083)
Accrued Wages	490	2,514	3,004
Compensated Absences Payable	(5,774)	12,232	6,458
Intergovernmental Payable	(1,532)	1,628	96
<i>Total Adjustments</i>	<u>155,460</u>	<u>287,618</u>	<u>443,078</u>
<i>Net Cash Provided by Operating Activities</i>	<u>\$376,272</u>	<u>\$678,456</u>	<u>\$1,054,728</u>

See accompanying notes to the basic financial statements

City Of Conneaut, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2007

Assets

Equity in Pooled Cash and Cash Equivalents	\$9,323
Cash and Cash Equivalents in Segregated Accounts	<u>19,604</u>

<i>Total Assets</i>	<u><u>\$28,927</u></u>
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Liabilities

Deposits Held and Due to Others	<u><u>\$28,927</u></u>
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See accompanying notes to the basic financial statements

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

Note 1 – Description of the City and Reporting Entity

The City of Conneaut is a charter municipal corporation duly organized and existing under the constitution and laws of the State of Ohio. The City may exercise all powers of local self-government and police powers to the extent not in conflict with applicable general laws. The City was incorporated as a city in 1902. The City is governed by a City Manager-Council form of government with the Council appointing the City Manager and the City Manager appoints the directors of all City departments. Members of Council are elected to four-year staggered terms.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the 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 Conneaut, this includes the agencies and departments that provide the following services: police protection, fire fighting and prevention, street maintenance and repairs, building inspection, parks and recreation, water and wastewater. 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. 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 deficits of, or provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The City has no component units.

The City is associated with the Ohio Rural Water Association Workers' Compensation Group Rating Plan, an insurance purchasing pool and the Conneaut Public Library, a related organization. These organizations are presented in Notes 18 and 19 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the City of Conneaut 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 unless those pronouncements conflict with or contradict GASB pronouncements. The City has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989, to its business-type activities and its enterprise funds. The more 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.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

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 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 business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental program 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. Nonmajor funds are aggregated and presented in a single column. 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.

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 balance. 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 Conneaut and/or the general laws of Ohio.

Street Construction, Maintenance and Repair Fund - The street construction, maintenance and repair special revenue fund accounts for its portion of municipal income tax collections and the portion of the gasoline tax and motor vehicle registration fees designated for maintenance and repair of dedicated streets within the City.

General Obligation Bond Retirement Fund - The general obligation bond retirement fund is used to account for the property and other taxes collected for the payment of, general long-term debt principal, interest and related costs.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

Special Assessment Bond Retirement Fund – The special assessment bond retirement fund is used to account for the special assessments collected for the payment of special assessment debt principal, interest and related costs.

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. The City has no internal service funds.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Water Fund The water fund accounts for revenues generated from the charges for distribution of water to the residential and commercial users of the City.

Sewer Fund The sewer fund accounts for sewer services to City individuals and commercial users in the City. The costs of providing these services are financed primarily through user charges.

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 fund is an agency fund. The agency fund accounts for municipal court deposits.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total 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 funds 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 fund net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange 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), fines and forfeitures, interest, grants 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.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

E. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all 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".

The City has segregated bank accounts for monies held separate from the City's central bank account. These depository accounts are presented as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the City treasury.

During 2007, investments were limited to Victory Federal Money Market Mutual Fund and STAROhio.

Investments are reported at fair value. The fair value of the mutual fund is determined by the fund's December 31, 2007, share price. Any increase or decrease in fair value is reported as a component of interest income.

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.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2007 amount to \$114,805 which includes \$93,662 assigned from other City funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents.

F. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

G. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital 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 enterprise 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 three thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extended an asset's life or not. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

All 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	Estimated Lives
Buildings and Improvements	15 - 45 years
Equipment	3 - 10 years
Vehicles	5 - 20 years
Furniture and Fixtures	3 - 10 years
Infrastructure	25 - 40 years
Water and Sewer Lines	50 years

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

H. 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. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

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 the sick leave accumulated and employee's wage rates at December 31, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for all employees after ten years of service.

I. 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 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 and long-term loans are recognized as a liability on the governmental fund financial statements when due.

J. Fund Balance Reserves

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. Fund balance reserves have been established for encumbrances and loans receivable.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$2,677,252 of restricted net assets, none of which is restricted by enabling legislation. Net assets restricted for other purposes include resources restricted for litter control and street lighting.

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

L. 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 water and wastewater treatment. Operating expenses are necessary costs incurred to provide the good or services that is the primary activity of the fund. Revenues and expenses which do not meet these definitions are reported as non-operating.

M. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Internal 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.

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 non-operating 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.

N. Bond Premium

On the City-wide and the proprietary fund financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an increase of the face amount of the bonds payable

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence.

P. 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.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

Q. Budgetary Process

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 object level within each department. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original and final budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original and final appropriations were enacted by Council.

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.

Note 3 - Change in Accounting Principles and Restatement of Prior Year Balances

A. Changes 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 \$21,338 and \$29,167, 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 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.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

B. Restatement of Prior Year's Balances

During 2007, it was determined that loans receivable was overstated and that the private-purpose trust fund was reclassified to a special revenue fund. This restatement had the following effect on fund balances as they were previously reported.

	General	Street Construction, Maintenance and Repair	General Obligation Bond Retirement
Fund Balance, December 31, 2006	\$815,324	\$330,255	\$568,788
Fund Reclassification	0	0	0
Loans Receivable	0	0	0
Adjusted Fund Balance, December 31, 2006	\$815,324	\$330,255	\$568,788
	Special Assessment Bond Retirement	Other Governmental Funds	Total Governmental Activities
Fund Balance, December 31, 2006	\$231,042	\$1,488,439	\$3,433,848
Fund Reclassification	0	30,677	30,677
Loans Receivable	0	(171,849)	(171,849)
Adjusted Fund Balance, December 31, 2006	\$231,042	\$1,347,267	\$3,292,676

In addition to the loans receivable restatement and the fund reclassification above, the City increased their capital asset threshold from one thousand five hundred dollars to three thousand dollars which was offset by the City changing the useful life of a portion of their capital assets. The loans receivable restatement, the fund reclassification and the capital asset restatement to account for the threshold change had the following effect on net assets as they were previously reported.

	Governmental Activities
Net Assets, December 31, 2006	\$20,596,055
Fund Reclassification	30,677
Loans Receivable	(171,849)
Capital Assets	476,547
Adjusted Net Assets, December 31, 2006	\$20,931,430

City of Conneaut, Ohio
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For The Year Ended December 31, 2007

	Water	Sewer	Business-Type Activities
Net Assets, December 31, 2006	\$5,554,740	\$5,244,326	\$10,799,066
Capital Assets	(75,282)	(57,430)	(132,712)
Adjusted Net Assets, December 31, 2006	<u>\$5,479,458</u>	<u>\$5,186,896</u>	<u>\$10,666,354</u>

Note 4 - Budgetary Basis of Accounting

While 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 Balance - Budget (Non-GAAP Basis) and Actual presented for the general and street construction, maintenance and repair funds 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 the 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).
4. Unreported cash represents amounts received but not included as revenue on the budgetary statements, but reported on the operating statements prepared using GAAP.
5. Proceeds from and principal payment on short-term note obligations are reported on the operating statement (budget) rather than on the balance sheet (GAAP).

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

City of Conneaut, Ohio
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Net Change in Fund Balances

	General	Street Construction Maintenance and Repair
GAAP Basis	(\$110,054)	(\$31,995)
Net Adjustment for Revenue Accruals	(21,363)	(4,560)
Net Adjustment for Expenditures Accruals	(26,920)	29,248
Beginning Unrecorded Cash	150	0
Ending Unrecorded Cash	(24)	0
Proceeds of Notes	217,000	25,000
Principal Retirement	(265,000)	(25,500)
Encumbrances	(25,494)	(18,769)
Budget Basis	(\$231,705)	(\$26,576)

Note 5 - Accountability

The CHIPS and the fire pension special revenue funds had deficit fund balances of \$16,403 and \$33,767, respectively, as of December 31, 2007. The fund deficits were caused by the recognition of expenditures on the modified accrual basis of accounting which are substantially greater than expenditures recognized on the cash basis. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur.

Note 6 - Deposits and Investments

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

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

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

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

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

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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

1. United States Treasury bills, bonds, notes, 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, 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 instrumentalities;
3. Written repurchase agreements in securities listed above;
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);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements 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.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that, in the event of the failure of the counterparty, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$498,342 of the City's bank balance of \$598,342 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial credit 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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
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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 uninsured deposits being secured.

Investments

Investments are reported at fair value. As of December 31, 2007, the City had the following investments:

	<u>Fair Value</u>	<u>Average Maturity</u>
Victory Federal Money Market Mutual Fund	\$701,770	Less than One Month
STAROhio	1,538,909	41 Days
Total	<u>\$2,240,679</u>	

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within two 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. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk The Victory Federal Money Market Mutual Funds and STAROhio carry a rating of AAAM by Standard & Poor's. The City has no investment policy that addresses credit risk.

Note 7 - Receivables

Receivables at December 31, 2007, consisted primarily of municipal income taxes, property taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, loans and accounts (billings for user charged services, including unbilled utility services).

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables except property taxes, special assessments, and loans receivable 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 \$1,213,168 in the special assessment bond retirement fund, \$18,825 in the water enterprise fund and \$6,285 in the sewer enterprise fund. At December 31, 2007, the amount of delinquent special assessments was \$423,101.

The loans receivable at December 31, 2007, are revolving loans made to private enterprises under the United States Department of Housing and Urban Development Community Development Block Grant Program. The loans are due on various dates with a large portion not due until the related property is sold or the debtor becomes deceased. Loans expected to be collected in more than one year amount to \$37,900.

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) is for 2007 taxes.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

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.

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 \$8.10 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:

Category	Assessed Value
Real Estate	
Residential/Agricultural	\$124,585,680
Other Real Estate	31,434,560
Tangible Personal Property	
Public Utility	5,487,170
General Tangible Personal Property	12,120,220
Total Assessed Values	\$173,627,630

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Conneaut. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes and 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, the general obligation bond retirement fund, the fire and police levy funds and the police and fire pension special revenue funds, 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 a receivable and a revenue while the remainder of the receivable is deferred.

B. Income Taxes

The City levies a municipal income tax of 1.80 percent on gross salaries, wages and other compensation, and net profits earned within the City, as well as income of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality to a maximum of the total amount assessed.

City of Conneaut, Ohio
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Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to file a declaration annually and quarterly estimated tax payments are recommended.

Income tax proceeds are received by the general fund, street construction, maintenance and repair, street lighting and recreation special revenue funds and the street improvement and capital improvement capital projects funds.

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

Governmental Activities	Amounts
Local Government	\$357,419
Gasoline Tax	204,809
Conneaut Port Authority	100,000
Formula Grant	72,000
Permissive Tax	69,335
Personal Property Tax Reimbursement	65,995
Homestead and Rollback	65,119
Auto License Tax	48,175
Estate Tax	22,255
Northeast Ohio Public Library Council	2,626
Tree Commission Grant	1,233
Total	\$1,008,966

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
Governmental Activities				
<i>Capital Assets not being Depreciated:</i>				
Land	\$554,738	\$4,565	\$0	\$559,303
<i>Capital Assets being Depreciated:</i>				
Buildings and Improvements	1,656,724	65,945	0	1,722,669
Equipment	1,596,130	102,550	(18,893)	1,679,787
Vehicles	3,821,493	210,042	(167,707)	3,863,828
Furniture and Fixtures	9,482	0	0	9,482
Infrastructure:				
Traffic Lights	93,320	0	0	93,320
Roads	21,147,789	362,399	0	21,510,188
Storm Sewers	1,513,744	19,371	0	1,533,115
<i>Total Capital Assets being Depreciated</i>	\$29,838,682	\$760,307	(\$186,600)	\$30,412,389

City of Conneaut, Ohio
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For The Year Ended December 31, 2007

Governmental Activities (continued)	Balance 12/31/2006	Additions	Deductions	Balance 12/31/2007
Capital Assets not being Depreciated:				
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(\$1,152,634)	(\$44,934)	\$0	(\$1,197,568)
Equipment	(1,047,001)	(96,727)	18,893	(1,124,835)
Vehicles	(3,530,547)	(111,172)	167,707	(3,474,012)
Furniture and Fixtures	(4,571)	(948)	0	(5,519)
Infrastructure:				
Traffic Lights	(49,140)	(2,096)	0	(51,236)
Roads	(4,459,578)	(863,746)	0	(5,323,324)
Storm Sewers	(926,399)	(21,651)	0	(948,050)
<i>Total Accumulated Depreciation</i>	<u>(11,169,870)</u>	<u>(1,141,274) *</u>	<u>186,600</u>	<u>(12,124,544)</u>
Total Capital Assets being Depreciated, Net	<u>18,668,812</u>	<u>(380,967)</u>	<u>0</u>	<u>18,287,845</u>
Governmental Activities Capital Assets, Net	<u>\$19,223,550</u>	<u>(\$376,402)</u>	<u>\$0</u>	<u>\$18,847,148</u>
 Business Type Activities:				
Capital Assets not being Depreciated:				
Land	\$6,880	\$0	\$0	\$6,880
Construction in Progress	3,990,350	97,818	(4,050,408)	37,760
<i>Total Capital Assets not being Depreciated</i>	<u>3,997,230</u>	<u>97,818</u>	<u>(4,050,408)</u>	<u>44,640</u>
Capital Assets being Depreciated:				
Buildings and Improvements	650,221	0	0	650,221
Equipment	3,687,603	156,555	(7,499)	3,836,659
Vehicles	545,690	15,410	(9,241)	551,859
Infrastructure:				
Water and Sewer Lines	14,399,608	3,997,924	0	18,397,532
<i>Total Capital Assets being Depreciated</i>	<u>19,283,122</u>	<u>4,169,889</u>	<u>(16,740)</u>	<u>23,436,271</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(583,522)	(6,281)	0	(589,803)
Equipment	(1,905,780)	(121,564)	7,499	(2,019,845)
Vehicles	(240,921)	(25,675)	4,079	(262,517)
Infrastructure:		0		
Water and Sewer Lines	(3,221,369)	(326,662)	0	(3,548,031)
<i>Total Accumulated Depreciation</i>	<u>(5,951,592)</u>	<u>(480,182)</u>	<u>11,578</u>	<u>(6,420,196)</u>
Total Capital Assets being Depreciated, Net	<u>13,331,530</u>	<u>3,689,707</u>	<u>(5,162)</u>	<u>17,016,075</u>
Business Type Activities Capital Assets, Net	<u>\$17,328,760</u>	<u>\$3,787,525</u>	<u>(\$4,055,570)</u>	<u>\$17,060,715</u>

City of Conneaut, Ohio
Notes to the Basic Financial Statements
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* Depreciation expense was charged to governmental functions as follows:

General Government	\$38,560
Security of Persons and Property	136,461
Leisure Time Activities	19,749
Community Development	8,409
Transportation	938,095
Total Depreciation Expense	\$1,141,274

Note 9 - Notes Payable

Changes in the City's note activity for the year ended December 31, 2007, were as follows:

	Outstanding 12/31/2006	Additions	(Reductions)	Outstanding 12/31/2007
<i>General Fund:</i>				
Prison Land, 2.59%	\$100,000	\$80,000	(\$100,000)	\$80,000
Madison Street Storm Sewer, 1.60%	150,000	130,000	(150,000)	130,000
Fire Truck, 1.81%	15,000	7,000	(15,000)	7,000
<i>Total General Fund</i>	<u>265,000</u>	<u>217,000</u>	<u>(265,000)</u>	<u>217,000</u>
<i>Special Revenue Fund:</i>				
Street Equipment, 1.81%	20,000	20,000	(20,000)	20,000
Street Equipment, 1.81%	5,500	5,000	(5,500)	5,000
<i>Total Special Revenue Fund</i>	<u>25,500</u>	<u>25,000</u>	<u>(25,500)</u>	<u>25,000</u>
<i>Capital Projects Fund:</i>				
Conneaut Port Authority, 3.80%	50,000	50,000	(50,000)	50,000
<i>Total Governmental Activities</i>	<u>\$340,500</u>	<u>\$292,000</u>	<u>(\$340,500)</u>	<u>\$292,000</u>
<i>Enterprise Fund:</i>				
Waste Water Improvement, 1.60%	<u>\$180,000</u>	<u>\$165,000</u>	<u>(\$180,000)</u>	<u>\$165,000</u>

In 2007, the City issued \$80,000 and \$130,000 in various purpose improvement notes to help finance the purchase of land for the prison and to finance the Madison Street storm sewer project. These projects have been completed by December 31, 2007 and the notes mature on June 20, 2008.

In 2007, the City issued \$7,000, \$25,000 and \$50,000 in various purpose improvement notes for the purchase of a fire truck and street equipment and for the Conneaut Port Authority. These purchases have been made by December 31, 2007 and the notes mature on February 7, 2008. The long-term portion of these notes of \$8,000, \$157,000 and \$50,000 are presented in Note 11.

In 2007, the City issued \$165,000 in various purpose improvement notes to finance the waste water improvement project. This project had been completed by December 31, 2007 and the note matures on June 20, 2008.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
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The notes are backed by the full faith and credit of the City of Conneaut and mature within one year. The note liabilities are reflected in the funds which receive the proceeds. The notes are generally issued in anticipation of long-term bond financing and are refinanced until such bonds are issued.

Note 10 - Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Vacation and sick leave are accrued without limit. Upon retirement, an employee with ten or more years of service can be paid for one quarter of his/her accumulated sick hours. The paid sick time is limited to a maximum number of hours set by each department. However, in no case shall any City employee in any department be paid for more than 1,200 hours of accumulated sick leave. There is no limitation on paying accrued vacation, so an employee may be paid for the entire amount of vacation earned but not yet used. Employees are paid for earned, unused vacation leave at time of termination.

Note 11 - Long-Term Obligations

The original issue date, amount, interest rate and maturity date for each of the City's debt issues follow:

Debt Issue	Original Issue Date	Interest Rate	Original Issue Amount	Year of Maturity
Governmental Activities				
<i>General Obligation Bonds:</i>				
City Hall Annex	1986	6.88%	\$1,500,000	2011
Library	1998	5.05	2,115,000	2018
<i>Special Assessment Loans:</i>				
East Conneaut Sewer Phase II	1996	4.16	746,716	2016
East/West Gateway	1993	4.80	554,029	2013
Gateway Phase II	1993	4.80	87,255	2014
I-90 Sewer	1998	3.98	167,329	2018
East Conneaut Sewer Phase III	1999	3.50	679,445	2020
<i>Ohio Public Works Commission Loan:</i>				
Under Ridge Road Culvert	2004	0.00	31,626	2025
<i>Notes:</i>				
Fire Truck	2007	4.19	15,000	2008
Street Equipment	2007	4.19	132,000	2008
Street Equipment	2007	4.19	50,000	2008
Environmental Cleanup	2004	4.00	170,000	2009
Conneaut Port Authority	2007	4.19	100,000	2008

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

Debt Issue	Original Issue Date	Interest Rate	Original Issue Amount	Year of Maturity
Business-Type Activities				
<i>Special Assessment Loans:</i>				
East Conneaut Sewer Phase II	1996	4.16	\$215,671	2016
I-90 Sewer	1998	3.98	94,123	2020
East Conneaut Sewer Phase III	1999	3.50	132,997	2020
<i>Ohio Water Development Authority:</i>				
Wastewater Plant Improvement	1971	5.25	853,796	2013
Wastewater Plant Improvement	1987	9.06	557,110	2013
Wastewater	1988	4.80	2,580,000	2011
Water III	1995	4.35	543,845	2017
Dechlorination Project	1997	4.12	89,144	2017
Wastewater Improvement Loan	2006	3.25	3,156,805	2026
<i>Ohio Public Works Commission</i>				
East Conneaut Sewer Phase II	1997	0.00	20,616	2006
Wastewater Treatment Plant	1992	0.00	123,926	2010
South Conneaut Water Tank	2000	0.00	385,000	2021
Liberty Water Line	2003	0.00	118,483	2023
Madison Sanitary Sewer	2004	0.00	37,833	2024
<i>Note:</i>				
Prison Water Line Improvement	1997	0.00	100,000	2007
<i>General Obligation Bond:</i>				
Water III	1998	5.05	1,370,000	2018

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

	Outstanding 12/31/2006	Additions	Reductions	Outstanding 12/31/2007	Amount Due In one Year
Governmental Activities:					
<i>General Obligation Bonds</i>					
City Hall Annex	\$500,000	\$0	\$100,000	\$400,000	\$100,000
Library	1,260,000	0	105,000	1,155,000	105,000
Total General Obligation Bonds	1,760,000	0	205,000	1,555,000	205,000
<i>Special Assessment OWDA Loans with Governmental Commitment</i>					
East Conneaut Sewer Phase II	404,818	0	33,401	371,417	34,805
East/West Gateway	255,468	0	31,512	223,956	33,042
Gateway Phase II	42,627	0	4,847	37,780	5,082
I-90 Sewer	115,621	0	7,686	107,935	7,995
East Conneaut Sewer Phase III	514,464	0	29,043	485,421	30,068
Total Special Assessment OWDA Loans	1,332,998	0	106,489	1,226,509	110,992
<i>OPWC Loan</i>					
Under Ridge Road Culvert	\$29,254	\$0	\$1,581	\$27,673	\$1,581

City of Conneaut, Ohio
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	Outstanding 12/31/2006	Additions	Reductions	Outstanding 12/31/2007	Amount Due In one Year
Governmental Activities (continued)					
<i>Long - Term Notes Payable</i>					
Fire Truck	\$15,000	\$8,000	\$15,000	\$8,000	\$0
Street Equipment	132,000	112,000	132,000	112,000	0
Street Equipment	50,000	45,000	50,000	45,000	0
Environmental Cleanup	170,000	0	56,000	114,000	57,000
Conneaut Port Authority	100,000	50,000	100,000	50,000	0
<i>Total Long - Term Notes Payable</i>	<u>467,000</u>	<u>215,000</u>	<u>353,000</u>	<u>329,000</u>	<u>57,000</u>
<i>Other Long-Term Liabilities</i>					
Capital Lease	201,148	103,764	43,882	261,030	79,442
Compensated Absences	759,552	180,316	225,846	714,022	222,542
<i>Total Other Long-Term Liabilities</i>	<u>960,700</u>	<u>284,080</u>	<u>269,728</u>	<u>975,052</u>	<u>301,984</u>
Total Governmental Activities					
Long-Term Obligations	<u>\$4,549,952</u>	<u>\$499,080</u>	<u>\$935,798</u>	<u>\$4,113,234</u>	<u>\$676,557</u>
Business-Type Activities:					
<i>Special Assessment OWDA Loans</i>					
<i>with Governmental Commitment</i>					
East Conneaut Sewer Phase II	\$134,939	\$0	\$11,134	\$123,805	\$11,602
I-90 Sewer	65,037	0	4,323	60,714	4,497
East Conneaut Sewer Phase III	112,931	0	6,375	106,556	6,600
<i>Total Special Assessment OWDA Loans</i>	<u>312,907</u>	<u>0</u>	<u>21,832</u>	<u>291,075</u>	<u>22,699</u>
<i>OWDA Loans</i>					
Wastewater Plant Improvement	305,910	0	37,199	268,711	39,152
Wastewater Plant Improvement	286,259	0	31,059	255,200	33,873
Wastewater	948,685	0	172,177	776,508	180,541
Water III	339,313	0	26,121	313,192	27,269
Dechlorination Project	53,034	0	4,130	48,904	4,302
Wastewater Improvement Loan	3,156,805	164,775	131,239	3,190,341	135,539
<i>Total OWDA Loans</i>	<u>5,090,006</u>	<u>164,775</u>	<u>401,925</u>	<u>4,852,856</u>	<u>420,676</u>
<i>Total OWDA Obligations</i>	<u>5,402,913</u>	<u>164,775</u>	<u>423,757</u>	<u>5,143,931</u>	<u>443,375</u>
<i>OPWC Loans</i>					
East Conneaut Sewer Phase II	771	0	771	0	0
Wastewater Treatment Plant	49,569	0	12,393	37,176	12,392
South Conneaut Water Tank	279,125	0	19,250	259,875	19,250
Liberty Water Line	100,711	0	5,924	94,787	5,923
Madison Sanitary Sewer	34,049	0	1,892	32,157	1,891
<i>Total OPWC Loans</i>	<u>464,225</u>	<u>0</u>	<u>40,230</u>	<u>423,995</u>	<u>39,456</u>
<i>Notes Payable</i>					
Prison Water Line Improvement	20,000	0	10,000	10,000	10,000
<i>General Obligation Bonds</i>					
Water III	810,000	0	70,000	740,000	70,000
Unamortized Premium	1,387	0	123	1,264	0
<i>Total Bonds</i>	<u>\$811,387</u>	<u>\$0</u>	<u>\$70,123</u>	<u>\$741,264</u>	<u>\$70,000</u>

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

	Outstanding 12/31/2006	Additions	Reductions	Outstanding 12/31/2007	Amount Due In one Year
Business-Type Activities (continued)					
<i>Other Long-Term Liabilities</i>					
Capital Lease	\$68,570	\$0	\$33,819	\$34,751	\$34,751
Compensated Absences	344,936	108,607	102,149	351,394	98,694
<i>Total Other Long-Term Liabilities</i>	<u>413,506</u>	<u>108,607</u>	<u>135,968</u>	<u>386,145</u>	<u>133,445</u>
<i>Total Business-Type Activities</i>					
<i>Long-Term Obligations</i>	<u>\$7,112,031</u>	<u>\$273,382</u>	<u>\$680,078</u>	<u>\$6,705,335</u>	<u>\$696,276</u>

General obligation bonds are direct obligations of the City and will be paid from the bond retirement debt service fund using property tax revenues and from the water fund using operating revenues. Special assessment debt will be paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. The OWDA loans will be paid partly with special assessments levied against benefited property owners as well as user charges from the appropriate enterprise fund. The OPWC loans in the enterprise funds will be paid with user charges. The long-term governmental notes will be paid from the general fund, the street construction, maintenance and repair special revenue fund and the street improvement capital projects fund. Compensated absences will be paid from the general, street construction, maintenance and repair, litter control and ambulance special revenue funds and the water and sewer enterprise funds. The business-type notes will be paid with charges for services revenues from the water enterprise fund.

In 2007, the City issued \$8,000, \$157,000 and \$50,000 in various purpose improvement notes for the purchase of a fire truck and street equipment and for the Conneaut Port Authority. These purchases have been made by December 31, 2007 and the notes mature on February 7, 2008. The short-term portion of these notes of \$7,000, \$25,000 and \$50,000 are presented in Note 10.

In 2004, the City issued a \$170,000 environmental cleanup note for various environmental improvements within the City. These improvements have been made by December 31, 2007 and the note matures on June 1, 2009.

The City's overall legal debt margin was \$15,872,739 with an unvoted debt margin of \$7,191,358 at December 31, 2007. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2007, are as follows:

	<i>Governmental Activities</i>						
	General Obligation Bonds		Special Assessment Loans		OPWC Loans	Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2008	\$205,000	\$85,355	\$110,992	\$48,151	\$1,581	\$272,000	\$13,569
2009	205,000	73,650	115,691	43,453	1,582	57,000	2,280
2010	205,000	61,472	120,589	38,555	1,582	0	0
2011	205,000	49,295	125,700	33,443	1,582	0	0
2012	105,000	37,118	131,031	28,113	1,582	0	0
2013-2017	525,000	106,052	478,470	69,818	7,910	0	0
2018-2022	105,000	5,302	144,036	8,568	7,910	0	0
2023-2025	0	0	0	0	3,944	0	0
Total	<u>\$1,555,000</u>	<u>\$418,244</u>	<u>\$1,226,509</u>	<u>\$270,101</u>	<u>\$27,673</u>	<u>\$329,000</u>	<u>\$15,849</u>

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

<i>Business-Type Activities</i>								
	General Obligation Bonds		Special Assessment Loans		OWDA Loans		OPWC Loans	Notes Payable
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Principal
2008	\$70,000	\$37,020	\$22,699	\$11,075	\$420,676	\$222,847	\$39,456	\$10,000
2009	70,000	33,835	23,601	10,174	418,135	202,733	39,458	0
2010	70,000	30,300	24,539	9,237	439,329	181,539	39,458	0
2011	70,000	26,765	25,513	8,261	461,666	159,201	27,066	0
2012	70,000	23,230	26,527	7,247	266,951	138,244	27,066	0
2013-2017	325,000	65,650	132,511	19,727	1,052,007	509,515	135,330	0
2018-2022	65,000	3,282	35,685	2,003	935,890	304,455	106,457	0
2023-2026	0	0	0	0	858,202	88,419	9,704	0
Total	<u>\$740,000</u>	<u>\$220,082</u>	<u>\$291,075</u>	<u>\$67,724</u>	<u>\$4,852,856</u>	<u>\$1,806,953</u>	<u>\$423,995</u>	<u>\$10,000</u>

Note 12 – Capital Lease

In 2007, the City entered into a capitalized lease obligation for three new Ford Crown Victoria police cars to be used in the police department and a Cemetery Mower. As part of this agreement, Key Government Finance, Inc., as lessor, deposited \$103,764 into the City’s account. The City purchased the equipment and vehicles by December 31, 2007. In prior years, the City entered into a capital lease obligation for six new vehicles; four Ford Crown Victoria to be used in the police department, an International Dump Truck and a Sewer Camera Truck in 2006. The leases meet the criteria for a capital lease as defined by the Statement of Financial Accounting Standards No. 13 “Accounting for Lease” and have been recorded on the governmental-wide statements. The original amounts capitalized for the capital leases and the book value as of December 31, 2007 for governmental activities and business-type activities follows:

	Governmental Activities	Business-Type Activities
Asset:		
Equipment	\$29,196	\$0
Vehicles	282,834	101,000
Total Capitalized	312,030	101,000
Less: Accumulated depreciation	73,077	10,100
Current Book Value	\$238,953	\$90,900

The following is a schedule of the future minimum leases payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2007.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

	Governmental Activities	Business-Type Activity
2008	\$90,309	35,876
2009	81,805	0
2010	56,977	0
2011	19,616	0
2012	19,616	0
2013	19,618	0
Total Minimum Lease Payments	287,941	35,876
Less: Amount Representing Interest	(26,911)	(1,125)
Present Value of Minimum Lease Payments	\$261,030	\$34,751

Note 13 - Risk Management

A. Property and Liability

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 Love Insurance Company for various types of insurance as follows:

Type of Coverage	Coverage
Property/Boilers and Machinery	\$20,039,673
Inland Marine	1,711,264
Vehicles	
Comprehensive	2,000,000
Valuable Papers and Records	100,000
Police	2,000,000
Public Officials	2,000,000
Business Electronics Equipment	188,022
Fire and Rescue Equipment	50,900

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

B. Worker's Compensation

For fiscal year 2007, the City participated in the Ohio Rural Water Association Worker's Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating cities is calculated as one experience and a common premium rate is applied to all cities in the GRP. Each participant pays its worker's compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall percentage of the GRP.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

A participant will then either receive money from or be required to contribute to the “Equity Pooling Fund”. This “equity pooling” arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to cities that can meet the GRP’s selection criteria. The firm Comp Management provides administrative, cost control and actuarial services to the GRP.

Note 14 - 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 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. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

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

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 percent of covered payroll, public safety members contributed 9.75 percent, and law enforcement members contributed 10.1 percent.

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 \$265,010, \$266,183, and \$233,689 respectively; 87 percent has been contributed for 2007 and 100 percent for 2006 and 2005. There were no contributions to the member-directed plan for 2007.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 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 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 \$115,113 and \$109,070 for the year ended December 31, 2007, \$99,700 and \$98,109 for the year ended December 31, 2006, \$103,145 and \$94,924 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 73 percent has been contributed for police and 73 percent has been contributed for firefighters for 2007.

Note 15 - 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 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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

percent of covered payroll from January 1 through June 30, 2007, and 6.00 percent from July 1 through 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 \$149,723, \$130,198 and \$97,880 respectively; 87 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.

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&F 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 percent 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).

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

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 \$60,942 and \$42,680 for the year ended December 31, 2007, \$65,759 and \$46,791 for the year ended December 31, 2006, and \$68,032 and \$45,271 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 73 percent has been contributed for police and 73 percent has been contributed for firefighters for 2007.

Note 16 - Contingencies

A. Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2007.

B. Litigation

The City of Conneaut is a party to legal proceedings. The City management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Note 17 – Interfund Transfers and Balances

A. Interfund Transfers

The general fund transferred \$25,000, \$750 and \$91,000 to the litter control, tree commission and fire pension special revenue funds, respectively, to provide additional resources for current operations. 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.

B. Interfund Balances

The general fund advanced \$57,670 to the fiscal year 2006 formula capital project fund to cover a negative fund balance. The advance will be repaid within one year.

Note 18 – Insurance Purchasing Pool

Ohio Rural Water Association Workers' Compensation Group Rating Plan – The City participates in the Ohio Rural Water Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Board of directors.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2007

The board is a self-appointing board that coordinates the program. Each year, the participating members pay an enrollment fee to the GRP to cover the costs of administering the program.

Note 19 – Related Organization

The Conneaut Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the City of Conneaut. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the City for operational subsidies. Although the City does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Conneaut Public Library, Mary Zappitelli, Board President, 304 Buffalo Street, Conneaut, Ohio 44030.

Note 20 – Subsequent Event

The City issued \$8,000, \$157,000 and \$50,000 in various purpose improvement notes at 2.64 percent on February 7, 2008. These notes mature on February 6, 2009 and were issued to refinance previous notes in which the City issued \$8,000 and \$157,000 to finance the purchase a fire truck and street equipment and \$50,00 for the Conneaut Port Authority. These notes are presented in Note 11.

The City approved an ODOT project to construct the parrish road overpass with the City contributing five percent of the total cost. On August 9, 2004, the City approved a SIB (State Infrastructure Bank) loan up to \$580,000 to cover their share of the project. This loan is for a 10 year period with an interest rate of 3 percent and annual payments of \$82,000. At the beginning of 2008, the first disbursements from this loan began and as of June 6, 2008 \$254,860 was disbursed.

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

To account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law and administrative action to expenditures for specified purposes.

Auto Permissive Tax Fund The Permissive Motor Vehicle License Fund accounts for additional motor vehicle registration fees designated for maintenance and repair of streets within the City.

State Highway Fund The State Highway Fund accounts for that portion of the State gasoline tax and motor vehicle registration fees designated for maintenance and repair of State highways within the City.

Restaurant Vending Fund The Restaurant Vending Fund accounts for implementing state programs for retail food establishments and for service operations, including vending.

Marina Fund The Marina Fund accounts for the implementation of State programs for licensing and inspecting Marinas.

Enforcement and Education Fund The Enforcement and Education Fund accounts for court fines used to pay costs incurred in educating the public about the dangers of and enforcing the laws against operating a motor vehicle while under the influence of alcohol.

Indigent Drivers Fund The Indigent Drivers Fund accounts for the additional fees levied by the Conneaut Municipal Court under State law. Such funds are to be used in the rehabilitation of DUI indigent citizens.

Cemetery Fund The Cemetery Fund accounts for the operation and maintenance of City owned cemeteries.

Police Levy Fund The Police Levy Fund accounts for a voted property tax operating levy which pays for police officer wages and vehicle acquisition.

Fire Levy Fund The Fire Levy Fund accounts for a voted property tax operating levy which pays for fire fighters wages.

Litter Control Fund The Litter Control Fund accounts for implementing programs to pick up litter and provide recycling services for the citizens.

DARE Grant Fund The DARE Grant Fund accounts for the implementation of the Drug Abuse Resistance Education program and pays for a police officer to conduct the training.

Street Lighting Fund The Street Lighting Fund accounts for the service assessment revenue to provide street lighting within the City.

Tree Commission Fund The Tree Commission Fund accounts for monies received from residents, plus City matching funds, which are used to plant trees and maintain an arboretum within the City.

Demolition Fund The Demolition Fund accounts for money used to demolish dilapidated structures within the City.

Community Housing Fund The Community Housing Fund accounts for repayments of CHIP loans and is used to reinvest in community housing for qualified applicants.

(continued)

Combining Statements – Nonmajor Governmental Funds (continued)

Economic Development Fund The Economic Development Fund makes loans to businesses who wish to expand or purchase new equipment that would create new jobs.

CHIPS Fund The CHIPS Fund accounts for CDBG, HOME, and OHTF funds to provide emergency home repairs, home rehabilitation, down payment assistance, and new construction for qualified applicants.

Ambulance Fund The Ambulance Fund accounts for funds used to operate an ambulance and provide EMS to the citizens of the City.

Recreation Fund The Recreation Fund accounts for funds that are used to maintain the City's parks and provide financial assistance to help the City's sports programs.

Police Pension Fund The Police Pension Fund accounts for the accumulation of property taxes levied for the payment of current employer's pension contributions and the long-term accounting liability.

Fire Pension Fund The Fire Pension Fund accounts for the accumulation of property taxes levied for the payment of current employer's pension contributions and the long-term accounting liability.

Nonmajor Capital Projects Funds

Capital Projects Funds are established to account for financial resources to be used for the construction or acquisition of major capital facilities.

Street Improvement Fund The Street Improvement Fund accounts for a special property tax levy collected for the improvement of streets and curbs within the City.

Community Development Block Grant Fund The Community Development Block Grant Fund accounts for monies received from the Federal Government and expenditures prescribed under the Community Development Block Grant Program.

Municipal Court Improvement Fund The Municipal Court Improvement Fund accounts for the receipt of specific court fees and related expenditures which are restricted to the purchase of equipment and supplies for the Court.

Fiscal Year 2004 Formula Fund The Fiscal Year 2004 Formula Fund accounts for funds used to construct a new water chlorination system for the water treatment plant.

Capital Improvement Fund The Capital Improvement Fund accounts for expenditures designated for capital construction and the acquisition of capital assets.

City of Conneaut, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$784,813	\$216,409	\$1,001,222
Materials and Supplies Inventory	4,100	0	4,100
Accounts Receivable	37,713	2,231	39,944
Intergovernmental Receivable	167,607	172,000	339,607
Property Taxes Receivable	706,203	0	706,203
Municipal Income Taxes Receivable	18,450	104,058	122,508
Loans Receivable	65,551	0	65,551
<i>Total Assets</i>	<u>\$1,784,437</u>	<u>\$494,698</u>	<u>\$2,279,135</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$15,460	\$10,703	\$26,163
Contracts Payable	41,055	1,250	42,305
Accrued Wages	2,839	0	2,839
Intergovernmental Payable	109,942	0	109,942
Interfund Payable	0	57,670	57,670
Accrued Interest Payable	0	1,877	1,877
Deferred Revenue	846,748	42,495	889,243
Notes Payable	0	50,000	50,000
<i>Total Liabilities</i>	<u>1,016,044</u>	<u>163,995</u>	<u>1,180,039</u>
Fund Balances			
Reserved for Encumbrances	54,305	17,032	71,337
Reserved for Loans Receivable	37,900	0	37,900
Unreserved			
Undesignated, Reported in:			
Special Revenue Funds	676,188	0	676,188
Capital Projects Funds	0	313,671	313,671
<i>Total Fund Balances</i>	<u>768,393</u>	<u>330,703</u>	<u>1,099,096</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,784,437</u>	<u>\$494,698</u>	<u>\$2,279,135</u>

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

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Property Taxes	\$700,330	\$0	\$700,330
Municipal Income Taxes	56,478	318,934	375,412
Intergovernmental	421,519	83,278	504,797
Fees, Licenses and Permits	28,185	0	28,185
Fines and Forfeitures	3,393	47,157	50,550
Rentals	33,525	0	33,525
Charges for Services	288,911	0	288,911
Contributions and Donations	15,104	0	15,104
Interest	24,257	0	24,257
Other	31,486	0	31,486
<i>Total Revenues</i>	<u>1,603,188</u>	<u>449,369</u>	<u>2,052,557</u>
Expenditures			
Current:			
Security of Persons and Property	1,302,018	0	1,302,018
Public Health Services	94,300	0	94,300
Leisure Time Activities	101,981	0	101,981
Community Development	251,175	0	251,175
Basic Utility Services	31,975	0	31,975
Transportation	190,344	0	190,344
Capital Outlay	0	418,959	418,959
Debt Service:			
Principal Retirement - Current Refunding	0	50,000	50,000
Interest and Fiscal Charges	0	5,922	5,922
<i>Total Expenditures</i>	<u>1,971,793</u>	<u>474,881</u>	<u>2,446,674</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(368,605)</u>	<u>(25,512)</u>	<u>(394,117)</u>
Other Financing Sources (Uses)			
General Obligation Notes Issued	0	50,000	50,000
Inception of Capital Lease	29,196	0	29,196
Current Refunding	0	(50,000)	(50,000)
Transfers In	116,750	0	116,750
<i>Total Other Financing Sources (Uses)</i>	<u>145,946</u>	<u>0</u>	<u>145,946</u>
<i>Net Change in Fund Balances</i>	(222,659)	(25,512)	(248,171)
<i>Fund Balances Beginning of Year</i>	<u>991,052</u>	<u>356,215</u>	<u>1,347,267</u>
<i>Fund Balances End of Year</i>	<u><u>\$768,393</u></u>	<u><u>\$330,703</u></u>	<u><u>\$1,099,096</u></u>

City of Conneaut, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2007

	Auto Permissive Tax	State Highway	Restaurant Vending	Marina
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$0	\$739	\$3,145	\$4,122
Materials and Supplies Inventory	0	0	0	0
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	69,335	18,974	0	0
Property Taxes Receivable	0	0	0	0
Municipal Income Taxes Receivable	0	0	0	0
Loans Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$69,335</u>	<u>\$19,713</u>	<u>\$3,145</u>	<u>\$4,122</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$0
Contracts Payable	0	0	0	0
Accrued Wages	0	0	0	0
Intergovernmental Payable	0	0	430	0
Deferred Revenue	49,097	12,678	0	0
<i>Total Liabilities</i>	<u>49,097</u>	<u>12,678</u>	<u>430</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	0	0	0	0
Reserved for Loans Receivable	0	0	0	0
Unreserved, Undesignated (Deficit)	20,238	7,035	2,715	4,122
<i>Total Fund Balances (Deficit)</i>	<u>20,238</u>	<u>7,035</u>	<u>2,715</u>	<u>4,122</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$69,335</u>	<u>\$19,713</u>	<u>\$3,145</u>	<u>\$4,122</u>

<u>Enforcement and Education</u>	<u>Indigent Drivers</u>	<u>Cemetery</u>	<u>Police Levy</u>	<u>Fire Levy</u>	<u>Litter Control</u>	<u>DARE Grant</u>
\$16,081	\$36,962	\$45,964	\$17,834	\$9,993	\$6,029	\$15,232
0	0	0	0	0	0	0
120	225	0	0	0	0	0
0	0	0	34,717	17,355	0	0
0	0	0	297,594	148,795	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$16,201</u>	<u>\$37,187</u>	<u>\$45,964</u>	<u>\$350,145</u>	<u>\$176,143</u>	<u>\$6,029</u>	<u>\$15,232</u>
\$0	\$0	\$373	\$0	\$0	\$0	\$0
0	0	5,290	0	0	0	0
0	0	811	0	0	878	0
0	0	1,424	0	0	1,700	0
0	0	0	312,400	156,198	0	0
<u>0</u>	<u>0</u>	<u>7,898</u>	<u>312,400</u>	<u>156,198</u>	<u>2,578</u>	<u>0</u>
0	0	0	0	0	3,047	0
0	0	0	0	0	0	0
<u>16,201</u>	<u>37,187</u>	<u>38,066</u>	<u>37,745</u>	<u>19,945</u>	<u>404</u>	<u>15,232</u>
<u>16,201</u>	<u>37,187</u>	<u>38,066</u>	<u>37,745</u>	<u>19,945</u>	<u>3,451</u>	<u>15,232</u>
<u>\$16,201</u>	<u>\$37,187</u>	<u>\$45,964</u>	<u>\$350,145</u>	<u>\$176,143</u>	<u>\$6,029</u>	<u>\$15,232</u>

(continued)

City of Conneaut, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2007

	<u>Street Lighting</u>	<u>Tree Commission</u>	<u>Demolition</u>	<u>Community Housing</u>
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$1,085	\$2,531	\$255	\$69,267
Materials and Supplies Inventory	0	0	0	0
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	1,233	0	0
Property Taxes Receivable	0	0	0	0
Municipal Income Taxes Receivable	9,994	0	0	0
Loans Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$11,079</u>	<u>\$3,764</u>	<u>\$255</u>	<u>\$69,267</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$0
Contracts Payable	0	0	0	15,537
Accrued Wages	0	0	0	0
Intergovernmental Payable	0	0	0	0
Deferred Revenue	4,081	0	0	0
<i>Total Liabilities</i>	<u>4,081</u>	<u>0</u>	<u>0</u>	<u>15,537</u>
Fund Balances				
Reserved for Encumbrances	0	1,947	0	8,000
Reserved for Loans Receivable	0	0	0	0
Unreserved, Undesignated (Deficit)	6,998	1,817	255	45,730
<i>Total Fund Balances (Deficit)</i>	<u>6,998</u>	<u>3,764</u>	<u>255</u>	<u>53,730</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$11,079</u>	<u>\$3,764</u>	<u>\$255</u>	<u>\$69,267</u>

<u>Economic Development</u>	<u>CHIPS</u>	<u>Ambulance</u>	<u>Recreation</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$258,681	\$3,825	\$246,226	\$74	\$43,705	\$3,063	\$784,813
0	0	4,100	0	0	0	4,100
0	0	37,368	0	0	0	37,713
0	0	0	0	18,048	7,945	167,607
0	0	0	0	188,827	70,987	706,203
0	0	0	8,456	0	0	18,450
65,551	0	0	0	0	0	65,551
<u>\$324,232</u>	<u>\$3,825</u>	<u>\$287,694</u>	<u>\$8,530</u>	<u>\$250,580</u>	<u>\$81,995</u>	<u>\$1,784,437</u>
\$0	\$0	\$13,574	\$1,513	\$0	\$0	\$15,460
0	20,228	0	0	0	0	41,055
0	0	928	222	0	0	2,839
0	0	15,993	910	48,273	41,212	109,942
0	0	37,368	3,453	196,923	74,550	846,748
<u>0</u>	<u>20,228</u>	<u>67,863</u>	<u>6,098</u>	<u>245,196</u>	<u>115,762</u>	<u>1,016,044</u>
21,929	0	19,382	0	0	0	54,305
37,900	0	0	0	0	0	37,900
264,403	(16,403)	200,449	2,432	5,384	(33,767)	676,188
<u>324,232</u>	<u>(16,403)</u>	<u>219,831</u>	<u>2,432</u>	<u>5,384</u>	<u>(33,767)</u>	<u>768,393</u>
<u>\$324,232</u>	<u>\$3,825</u>	<u>\$287,694</u>	<u>\$8,530</u>	<u>\$250,580</u>	<u>\$81,995</u>	<u>\$1,784,437</u>

City of Conneaut, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Auto Permissive Tax	State Highway	Restaurant Vending	Marina
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Municipal Income Taxes	0	0	0	0
Intergovernmental	139,239	38,788	0	0
Fees, Licenses and Permits	0	0	18,425	535
Fines and Forfeitures	0	0	0	0
Rentals	0	0	0	0
Charges for Services	0	0	0	0
Contributions and Donations	0	0	0	0
Interest	2,124	859	0	0
Other	0	0	0	0
<i>Total Revenues</i>	<u>141,363</u>	<u>39,647</u>	<u>18,425</u>	<u>535</u>
Expenditures				
Current:				
Security of Persons and Property	0	0	0	0
Public Health Services	0	0	0	0
Leisure Time Activities	0	0	0	382
Community Development	0	0	19,279	0
Basic Utility Services	0	0	0	0
Transportation	141,462	48,882	0	0
<i>Total Expenditures</i>	<u>141,462</u>	<u>48,882</u>	<u>19,279</u>	<u>382</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(99)</u>	<u>(9,235)</u>	<u>(854)</u>	<u>153</u>
Other Financing Sources				
Inception of Capital Lease	0	0	0	0
Transfers In	0	0	0	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(99)	(9,235)	(854)	153
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>20,337</u>	<u>16,270</u>	<u>3,569</u>	<u>3,969</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$20,238</u></u>	<u><u>\$7,035</u></u>	<u><u>\$2,715</u></u>	<u><u>\$4,122</u></u>

Enforcement and Education	Indigent Drivers	Cemetery	Police Levy	Fire Levy	Litter Control	DARE Grant
\$0	\$0	\$0	\$307,839	\$153,919	\$0	\$0
0	0	0	0	0	0	0
0	0	0	61,756	30,875	23,120	0
0	0	90	0	0	0	0
1,718	1,675	0	0	0	0	0
0	0	0	0	0	0	0
0	0	38,188	0	0	0	0
0	0	0	0	0	0	0
0	0	2,750	0	0	0	0
0	2,175	0	0	0	0	0
<u>1,718</u>	<u>3,850</u>	<u>41,028</u>	<u>369,595</u>	<u>184,794</u>	<u>23,120</u>	<u>0</u>
0	0	0	346,466	174,275	0	0
0	65	0	0	0	0	0
0	0	0	0	0	0	0
0	0	63,155	0	0	44,096	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>65</u>	<u>63,155</u>	<u>346,466</u>	<u>174,275</u>	<u>44,096</u>	<u>0</u>
<u>1,718</u>	<u>3,785</u>	<u>(22,127)</u>	<u>23,129</u>	<u>10,519</u>	<u>(20,976)</u>	<u>0</u>
0	0	29,196	0	0	0	0
0	0	0	0	0	25,000	0
<u>0</u>	<u>0</u>	<u>29,196</u>	<u>0</u>	<u>0</u>	<u>25,000</u>	<u>0</u>
1,718	3,785	7,069	23,129	10,519	4,024	0
<u>14,483</u>	<u>33,402</u>	<u>30,997</u>	<u>14,616</u>	<u>9,426</u>	<u>(573)</u>	<u>15,232</u>
<u>\$16,201</u>	<u>\$37,187</u>	<u>\$38,066</u>	<u>\$37,745</u>	<u>\$19,945</u>	<u>\$3,451</u>	<u>\$15,232</u>

(continued)

City of Conneaut, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2007

	Street Lighting	Tree Commission	Demolition	Community Housing
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Municipal Income Taxes	30,687	0	0	0
Intergovernmental	0	1,233	0	3,100
Fees, Licenses and Permits	0	0	0	0
Fines and Forfeitures	0	0	0	0
Rentals	0	0	0	0
Charges for Services	0	0	0	0
Contributions and Donations	0	5,988	0	0
Interest	0	0	0	6,668
Other	1,713	0	0	0
<i>Total Revenues</i>	<u>32,400</u>	<u>7,221</u>	<u>0</u>	<u>9,768</u>
Expenditures				
Current:				
Security of Persons and Property	0	0	0	0
Public Health Services	0	0	0	94,235
Leisure Time Activities	0	0	0	0
Community Development	0	6,100	0	15,537
Basic Utility Services	31,975	0	0	0
Transportation	0	0	0	0
<i>Total Expenditures</i>	<u>31,975</u>	<u>6,100</u>	<u>0</u>	<u>109,772</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>425</u>	<u>1,121</u>	<u>0</u>	<u>(100,004)</u>
Other Financing Sources				
Inception of Capital Lease	0	0	0	0
Transfers In	0	750	0	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>750</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	425	1,871	0	(100,004)
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>6,573</u>	<u>1,893</u>	<u>255</u>	<u>153,734</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$6,998</u></u>	<u><u>\$3,764</u></u>	<u><u>\$255</u></u>	<u><u>\$53,730</u></u>

Economic Development	CHIPS	Ambulance	Recreation	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$165,675	\$72,897	\$700,330
0	0	0	25,791	0	0	56,478
2,493	73,735	0	0	32,989	14,191	421,519
0	0	0	9,135	0	0	28,185
0	0	0	0	0	0	3,393
0	0	0	33,525	0	0	33,525
0	0	250,723	0	0	0	288,911
0	0	7,426	1,690	0	0	15,104
11,856	0	0	0	0	0	24,257
0	0	27,530	68	0	0	31,486
<u>14,349</u>	<u>73,735</u>	<u>285,679</u>	<u>70,209</u>	<u>198,664</u>	<u>87,088</u>	<u>1,603,188</u>
0	0	388,379	0	214,641	178,257	1,302,018
0	0	0	0	0	0	94,300
0	0	0	101,599	0	0	101,981
12,370	90,638	0	0	0	0	251,175
0	0	0	0	0	0	31,975
0	0	0	0	0	0	190,344
<u>12,370</u>	<u>90,638</u>	<u>388,379</u>	<u>101,599</u>	<u>214,641</u>	<u>178,257</u>	<u>1,971,793</u>
<u>1,979</u>	<u>(16,903)</u>	<u>(102,700)</u>	<u>(31,390)</u>	<u>(15,977)</u>	<u>(91,169)</u>	<u>(368,605)</u>
0	0	0	0	0	0	29,196
0	0	0	0	0	91,000	116,750
0	0	0	0	0	91,000	145,946
1,979	(16,903)	(102,700)	(31,390)	(15,977)	(169)	(222,659)
<u>322,253</u>	<u>500</u>	<u>322,531</u>	<u>33,822</u>	<u>21,361</u>	<u>(33,598)</u>	<u>991,052</u>
<u>\$324,232</u>	<u>(\$16,403)</u>	<u>\$219,831</u>	<u>\$2,432</u>	<u>\$5,384</u>	<u>(\$33,767)</u>	<u>\$768,393</u>

City of Conneaut, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2007

	Street Improvement	Community Development Block Grant	Municipal Court Improvement
Assets			
Equity in Pooled Cash and Cash Equivalents	\$6,764	\$2,051	\$181,359
Accounts Receivable	0	0	2,231
Intergovernmental Receivable	100,000	0	0
Municipal Income Taxes Receivable	88,683	0	0
<i>Total Assets</i>	<u>\$195,447</u>	<u>\$2,051</u>	<u>\$183,590</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$0	\$0	\$9,466
Contracts Payable	0	0	0
Interfund Payable	0	0	0
Accrued Interest Payable	1,877	0	0
Deferred Revenue	36,216	0	0
Notes Payable	50,000	0	0
<i>Total Liabilities</i>	<u>88,093</u>	<u>0</u>	<u>9,466</u>
Fund Balances			
Reserved for Encumbrances	0	0	9
Unreserved, Undesignated	107,354	2,051	174,115
<i>Total Fund Balances</i>	<u>107,354</u>	<u>2,051</u>	<u>174,124</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$195,447</u>	<u>\$2,051</u>	<u>\$183,590</u>

Fiscal Year 2004 Formula	Capital Improvement	Total Nonmajor Capital Projects Funds
\$500	\$25,735	\$216,409
0	0	2,231
72,000	0	172,000
0	15,375	104,058
<u>\$72,500</u>	<u>\$41,110</u>	<u>\$494,698</u>
\$0	\$1,237	\$10,703
1,250	0	1,250
57,670	0	57,670
0	0	1,877
0	6,279	42,495
0	0	50,000
<u>58,920</u>	<u>7,516</u>	<u>163,995</u>
0	17,023	17,032
13,580	16,571	313,671
<u>13,580</u>	<u>33,594</u>	<u>330,703</u>
<u>\$72,500</u>	<u>\$41,110</u>	<u>\$494,698</u>

City of Conneaut, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2007

	Street Improvement	Community Development Block Grant	Municipal Court Improvement
Revenues			
Municipal Income Taxes	\$271,927	\$0	\$0
Intergovernmental	5,759	0	0
Fines and Forfeitures	0	0	47,157
<i>Total Revenues</i>	<u>277,686</u>	<u>0</u>	<u>47,157</u>
Expenditures			
Capital Outlay	268,650	0	43,721
Debt Service:			
Principal Retirement - Current Refunding	50,000	0	0
Interest and Fiscal Charges	5,922	0	0
<i>Total Expenditures</i>	<u>324,572</u>	<u>0</u>	<u>43,721</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(46,886)</u>	<u>0</u>	<u>3,436</u>
Other Financing Sources (Uses)			
General Obligation Notes Issued	50,000	0	0
Current Refunding	(50,000)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(46,886)	0	3,436
<i>Fund Balances Beginning of Year</i>	<u>154,240</u>	<u>2,051</u>	<u>170,688</u>
<i>Fund Balances End of Year</i>	<u><u>\$107,354</u></u>	<u><u>\$2,051</u></u>	<u><u>\$174,124</u></u>

Fiscal Year 2004 Formula	Capital Improvement	Total Nonmajor Capital Projects Funds
\$0	\$47,007	\$318,934
72,000	5,519	83,278
0	0	47,157
72,000	52,526	449,369
58,920	47,668	418,959
0	0	50,000
0	0	5,922
58,920	47,668	474,881
13,080	4,858	(25,512)
0	0	50,000
0	0	(50,000)
0	0	0
13,080	4,858	(25,512)
500	28,736	356,215
<u>\$13,580</u>	<u>\$33,594</u>	<u>\$330,703</u>

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Combining Statement – Fiduciary Fund

Fiduciary Fund

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 therefore not available to support the City's own programs. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Agency Fund

Deposits Fund – This fund accounts for deposits from the municipal court to be distributed to the State.

City of Conneaut, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended December 31, 2007

	Beginning Balance 12/31/06	Additions	Deductions	Ending Balance 12/31/07
<i>Deposits Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$5,303	\$16,971	\$12,951	\$9,323
Cash and Cash Equivalents In Segregated Accounts	15,499	4,105	0	19,604
<i>Total Assets</i>	<u>\$20,802</u>	<u>\$21,076</u>	<u>\$12,951</u>	<u>\$28,927</u>
Liabilities				
Deposits Held and Due to Others	\$20,802	\$21,076	\$12,951	\$28,927

City of Conneaut, 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			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$363,000	\$363,000	\$397,928	\$34,928
Municipal Income Taxes	2,014,840	2,014,840	2,029,660	14,820
Special Assessments	15,000	15,000	17,178	2,178
Intergovernmental	934,900	954,900	1,025,491	70,591
Fees, Licenses and Permits	206,590	206,590	212,290	5,700
Fines and Forfeitures	169,230	169,230	162,179	(7,051)
Rentals	20,000	20,000	20,000	0
Contributions and Donations	9,000	9,000	19,010	10,010
Interest	125,000	125,000	114,805	(10,195)
Other	29,620	29,620	15,226	(14,394)
<i>Total Revenues</i>	<u>3,887,180</u>	<u>3,907,180</u>	<u>4,013,767</u>	<u>106,587</u>
Expenditures				
Current:				
General Government:				
Council:				
Personal Services	51,400	51,400	51,204	196
Materials and Supplies	800	800	715	85
Contractual Services	5,217	5,217	4,694	523
Total Council	<u>57,417</u>	<u>57,417</u>	<u>56,613</u>	<u>804</u>
Clerk of Council				
Personal Services	6,860	6,860	6,833	27
City Manager				
Personal Services	95,490	95,790	89,840	5,950
Materials and Supplies	3,600	3,600	2,315	1,285
Contractual Services	3,924	3,924	3,601	323
Capital Outlay	10,000	10,000	10,000	0
Total City Manager	<u>113,014</u>	<u>113,314</u>	<u>105,756</u>	<u>7,558</u>
Finance Office				
Personal Services	169,700	172,450	170,364	2,086
Materials and Supplies	18,700	20,200	17,987	2,213
Contractual Services	4,722	4,922	4,107	815
Capital Outlay	500	500	415	85
Total Finance Office	<u>\$193,622</u>	<u>\$198,072</u>	<u>\$192,873</u>	<u>\$5,199</u>

(continued)

City of Conneaut, 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		
Law Director				
Personal Services	\$155,460	\$157,005	\$155,301	\$1,704
Materials and Supplies	2,850	3,050	2,798	252
Contractual Services	10,000	9,500	7,126	2,374
Total Law Director	168,310	169,555	165,225	4,330
Civil Service				
Personal Services	5,450	5,450	5,339	111
Materials and Supplies	1,600	1,600	1,437	163
Contractual Services	1,300	1,300	1,300	0
Total Civil Service	8,350	8,350	8,076	274
Court				
Personal Services	339,740	335,714	327,924	7,790
Materials and Supplies	16,210	17,091	16,564	527
Contractual Services	20,558	18,758	15,005	3,753
Purchased Services	1,100	1,100	743	357
Capital Outlay	2,000	2,000	842	1,158
Total Court	379,608	374,663	361,078	13,585
City Hall				
Personal Services	36,840	37,190	36,537	653
Materials and Supplies	17,468	19,468	18,412	1,056
Contractual Services	8,400	7,900	7,434	466
Purchased Services	16,500	16,500	16,000	500
Total City Hall	79,208	81,058	78,383	2,675
Planning Commission				
Personal Services	5,200	5,200	4,647	553
Materials and Supplies	600	600	361	239
Total Planning Commission	5,800	5,800	5,008	792
Reserve Fund				
Contractual Services	35,000	31,500	31,319	181
Purchased Services	78,073	77,073	68,279	8,794
Capital Outlay	3,440	7,940	7,864	76
Total Reserve Fund	\$116,513	\$116,513	\$107,462	\$9,051

(continued)

City of Conneaut, 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		
General Services				
Contractual Services	\$41,900	\$49,800	\$49,302	\$498
Capital Outlay	81,000	35,000	29,335	5,665
Other	53,900	44,900	37,762	7,138
Total General Services	176,800	129,700	116,399	13,301
Total General Government	1,305,502	1,261,302	1,203,706	57,596
Security of Persons and Property				
Police Department:				
Personal Services	1,233,150	1,202,200	1,117,733	84,467
Materials and Supplies	80,278	82,278	77,444	4,834
Contractual Services	38,918	42,718	33,720	8,998
Purchased Services	36,259	34,259	32,186	2,073
Capital Outlay	90,945	96,626	89,222	7,404
Other	1,000	1,000	0	1,000
Total Police Department	1,480,550	1,459,081	1,350,305	108,776
Jail				
Personal Services	94,950	98,900	94,419	4,481
Materials and Supplies	2,000	2,000	1,978	22
Purchased Services	15,786	15,786	15,110	676
Capital Outlay	4,000	4,000	3,722	278
Other	5,500	9,500	9,187	313
Total Jail	122,236	130,186	124,416	5,770
Fire Department:				
Fire Department #1				
Personal Services	694,600	688,130	668,716	19,414
Materials and Supplies	34,066	32,216	29,012	3,204
Contractual Services	20,749	18,558	17,328	1,230
Purchased Services	29,251	34,892	32,248	2,644
Capital Outlay	7,290	27,290	26,102	1,188
Total Fire Department #1	785,956	801,086	773,406	27,680
Fire Department #3				
Personal Services	42,800	43,300	39,860	3,440
Materials and Supplies	6,350	6,350	5,445	905
Contractual Services	2,500	2,500	2,500	0
Purchased Services	5,025	5,025	4,593	432
Capital Outlay	1,500	1,500	549	951
Total Fire Department #3	\$58,175	\$58,675	\$52,947	\$5,728

City of Conneaut, 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	
Fire Department #4				
Personal Services	\$34,300	\$40,300	\$38,011	\$2,289
Materials and Supplies	9,420	9,420	6,597	2,823
Contractual Services	2,425	2,425	2,205	220
Purchased Services	32,000	32,000	25,744	6,256
Capital Outlay	4,600	4,600	3,710	890
Total Fire Department #4	82,745	88,745	76,267	12,478
Total Security of Persons and Property	2,529,662	2,537,773	2,377,341	160,432
Public Health Services				
Street Lighting				
Purchased Services	99,500	99,500	99,500	0
Health Department				
Personal Services	180,831	184,662	179,080	5,582
Materials and Supplies	4,650	4,650	4,054	596
Contractual Services	37,560	50,860	38,635	12,225
Purchased Services	15,940	16,537	15,599	938
Capital Outlay	500	500	43	457
Total Health Department	239,481	257,209	237,411	19,798
Total Public Health Services	338,981	356,709	336,911	19,798
Leisure Time Activities:				
Museum Railroad				
Purchased Service	4,000	4,000	3,455	545
Bureau of Tourism				
Materials and Supplies	2,000	2,000	2,000	0
Purchased Services	2,450	3,575	2,585	990
Contractual Services	2,000	2,000	2,000	0
Total Bureau of Tourism	6,450	7,575	6,585	990
Cable Advisory Board				
Personal Services	17,000	17,000	16,285	715
Materials and Supplies	500	500	487	13
Purchased Services	0	350	299	51
Contractual Services	9,500	12,000	11,999	1
Total Cable Advisory Board	27,000	29,850	29,070	780
Total Leisure Time Activities	\$37,450	\$41,425	\$39,110	\$2,315

(continued)

City of Conneaut, 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		
Community Development:				
Housing and Zoning:				
Personal Services	\$65,100	\$61,600	\$59,337	\$2,263
Materials and Supplies	5,182	5,182	2,158	3,024
Contractual Services	1,532	1,532	856	676
Purchased Services	4,376	4,376	3,288	1,088
Capital Outlay	500	500	210	290
Total Community Development	76,690	73,190	65,849	7,341
Debt Service				
Principal Retirement	336,000	336,000	336,000	0
Interest and Fiscal Charges	19,040	19,040	19,006	34
Total Debt Service	355,040	355,040	355,006	34
<i>Total Expenditures</i>	4,643,325	4,625,439	4,377,923	247,516
<i>Excess of Revenues Under Expenditures</i>	(756,145)	(718,259)	(364,156)	354,103
Other Financing Sources (Uses)				
Sale of Capital Assets	5,000	5,000	7,303	2,303
General Obligation Notes Issued	230,000	230,000	225,000	(5,000)
Proceeds of Capital Lease	75,000	75,000	74,568	(432)
Advances Out	0	(57,670)	(57,670)	0
Transfers Out	(158,750)	(158,750)	(116,750)	42,000
<i>Total Other Financing Sources (Uses)</i>	151,250	93,580	132,451	38,871
<i>Net Change in Fund Balance</i>	(604,895)	(624,679)	(231,705)	392,974
<i>Fund Balance Beginning of Year</i>	589,683	589,683	589,683	0
Prior Year Encumbrances Appropriated	44,838	44,838	44,838	0
<i>Fund Balance End of Year</i>	\$29,626	\$9,842	\$402,816	\$392,974

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Municipal Income Taxes	\$839,057	\$839,057	\$845,261	\$6,204
Special Assessments	15,000	15,000	14,550	(450)
Intergovernmental	487,000	507,000	514,508	7,508
Fees, Licenses and Permits	5,000	5,000	35,100	30,100
Interest	2,000	2,000	857	(1,143)
Other	0	0	9,882	9,882
<i>Total Revenues</i>	<u>1,348,057</u>	<u>1,368,057</u>	<u>1,420,158</u>	<u>52,101</u>
Expenditures				
Current:				
Transportation:				
Street Department				
Personal Services	982,864	984,248	968,671	15,577
Materials and Supplies	280,067	290,617	263,968	26,649
Purchased Services	136,906	127,663	120,654	7,009
Contractual Services	25,254	23,917	21,862	2,055
Capital Outlay	509,572	511,472	8,894	502,578
Other	3,000	9,800	8,000	1,800
Total Transportation	<u>1,937,663</u>	<u>1,947,717</u>	<u>1,392,049</u>	<u>555,668</u>
Debt Service:				
Principal Retirement	216,245	223,571	223,570	1
Interest and Fiscal Charges	10,641	13,123	13,115	8
Total Debt Service	<u>226,886</u>	<u>236,694</u>	<u>236,685</u>	<u>9</u>
<i>Total Expenditures</i>	<u>2,164,549</u>	<u>2,184,411</u>	<u>1,628,734</u>	<u>555,677</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(816,492)</u>	<u>(816,354)</u>	<u>(208,576)</u>	<u>607,778</u>
Other Financing Sources				
OPWC Loans Issued	500,000	500,000	0	(500,000)
General Obligation Notes Issued	182,000	182,000	182,000	0
Transfers In	24,000	24,000	0	(24,000)
<i>Total Other Financing Sources</i>	<u>706,000</u>	<u>706,000</u>	<u>182,000</u>	<u>(524,000)</u>
<i>Net Change in Fund Balance</i>	(110,492)	(110,354)	(26,576)	83,778
<i>Fund Balance Beginning of Year</i>	102,009	102,009	102,009	0
Prior Year Encumbrances Appropriated	<u>17,063</u>	<u>17,063</u>	<u>17,063</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$8,580</u></u>	<u><u>\$8,718</u></u>	<u><u>\$92,496</u></u>	<u><u>\$83,778</u></u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$277,000	\$277,000	\$276,384	(\$616)
Intergovernmental	27,041	27,041	27,041	0
<i>Total Revenues</i>	<u>304,041</u>	<u>304,041</u>	<u>303,425</u>	<u>(616)</u>
Expenditures				
Current:				
General Government:				
General Obligation Bond Retirement				
Contractual Services	4,000	4,000	1,071	2,929
Other	8,000	8,000	5,629	2,371
Total General Government	<u>12,000</u>	<u>12,000</u>	<u>6,700</u>	<u>5,300</u>
Debt Service:				
Principal Retirement	205,000	205,000	205,000	0
Interest and Fiscal Charges	97,010	97,010	97,007	3
Total Debt Service	<u>302,010</u>	<u>302,010</u>	<u>302,007</u>	<u>3</u>
<i>Total Expenditures</i>	<u>314,010</u>	<u>314,010</u>	<u>308,707</u>	<u>5,303</u>
<i>Net Change in Fund Balance</i>	(9,969)	(9,969)	(5,282)	4,687
<i>Fund Balance Beginning of Year</i>	<u>568,788</u>	<u>568,788</u>	<u>568,788</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$558,819</u>	<u>\$558,819</u>	<u>\$563,506</u>	<u>\$4,687</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$124,636	\$124,636	\$128,677	\$4,041
Intergovernmental	5,364	5,364	5,364	0
<i>Total Revenues</i>	130,000	130,000	134,041	4,041
Expenditures				
Current:				
General Government:				
Special Assessment Bond Retirement				
Other	5,350	5,350	4,786	564
Debt Service:				
Principal Retirement	107,494	107,494	106,489	1,005
Interest and Fiscal Charges	53,255	53,255	52,653	602
<i>Total Debt Service</i>	160,749	160,749	159,142	1,607
<i>Total Expenditures</i>	166,099	166,099	163,928	2,171
<i>Net Change in Fund Balance</i>	(36,099)	(36,099)	(29,887)	6,212
<i>Fund Balance Beginning of Year</i>	231,042	231,042	231,042	0
<i>Fund Balance End of Year</i>	\$194,943	\$194,943	\$201,155	\$6,212

City of Conneaut, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$1,962,700	\$1,962,700	\$1,876,901	(\$85,799)
Tap-In Fees	15,000	15,000	11,485	(3,515)
Special Assessments	4,000	4,000	4,028	28
Intergovernmental	215,922	215,922	13,383	(202,539)
Rentals	5,400	5,400	2,450	(2,950)
Sale of Capital Assets	0	0	1,507	1,507
Other	4,200	4,200	5,052	852
<i>Total Revenues</i>	<u>2,207,222</u>	<u>2,207,222</u>	<u>1,914,806</u>	<u>(292,416)</u>
Expenses				
Personal Services	1,058,700	1,056,350	997,868	58,482
Purchased Services	516,173	517,673	299,933	217,740
Contractual Services	166,194	162,194	124,773	37,421
Materials and Supplies	149,367	166,467	148,711	17,756
Capital Outlay	147,493	140,493	71,215	69,278
Other	2,500	7,500	5,688	1,812
Debt Service:				
Principal Retirement	133,047	133,047	131,295	1,752
Interest and Fiscal Charges	54,687	54,687	54,684	3
<i>Total Expenses</i>	<u>2,228,161</u>	<u>2,238,411</u>	<u>1,834,167</u>	<u>404,244</u>
<i>Net Change in Fund Equity</i>	(20,939)	(31,189)	80,639	111,828
<i>Fund Equity Beginning of Year</i>	116,031	116,031	116,031	0
Prior Year Encumbrances Appropriated	<u>11,287</u>	<u>11,287</u>	<u>11,287</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$106,379</u>	<u>\$96,129</u>	<u>\$207,957</u>	<u>\$111,828</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$1,969,100	\$1,969,100	\$1,914,178	(\$54,922)
Tap-In Fees	7,000	7,000	11,597	4,597
Special Assessments	1,090	1,090	6,501	5,411
Intergovernmental	15,000	15,000	29,859	14,859
OWDA Loans Issued	194,200	214,200	164,775	(49,425)
General Obligation Notes Issued	160,000	160,000	165,000	5,000
Sale of Capital Assets	0	0	239	239
Other	7,110	7,110	5,825	(1,285)
<i>Total Revenues</i>	<u>2,353,500</u>	<u>2,373,500</u>	<u>2,297,974</u>	<u>(75,526)</u>
Expenses				
Personal Services	794,250	796,300	757,858	38,442
Purchased Services	409,908	441,530	391,030	50,500
Contractual Services	98,191	85,191	66,524	18,667
Materials and Supplies	111,132	112,119	100,671	11,448
Capital Outlay	371,826	361,826	358,944	2,882
Other	3,850	4,250	2,583	1,667
Debt Service:				
Principal Retirement	627,083	626,522	626,511	11
Interest and Fiscal Charges	226,524	220,626	220,225	401
<i>Total Expenses</i>	<u>2,642,764</u>	<u>2,648,364</u>	<u>2,524,346</u>	<u>124,018</u>
<i>Net Change in Fund Equity</i>	(289,264)	(274,864)	(226,372)	48,492
<i>Fund Equity Beginning of Year</i>	267,458	267,458	267,458	0
Prior Year Encumbrances Appropriated	<u>73,707</u>	<u>73,707</u>	<u>73,707</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$51,901</u>	<u>\$66,301</u>	<u>\$114,793</u>	<u>\$48,492</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Auto Permissive Tax Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$144,000	\$144,000	\$139,338	(\$4,662)
Interest	500	500	2,124	1,624
<i>Total Revenues</i>	144,500	144,500	141,462	(3,038)
Expenditures				
Current:				
Transportation:				
Auto Permissive				
Personal Services	135,500	135,500	132,962	2,538
Materials and Supplies	8,500	8,500	8,500	0
<i>Total Expenditures</i>	144,000	144,000	141,462	2,538
<i>Net Change in Fund Balance</i>	500	500	0	(500)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$500	\$500	\$0	(\$500)

City of Conneaut, 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		
Revenues				
Intergovernmental	\$39,500	\$39,500	\$38,754	(\$746)
Interest	0	0	859	859
<i>Total Revenues</i>	<u>39,500</u>	<u>39,500</u>	<u>39,613</u>	<u>113</u>
Expenditures				
Current:				
Transportation:				
State Highway				
Personal Services	26,000	29,500	29,500	0
Materials and Supplies	1,500	1,500	1,500	0
Purchased Services	17,500	17,500	17,500	0
Capital Outlay	2,500	1,000	382	618
<i>Total Expenditures</i>	<u>47,500</u>	<u>49,500</u>	<u>48,882</u>	<u>618</u>
<i>Net Change in Fund Balance</i>	(8,000)	(10,000)	(9,269)	731
<i>Fund Balance Beginning of Year</i>	<u>10,008</u>	<u>10,008</u>	<u>10,008</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,008</u></u>	<u><u>\$8</u></u>	<u><u>\$739</u></u>	<u><u>\$731</u></u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Restaurant Vending Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$17,485	\$17,485	\$18,425	\$940
Expenditures				
Current:				
Community Development:				
Restaurant Vending				
Personal Services	17,320	17,320	17,320	0
Materials and Supplies	200	200	0	200
Contractual Services	3,700	3,700	1,854	1,846
Purchased Services	150	150	0	150
<i>Total Expenditures</i>	<u>21,370</u>	<u>21,370</u>	<u>19,174</u>	<u>2,196</u>
<i>Net Change in Fund Balance</i>	(3,885)	(3,885)	(749)	3,136
<i>Fund Balance Beginning of Year</i>	<u>3,894</u>	<u>3,894</u>	<u>3,894</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$9</u>	<u>\$9</u>	<u>\$3,145</u>	<u>\$3,136</u>

City of Conneaut, 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		
Revenues				
Fees, Licenses and Permits	\$500	\$500	\$535	\$35
Expenditures				
Current:				
Leisure Time Activities:				
Marina				
Contractual Services	500	500	382	118
<i>Net Change in Fund Balance</i>	0	0	153	153
<i>Fund Balance Beginning of Year</i>	3,969	3,969	3,969	0
<i>Fund Balance End of Year</i>	\$3,969	\$3,969	\$4,122	\$153

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Enforcement and Education Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$1,500	\$1,500	\$1,810	\$310
Expenditures				
Current:				
Community Development:				
Enforcement and Education				
Contractual Services	6,000	6,000	0	6,000
<i>Net Change in Fund Balance</i>	(4,500)	(4,500)	1,810	6,310
<i>Fund Balance Beginning of Year</i>	14,271	14,271	14,271	0
<i>Fund Balance End of Year</i>	\$9,771	\$9,771	\$16,081	\$6,310

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Indigent Drivers Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$1,900	\$1,900	\$1,630	(\$270)
Other	1,300	1,300	2,175	875
<i>Total Revenues</i>	3,200	3,200	3,805	605
Expenditures				
Current:				
Public Health Services:				
Indigent Drivers				
Contractual Services	7,000	7,000	65	6,935
<i>Net Change in Fund Balance</i>	(3,800)	(3,800)	3,740	7,540
<i>Fund Balance Beginning of Year</i>	33,222	33,222	33,222	0
<i>Fund Balance End of Year</i>	\$29,422	\$29,422	\$36,962	\$7,540

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$50	\$50	\$90	\$40
Charges for Services	31,000	31,000	38,188	7,188
Interest	1,370	17,870	2,837	(15,033)
<i>Total Revenues</i>	32,420	48,920	41,115	(7,805)
Expenditures				
Current:				
Community Development:				
Cemetery				
Personal Services	19,800	19,800	17,400	2,400
Materials and Supplies	3,800	3,800	3,503	297
Contractual Services	1,050	1,050	929	121
Purchased Services	7,000	7,000	6,095	905
Capital Outlay	31,000	29,196	29,196	0
<i>Total Expenditures</i>	62,650	60,846	57,123	3,723
<i>Excess of Revenues Under Expenditures</i>	(30,230)	(11,926)	(16,008)	(4,082)
Other Financing Sources				
Proceeds of Capital Lease	31,000	31,000	29,196	(1,804)
Transfers Out	0	(29,501)	0	29,501
<i>Total Other Financing Sources</i>	31,000	1,499	29,196	27,697
<i>Net Change in Fund Balance</i>	770	(10,427)	13,188	23,615
<i>Fund Balance at Beginning of Year</i>	32,822	32,822	32,822	0
<i>Fund Balance End of Year</i>	\$33,592	\$22,395	\$46,010	\$23,615

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Levy Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$287,500	\$287,500	\$307,839	\$20,339
Intergovernmental	59,650	59,650	52,915	(6,735)
<i>Total Revenues</i>	347,150	347,150	360,754	13,604
Expenditures				
Current:				
Security of Persons and Property:				
Police Levy				
Personal Services	307,450	307,450	307,450	0
Other	39,700	39,700	39,016	684
<i>Total Expenditures</i>	347,150	347,150	346,466	684
<i>Net Change in Fund Balance</i>	0	0	14,288	14,288
<i>Fund Balance Beginning of Year</i>	3,546	3,546	3,546	0
<i>Fund Balance End of Year</i>	\$3,546	\$3,546	\$17,834	\$14,288

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Levy Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$143,950	\$143,950	\$153,919	\$9,969
Intergovernmental	30,325	30,325	26,458	(3,867)
<i>Total Revenues</i>	174,275	174,275	180,377	6,102
Expenditures				
Current:				
Security of Persons and Property:				
Fire Levy				
Personal Services	171,175	171,175	171,175	0
Other	3,100	3,100	3,100	0
<i>Total Expenditures</i>	174,275	174,275	174,275	0
<i>Net Change in Fund Balance</i>	0	0	6,102	6,102
<i>Fund Balance Beginning of Year</i>	3,891	3,891	3,891	0
<i>Fund Balance End of Year</i>	\$3,891	\$3,891	\$9,993	\$6,102

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Litter Control Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$22,850	\$22,850	\$23,120	\$270
Expenditures				
Current:				
Community Development:				
Litter Control				
Personal Services	41,100	42,100	42,100	0
Materials and Supplies	5,700	5,700	4,272	1,428
Purchased Services	1,000	1,000	357	643
<i>Total Expenditures</i>	47,800	48,800	46,729	2,071
<i>Excess of Revenues Under Expenditures</i>	(24,950)	(25,950)	(23,609)	2,341
Other Financing Sources				
Transfers In	25,000	25,000	25,000	0
<i>Net Change in Fund Balance</i>	50	(950)	1,391	2,341
<i>Fund Balance Beginning of Year</i>	1,591	1,591	1,591	0
<i>Fund Balance End of Year</i>	\$1,641	\$641	\$2,982	\$2,341

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
DARE Grant Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Security of Persons and Property:				
DARE Grant				
Personal Services	15,232	15,232	0	15,232
<i>Net Change in Fund Balance</i>	(15,232)	(15,232)	0	15,232
<i>Fund Balance Beginning of Year</i>	15,232	15,232	15,232	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$15,232	\$15,232

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Lighting Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$30,275	\$30,275	\$30,537	\$262
Other	1,700	1,700	1,713	13
<i>Total Revenues</i>	31,975	31,975	32,250	275
Expenditures				
Current:				
Basic Utility Services:				
Street Lighting				
Purchased Services	31,975	31,975	31,975	0
<i>Net Change in Fund Balance</i>	0	0	275	275
<i>Fund Balance Beginning of Year</i>	810	810	810	0
<i>Fund Balance End of Year</i>	\$810	\$810	\$1,085	\$275

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Tree Commission Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Contributions and Donations	\$300	\$7,300	\$5,988	(\$1,312)
Expenditures				
Current:				
Community Development:				
Tree Commission				
Materials and Supplies	600	2,490	2,174	316
Capital Outlay	450	6,950	5,873	1,077
<i>Total Expenditures</i>	1,050	9,440	8,047	1,393
<i>Excess of Revenues Under Expenditures</i>	(750)	(2,140)	(2,059)	81
Other Financing Sources				
Transfers In	750	750	750	0
<i>Net Change in Fund Balance</i>	0	(1,390)	(1,309)	81
<i>Fund Balance Beginning of Year</i>	1,893	1,893	1,893	0
<i>Fund Balance End of Year</i>	\$1,893	\$503	\$584	\$81

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Demolition Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	255	255	255	0
<i>Fund Balance End of Year</i>	\$255	\$255	\$255	\$0

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Housing Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$12,000	\$12,000	\$3,100	(\$8,900)
Interest	4,500	4,500	6,668	2,168
<i>Total Revenues</i>	16,500	16,500	9,768	(6,732)
Expenditures				
Current:				
Public Health Services:				
Community Housing				
Contractual Services	3,000	5,000	2,275	2,725
Capital Outlay	60,000	70,000	59,805	10,195
Other	77,500	77,500	45,155	32,345
<i>Total Expenditures</i>	140,500	152,500	107,235	45,265
<i>Net Change in Fund Balance</i>	(124,000)	(136,000)	(97,467)	38,533
<i>Fund Balance Beginning of Year</i>	153,734	153,734	153,734	0
<i>Fund Balance End of Year</i>	\$29,734	\$17,734	\$56,267	\$38,533

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Economic Development Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$24,500	\$24,500	\$30,144	\$5,644
Interest	5,000	5,000	11,856	6,856
<i>Total Revenues</i>	<u>29,500</u>	<u>29,500</u>	<u>42,000</u>	<u>12,500</u>
Expenditures				
Current:				
Community Development:				
Economic Development				
Contractual Services	129,000	129,000	34,299	94,701
Other	70,000	90,000	18,000	72,000
<i>Total Expenditures</i>	<u>199,000</u>	<u>219,000</u>	<u>52,299</u>	<u>166,701</u>
<i>Net Change in Fund Balance</i>	(169,500)	(189,500)	(10,299)	179,201
<i>Fund Balance Beginning of Year</i>	<u>247,051</u>	<u>247,051</u>	<u>247,051</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$77,551</u></u>	<u><u>\$57,551</u></u>	<u><u>\$236,752</u></u>	<u><u>\$179,201</u></u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
CHIPS Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$240,000	\$240,000	\$73,735	(\$166,265)
Expenditures				
Current:				
Community Development:				
CHIPS				
Contractual Services	240,000	240,000	70,410	169,590
<i>Net Change in Fund Balance</i>	0	0	3,325	3,325
<i>Fund Balance Beginning of Year</i>	500	500	500	0
<i>Fund Balance End of Year</i>	<u>\$500</u>	<u>\$500</u>	<u>\$3,825</u>	<u>\$3,325</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Ambulance Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$221,000	\$221,000	\$250,723	\$29,723
Contributions and Donations	10,000	10,000	7,426	(2,574)
Other	28,000	28,000	27,530	(470)
<i>Total Revenues</i>	259,000	259,000	285,679	26,679
Expenditures				
Current:				
Security of Persons and Property:				
Ambulance				
Personal Services	107,000	110,920	100,264	10,656
Materials and Supplies	54,480	54,480	40,487	13,993
Contractual Services	45,606	45,606	36,120	9,486
Purchased Services	69,279	67,709	40,964	26,745
Capital Outlay	192,000	199,000	192,777	6,223
<i>Total Expenditures</i>	468,365	477,715	410,612	67,103
<i>Net Change in Fund Balance</i>	(209,365)	(218,715)	(124,933)	93,782
<i>Fund Balance Beginning of Year</i>	338,325	338,325	338,325	0
Prior Year Encumbrances Appropriated	10,365	10,365	10,365	0
<i>Fund Balance End of Year</i>	\$139,325	\$129,975	\$223,757	\$93,782

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation Fund
For the Year Ended December 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Municipal Income Taxes	\$25,600	\$25,600	\$25,665	\$65
Intergovernmental	0	29,000	3,361	(25,639)
Fees, Licenses and Permits	9,600	9,600	9,135	(465)
Charges for Services	150	150	0	(150)
Rentals	31,500	31,500	33,525	2,025
Contributions and Donations	500	500	1,690	1,190
Other	50	50	68	18
<i>Total Revenues</i>	<u>67,400</u>	<u>96,400</u>	<u>73,444</u>	<u>(22,956)</u>
Expenditures				
Current:				
Leisure Time Activities:				
Recreation				
Personal Services	11,600	15,700	14,149	1,551
Materials and Supplies	7,500	6,800	6,695	105
Contractual Services	260	260	217	43
Purchased Services	12,200	9,500	7,726	1,774
Total Recreation	<u>31,560</u>	<u>32,260</u>	<u>28,787</u>	<u>3,473</u>
Parks				
Personal Services	42,900	42,800	41,352	1,448
Materials and Supplies	7,542	7,892	6,937	955
Contractual Services	1,900	1,900	1,355	545
Purchased Services	13,489	14,489	12,699	1,790
Capital Outlay	2,563	32,538	9,783	22,755
Total Parks	<u>68,394</u>	<u>99,619</u>	<u>72,126</u>	<u>27,493</u>
<i>Total Expenditures</i>	<u>99,954</u>	<u>131,879</u>	<u>100,913</u>	<u>30,966</u>
<i>Excess of Revenues Under Expenditures</i>	(32,554)	(35,479)	(27,469)	8,010
Other Financing Sources				
Transfers In	12,000	12,000	0	(12,000)
<i>Net Change in Fund Balance</i>	(20,554)	(23,479)	(27,469)	(3,990)
<i>Fund Balance Beginning of Year</i>	25,749	25,749	25,749	0
Prior Year Encumbrances Appropriated	1,794	1,794	1,794	0
<i>Fund Balance End of Year</i>	<u>\$6,989</u>	<u>\$4,064</u>	<u>\$74</u>	<u>(\$3,990)</u>

City of Conneaut, 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		
Revenues				
Property Taxes	\$156,200	\$156,200	\$165,675	\$9,475
Intergovernmental	31,354	31,354	28,572	(2,782)
<i>Total Revenues</i>	187,554	187,554	194,247	6,693
Expenditures				
Current:				
Security of Persons and Property:				
Police Pension				
Personal Services	238,000	238,000	206,794	31,206
Other	4,500	4,500	3,371	1,129
<i>Total Expenditures</i>	242,500	242,500	210,165	32,335
<i>Net Change in Fund Balance</i>	(54,946)	(54,946)	(15,918)	39,028
<i>Fund Balance Beginning of Year</i>	59,623	59,623	59,623	0
<i>Fund Balance End of Year</i>	\$4,677	\$4,677	\$43,705	\$39,028

City of Conneaut, 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 Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$68,400	\$68,400	\$72,897	\$4,497
Intergovernmental	13,650	13,650	12,244	(1,406)
<i>Total Revenues</i>	82,050	82,050	85,141	3,091
Expenditures				
Current:				
Security of Persons and Property:				
Fire Pension				
Personal Services	177,000	177,000	172,597	4,403
Other	1,450	1,450	1,450	0
<i>Total Expenditures</i>	178,450	178,450	174,047	4,403
<i>Excess of Revenues Under Expenditures</i>	(96,400)	(96,400)	(88,906)	7,494
Other Financing Sources				
Transfers In	97,000	97,000	91,000	(6,000)
<i>Net Change in Fund Balance</i>	600	600	2,094	1,494
<i>Fund Balance Beginning of Year</i>	969	969	969	0
<i>Fund Balance End of Year</i>	\$1,569	\$1,569	\$3,063	\$1,494

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Improvement Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$268,650	\$268,650	\$270,602	\$1,952
Intergovernmental	55,775	55,775	55,759	(16)
<i>Total Revenues</i>	<u>324,425</u>	<u>324,425</u>	<u>326,361</u>	<u>1,936</u>
Expenditures				
Capital Outlay:				
Street Improvement				
Capital Outlay	268,650	268,650	268,650	0
Debt Service:				
Principal Retirement	150,000	150,000	150,000	0
Interest and Fiscal Charges	5,775	5,775	5,759	16
Total Debt Service	<u>155,775</u>	<u>155,775</u>	<u>155,759</u>	<u>16</u>
<i>Total Expenditures</i>	<u>424,425</u>	<u>424,425</u>	<u>424,409</u>	<u>16</u>
<i>Excess of Revenues Under Expenditures</i>	(100,000)	(100,000)	(98,048)	1,952
Other Financing Sources				
General Obligation Notes Issued	100,000	100,000	100,000	0
<i>Net Change in Fund Balance</i>	0	0	1,952	1,952
<i>Fund Balance Beginning of Year</i>	<u>4,812</u>	<u>4,812</u>	<u>4,812</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$4,812</u>	<u>\$4,812</u>	<u>\$6,764</u>	<u>\$1,952</u>

City of Conneaut, 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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	2,051	2,051	2,051	0
<i>Fund Balance End of Year</i>	<u>\$2,051</u>	<u>\$2,051</u>	<u>\$2,051</u>	<u>\$0</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Court Improvement 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>		
Revenues				
Fines and Forfeitures	\$50,000	\$50,000	\$48,762	(\$1,238)
Expenditures				
Capital Outlay:				
Municipal Court Improvement				
Capital Outlay	51,550	52,400	47,341	5,059
<i>Net Change in Fund Balance</i>	(1,550)	(2,400)	1,421	3,821
<i>Fund Balance Beginning of Year</i>	170,413	170,413	170,413	0
Prior Year Encumbrances Appropriated	50	50	50	0
<i>Fund Balance End of Year</i>	<u>\$168,913</u>	<u>\$168,063</u>	<u>\$171,884</u>	<u>\$3,821</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fiscal Year 2004 Formula 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>		
Revenues				
Intergovernmental	\$72,000	\$72,000	\$0	(\$72,000)
Expenditures				
Capital Outlay:				
Fiscal Year 2004 Formula				
Capital Outlay	<u>72,000</u>	<u>72,000</u>	<u>57,670</u>	<u>14,330</u>
<i>Excess of Revenues Under Expenditures</i>	0	0	(57,670)	(57,670)
Other Financing Sources				
Advances In	<u>0</u>	<u>0</u>	<u>57,670</u>	<u>57,670</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>500</u>	<u>500</u>	<u>500</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$500</u>	<u>\$500</u>	<u>\$500</u>	<u>\$0</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvement 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>		
Revenues				
Municipal Income Taxes	\$46,575	\$46,575	\$46,778	\$203
Intergovernmental	0	0	5,519	5,519
<i>Total Revenues</i>	<u>46,575</u>	<u>46,575</u>	<u>52,297</u>	<u>5,722</u>
Expenditures				
Capital Outlay:				
Capital Improvement				
Capital Outlay	48,200	71,200	69,522	1,678
<i>Net Change in Fund Balance</i>	(1,625)	(24,625)	(17,225)	7,400
<i>Fund Balance Beginning of Year</i>	23,100	23,100	23,100	0
Prior Year Encumbrances Appropriated	1,600	1,600	1,600	0
<i>Fund Balance End of Year</i>	<u>\$23,075</u>	<u>\$75</u>	<u>\$7,475</u>	<u>\$7,400</u>

Statistical Section

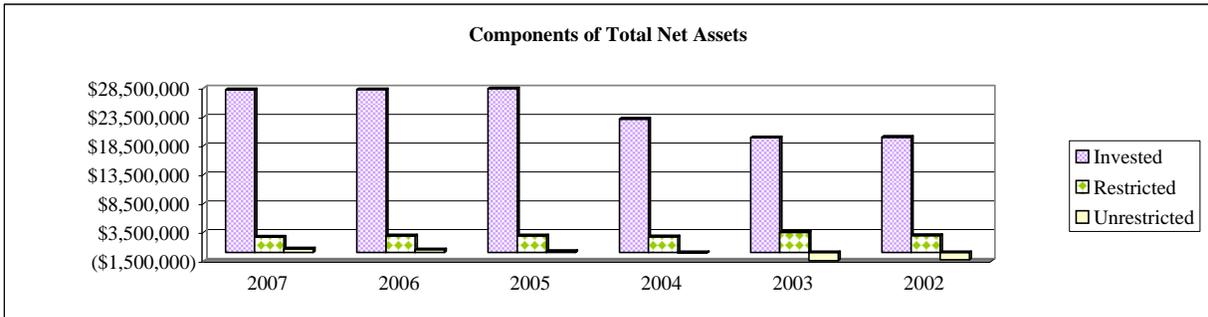
This part of the City of Conneaut, Ohio's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Contents	Pages(s)
<i>Financial Trends</i>	<i>S2 – S9</i>
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	<i>S10 – S19</i>
These schedules contain information to help the reader assess the City's most significant local revenue, the property tax and the municipal income tax.	
<i>Debt Capacity</i>	<i>S20 – S26</i>
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<i>Economic and Demographic Information</i>	<i>S27 – S29</i>
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
<i>Operating Information</i>	<i>S30 – S39</i>
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 2003; schedules presenting government-wide information include information beginning in that year.

City of Conneaut, Ohio
Net Assets By Component
Last Six Years
(Accrual Basis of Accounting)

	2007	2006	2005	2004	2003	2002
Governmental Activities						
Invested in Capital Assets	\$17,632,445	\$17,835,648	\$18,280,365	\$13,885,124	\$14,369,780	\$14,187,443
Restricted:						
Capital Projects	328,198	300,157	153,012	165,563	440,452	389,896
Debt Service	875,896	924,154	1,064,561	978,890	1,723,937	1,259,673
Street Construction, Maintenance and Repair	262,384	355,363	499,673	427,146	0	0
Community Housing	53,730	153,734	163,939	102,376	0	0
Economic Development	324,232	322,253	483,025	476,127	0	0
Ambulance Services	246,531	348,878	313,409	288,155	0	0
Other Purposes	586,281	486,801	211,722	279,820	1,336,163	1,295,364
Unrestricted (Deficit)	104,371	204,442	(108,071)	(461,221)	(1,292,211)	(782,351)
Total Governmental Activities Net Assets	20,414,068	20,931,430	21,061,635	16,141,980	16,578,121	16,350,025
Business Type - Activities						
Invested in Capital Assets, Net of Related Debt	10,543,038	10,383,052	10,103,011	9,226,252	5,527,010	5,787,226
Unrestricted (Deficit)	511,375	283,302	326,986	347,250	(122,561)	(481,075)
Total Business-Type Activities Net Assets	11,054,413	10,666,354	10,429,997	9,573,502	5,404,449	5,306,151
Primary Government						
Invested in Capital Assets, Net of Related Debt	28,175,483	28,218,700	28,383,376	23,111,376	19,896,790	19,974,669
Restricted	2,677,252	2,891,340	2,889,341	2,718,077	3,500,552	2,944,933
Unrestricted (Deficit)	615,746	487,744	218,915	(113,971)	(1,414,772)	(1,263,426)
Total Primary Government Net Assets	\$31,468,481	\$31,597,784	\$31,491,632	\$25,715,482	\$21,982,570	\$21,656,176



Note: 2004 was the first year other purposes was further categorized.

City of Conneaut, Ohio
Changes in Net Assets
Last Five Years
(Accrual Basis of Accounting)

	2007	2006	2005	2004	2003
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$176,418	\$186,469	\$177,001	\$219,503	\$173,490
Security of Persons and Property	508,332	453,497	442,365	420,384	419,527
Public Health Services	38,655	37,551	41,523	38,628	27,573
Leisure Time Activities	47,501	43,313	39,984	38,274	38,016
Community Development	65,921	55,708	59,353	58,627	54,662
Transportation	67,008	4,300	0	0	3,817
Subtotal - Charges for Services	<u>903,835</u>	<u>780,838</u>	<u>760,226</u>	<u>775,416</u>	<u>717,085</u>
Operating Grants and Contributions:					
General Government	5,649	6,995	6,721	7,216	10,310
Security of Persons and Property	18,655	48,451	21,894	29,577	19,143
Public Health Services	4,716	16,231	60,738	47,785	27,494
Leisure Time Activities	1,878	13,941	54,191	331	1,608
Community Development	106,897	249,202	326,568	388,570	237,914
Transportation	702,427	657,215	693,931	625,609	573,917
Subtotal - Operating Grants and Contributions	<u>840,222</u>	<u>992,035</u>	<u>1,164,043</u>	<u>1,099,088</u>	<u>870,386</u>
Capital Grants and Assessments:					
General Government	82,883	159,621	98,004	0	5,803
Security of Persons and Property	0	25,319	141,361	0	0
Public Health Services	0	0	23,767	0	0
Leisure Time Activities	0	0	596	0	0
Community Development	0	0	8,830	156,358	215,639
Transportation (1)	5,759	5,800	4,614,458	3,843,114	1,792
Subtotal - Capital Grants and Assessments	<u>88,642</u>	<u>190,740</u>	<u>4,887,016</u>	<u>3,999,472</u>	<u>223,234</u>
<i>Total Governmental Activities Program Revenues</i>	<u>1,832,699</u>	<u>1,963,613</u>	<u>6,811,285</u>	<u>5,873,976</u>	<u>1,810,705</u>
Business-Type Activities:					
Charges for Services:					
Water	1,922,216	1,785,302	1,802,540	1,842,561	1,604,060
Sewer	1,944,689	1,879,332	1,847,344	1,706,244	1,500,517
Operating Grants and Contributions					
Sewer	0	0	0	10,003	0
Capital Grants and Assessments					
Water	13,383	30,075	0	0	9,938
Sewer	29,859	10,615	504,342	0	137,903
<i>Total Business-Type Activities Program Revenues</i>	<u>3,910,147</u>	<u>3,705,324</u>	<u>4,154,226</u>	<u>3,558,808</u>	<u>3,252,418</u>
<i>Total Primary Government Program Revenues</i>	<u>\$5,742,846</u>	<u>\$5,668,937</u>	<u>\$10,965,511</u>	<u>\$9,432,784</u>	<u>\$5,063,123</u>

(continued)

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

	2007	2006	2005	2004	2003
Expenses					
<i>Governmental Activities:</i>					
General Government	\$1,308,725	\$1,406,409	\$1,166,986	\$1,463,838	\$998,850
Security of Persons and Property	3,527,501	3,387,785	3,242,895	3,039,526	3,097,076
Public Health Services	432,807	374,896	355,171	320,256	353,790
Leisure Time Activities	115,777	94,657	86,703	92,522	100,480
Community Development	294,546	467,034	548,723	583,977	437,292
Basic Utility Services	31,975	32,500	32,500	32,500	0
Transportation	2,420,821	2,449,845	1,840,534	2,265,269	1,677,028
Interest and Fiscal Charges	178,252	195,947	191,188	229,363	259,709
<i>Total Governmental Activities Expenses</i>	<u>8,310,404</u>	<u>8,409,073</u>	<u>7,464,700</u>	<u>8,027,251</u>	<u>6,924,225</u>
<i>Business-Type Activities</i>					
Water	1,763,839	1,711,495	1,728,842	1,627,086	1,560,300
Sewer	1,769,365	1,802,037	1,575,008	1,400,021	1,622,502
<i>Total Business-Type Activities Expenses</i>	<u>3,533,204</u>	<u>3,513,532</u>	<u>3,303,850</u>	<u>3,027,107</u>	<u>3,182,802</u>
<i>Total Primary Government Program Expenses</i>	<u>11,843,608</u>	<u>11,922,605</u>	<u>10,768,550</u>	<u>11,054,358</u>	<u>10,107,027</u>
Net (Expense)/Revenue					
Governmental Activities	(6,477,705)	(6,445,460)	(653,415)	(2,153,275)	(5,113,520)
Business-Type Activities	376,943	191,792	850,376	531,701	69,616
<i>Total Primary Government Net Expense</i>	<u>(\$6,100,762)</u>	<u>(\$6,253,668)</u>	<u>\$196,961</u>	<u>(\$1,621,574)</u>	<u>(\$5,043,904)</u>

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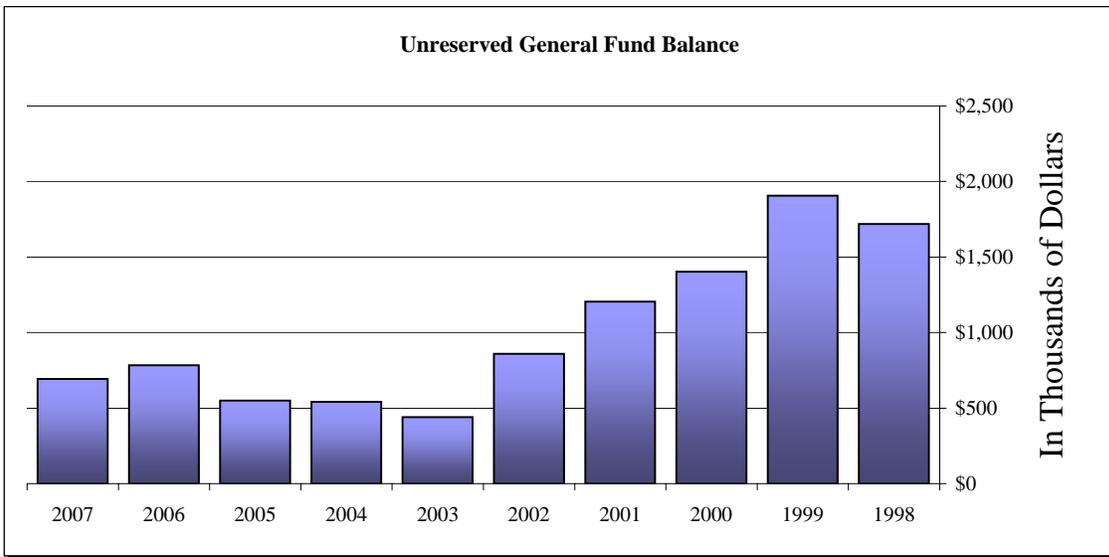
City of Conneaut, Ohio
Changes in Net Assets (continued)
Last Five Years
(Accrual Basis of Accounting)

	2007	2006	2005	2004	2003
General Revenues and Other Changes in Net Assets					
Governmental Activities					
Taxes:					
Property Taxes Levied For:					
General Purposes	\$401,371	\$419,938	\$390,798	\$311,222	\$279,872
Debt Service	275,546	316,107	312,684	309,290	564,949
Other Purposes	707,006	721,649	666,808	719,660	552,003
Municipal Income Taxes levied for:					
General Purposes	2,030,350	2,015,340	2,035,114	1,960,666	1,948,508
Capital Outlay	317,487	309,969	47,183	45,457	45,174
Street Construction, Maintenance and Repair	845,549	839,298	847,493	816,488	0
Other Purposes	56,221	55,850	56,441	54,374	862,927
Grants and Entitlements not Restricted to					
Specific Programs	1,122,971	1,196,117	1,045,596	937,225	1,015,299
Investment Earnings	139,919	147,560	73,016	25,400	20,472
Gain on Sale of Capital Assets	7,303	0	3,593	0	8,277
Miscellaneous	56,620	293,427	94,344	170,568	55,158
Transfers	0	0	0	0	(11,023)
<i>Total Governmental Activities</i>	<u>5,960,343</u>	<u>6,315,255</u>	<u>5,573,070</u>	<u>5,350,350</u>	<u>5,341,616</u>
Business-Type Activities					
Miscellaneous	10,877	44,565	6,119	4,136	17,659
Gain on Sale of Capital Assets	239	0	0	0	0
Transfers	0	0	0	0	11,023
<i>Total Business-Type Activities Expenses</i>	<u>11,116</u>	<u>44,565</u>	<u>6,119</u>	<u>4,136</u>	<u>28,682</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>5,971,459</u>	<u>6,359,820</u>	<u>5,579,189</u>	<u>5,354,486</u>	<u>5,370,298</u>
Change in Net Assets					
Governmental Activities	(517,362)	(130,205)	4,919,655	3,197,075	228,096
Business-Type Activities	388,059	236,357	856,495	535,837	98,298
<i>Total Primary Government Change in Net Assets</i>	<u>(\$129,303)</u>	<u>\$106,152</u>	<u>\$5,776,150</u>	<u>\$3,732,912</u>	<u>\$326,394</u>

(1) During 2005 and 2004, the State contributed 80 percent of the funding for the U.S. route 20 and State Rt. 7 paving projects.

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

	2007	2006	2005	2004
General Fund				
Reserved	\$12,326	\$31,333	\$37,837	\$18,093
Unreserved	692,944	783,991	549,024	541,313
Total General Fund	705,270	815,324	586,861	559,406
All Other Governmental Funds				
Reserved	111,035	170,877	158,681	318,871
Unreserved, Undesignated, Reported in:				
Special Revenue funds	972,650	1,251,814	1,158,009	880,223
Debt Service funds	764,661	799,830	812,744	823,267
Capital Projects funds	313,671	254,831	347,238	430,440
Total All Other Governmental Funds	2,162,017	2,477,352	2,476,672	2,452,801
Total Governmental Funds	\$2,867,287	\$3,292,676	\$3,063,533	\$3,012,207

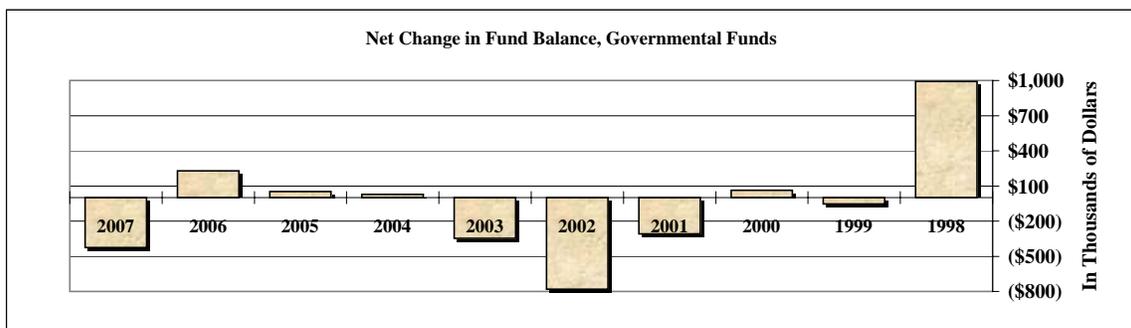


2003	2002	2001	2000	1999	1998
\$37,759	\$55,890	\$105,632	\$192,067	\$78,899	\$100,596
440,468	860,023	1,204,410	1,402,455	1,905,115	1,719,016
478,227	915,913	1,310,042	1,594,522	1,984,014	1,819,612
357,704	397,945	328,576	369,855	370,873	536,626
697,461	1,190,000	1,333,532	1,395,282	1,340,603	1,300,743
1,019,542	987,926	1,116,240	942,616	564,217	676,364
432,388	(160,321)	22,804	117,330	97,052	77,262
2,507,095	2,415,550	2,801,152	2,825,083	2,372,745	2,590,995
\$2,985,322	\$3,331,463	\$4,111,194	\$4,419,605	\$4,356,759	\$4,410,607

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

	2007	2006	2005	2004	2003
Revenues					
Property Taxes	\$1,374,642	\$1,428,751	\$1,363,150	\$1,337,280	\$1,384,418
Municipal Income Taxes	3,264,412	3,134,220	2,943,847	2,923,195	2,853,586
Special Assessments	160,405	166,702	189,379	180,452	192,303
Intergovernmental	2,024,833	2,340,638	2,216,747	2,229,617	2,061,404
Fees, Licenses and Permits	342,916	240,568	220,080	215,398	203,354
Fines and Forfeitures	209,448	228,014	242,279	266,244	205,562
Rentals	53,525	49,750	50,300	48,175	50,650
Charges for Services	288,911	271,371	271,404	206,512	215,756
Contributions and Donations	34,114	46,641	31,183	31,101	21,796
Interest	139,919	147,560	73,016	25,400	20,472
Other	56,620	293,427	94,344	170,568	55,158
<i>Total Revenues</i>	<u>7,949,745</u>	<u>8,347,642</u>	<u>7,695,729</u>	<u>7,633,942</u>	<u>7,264,459</u>
Expenditures					
Current:					
General Government	1,187,788	1,279,596	1,151,220	1,327,360	933,160
Security of Persons and Property	3,680,658	3,330,567	3,237,997	2,956,531	2,893,422
Public Health Services	429,521	368,283	353,791	316,299	345,026
Leisure Time Activities	141,403	93,265	123,314	73,907	81,764
Community Development	318,168	473,387	546,659	526,196	419,650
Basic Utilities Services	31,975	32,500	32,500	32,500	0
Transportation	1,592,808	1,714,041	1,390,496	1,496,163	1,486,627
Capital Outlay	418,959	445,600	81,983	291,904	706,298
Debt Service:					
Principal Retirement	412,952	315,870	434,866	1,180,444	1,226,119
Principal Retirement - Current Refunding	82,000	90,500	0	0	0
Interest and Fiscal Charges	189,969	193,157	199,533	225,379	246,288
<i>Total Expenditures</i>	<u>8,486,201</u>	<u>8,336,766</u>	<u>7,552,359</u>	<u>8,426,683</u>	<u>8,338,354</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(536,456)</u>	<u>10,876</u>	<u>143,370</u>	<u>(792,741)</u>	<u>(1,073,895)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	7,303	10,000	13,456	0	8,277
General Obligation Bonds Issued	0	0	0	0	0
General Obligation Notes Issued	203,500	297,000	387,500	788,000	730,500
OPWC Loans Issued	0	0	0	31,626	0
OWDA Loans Issued	0	0	0	0	0
Inception of Capital Lease	103,764	208,267	0	0	0
Current Refunding	(203,500)	(297,000)	(493,000)	0	0
Transfers In	116,750	104,750	143,406	279,950	312,411
Transfers Out	(116,750)	(104,750)	(143,406)	(279,950)	(323,434)
<i>Total Other Financing Sources (Uses)</i>	<u>111,067</u>	<u>218,267</u>	<u>(92,044)</u>	<u>819,626</u>	<u>727,754</u>
<i>Net Change in Fund Balances</i>	<u>(\$425,389)</u>	<u>\$229,143</u>	<u>\$51,326</u>	<u>\$26,885</u>	<u>(\$346,141)</u>

Debt Service as a Percentage of Noncapital Expenditures	8.9%	8.0%	9.3%	20.9%	23.9%
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2002	2001	2000	1999	1998
\$1,167,642	\$1,505,844	\$1,748,186	\$1,536,820	\$1,501,115
2,915,116	2,478,260	2,825,034	2,779,711	2,631,855
193,627	281,762	116,085	114,308	113,106
2,382,224	2,097,717	2,090,096	2,005,315	2,266,540
160,328	255,063	151,922	76,188	93,650
316,122	300,675	293,085	328,439	191,115
53,700	55,450	85,575	40,200	36,525
299,190	231,127	236,494	257,771	239,782
15,693	0	0	0	0
49,366	184,173	304,892	216,299	286,626
125,119	349,235	170,625	168,331	270,761
<u>7,678,127</u>	<u>7,739,306</u>	<u>8,021,994</u>	<u>7,523,382</u>	<u>7,631,075</u>
1,229,947	1,030,226	911,328	788,472	802,038
3,157,782	3,007,278	2,855,072	2,780,219	2,694,068
309,837	208,721	187,764	168,570	163,426
89,930	82,593	75,854	55,688	140,380
435,169	609,272	201,486	513,106	453,055
0	137,159	115,150	123,259	124,532
1,634,703	1,591,213	1,524,804	1,663,097	1,550,185
856,052	559,806	1,491,760	416,543	1,784,722
461,268	493,541	610,537	596,901	489,404
0	0	0	0	0
283,170	345,733	326,766	442,676	325,864
<u>8,457,858</u>	<u>8,065,542</u>	<u>8,300,521</u>	<u>7,548,531</u>	<u>8,527,674</u>
<u>(779,731)</u>	<u>(326,236)</u>	<u>(278,527)</u>	<u>(25,149)</u>	<u>(896,599)</u>
0	1,825	49,275	16,052	1,610
0	0	0	0	2,062,874
0	0	0	0	0
0	0	0	0	0
0	16,000	295,090	0	0
0	0	0	0	0
0	0	0	0	0
314,800	455,906	473,326	410,645	452,285
<u>(314,800)</u>	<u>(455,906)</u>	<u>(476,318)</u>	<u>(455,396)</u>	<u>(629,092)</u>
<u>0</u>	<u>17,825</u>	<u>341,373</u>	<u>(28,699)</u>	<u>1,887,677</u>
<u>(\$779,731)</u>	<u>(\$308,411)</u>	<u>\$62,846</u>	<u>(\$53,848)</u>	<u>\$991,078</u>
10.9%	12.6%	16.0%	17.1%	13.8%

City of Conneaut, Ohio
Assessed Valuation and Estimated True 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/PU		Assessed Value	Estimated Actual Value
2007	\$124,585,680	\$31,434,560	\$445,772,114	\$5,487,170	\$6,235,420
2006	123,245,560	31,401,020	441,847,371	9,571,180	10,876,341
2005	122,461,990	32,194,020	441,874,314	9,628,160	10,941,091
2004	109,856,550	29,606,730	398,466,514	10,951,410	12,444,784
2003	109,067,100	29,429,220	395,703,771	11,255,570	12,790,420
2002	108,672,030	29,298,090	394,200,343	11,317,330	12,860,602
2001	89,226,340	24,606,000	325,235,257	9,291,890	10,558,966
2000	88,265,910	24,088,920	321,013,800	11,449,120	13,010,364
1999	87,248,500	22,271,210	312,913,457	12,173,790	13,833,852
1998	75,123,000	22,629,830	279,293,800	11,973,670	13,606,443

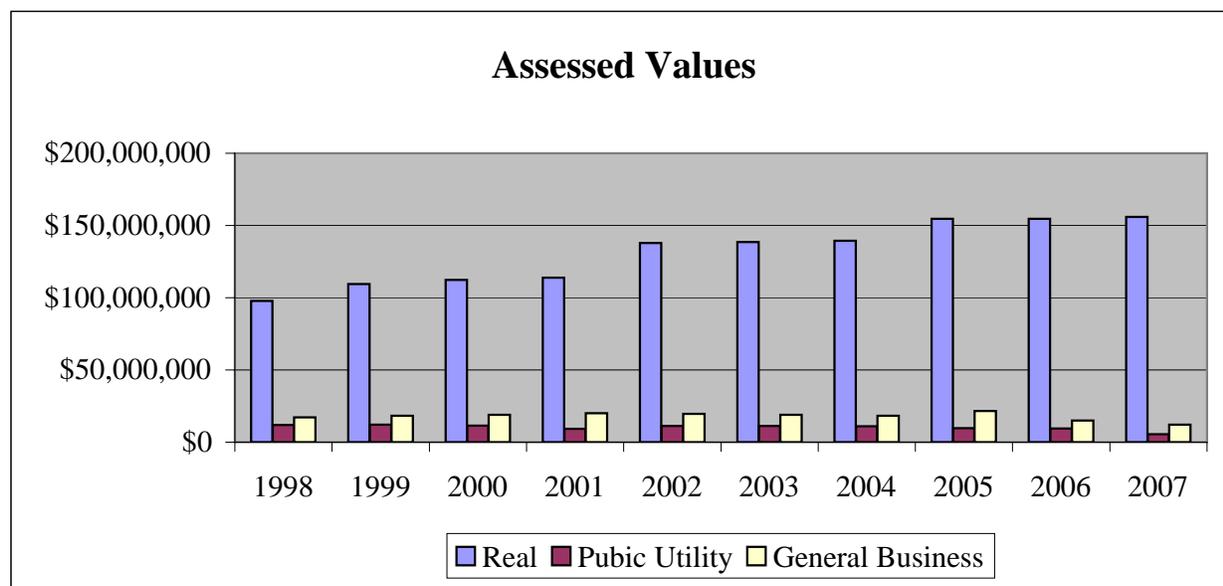
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

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

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

Source: Ashtabula County, Ohio; County Auditor

Tangible Personal Property					Weighted Average Tax Rate (per \$1,000 of Assessed Value)
General Business		Total			
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$12,120,220	\$96,961,760	\$173,627,630	\$548,969,294	31.63%	\$7.62
15,050,190	60,200,760	179,267,950	512,924,472	34.95	8.07
21,491,570	85,966,280	185,775,740	538,781,685	34.48	9.37
18,222,780	72,891,120	168,637,470	483,802,418	34.86	9.37
19,020,650	76,082,600	168,772,540	484,576,791	34.83	9.48
19,503,980	78,015,920	168,791,430	485,076,865	34.80	9.49
20,105,970	80,423,880	143,230,200	416,218,103	34.41	11.99
18,973,930	75,895,720	142,777,880	409,919,884	34.83	11.91
18,300,360	73,201,440	139,993,860	399,948,749	35.00	13.35
17,094,050	68,376,200	126,820,550	361,276,443	35.10	12.14



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

	2007	2006	2005	2004	2003
Unvoted Millage					
Operating	\$2.00000	\$2.19000	\$2.19000	\$1.79000	\$1.59000
Fire Pension	0.44000	0.44000	0.44000	0.44000	0.44000
Police Pension	1.19000	1.00000	1.00000	1.40000	1.40000
Bond Sinking Fund	0.00000	0.00000	0.00000	0.00000	0.20000
Parks	0.00000	0.00000	0.00000	0.00000	0.00000
<i>Total Unvoted Millage</i>	<u>3.63000</u>	<u>3.63000</u>	<u>3.63000</u>	<u>3.63000</u>	<u>3.63000</u>
Voted Millage - by levy					
1977 Bond	0.0000	0.0000	0.0000	0.0000	1.0500
1977 Police					
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.6137
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.7790
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	2.0000
1986 Bond	0.6400	0.7400	0.9500	0.9500	1.0500
1994 Fire					
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000
1995 Library Bond	0.8300	0.9300	1.0900	1.0900	1.2400
1996 Fire					
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000
1997 Park District					
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000
2000 Fire					
Residential/Agricultural Real	0.0000	0.0000	0.8273	0.8273	0.8270
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.8491	0.8488	0.8472
General Business and Public Utility Personal	0.0000	0.0000	1.0000	1.0000	1.0000
2003 Police Operating					
Residential/Agricultural Real	1.8075	1.8070	2.0000	2.0000	0.0000
Commercial/Industrial and Public Utility Real	1.9114	1.9075	2.0000	2.0000	0.0000
General Business and Public Utility Personal	2.0000	2.0000	2.0000	2.0000	0.0000

2002	2001	2000	1999	1998
\$1.59000	\$1.59000	\$1.59000	\$1.59000	\$1.59000
0.44000	0.44000	0.44000	0.44000	0.44000
1.40000	1.40000	1.40000	1.40000	1.40000
0.20000	0.20000	0.20000	0.20000	0.20000
0.00000	0.15000	0.15000	0.15000	0.15000
3.63000	3.78000	3.78000	3.78000	3.78000
1.0500	1.3700	1.7000	1.7000	1.8000
0.6137	0.7419	0.7416	0.8490	0.8486
0.7790	0.9194	0.9185	0.9185	0.9173
2.0000	2.0000	2.0000	2.0000	2.0000
1.0500	1.4000	1.8000	1.8000	1.9000
0.0000	0.0000	0.0000	1.1668	1.1662
0.0000	0.0000	0.0000	1.2903	1.2885
0.0000	0.0000	0.0000	1.5000	1.5000
1.2400	1.5700	2.0000	2.0000	2.1000
0.0000	0.0000	0.6794	0.7779	0.7774
0.0000	0.0000	0.8601	0.8602	0.8590
0.0000	0.0000	1.0000	1.0000	1.0000
0.0000	0.8651	0.8647	0.9900	0.9900
0.0000	0.9900	0.9899	0.9900	0.9900
0.0000	0.9900	0.9900	0.9900	0.9900
0.8270	1.0000	0.0000	0.0000	0.0000
0.8472	1.0000	0.0000	0.0000	0.0000
1.0000	1.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000

(continued)

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

	2007	2006	2005	2004	2003
2005 Fire					
Residential/Agricultural Real	\$0.9038	\$0.9035	\$0.8273	\$0.8273	\$0.8270
Commercial/Industrial and Public Utility Real	0.9557	0.9538	0.8491	0.8488	0.8472
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000	1.0000
<i>Total Voted Millage by Type of Property</i>					
Residential/Agricultural Real	4.18130	4.38050	5.69460	5.69460	5.60770
Commercial/Industrial and Public Utility Real	4.33710	4.53130	5.73820	5.73760	5.81340
General Business and Public Utility Personal	4.47000	4.67000	6.04000	6.04000	7.34000
<i>Total Millage by Type of Property</i>					
Residential/Agricultural Real	\$7.81130	\$8.01050	\$9.32460	\$9.32460	\$9.23770
Commercial/Industrial and Public Utility Real	7.96710	8.16130	9.36820	9.36760	9.44340
General Business and Public Utility Personal	8.10000	8.30000	9.67000	9.67000	10.97000

Overlapping Rates by Taxing District

Conneaut City School District					
Residential/Agricultural Real	\$24.5438	\$24.5371	\$26.0001	\$25.9999	\$25.9940
Commercial/Industrial and Public Utility Real	24.7382	24.6535	28.3117	28.3061	28.2686
General Business and Public Utility Personal	37.6300	37.6300	45.8300	45.8300	45.8300
Ashtabula County					
Residential/Agricultural Real	8.9780	8.4057	9.0059	9.0043	7.6712
Commercial/Industrial and Public Utility Real	9.7795	9.4488	9.8486	9.8242	8.4814
General Business and Public Utility Personal	11.0300	11.0300	11.0300	11.0300	9.7000
Special Taxing Districts (1)					
Residential/Agricultural Real	3.7273	3.4773	3.6199	3.6197	3.1184
Commercial/Industrial and Public Utility Real	3.8383	3.6471	3.8448	3.8353	3.3287
General Business and Public Utility Personal	5.7500	5.7500	5.7500	5.7500	5.2500

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.

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

Real property tax rates for voted levies are reduced so that inflationary increases in value do not generate additional revenues.

(1) Park District, Joint Vocational School

2002	2001	2000	1999	1998
\$0.8270	\$1.0000	\$0.0000	\$0.0000	\$0.0000
0.8472	1.0000	0.0000	0.0000	0.0000
1.0000	1.0000	0.0000	0.0000	0.0000
5.60770	7.94700	7.78570	9.28370	9.58220
5.81340	8.24940	8.26850	9.55900	9.85480
7.34000	9.33000	9.49000	10.99000	11.29000
\$9.23770	\$11.72700	\$11.56570	\$13.06370	\$13.36220
9.44340	12.02940	12.04850	13.33900	13.63480
10.97000	13.11000	13.27000	14.77000	15.07000
\$25.9940	\$27.1228	\$23.8502	\$26.2983	\$27.1875
28.2686	31.0717	27.9141	27.9154	28.7862
45.8300	45.8300	42.8400	42.8400	43.7400
7.6712	8.5833	7.5805	7.8252	7.8234
8.4814	9.4864	8.4853	8.2625	8.2596
9.7000	9.7000	8.7000	8.7000	8.7000
3.1184	2.1762	2.1760	2.3839	2.2216
3.3287	2.7205	2.7176	2.7180	2.6187
5.2500	4.1100	4.1100	4.1100	4.1100

City of Conneaut, 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)
2007	\$1,487,924	\$1,473,441	99.03 %	\$76,271	\$1,549,712
2006	1,584,667	1,404,523	88.63	87,005	1,491,528
2005	1,462,087	1,431,518	97.91	56,018	1,487,536
2004	1,463,258	1,401,487	95.78	58,205	1,459,692
2003	1,682,851	1,437,095	85.40	60,626	1,497,721
2002	1,428,005	1,241,322	86.93	56,236	1,297,558
2001	1,566,273	1,395,931	89.12	42,731	1,438,662
2000	1,698,126	1,491,712	87.84	52,627	1,544,339
1999	1,728,564	1,519,218	87.89	50,769	1,569,987
1998	1,733,937	1,542,332	88.95	44,726	1,587,058

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.

<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
104.15 %	\$134,745	9.06 %
94.12	138,160	8.72
101.74	106,404	7.28
99.76	130,407	8.91
89.00	88,892	5.28
90.87	85,187	5.97
91.85	75,630	4.83
90.94	77,706	4.58
90.83	35,380	2.05
91.53	129,173	7.45

City of Conneaut, Ohio
Principal Real Property Taxpayers
 2007 and 1998

<i>2007</i>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Real Assessed Valuation
Cleveland Electric Illuminating Company	\$3,918,590	2.51 %
Millwork Properties	1,902,140	1.22
Inn at the Lake	1,548,090	0.99
CSP of Ohio	1,392,060	0.89
Emster XV, LLC	1,267,550	0.81
Highland Place	1,034,680	0.67
Inn Conn Health	985,710	0.63
Union Railroad	828,250	0.53
GE Lighting	650,940	0.42
RK Hotels & Investments	611,150	0.39
Total	\$14,139,160	9.06 %
Total Real Assessed Valuation	\$156,020,240	

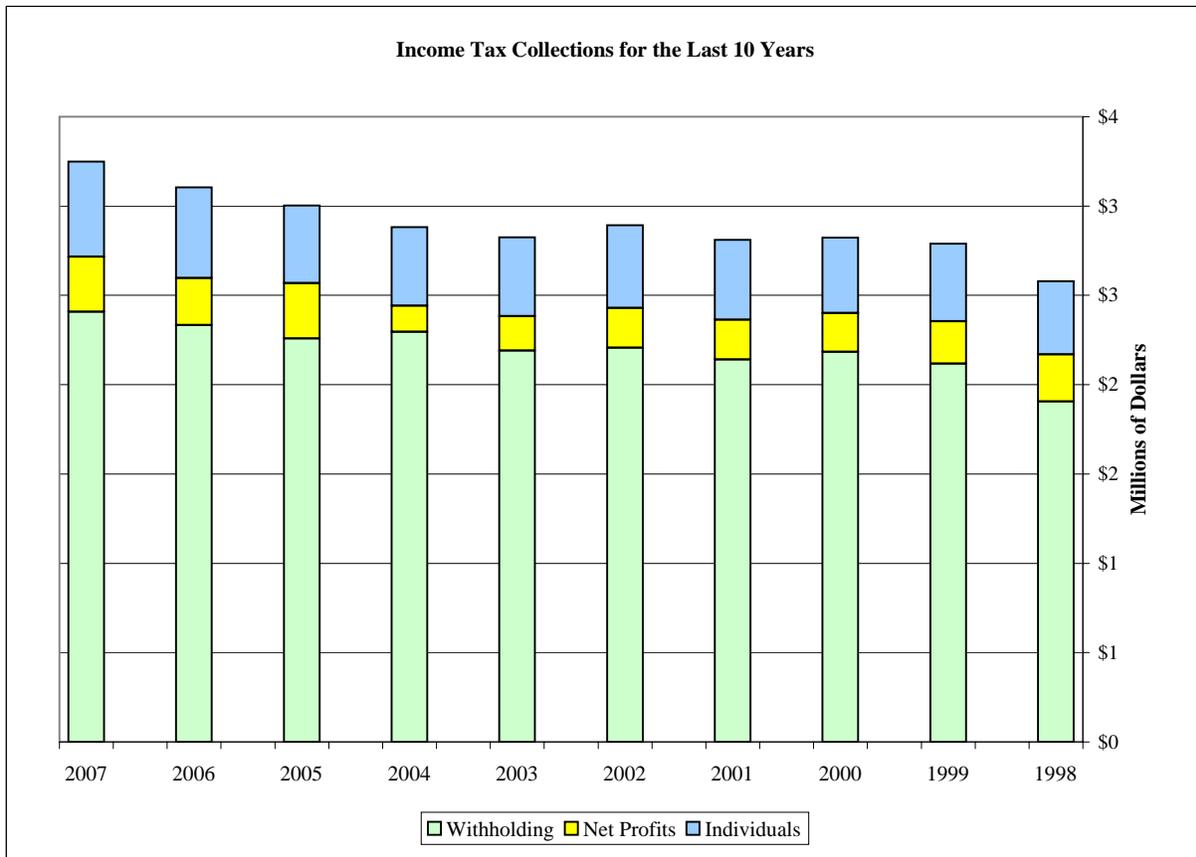
<i>1998</i>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Real Assessed Valuation
Cleveland Electric Illuminating Company	\$5,665,630	5.80 %
Conneaut Telephone	2,827,010	2.89
Cascade Ohio , Inc	1,381,540	1.41
Theresa Talarico	1,214,270	1.24
East Ohio Gas	1,155,670	1.18
Highland Place	980,580	1.00
Norfolk Southern Rail Road	974,520	1.00
Attitude Limited	869,920	0.89
Bessemer and Lake Erie Railroad	869,100	0.89
Venture-Bailey	795,840	0.82
Total	\$16,734,080	17.12 %
Total Real Assessed Valuation	\$97,752,830	

City of Conneaut, Ohio
Income Tax Revenue Base and Collections
Last Ten Years

Tax Year	Tax Rate	Total Tax Collected (1)	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2007	1.80%	\$3,248,649	\$2,408,804	74.15%	\$307,928	9.48%	\$531,917	16.37%
2006	1.80	3,103,824	2,333,543	75.18	263,019	8.47	507,252	16.34
2005	1.65	3,002,703	2,258,747	75.22	308,814	10.28	435,241	14.49
2004	1.65	2,881,056	2,296,181	79.70	145,282	5.04	439,593	15.26
2003	1.65	2,825,316	2,190,711	77.54	193,293	6.84	441,312	15.62
2002	1.65	2,891,951	2,207,448	76.33	221,900	7.67	462,603	16.00
2001	1.65	2,811,397	2,140,404	76.13	223,122	7.94	447,871	15.93
2000	1.65	2,823,337	2,183,448	77.34	216,967	7.68	422,922	14.98
1999	1.65	2,790,121	2,117,190	75.88	236,660	8.48	436,271	15.64
1998	1.65	2,579,153	1,905,960	73.90	263,893	10.23	409,300	15.87

(1) Cash Basis of Accounting

Note: The City is prohibited by the City income tax code from presenting individual taxpayers.



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

Year	Governmental Activities						
	General Obligation Bonds	Special Assessment Bonds	OWDA Loans	OPWC Loans	Police and Fire Pension	Bond Anticipation Notes	Capital Leases
2007	\$1,555,000	\$0	\$1,226,509	\$27,673	\$0	\$329,000	\$261,030
2006	1,760,000	0	1,332,998	29,254	0	467,000	201,148
2005	1,965,000	0	1,435,168	30,835	0	557,500	0
2004	2,170,000	0	1,539,243	31,626	0	788,000	0
2003	2,525,000	0	1,634,187	0	0	730,500	0
2002	2,880,000	0	1,713,717	0	0	0	0
2001	3,235,000	22,000	1,797,985	0	0	0	0
2000	3,595,000	43,000	1,960,356	0	0	0	0
1999	4,115,000	63,000	1,732,310	0	0	0	0
1998	4,637,000	82,000	1,602,586	0	121,114	0	0

(1) Personal Income and Population Data are located on S28.

Business-Type Activities

General Obligation Bonds	OWDA Loans	OPWC Loans	Bond Anticipation Notes	Capital Leases	Total Debt	Percentage of Personal Income (1)	Per Capita (1)
\$741,264	\$5,143,931	\$423,995	\$10,000	\$34,751	\$9,753,153	5.31%	\$781.19
811,387	5,402,913	464,225	20,000	68,570	10,557,495	5.75	845.61
880,000	5,030,125	504,456	20,000	0	10,423,084	5.68	834.85
950,000	2,788,046	528,865	30,000	0	8,825,780	4.81	706.91
1,020,000	3,039,770	530,142	40,000	0	9,519,599	5.19	762.48
1,090,000	3,262,042	451,445	50,000	0	9,447,204	5.15	756.68
1,160,000	3,487,830	491,232	60,000	0	10,254,047	5.59	821.31
1,230,000	3,652,728	539,623	60,000	0	11,080,707	6.04	887.52
1,300,000	3,497,857	61,243	70,000	0	10,839,410	7.97	818.62
1,370,000	3,667,983	77,991	90,000	0	11,648,674	8.56	879.74

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City of Conneaut, Ohio
*Ratio of General Obligation Bonded Debt to Estimated True Values
of Taxable Property and Bonded Debt Per Capita
Last Ten Years*

Year	Population (1)		Estimated True Values of Taxable Property (2)	Gross Bonded Debt	Ratio of Bonded Debt to Estimated True Values of Taxable Property	Bonded Debt Per Capital
2007	12,485	b	\$548,969,294	\$1,555,000	0.28%	\$124.55
2006	12,485	b	512,924,472	1,760,000	0.34	140.97
2005	12,485	b	538,781,685	1,965,000	0.36	157.39
2004	12,485	b	483,802,418	2,170,000	0.45	173.81
2003	12,485	b	484,576,791	2,525,000	0.52	202.24
2002	12,485	b	485,076,865	2,880,000	0.59	230.68
2001	12,485	b	416,218,103	3,235,000	0.78	259.11
2000	12,485	b	409,919,884	3,595,000	0.88	287.95
1999	13,241	a	399,948,749	4,115,000	1.03	310.78
1998	13,241	a	361,276,443	4,637,000	1.28	350.20

Sources:

(1) U. S. Bureau of Census, Census of Population.

(a) 1990 Federal Census

(b) 2000 Federal Census

(2) Ashtabula County Auditor

City of Conneaut, Ohio

Legal Debt Margin

Last Eight Years (1)

	2007	2006	2005
Total Assessed Property Value	<u>\$173,627,630</u>	<u>\$179,267,950</u>	<u>\$185,775,740</u>
General Bonded Debt Outstanding:			
General Obligation Bonds	\$2,295,000	\$2,570,000	\$2,845,000
Special Assessment Bonds	0	0	0
Bond Anticipation Notes	796,000	1,007,500	1,168,000
OPWC Loans	451,668	493,479	535,291
OWDA Loans	<u>6,370,440</u>	<u>6,735,911</u>	<u>6,465,293</u>
Total Gross Indebtedness	9,913,108	10,806,890	11,013,584
Less:			
Bond Anticipation Notes	(621,000)	(857,500)	(1,168,000)
Special Assessment Bonds	0	0	0
OWDA Loans	(6,370,440)	(6,735,911)	(6,465,293)
General Obligation Bond Retirement Fund Balance	<u>(563,506)</u>	<u>(568,788)</u>	<u>(548,375)</u>
Total Net Debt Applicable to Debt Limit	<u>2,358,162</u>	<u>2,644,691</u>	<u>2,831,916</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>18,230,901</u>	<u>18,823,135</u>	<u>19,506,453</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$15,872,739</u>	<u>\$16,178,444</u>	<u>\$16,674,537</u>
Legal Debt Margin as a Percentage of the Debt Limit	87.07%	85.95%	85.48%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	<u>\$9,549,520</u>	<u>\$9,859,737</u>	<u>\$10,217,666</u>
Total Gross Indebtedness	9,913,108	10,806,890	11,013,584
Less:			
Bond Anticipation Notes	(621,000)	(857,500)	(1,168,000)
Special Assessment Bonds	0	0	0
OWDA Loans	(6,370,440)	(6,735,911)	(6,465,293)
General Obligation Bond Retirement Fund Balance	<u>(563,506)</u>	<u>(568,788)</u>	<u>(548,375)</u>
Net Debt Within 5 ½ % Limitations	<u>2,358,162</u>	<u>2,644,691</u>	<u>2,831,916</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$7,191,358</u>	<u>\$7,215,046</u>	<u>\$7,385,750</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	75.31%	73.18%	72.28%

Source: City Financial Records

(1) Information prior to 2000 was not available

2004	2003	2002	2001	2000
<u>\$168,637,470</u>	<u>\$168,772,540</u>	<u>\$168,791,430</u>	<u>\$143,230,200</u>	<u>\$142,777,880</u>
\$3,120,000	\$3,545,000	\$3,970,000	\$4,395,000	\$4,825,000
0	0	0	22,000	43,000
1,358,000	1,390,500	2,067,000	1,190,000	1,379,000
560,491	530,142	451,445	491,232	539,623
<u>4,327,289</u>	<u>4,673,957</u>	<u>4,975,759</u>	<u>5,285,815</u>	<u>5,613,084</u>
9,365,780	10,139,599	11,464,204	11,384,047	12,399,707
(1,358,000)	(1,390,500)	(2,067,000)	(1,190,000)	(1,379,000)
0	0	0	(22,000)	(43,000)
(4,327,289)	(4,673,957)	(4,975,759)	(5,285,815)	(5,613,084)
<u>(529,397)</u>	<u>(691,568)</u>	<u>(649,469)</u>	<u>(1,477,897)</u>	<u>(721,881)</u>
<u>3,151,094</u>	<u>3,383,574</u>	<u>3,771,976</u>	<u>3,408,335</u>	<u>4,642,742</u>
<u>17,706,934</u>	<u>17,721,117</u>	<u>17,723,100</u>	<u>15,039,171</u>	<u>14,991,677</u>
<u>\$14,555,840</u>	<u>\$14,337,543</u>	<u>\$13,951,124</u>	<u>\$11,630,836</u>	<u>\$10,348,935</u>
82.20%	80.91%	78.72%	77.34%	69.03%
<u>\$9,275,061</u>	<u>\$9,282,490</u>	<u>\$9,283,529</u>	<u>\$7,877,661</u>	<u>\$7,852,783</u>
9,365,780	10,139,599	11,464,204	11,384,047	12,399,707
(1,358,000)	(1,390,500)	(2,067,000)	(1,190,000)	(1,379,000)
0	0	0	(22,000)	(43,000)
(4,327,289)	(4,673,957)	(4,975,759)	(5,285,815)	(5,613,084)
<u>(529,397)</u>	<u>(691,568)</u>	<u>(649,469)</u>	<u>(1,477,897)</u>	<u>(721,881)</u>
<u>3,151,094</u>	<u>3,383,574</u>	<u>3,771,976</u>	<u>3,408,335</u>	<u>4,642,742</u>
<u>\$6,123,967</u>	<u>\$5,898,916</u>	<u>\$5,511,553</u>	<u>\$4,469,326</u>	<u>\$3,210,041</u>
66.03%	63.55%	59.37%	56.73%	40.88%

City of Conneaut, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2007

Jurisdiction	Governmental Activites Debt	Percentage Applicable to City (1)	Amount Applicable to City of Conneaut
Direct			
General Obligation Bonds	\$1,555,000	100.00 %	\$1,555,000
Bond Anticipation Notes	621,000	100.00	621,000
OPWC Loans	27,673	100.00	27,673
OWDA Loans	1,226,509	100.00	1,226,509
Capital Leases	261,030	100.00	261,030
<i>Total Direct Debt</i>	<u>3,691,212</u>		<u>3,691,212</u>
Overlapping			
Ashtabula County			
General Obligation Bonds	5,442,766	9.83	535,024
OPWC Loans	125,000	9.83	12,287
Notes Payable	98,623	9.83	9,695
Private Activity Bond	89,619	9.83	8,810
Capital Leases	89,761	9.83	8,823
Conneaut City School District			
General Obligation Bonds	5,516,954	88.27	4,869,815
<i>Total Overlapping Debt</i>	<u>11,362,723</u>		<u>5,444,452</u>
Total	<u><u>\$15,053,935</u></u>		<u><u>\$9,135,664</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.

City of Conneaut, Ohio
Principal Employers
Current Year and Nine Years Ago

2007

Employer	Employees	Percentage of Total City Employment
Cascade Ohio	378	6.54%
Conneaut Schools	370	6.41
University Heights Hospital System	329	5.70
Management Training Corporation	303	5.25
General Aluminum	289	5.01
City of Conneaut	218	3.78
CSP	169	2.93
Lukjan Metal Products	158	2.74
G. E. Lighting	94	1.63
Sunshine Health	91	1.58
Total	2,399	41.57%
Total Employment within the City	5,771	

1998

Employer	Employees	Percentage of Total City Employment
General Aluminum	543	8.07%
Conneaut Schools	471	7.00
Venture Holdings	330	4.90
Cascade Ohio	326	4.84
Brown Memorial Hospital	304	4.52
City of Conneaut	232	3.45
Lukjan Metal Products	221	3.28
General Electric	212	3.15
P & C Dock	138	2.05
Sunshine Health	109	1.62
Total	2,886	42.88%
Total Employment within the City	6,731	

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

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

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (3)</u>	<u>Personal Income Per Capita (1)</u>	<u>Median Household Income (1)</u>	<u>Median Age (1)</u>
2007	12,485	\$183,566,955	\$14,703	\$31,717	38
2006	12,485	183,566,955	14,703	31,717	38
2005	12,485	183,566,955	14,703	31,717	38
2004	12,485	183,566,955	14,703	31,717	38
2003	12,485	183,566,955	14,703	31,717	38
2002	12,485	183,566,955	14,703	31,717	38
2001	12,485	183,566,955	14,703	31,717	38
2000	12,485	183,566,955	14,703	31,717	38
1999	13,241	136,064,516	10,276	21,144	N/A
1998	13,241	136,064,516	10,276	21,144	N/A

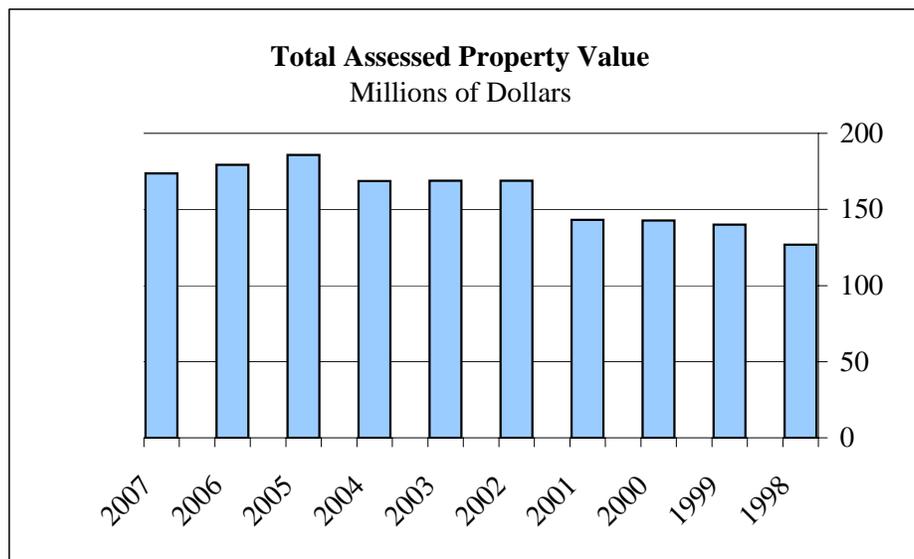
(1) Source: U. S. Census

(a) Years 2000 through 2006 - 2000 Federal Census

(b) Years 1996 through 1999 - 1990 Federal Census

(2) Source: Ohio Department of Education Website: "<http://www.ode.state.oh.us/data/>"

(3) Computation of per capita personal income multiplied by population



Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Ashtabula County Unemployment Rate	Average Sales Price of Residential Property	Total Assessed Property Value
9.9%	2,332	6.4%	\$75,442	\$173,627,630
9.9	2,462	6.6	67,929	179,267,950
9.9	2,508	7.2	72,549	185,775,740
9.9	2,547	7.3	69,336	168,637,470
9.9	2,547	8.1	74,034	168,772,540
9.9	2,528	8.1	64,925	168,791,430
9.9	2,585	7.2	69,060	143,230,200
9.9	2,608	5.5	61,341	142,777,880
6.4	2,607	5.7	55,095	139,993,860
6.4	2,637	6.3	44,390	126,820,550



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City of Conneaut, Ohio
Full-Time Equivalent City Government Employees by Function/Program
Last Five Years (1)

Function/Program	2007	2006	2005	2004	2003
General Government					
Council	7.00	7.00	7.00	7.00	7.00
Clerk of Council	1.00	1.00	1.00	1.00	1.00
City Manager	2.00	2.00	2.00	2.00	2.00
Finance	4.00	4.00	4.00	4.00	4.00
Law	2.50	2.50	2.50	2.50	2.50
Court	6.00	6.00	6.00	6.00	6.00
Public Building	1.00	1.00	1.00	1.00	1.00
Security of Persons and Property					
Police	20.00	20.00	20.00	21.00	20.00
Police - Dispatchers	4.00	4.00	4.00	4.00	4.00
Police - Jailers	2.00	2.00	2.00	2.00	2.00
Fire	12.00	12.00	12.00	12.00	12.00
Ambulance	5.00	5.00	5.00	5.00	5.00
Public Health Services					
Health	4.00	4.00	4.00	4.00	4.00
Cemetery	1.00	1.00	1.00	1.00	1.00
Leisure Time Activities					
Recreation	1.50	1.50	1.50	2.50	2.50
Community Environment					
Litter Control/Recycling	1.00	1.00	1.00	1.50	1.50
Housing/Zoning	1.00	1.00	1.00	1.00	1.00
Transportation					
Street/Public Works	18.00	19.00	19.00	20.00	21.00
Basic Utility Services					
Water	16.00	16.00	16.00	17.00	17.00
Sewer	12.00	12.00	12.00	12.00	13.00
Totals:	<u>121.00</u>	<u>122.00</u>	<u>122.00</u>	<u>126.50</u>	<u>127.50</u>

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee at year end.

(1) Information prior to 2003 is not available

City of Conneaut, Ohio
Operating Indicators by Function/Program
Last Six Years (1)

Function/Program	2007	2006	2005
General Government			
<i>Council and Clerk</i>			
Number of Ordinances Passed	137	119	103
Number of Resolutions Passed	11	11	14
<i>Finance Department</i>			
Number of checks/vouchers issued	4,151	4,180	4,028
Amount of checks written	\$13,307,015	\$13,826,892	\$14,585,601
Interest earnings for fiscal year (cash basis)	\$137,706	\$147,999	\$72,406
Number of Receipts issued	601	625	605
Number of Budget Adjustments issued	8	5	4
Agency Ratings - Moody's Financial Services	Aaa	Aaa	Aaa
Health Insurance Costs vs General Fund Expenditures %	24.24%	22.66%	27.08%
General Fund Receipts (cash basis)	\$4,013,767	\$4,121,658	\$4,285,854
General Fund Expenditures (cash basis)	\$4,377,923	\$4,162,789	\$4,220,797
General Fund Cash Balances	\$428,286	\$634,371	\$475,564
<i>Income Tax Department</i>			
Number of Individual Returns	4,525	4,420	4,690
Number of Business Returns	459	442	549
Number of business withholding accounts	498	461	402
Amount of Penalties and Interest Collected	\$28,968	\$28,833	\$13,628
Annual number of Corporate withholding forms processed	2,201	2,036	2,188
Annual number of balance due statements forms processed	537	533	560
Annual number of estimated payment forms processed	1,446	1,608	1,560
Annual number of reconciliations of withholdings processed	498	461	402
<i>Engineer Contracted Services</i>			
Dollar amount of Construction overseen by Engineer	\$231,566	\$672,773	\$3,101,284
<i>Municipal Court</i>			
Number of Civil Cases	352	245	377
Number of Criminal cases	1,143	1,051	648
<i>Vital Statistics</i>			
Certificates Filed			
Number of Births	1	0	2
Number of Deaths	133	140	129
Certificates Issued			
Number of Births	754	754	641
Number of Deaths	578	673	643
Burial Permits Issued	146	170	163
<i>Civil Service</i>			
Number of police entry tests administered	0	0	1
Number of fire entry tests administered	1	0	0
Number of police promotional tests administered	1	0	0
Number of fire promotional tests administered	0	0	0
Number of hires of Police Officers from certified lists	2	0	0
Number of promotions from police certified lists	1	2	0
Number of promotions from fire certified lists	0	0	0

2004	2003	2002
113	71	107
15	25	14
4,057	4,261	4,349
\$12,809,304	\$12,324,078	\$12,784,149
\$25,819	\$21,034	\$46,589
647	690	632
5	4	6
Aaa	Aaa	Aaa
22.24%	15.81%	17.09%
\$4,359,963	\$4,147,920	\$3,831,131
\$4,548,212	\$4,218,236	\$4,348,569
\$410,507	\$598,756	\$612,777
4,502	4,408	4,500
527	516	528
411	390	394
\$17,483	\$16,724	\$20,403
2,214	2,228	2,228
543	527	511
1,512	1,464	1,428
411	390	394
\$216,293	\$220,197	\$438,302
323	357	356
638	559	493
148	357	204
109	559	137
854	768	853
662	505	611
161	166	180
0	1	0
1	0	1
0	0	0
1	0	0
0	0	0
0	0	0
1	0	0

(continued)

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

Function/Program	2007	2006	2005
<i>Building Department Indicators</i>			
Construction Permits			
Estimated Value of Construction	\$5,431,353	\$4,786,353	\$5,670,500
Number of permits issued	171	222	174
Amount of Revenue generated from permits	\$8,074	\$10,395	\$12,012
Security of Persons and Property			
<i>Police</i>			
Total Calls for Services	26,233	28,480	20,700
911 Calls Answered	5,784	4,700	4,000
Arrests/Citations	2,203	2,539	2,558
Community Policing Hours	5,950	6,042	4,872
DARE Graduates	0	0	250
Investigations	3,284	3,384	3,709
Jail Inmates	331	339	404
Vehicle Crashes	329	415	343
Prisoner costs	\$13,591	\$14,314	\$12,190
Gasoline costs of fleet	\$38,313	\$34,977	\$30,705
<i>Fire</i>			
EMS Calls	1,744	1,504	2,228
Fire Calls	89	130	120
Fires with Loss	33	34	22
Fires with Losses exceeding \$10K	11	9	6
Fire Losses \$	\$613,695	\$338,450	\$325,300
Fire Safety Inspections	170	190	90
Number of times Mutual Aid given to Fire and EMS	32	16	5
Number of times Mutual Aid received for Fire and EMS	30	30	10
Public Health Services			
Cemetery burials	69	59	50
Cemetery sale of lots	24	16	27
Cemetery receipts	\$38,278	\$29,180	\$32,552
Leisure Time Activities			
<i>Recreation</i>			
City Tax	\$25,665	\$25,375	\$26,123
Softball Fees	7,200	6,538	830
Facilities rentals	33,525	32,600	33,300
Total Recreation Department receipts	<u>\$66,390</u>	<u>\$64,513</u>	<u>\$60,253</u>

2004	2003	2002
\$12,043,897	\$32,931,058	\$15,212,407
203	245	264
\$12,572	\$16,061	\$20,174
19,542	19,315	19,875
3,315	3,300	3,250
2,525	2,440	2,907
5,875	6,371	4,822
225	275	280
3,301	3,549	4,623
459	552	618
337	340	365
\$10,631	\$11,352	\$10,152
\$23,548	\$24,147	\$19,709
1,930	1,901	2,222
136	92	104
35	25	23
5	7	9
\$167,105	\$546,150	\$500,005
105	110	130
12	16	20
10	12	15
52	44	54
22	26	26
\$32,449	\$30,333	\$34,496
\$25,065	\$24,581	\$25,160
900	450	900
31,175	32,400	34,300
<u>\$57,140</u>	<u>\$57,431</u>	<u>\$60,360</u>

(continued)

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

Function/Program	2007	2006	2005
Transportation			
Street Improvements - asphalt overlay (linear feet)	23,800	23,940	55,940
Crackseal Coating Program (Miles)	5	18	20
Street Repair (Curbs, aprons, berms, asphalt) (hours)	1,780	1,360	864
Paint Striping (hours)	400	400	400
Street Sweeper (hours)	640	520	480
Cold Patch (hours)	1,100	880	900
Snow and Ice Removal regular hours	8,950	8,320	9,600
Snow and Ice Removal overtime hours	732	705	641
Storm Sewer Calls for Service - Sewer Jet Regular Hours	2,080	2,080	2,080
Sewer Crew (hours)	1,700	1,500	1,500
Landscaping Stump-Chipper service (hours)	150	120	130
Leaf collection (hours)	3,200	3,400	3,100
Holiday lights setup (hours)	16	16	16
Street/Traffic Signs (Hours)	240	240	240
Equipment repair/body shop (hours)	6,240	6,240	6,240
Number of Trees Planted per year	0	450	0
Tons of snow melting salt purchased (Nov-Mar)	1,450	1,475	1,000
Cost of salt purchased	\$48,560	\$54,058	\$44,304
Water Department			
Water Rates per 1st 2,000 gallons of water	\$15.84	\$14.94	\$14.37
Avg. number of water accounts billed monthly (Cubic Feet)	4,900	4,880	4,880
Total Water Collections Annually (Including Principal and Interest)	\$1,904,311	\$1,831,609	\$1,754,163
Wastewater Department			
Wastewater Rates per 1st 300 Cubic feet of water used	\$15.82	\$15.22	\$13.98
Total flow of wastewater treatment plant (Billions of Gallons)	0.876	0.918	0.916
Average daily flow (Millions of gallons per day)	2.402	2.516	2.515
Tons of dry sludge removed	197.46	295.78	599.16

(1) Information prior to 2002 is not available

2004	2003	2002
3,700	21,950	39,750
20	15	10
768	672	576
400	400	400
490	450	370
1,020	1,180	1,120
10,240	10,880	11,520
580	670	502
2,080	2,080	2,080
1,500	1,500	1,500
90	120	100
3,400	3,500	3,800
16	16	16
240	240	240
6,240	6,240	6,240
400	0	0
1,350	1,400	1,700
\$42,655	\$36,291	\$54,152
\$13.82	\$13.82	\$11.18
4,880	4,875	4,862
\$1,734,988	\$1,690,796	\$1,445,843
\$12.84	\$12.47	\$11.64
0.927	0.954	0.750
2.539	2.608	2.476
452.42	364.00	250.82

City of Conneaut, Ohio
Capital Assets Statistics by Function/Program
Last Ten Years

Function/Program	2007	2006	2005	2004
General Government				
Square Footage Occupied	11,580	11,580	11,580	11,580
Inspection Vehicles	1	1	1	1
Police				
Stations	1	1	1	1
Square Footage Occupied	8,944	8,944	8,944	8,944
Vehicles	20	20	20	22
Fire				
Stations	3	3	3	3
Square Footage Occupied	14,880	14,880	14,880	14,880
Vehicles	10	10	10	10
Recreation				
Number of Parks	5	5	5	5
Number of Tennis Courts	2	2	2	2
Number of Skateboarding Areas	1	1	1	1
Number of Baseball Diamonds	2	2	2	2
Square Footage Occupied	1,790	1,790	1,790	1,790
Vehicles	2	2	2	2
Other Public Works				
Streets (lane miles)	565	565	565	565
Service Vehicles	22	22	22	23
Wastewater				
Sanitary Sewers (miles)	60.00	60.00	60.00	60.00
Storm Sewers (miles)	35.00	35.00	35.00	35.00
Water Department				
Water Lines (miles)	91	91	91	91
Vehicles	9	9	9	9

2003	2002	2001	2000	1999	1998
11,580	11,580	11,580	11,580	11,580	11,580
1	1	1	1	1	1
1	1	1	1	1	1
8,944	8,944	8,944	8,944	8,944	8,944
19	21	20	20	19	18
3	3	3	3	3	3
14,880	14,880	14,880	14,880	14,880	14,880
10	10	10	11	9	9
5	5	5	5	5	5
2	2	2	2	2	2
1	1	1	1	1	1
2	2	2	2	2	2
1,790	1,790	1,790	1,790	1,790	1,790
2	2	2	2	2	2
564	564	564	564	564	564
23	23	22	22	21	21
60.00	60.00	60.00	57.50	57.50	55.50
35.00	35.00	35.00	35.00	35.00	35.00
91	91	91	91	91	89
9	10	10	10	10	9



Mary Taylor, CPA
Auditor of State

CITY OF CONNEAUT

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**