



Dave Yost • Auditor of State

CITY OF CONNEAUT
ASHTABULA COUNTY

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**CITY OF CONNEAUT
ASHTABULA COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2011**

Federal Grantor/ <i>Pass Through Grantor</i> Program Title	Grant/Pass Through Number	Federal CFDA Number	Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grants - State Program:			
Community Housing Improvement Program	A-C-09-107-1	14.228	\$81,252
Formula Allocation Program	A-F-07-107-1	14.228	1,400
	A-F-08-107-1		162
	A-F-09-107-1		59,220
	A-F-10-107-1		<u>5,365</u>
Sub-Total Community Development Block Grants			147,399
HOME Investment Partnership Program	A-C-09-107-2	14.239	<u>212,570</u>
Total U.S. Department of Housing and Urban Development			<u>359,969</u>
<u>Department of Homeland Security</u>			
<i>Direct funding:</i>			
Federal Emergency Management Agency Assistance to Firefighters Grant Program	EMW-2010-FO-02858	97.044	23,750
<u>U.S. Environmental Protection Agency</u>			
<i>Direct Funding:</i>			
ARRA Brownfields Assessment and Cleanup Cooperative Agreements	BF-00E93601-0	66.818	<u>118,977</u>
Totals			<u><u>\$502,696</u></u>

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

**CITY OF CONNEAUT
ASHTABULA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the City of Conneaut's (the City) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

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

The City has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the City passed through the Ohio Department of Development. The Schedule reports loans made as expenditures. Proceeds of loans repaid are used to make additional loans. Subsequent loans are subject to certain compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property.

Activity in the CDBG revolving loan fund during 2011 is as follows:

Beginning loans receivable balance as of January 1, 2011	\$174,218
Loans made	0
Loan principal repaid	4,117
Ending loans receivable balance as of December 31, 2011	\$170,101
Cash balance on hand in the revolving loan fund as of December 31, 2011	\$221,343
Administrative costs expended during 2011	41

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2011, the City estimates \$167,501 to be uncollectible.

NOTE C - HOME INVESTMENT PARTNERSHIP REVOLVING LOAN PROGRAM

The City has a revolving HOME loan fund program to provide zero-interest loans to persons of low-moderate income households. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the City passed through the Ohio Department of Development. The initial loan of this money is recorded as an expenditure on the Schedule. Most loans are 80% to 85% forgiven over a five to ten year period, and will be repaid upon transfer of the real estate to a new owner. Proceeds of loans repaid are used to make additional loans or for other eligible HOME expenses. Subsequent loans are subject to certain compliance requirements imposed by HUD as the initial loans. The program has outstanding loans of \$658,246 as of December 31, 2011.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the Government to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Government has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • 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 City of Conneaut, Ashtabula County, Ohio, (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 28, 2012 wherein we noted the City adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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*.

We did note certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated June 28, 2012.

We intend this report solely for the information and use of management, City Council, federal awarding agencies and pass-through entities and others within the City. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

June 28, 2012



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

City Conneaut
Ashtabula County
294 Main Street
Conneaut, Ohio 44030

To the Members of Council:

Compliance

We have audited the compliance of the City of Conneaut (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the City of Conneaut's major federal programs for the year ended December 31, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the City's major federal programs. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the City's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with these requirements.

In our opinion, the City of Conneaut complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

Federal Awards Expenditures Schedule

We have also audited and issued our unqualified opinion on 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 (the City) as of and for the year ended December 31, 2011, and have issued our report thereon dated June 28, 2012. Our opinion also explained that the City adopted *Governmental Accounting Standard No. 54* during the year. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The accompanying federal awards expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of the management, the City Council, others within the City, and federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

June 28, 2012

**CITY OF CONNEAUT
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list): Community Development Block Grant - CHIP Home Investment Partnership Program	CFDA Number 14.228 CFDA Number 14.239
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

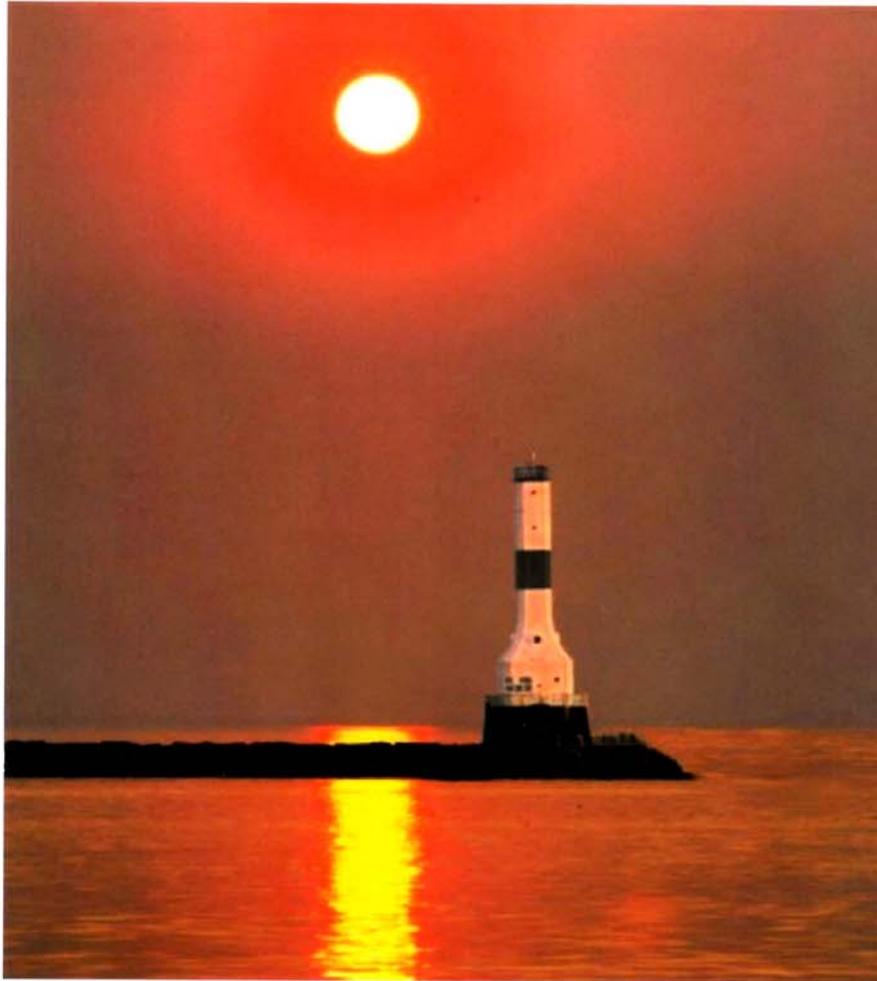
None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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CITY OF CONNEAUT, OHIO



**Comprehensive Annual Financial Report
For The Year Ended December 31, 2011**

CITY OF CONNEAUT, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011

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, 2011
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CITY OF CONNEAUT
FINANCE DEPARTMENT
294 MAIN STREET, CONNEAUT, OHIO 44030

John Williams, J.D., CPA
Finance Director

TELEPHONE: (440) 593-7416
FAX: (440) 593-6767
EMAIL: connfinance@suite224.net

June 28, 2012

Citizens of Conneaut
City Manager, Timothy J. Eggleston
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, 2011. 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 12,841 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 City has all powers of a 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, all of which are elected every two years. 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 Council adopts an annual appropriation measure by December 31 of each 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 appropriation line item. Transfers between departments or appropriation line items require approval by City Council.

The City Charter vests administrative authority in the City Manager, who is the chief administrative official. There are three named departments in the City Charter: the Department of Finance, the Department of Law, and the Department of Public Service. All other departments 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 also has its own municipal court.

Local Economy

The City's top employers have managed to retain the same level of employment as last year, however, there have been no significant gains when compared to last year. The local economy has stabilized, but many of the City's largest employers have not returned to pre-recession employment levels. In fact, employment by the City's ten largest employers has decreased by twenty percent over the past five years. Unemployment in Ashtabula County has seen some improvement, decreasing to about nine percent in 2011, from twelve percent in 2010. While the effects of the recession linger, there were a few signs indicative of a slow, albeit weak, economic recovery as evidenced by a modest increase in income tax collections. The City has several large employers affiliated with the housing industry have been more adversely impacted by the economic slowdown, and the recovery in this sector has not materialized.

Assessed valuation was \$160,449,260 for 2011, which was a decrease of 7.04 percent or \$12,149,250 from 2010. This significant decrease in assessed valuation was due the triennial update conducted by the County. Home sales were up slightly, but the average price of a home sold remained depressed. Foreclosures continue to present a problem, as more people have been unable to make their mortgage payments. The value of new construction decreased by \$1.45 million from 2010, although the number of zoning permits increased for the same period.

Interest in developing the Conneaut Port into a container shipping facility is progressing, although much more progress needs to occur before this concept becomes a reality. The Conneaut Port Authority has been working diligently with the City Manager, City Council, and other agencies to help create a container shipping port, with the potential of creating thousands of jobs. They have attended numerous meetings to discuss the feasibility of such a venture. They have also been collaborating with Erie Port Authority to ensure this project moves forward as quickly as possible.

The City Manager and City Council have been working aggressively to 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. Furthermore, a 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.

Tourism has been, and continues to be, a vital component of the City's economy and the City's Board of Tourism is taking a very aggressive approach in promoting the City. Over the past several years, the board has increased the number of members, as well as the size of its operating budget. It has defined its mission and objectives with the goal attracting more tourists to visit the City each year and generating revenue for local 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. 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.

Long-Term Financial Planning

While no formal plan has been adopted by City Council, both the City Manager and City Council advocate sound financial practices to help ensure that adequate unassigned fund balances are maintained in all of the operating funds. Council's long-term goal is to generate and maintain a minimum twenty percent carryover fund balance in the general fund. Even in this difficult economic environment, this goal was achieved in 2011, which is much sooner than had been anticipated. Key to achieving Council's long-term goals and objectives are revenue enhancement and economic development, with particular emphasis on growing the City's tax base to help maintain financial stability.

Revenue enhancement is critical to long-term financial stability of the City. In pursuit of this goal, the City has entered into its second gas lease agreement with a new company, Reserve Energy, to explore possible drilling of gas wells on other parcels of land on the west side. The City has already contracted with American Energy to drill gas wells on the City's eastside industrial park. Four wells have been drilled, and gas royalty revenue is being generated by these wells at \$25,000 annually. All of the revenue generated from these wells will be used to build the City's general fund balance.

Meeting the City's capital needs is critical to the successful operation of the City. The administration, with assistance of City Council, has created a long-term capital improvement plan to address ageing vehicles, equipment, and infrastructure, while attempting to find innovative ways to fund these capital requirements. Securing grants through Community Development Block Grants, Ohio Public Works Commission, and other agencies has been essential to funding most of the capital needs of the City. Funding from the City's income tax supported capital improvement fund is being utilized to help fund capital needs as well. Issues with ageing storm water pipes are plaguing the City and assessments are being evaluated as a means to replace this ageing infrastructure. The City is considering other ways of funding the long-term capital requirements, including establishing capital improvement funds for the water and sewer departments. Both departments are reviewing the current rate structure annually to assist funding future capital needs.

Part of the City's long-term financial planning is to adequately fund the street paving program. The City of Conneaut has a large land mass, and it is very difficult to maintain the roads in optimal condition without sufficient revenue. A seven-year street improvement income tax of .15 percent had been approved by the voters, but this tax expires in 2012. However, due to the dramatic increase in the price of asphalt over the past several years, combined with a decrease in income tax collections over this same period, the income tax levy is no longer generating sufficient revenue to pave and maintain City streets. The City Manger and City Council are considering alternative ways of funding the program, with the leading option being a real estate millage based revenue stream, rather than relying on income tax revenue. A millage increase would have to be approved by the voters in Conneaut.

Relevant Financial Policies

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 changes 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 line items 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 that 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.

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 financial 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.

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 line item level for all funds.

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 one percent however they wish, but the .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 on a cash basis generated \$2,768,926 in 2011 and was allocated as follows: general fund: 68.58 percent or \$1,898,923, which is used to fund the fire, police, municipal court and administrative offices; street department: 16.31 percent or \$451,614, which is used to fund a wide variety of public works' projects, including paving, road maintenance, and storm water management; street Improvement: 8.33 percent or \$230,653, which is used exclusively for the resurfacing of local streets; reserve fund: 3.61 percent or \$99,959, which is used for financial support for various programs as determined by City Council; capital improvement: 1.44 percent or \$39,872, which is used for infrastructure repairs and the acquisition of capital assets; street lighting: .94 percent or \$26,029, which is used to pay for street lighting along State routes, the downtown district, and traffic lights throughout the City; and recreation: .79 percent or \$21,876, which is used to maintain the City's seven parks, playgrounds, and other recreational activities. The one percent allocation of the income tax is reviewed by City Council on an as needed basis.

Within the City's inside ten mill limitation, the City levies 3.63 mills. The general fund allocation on a cash basis was 2.00 mills or \$343,399, the police pension fund allocation 1.00 mills or \$171,699 and the fire pension fund allocation was .63 mills or \$108,171. Outside millage of .83 was levied to pay debt service on two general obligation bonds, with collections totaling \$143,120. Police and fire levies generated \$447,707 with 3.00 mills. Total millage levied by the City in 2011 was 7.36. Millage allocations are reviewed by the Finance Department and City Council before the annual tax budget is prepared.

Major Initiatives

For the Year In 2011, the City of Conneaut embarked on a variety of capital improvement and infrastructure projects, with the assistance of grants and zero interest loans. Infrastructure repair and replacement is a high priority for the City.

Development of the east side industrial park was substantially completed this year. The estimated cost of this project is approximately \$1.5 million. Approximately 54 acres has been developed extensively to include water, sewer, roadways and street lighting. The size of the park, however, 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 \$655,000 in grants, \$795,000 in loans, and \$50,000 in cash to complete this project. 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. The goal of this project is to help spur economic development.

Sewer line repairs were performed on six roads throughout the City. All of the sewer lines on these roads were in disrepair and were lined with fiberglass to extend the life of the asset by at least twenty years. Cost of the project was \$207,000. At the wastewater plant, the final sampling relocation project was completed at a cost of \$94,000.

Substantial progress has been made on the Lake Road Water Main Replacement project. It is anticipated to be completed by September 2012. 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. The City was approved for Ohio Public Works Commission funding to replace this section of water line along Lake Road. It is a \$409,000 project, of which approximately \$150,000 of the funding is a grant, \$50,000 is a loan, \$13,100 is a cash match by the City, and City workers will perform the majority of the labor as in kind contributions of \$196,000.

The Public Works Department, utilizing funds from the street improvement tax and other revenue sources, was able to pave seven local roads, accounting for 1.5 lane miles at a cost of over \$140,000. Local roads paved include: Lakeview Avenue, Lincoln Drive, Lake Breeze Drive, Parkview Drive, Golfview Drive, Sunrise Drive, and Hayward Park. 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 approximately \$1.7 million 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 one third of the roads in the City of Conneaut. The City street department will be responsible for the entire road paving, which will save the taxpayers a substantial amount of money.

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, 2010. This was the sixth 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.

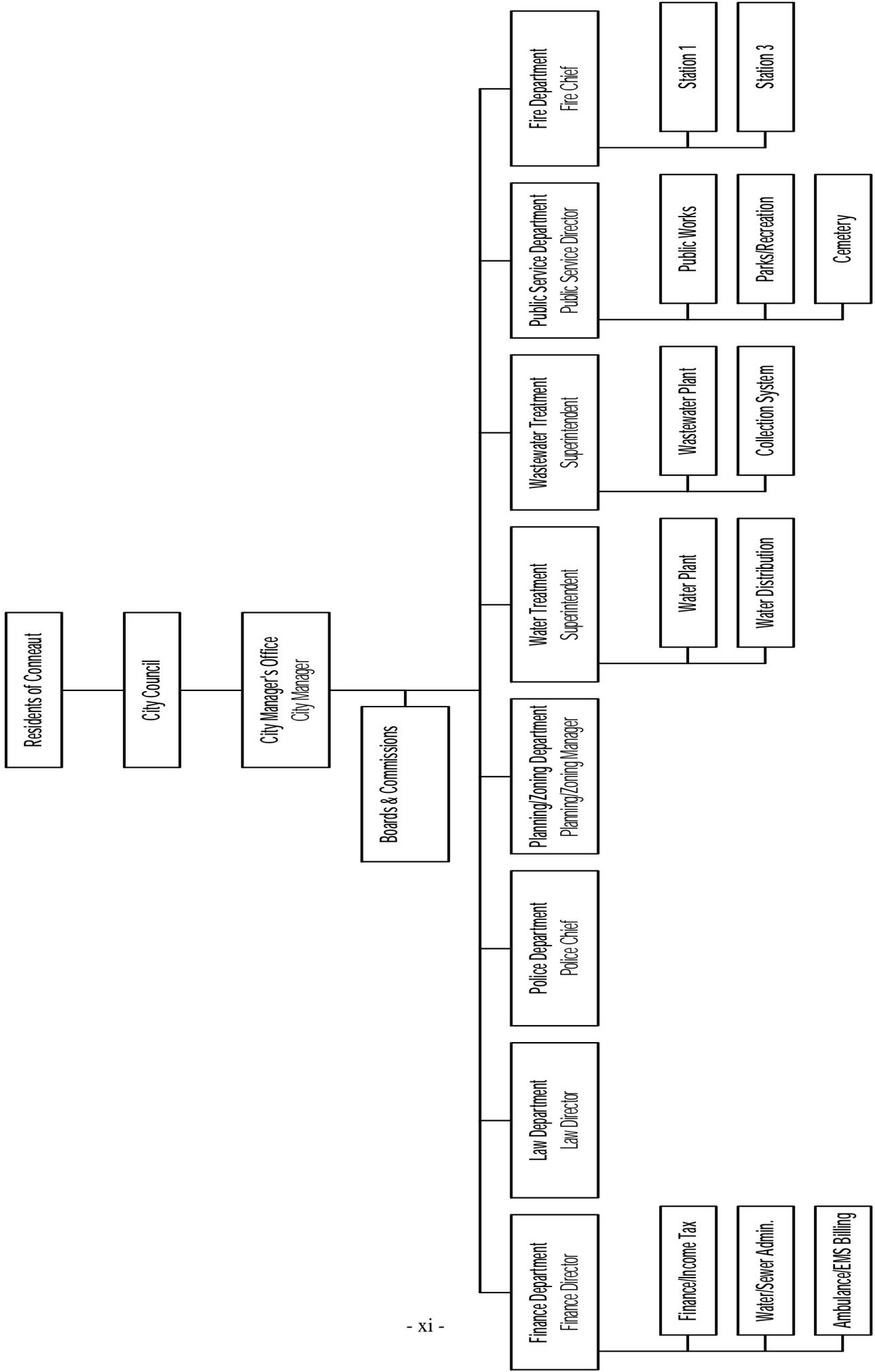
The successful preparation of the Comprehensive Annual Financial Report required the contribution and dedication of the Finance Department. Sincere appreciation is extended to City Council and City Manager Timothy J. Eggleston for their commitment to sound financial reporting. Gratitude is also expressed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

Respectfully submitted,

A handwritten signature in cursive script that reads "John P. Williams".

John Williams, J.D., CPA
Finance Director

CITY ORGANIZATIONAL CHART - ESTABLISHED BY CITY CHARTER



CITY OF CONNEAUT
ELECTED AND APPOINTED CITY OFFICIALS

CITY COUNCIL

Tom Udell, President

John Roach, At Large

Neil LaRusch, At Large

Dave Campbell, Ward 1*

Charles Lewis, Ward 2*

Greg Mooney, Ward 3*

Tom Kosesky, Ward 4

CITY MANAGER

Timothy Eggleston

APPOINTED OFFICIALS

John Williams, Director of Finance

David Schroeder, Director of Law

Charles Burlingham, Chief of Police

Steve Lee, Chief of Fire

Steve Kehoe, Water Superintendent

Craig Pierce, Wastewater Superintendent

Robert Mannion, Public Service Director

Deanna Gates, Planning Zoning Manager

*The following individuals took office effective January 1, 2012, Douglas Hedrick, Ward 1, Phil Garcia, Ward 2 and Richard McBride, Ward 3.

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, 2010

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.



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

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FINANCIAL SECTION

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Dave Yost • 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, 2011, 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, Ohio, as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund and the Street, Construction, Maintenance and Repair Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during 2011, the City of Conneaut adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2012 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provide additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. 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 section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



Dave Yost
Auditor of State

June 28, 2012

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
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, 2011. 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 2011 are as follows:

- During 2011, work was substantially completed on the City's new East Side Industrial Park. Construction costs approached \$1.2 million and has provided the City with infrastructure and facilities necessary to attract and retain industry.
- The City refinanced two general obligation bonds totaling \$1,265,000. The interest rate was reduced by nearly half and interest costs were reduced by almost \$100,000 over the remaining life of the bonds.
- The City's general fund balance increased by approximately \$499,000 from the prior year, which translated into a \$1,093,873 fund balance or a twenty percent carryover. This was accomplished primarily by cost cutting measures.
- City income tax receipts (cash basis) increased from \$2.66 million in 2010 to \$2.77 million in 2011, representing an increase of \$110,000 or approximately 4.1 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 2011 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.

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.

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

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 7. The fund financial reports give a detailed report of the activities within the funds. The City's 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 seven major funds, the general fund, the street construction, maintenance and repair special revenue fund, the special assessment bond retirement fund, the general obligation bond retirement fund, the industrial park capital projects 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.

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 2011 as they compare to 2010.

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

(Table 1)
 Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Current and Other Assets	\$6,679,409	\$7,188,870	\$1,723,871	\$1,838,769	\$8,403,280	\$9,027,639
Capital Assets, Net	29,528,304	29,894,160	17,708,349	17,871,602	47,236,653	47,765,762
<i>Total Assets</i>	<u>36,207,713</u>	<u>37,083,030</u>	<u>19,432,220</u>	<u>19,710,371</u>	<u>55,639,933</u>	<u>56,793,401</u>
Liabilities						
Current and Other Liabilities	1,888,797	1,810,907	370,388	467,482	2,259,185	2,278,389
Long-Term Liabilities:						
Due Within One Year	563,313	636,896	677,191	869,365	1,240,504	1,506,261
Due in More than One Year	3,030,347	3,194,279	5,257,673	5,614,633	8,288,020	8,808,912
<i>Total Liabilities</i>	<u>5,482,457</u>	<u>5,642,082</u>	<u>6,305,252</u>	<u>6,951,480</u>	<u>11,787,709</u>	<u>12,593,562</u>
Net Assets						
Invested in Capital Assets						
Net of Debt	27,291,348	28,696,100	11,935,329	11,515,121	39,226,677	40,211,221
Restricted:						
Capital Projects	625,348	616,736	0	0	625,348	616,736
Debt Service	327,230	576,190	0	0	327,230	576,190
Street Construction,						
Maintenance and Repair	241,401	342,702	0	0	241,401	342,702
Community Housing	0	4,778	0	0	0	4,778
Economic Development	223,944	223,752	0	0	223,944	223,752
USEPA	60,223	184,960	0	0	60,223	184,960
Other Purposes	503,024	395,117	0	0	503,024	395,117
Unrestricted	1,452,738	400,613	1,191,639	1,243,770	2,644,377	1,644,383
<i>Total Net Assets</i>	<u>\$30,725,256</u>	<u>\$31,440,948</u>	<u>\$13,126,968</u>	<u>\$12,758,891</u>	<u>\$43,852,224</u>	<u>\$44,199,839</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The largest portion of the City's net assets reflects investments in capital assets (e.g. land, construction in progress, buildings, improvements, machinery and equipment, vehicles, and infrastructure), less any related debt to purchase or construct those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these are assets that are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Debt service on the debt issued to acquire assets in the governmental activities is paid from income tax, property tax, gas tax, interest income, fees, licenses, permits and other various revenue sources. In the business-type activities, user fees are the primary revenue source for the repayment of debt.

At the end of the current year, the City of Conneaut is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. During 2011, the City saw a decrease in net assets in governmental activities largely due to a decrease in cash. While revenues increased as a result of higher municipal income tax collections, expenses also increased as the City took on more capital projects during the year. Business-type activities saw an increase in net assets. This is largely due to management's diligent spending and also the receipt of increased water and sewer rates.

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
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In order to further understand what makes up the changes in net assets for the current year, the following table gives readers further details regarding the results of activities for the current year.

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues						
Charges for Services and Assessments	\$1,242,245	\$1,125,165	\$4,446,374	\$4,525,155	\$5,688,619	\$5,650,320
Operating Grants and Contributions	1,041,246	802,350	0	0	1,041,246	802,350
Capital Grants	228,673	24,626	67,973	203,890	296,646	228,516
Total Program Revenues	2,512,164	1,952,141	4,514,347	4,729,045	7,026,511	6,681,186
General Revenues						
Property Taxes	1,258,530	1,170,382	0	0	1,258,530	1,170,382
Municipal Income Taxes	2,809,745	2,352,179	0	0	2,809,745	2,352,179
Hotel Taxes	18,744	15,925	0	0	18,744	15,925
Grants and Entitlements not						
Restricted to Specific Programs	675,631	897,681	0	0	675,631	897,681
Franchise Taxes	130,915	125,997	0	0	130,915	125,997
Investment Earnings	2,935	4,071	0	0	2,935	4,071
Gain on Sale of Capital Assets	20,056	0	4,768	0	24,824	0
Miscellaneous	84,221	62,040	14,989	8,952	99,210	70,992
Total General Revenues	5,000,777	4,628,275	19,757	8,952	5,020,534	4,637,227
Total Revenues	7,512,941	6,580,416	4,534,104	4,737,997	12,047,045	11,318,413
Program Expenses						
General Government	1,424,515	1,226,765	0	0	(1,424,515)	(1,226,765)
Security of Persons and Property	3,043,520	3,362,411	0	0	(3,043,520)	(3,362,411)
Public Health Services	211,538	312,558	0	0	(211,538)	(312,558)
Leisure Time Activities	141,303	136,287	0	0	(141,303)	(136,287)
Community Development	513,096	310,981	0	0	(513,096)	(310,981)
Basic Utility Services	155,121	109,837	0	0	(155,121)	(109,837)
Transportation	2,628,167	2,321,555	0	0	(2,628,167)	(2,321,555)
Interest and Fiscal Charges	111,373	132,375	0	0	(111,373)	(132,375)
Water	0	0	2,183,135	1,576,246	(2,183,135)	(1,576,246)
Sewer	0	0	1,982,892	1,959,232	(1,982,892)	(1,959,232)
Total Program Expenses	8,228,633	7,912,769	4,166,027	3,535,478	(12,394,660)	(11,448,247)
Change in Net Assets	(715,692)	(1,332,353)	368,077	1,202,519	(347,615)	(129,834)
Net Assets Beginning of Year	31,440,948	32,773,301	12,758,891	11,556,372	44,199,839	44,329,673
Net Assets End of Year	\$30,725,256	\$31,440,948	\$13,126,968	\$12,758,891	\$43,852,224	\$44,199,839

Governmental Activities

Funding for governmental activities is derived from several sources, the largest of which is the City's municipal income tax, representing almost half of the general fund revenue budget. Beginning January 1, 2006 the City's income tax rate is 1.80 percent, up from 1.65 percent in 2005. The tax revenue collected from the income tax was recorded into the general fund, street construction maintenance and repair, street lighting

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
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and recreation special revenue funds, and street improvement and capital improvement capital projects funds. Local government funding represents the largest share of intergovernmental revenue in the general fund and represented approximately 15 percent of general fund revenue.

The largest program function for the City is security of persons and property. This includes expenses of the police and fire departments. The police department employs sixteen officers and four full-time dispatchers. The fire department has ten full-time positions. There are two fire stations within the City, one staffed by the full-time firefighters, while the other station is staffed by part-time or volunteer personnel. The City also operates its own ambulance service with five full-time employees. During 2011, there was a decrease in expenses for the police and fire departments due to three employees retiring and not replaced as well as a reducing the amount of overtime worked in order for the City to lower its spending.

The City's Public Works Department (transportation) has fifteen employees, including two mechanics, ten equipment operators, two managers, 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. During 2011, there was an increase in expenses for transportation as a result of the City repairing a number of streets throughout the City.

Business-Type Activities

The City operates two business-type activities: the water and sewer treatment facilities. The major revenue sources for these activities are charges for services. During 2011, program revenue collections decreased by 4.54 percent from 2010 as a result of a decrease in capital grants received in 2010 that the City did not apply for in 2011. The water plant provides water to approximately 4,900 customers. Approximately thirty five million gallons of water and one hundred million gallons of wastewater are processed each month.

The City's Funds

A review of the City's governmental funds provides information on near-term flows and balances of expendable resources and serves as a useful measure of a government's net resources. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the year. Information about the City's governmental funds begins on page 16. These funds are accounted for using the modified accrual method of accounting.

The City's major governmental funds are the general fund, street construction, maintenance and repair special revenue fund, special assessment bond retirement and general obligation bond retirement debt service funds and the industrial park capital projects fund. During 2011, there was a decrease in revenues in the general fund. However, revenues exceeded expenditures for the year due to the City implementing cost reducing measures which resulted in an overall increase in the general fund cash carryover. Expenditures exceeded revenues in the street construction, maintenance and repair fund, special assessment bond retirement fund, general obligation bond retirement fund and industrial park fund due to increased paving projects completed, equipment acquisition, principal payments and work done on the industrial park made during the year. The City's funds are monitored consistently with adjustments made throughout the year in budgets to accommodate yearly revenues.

Information about the proprietary funds starts on page 22. These funds are accounted for on an accrual basis.

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Although business type funds had revenues that exceeded expenses, revenues decreased by approximately 4.54 percent and the change in net assets decreased by 69.40 percent, when compared to last year. Program expenses increased by 15.14 percent. The City is consistent with reviews of these funds, and the necessary adjustments are made to ensure strength in our enterprise funds.

General Fund Budgeting Highlights

Budgeting is prescribed by the Ohio Revised Code. The City's budgeted appropriations are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the Ohio Revised Code. In 2011, actual revenues were slightly more than estimated revenues. A large part of the difference was made from more than anticipated municipal income tax and real estate tax collections. In addition, actual expenditures were substantially less than final budgeted appropriations. This difference is made from the City becoming more conservative in spending due to the current economic conditions that entities are facing State-wide. The combination of increased revenues and decreased expenses helped create a larger unencumbered general fund carryover.

Capital Assets and Debt Administration

Capital Assets

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$554,972	\$554,972	\$6,880	\$6,880	\$561,852	\$561,852
Construction in Progress	867,682	117,200	274,498	1,295,397	1,142,180	1,412,597
Buildings and Improvements	381,957	429,863	133,398	45,850	515,355	475,713
Equipment	636,843	577,859	2,886,228	1,901,601	3,523,071	2,479,460
Vehicles	387,436	434,796	489,736	556,822	877,172	991,618
Furniture and Fixtures	441	1,119	0	0	441	1,119
Infrastructure						
Traffic Signals	216,261	217,326	0	0	216,261	217,326
Roads	13,322,672	14,110,152	0	0	13,322,672	14,110,152
Bridges	12,485,173	12,238,411	0	0	12,485,173	12,238,411
Storm Sewers	674,867	1,212,462	0	0	674,867	1,212,462
Water and Sewer Lines	0	0	13,917,609	14,065,052	13,917,609	14,065,052
Total	\$29,528,304	\$29,894,160	\$17,708,349	\$17,871,602	\$47,236,653	\$47,765,762

The largest increase in governmental capital assets was the purchase of a tandem truck and a dump truck for the street department, along with plow packages for both trucks, costing about \$168,000. The next largest increase in governmental capital assets was the completed paving projects on a number of streets throughout the City at a cost of nearly \$140,000. These additions were offset by another year of depreciation.

The largest increase in business-type capital assets was the completion of the automated water meter project. Approximately five thousand waters were replaced throughout the City, including industrial, commercial, and residential at a cost of \$1.16 million. These automated meter readers greatly improved the efficiency of the department by allowing one water department employee to obtain radio meter readings in a few hours per section versus the old system which required two employees a week to accomplish the same task. The sewer

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

department embarked on improvements to the collection system at a cost of \$200,000 and improvements at the wastewater treatment plant totaled \$100,000. The City continues to work on major capital projects in the business type funds.

For additional information regarding the City's capital assets, see Note 11 to the basic financial statements.

Long-term Obligations

The City's long-term obligations are comprised of general obligation bonds, OPWC and OWDA loans, notes payable, loans payable, capital leases and compensated absences.

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$645,000	\$940,000	\$460,000	\$530,895	\$1,105,000	\$1,470,895
OWDA Loans	753,536	879,237	3,441,654	3,750,911	4,195,190	4,630,148
OPWC Loans	21,349	22,930	364,657	305,621	386,006	328,551
Notes Payable	399,000	125,000	200,000	240,000	599,000	365,000
Loans Payable	1,111,053	1,193,481	1,178,287	1,379,949	2,289,340	2,573,430
Capital Leases	37,104	80,649	0	0	37,104	80,649
Compensated Absences	626,618	589,878	290,266	276,622	916,884	866,500
Total	\$3,593,660	\$3,831,175	\$5,934,864	\$6,483,998	\$9,528,524	\$10,315,173

The two general obligation bonds outstanding at the end of the year were the Library and the Water Phase III Improvement. The City Hall Annex bond was paid in full. The Library and Water Phase III bonds were refinanced at a 3.00 percent interest rate versus a 5.05 percent rate on the old bonds. All of the interest and principal on these general obligation bonds are paid from the debt retirement fund and funding is provided from real estate taxes, except for the Water III bond, which is paid from water user fees and paid by the water fund.

Special assessment loans consist of various sewer projects. The debt service on these loans is paid from real estate tax assessments on those property owners who benefited from the improvements. These funds are deposited into the special assessment debt retirement fund.

Another loan for \$199,183 was received from OWDA to assist in the water and sewer infrastructure improvements at the industrial park. This twenty-year loan was issued a interest rate of 3.00 percent, and will be paid from the water and sewer funds. The City also issued a \$500,000 industrial park loan in 2008 to develop and construct an industrial park. This loan will be paid from the industrial park capital project fund from revenues generated from the sale, lease, or transfer of industrial park property.

There are seven OPWC and twelve OWDA loans, all of which are being funded by special assessments and water and sewer user fees.

The City has entered into a capital loan obligation for the acquisition and installation of the new water meters. The loan payments of are being paid from the water fund from user fees.

For more information about the City's long-term obligations, see Note 16 to the basic financial statements.

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Current Financial Issues

The most critical financial issue for the City is the reduction of the local government funds provided by the State of Ohio. These funds have accounted for 15 percent of the City's general fund revenues, generating between \$600,000 - \$700,000 annually over the past decade. Due to a twenty-five percent reduction in funding beginning in July 2011, the City will experience a decrease in projected funding of about \$155,000 annually. In July of 2012, another twenty-five percent reduction will be implemented, accounting for another reduction of \$155,000 annually. When all of the reductions are implemented, the City's local government revenue will be reduced from \$615,000 to \$305,000 per year. Furthermore, the State is also eliminating inheritance tax revenue in 2013. This could reduce general fund revenue by \$100,000 - \$150,000 annually. Taken together, these reductions in intergovernmental revenue could reduce general fund revenue by ten percent or about \$460,000 per year.

In 2011, the general fund ended the year with a very healthy unencumbered fund balance of around \$1,093,873 or about twenty percent of the general fund's actual expenditures. This increase was due in part to a recovery in income tax and real estate tax revenue, however, efforts by the City Administration and City Council to implement numerous cost savings measures, including staff reductions, changes to health care benefits, and restructuring of departments has had a more positive impact on the general fund budget. There continues to be a concerted effort by the City Manager and staff to curtail spending wherever possible without compromising City services. In the past decade, the general fund unencumbered balance had been declining steadily, in stark contrast to the 1990's where fund balances had grown each year and peaking in 1998 at \$1.2 million. The lowest general fund cash balance in the last twenty years occurred in 2008, with an unencumbered balance of \$75,000. Some of this decline is attributed to decreases and/or stagnation of income tax revenues for this period, combined with escalating operating and capital costs. Since 2008, fund balances have been improving, but in order add to, or at least maintain, the fund balance, the City must remain diligent in exploring new ways to improve efficiency, cut costs and increase revenue, if possible.

The City experienced the seventh consecutive decline in water production and usage, adversely impacting the enterprise funds. Between the years 2005-2011, water production has decreased by 193.5 million gallons or about thirty-one percent over this period. Due to the replacement of water meters City-Wide, both commercial and residential, the net effect on water revenue collections is negligible, but when evaluated in combination with the decline in water production, the overall difference has been around 10 percent, but still far below some initial estimates of 20 to 30 percent. To finance the cost of installing new meters throughout the City, bank financing was utilized to fund the \$1.16 million dollar project. This financing requires principal and interest payments of approximately \$238,000 per year, which is paid entirely from the water fund. When planning for the debt service payments, revenue projections were more optimistic than what has materialized. However, the City's water fund continues to generate sufficient funds to cover the debt payments on this project.

Real estate assessed valuations decreased for tax year 2011, which will likely reduce real estate collections for 2012. Total assessed valuation went from \$172,598,510 in 2010 to \$160,449,260 in 2011, or a 8.63 percent decrease. This equates to a decrease in real estate tax collections of almost \$42,000 annually. Although this decrease will not affect any outside levies, it will affect collections on inside millage. Inside millage for the City is assessed at 3.63 mills, with 2.2 mills allocated to the general fund, .80 mills allocated to the police pension fund, and .63 mills allocated to the fire pension fund.

Although the City continues to be very aggressive in pursuing delinquent income taxpayers, a substantial amount of income tax due the City is delinquent for various tax years. As of December 31, 2011, there were 1,105 delinquent income tax accounts, representing approximately \$575,000 in delinquent income tax due

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2011
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the City. 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 accounts sent to collections average \$3,500 per month.

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.

Basic Financial Statements

City of Conneaut, Ohio

Statement of Net Assets

December 31, 2011

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and			
Cash Equivalents	\$1,870,203	\$868,854	\$2,739,057
Accounts Receivable	205,584	685,907	891,491
Intergovernmental Receivable	959,011	0	959,011
Materials and Supplies Inventory	94,410	131,865	226,275
Property Taxes Receivable	1,182,057	0	1,182,057
Municipal Income Taxes Receivable	937,597	0	937,597
Special Assessments Receivable	1,420,576	32,385	1,452,961
Loans Receivable	2,600	0	2,600
Deferred Charges	7,371	4,860	12,231
Nondepreciable Capital Assets	1,422,654	281,378	1,704,032
Depreciable Capital Assets, Net	28,105,650	17,426,971	45,532,621
<i>Total Assets</i>	<u>36,207,713</u>	<u>19,432,220</u>	<u>55,639,933</u>
Liabilities			
Accounts Payable	73,303	63,527	136,830
Contracts Payable	328,082	3,282	331,364
Retainage Payable	51,739	0	51,739
Accrued Wages	105,671	50,070	155,741
Intergovernmental Payable	212,945	55,450	268,395
Accrued Interest Payable	27,668	68,059	95,727
Deferred Revenue	938,389	0	938,389
Notes Payable	151,000	130,000	281,000
Long-Term Liabilities:			
Due Within One Year	563,313	677,191	1,240,504
Due In More Than One Year	3,030,347	5,257,673	8,288,020
<i>Total Liabilities</i>	<u>5,482,457</u>	<u>6,305,252</u>	<u>11,787,709</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	27,291,348	11,935,329	39,226,677
Restricted for:			
Capital Projects	625,348	0	625,348
Debt Service	327,230	0	327,230
Street Construction, Maintenance and Repair	241,401	0	241,401
Economic Development	223,944	0	223,944
USEPA	60,223	0	60,223
Other Purposes	503,024	0	503,024
Unrestricted	1,452,738	1,191,639	2,644,377
<i>Total Net Assets</i>	<u>\$30,725,256</u>	<u>\$13,126,968</u>	<u>\$43,852,224</u>

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
Statement of Activities
For the Year Ended December 31, 2011

	Program Revenues			
	Expenses	Charges for Services and Assessments	Operating Grants and Contributions	Capital Grants
Governmental Activities:				
General Government	\$1,424,515	\$348,583	\$0	\$23,750
Security of Persons and Property	3,043,520	556,754	156,429	0
Public Health Services	211,538	58,426	0	0
Leisure Time Activities	141,303	46,378	2,750	0
Community Development	513,096	54,225	255,725	179,640
Basic Utility Services	155,121	124,473	0	0
Transportation	2,628,167	53,406	626,342	25,283
Interest and Fiscal Charges	111,373	0	0	0
<i>Total Governmental Activities</i>	<u>8,228,633</u>	<u>1,242,245</u>	<u>1,041,246</u>	<u>228,673</u>
Business-Type Activities:				
Water	2,183,135	2,063,031	0	0
Sewer	1,982,892	2,383,343	0	67,973
<i>Total Business-Type Activities</i>	<u>4,166,027</u>	<u>4,446,374</u>	<u>0</u>	<u>67,973</u>
<i>Total - Primary Government</i>	<u>\$12,394,660</u>	<u>\$5,688,619</u>	<u>\$1,041,246</u>	<u>\$296,646</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
Hotel Taxes
Grants and Entitlements not Restricted to Specific Programs
Franchise Taxes
Investment Earnings
Gain on Sale of Capital Assets
Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
(\$1,052,182)	\$0	(\$1,052,182)
(2,330,337)	0	(2,330,337)
(153,112)	0	(153,112)
(92,175)	0	(92,175)
(23,506)	0	(23,506)
(30,648)	0	(30,648)
(1,923,136)	0	(1,923,136)
(111,373)	0	(111,373)
<u>(5,716,469)</u>	<u>0</u>	<u>(5,716,469)</u>
0	(120,104)	(120,104)
0	468,424	468,424
<u>0</u>	<u>348,320</u>	<u>348,320</u>
<u>(5,716,469)</u>	<u>348,320</u>	<u>(5,368,149)</u>
355,721	0	355,721
146,123	0	146,123
756,686	0	756,686
2,028,347	0	2,028,347
274,515	0	274,515
458,270	0	458,270
48,613	0	48,613
18,744	0	18,744
675,631	0	675,631
130,915	0	130,915
2,935	0	2,935
20,056	4,768	24,824
84,221	14,989	99,210
<u>5,000,777</u>	<u>19,757</u>	<u>5,020,534</u>
(715,692)	368,077	(347,615)
<u>31,440,948</u>	<u>12,758,891</u>	<u>44,199,839</u>
<u>\$30,725,256</u>	<u>\$13,126,968</u>	<u>\$43,852,224</u>

City of Conneaut, Ohio
Balance Sheet
Governmental Funds
December 31, 2011

	General	Street Construction, Maintenance and Repair	Special Assessment Bond Retirement	General Obligation Bond Retirement	Industrial Park
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$814,513	\$12,460	\$27,029	\$178,020	\$672
Materials and Supplies Inventory	34,498	59,912	0	0	0
Accounts Receivable	201,024	0	0	0	0
Intergovernmental Receivable	330,278	212,894	0	10,135	0
Municipal Income Taxes Receivable	676,809	152,896	0	0	0
Property Taxes Receivable	356,621	0	0	124,066	0
Loans Receivable	0	0	0	0	0
Special Assessments Receivable	447,413	109,989	863,174	0	0
Restricted Assets:					
Equity in Pooled Cash and					
Cash Equivalents	18,099	0	0	0	0
<i>Total Assets</i>	<u>\$2,879,255</u>	<u>\$548,151</u>	<u>\$890,203</u>	<u>\$312,221</u>	<u>\$672</u>
Liabilities					
Accounts Payable	\$27,790	\$10,859	\$0	\$0	\$0
Contracts Payable	0	0	0	0	322,322
Accrued Wages	83,309	21,014	0	0	0
Intergovernmental Payable	103,794	27,565	0	0	0
Retainage Payable	0	0	0	0	51,739
Accrued Interest Payable	1,019	451	0	0	0
Deferred Revenue	1,444,470	312,812	863,174	134,201	0
Notes Payable	125,000	26,000	0	0	0
<i>Total Liabilities</i>	<u>1,785,382</u>	<u>398,701</u>	<u>863,174</u>	<u>134,201</u>	<u>374,061</u>
Fund Balances					
Nonspendable	52,597	59,912	0	0	0
Restricted	0	89,538	27,029	178,020	0
Committed	0	0	0	0	0
Assigned	345,329	0	0	0	0
Unassigned (Deficit)	695,947	0	0	0	(373,389)
<i>Total Fund Balances</i>	<u>1,093,873</u>	<u>149,450</u>	<u>27,029</u>	<u>178,020</u>	<u>(373,389)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,879,255</u>	<u>\$548,151</u>	<u>\$890,203</u>	<u>\$312,221</u>	<u>\$672</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, 2011*

Other Governmental Funds	Total Governmental Funds		
		Total Governmental Funds Balances	\$1,868,491
		<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$819,410	\$1,852,104	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	29,528,304
0	94,410		
4,560	205,584		
405,704	959,011		
107,892	937,597		
701,370	1,182,057	Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	
2,600	2,600	Property Taxes	243,668
0	1,420,576	Municipal Income Taxes	371,316
		Intergovernmental	753,173
		Special Assessments	1,420,576
		Charges for Services	152,215
0	18,099	Total	2,940,948
<u>\$2,041,536</u>	<u>\$6,672,038</u>		
\$34,654	\$73,303	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(26,198)
5,760	328,082		
1,348	105,671	Bond issuance costs will be amortized over the life of the bonds on the statement of net assets.	7,371
81,586	212,945		
0	51,739	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
0	1,470	General Obligation Bonds	(645,000)
1,124,680	3,879,337	OWDA Loans Payable	(753,536)
0	151,000	Loans Payable	(1,111,053)
		OPWC Loans Payable	(21,349)
		Notes Payable	(399,000)
		Capital Leases Payable	(37,104)
		Compensated Absences	(626,618)
		Total	(3,593,660)
<u>1,248,028</u>	<u>4,803,547</u>	<i>Net Assets of Governmental Activities</i>	<u><u>\$30,725,256</u></u>
0	112,509		
804,057	1,098,644		
46,874	46,874		
0	345,329		
(57,423)	265,135		
<u>793,508</u>	<u>1,868,491</u>		
<u>\$2,041,536</u>	<u>\$6,672,038</u>		

City of Conneaut, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General	Street Construction, Maintenance and Repair	Special Assessment Bond Retirement	General Obligation Bond Retirement	Industrial Park
Revenues					
Property Taxes	\$296,297	\$0	\$0	\$123,032	\$0
Municipal Income Taxes	2,001,019	452,097	0	0	0
Hotel Taxes	18,744	0	0	0	0
Special Assessments	0	7,288	118,431	0	0
Intergovernmental	712,004	440,200	0	20,157	0
Fees, Licenses and Permits	504,897	24,200	0	0	0
Fines and Forfeitures	218,604	0	0	0	0
Rentals	60,495	0	0	0	0
Charges for Services	20,835	0	0	0	0
Contributions and Donations	14,866	0	0	0	0
Interest	1,821	18	0	0	715
Franchise Taxes	144,227	0	0	0	0
Other	43,245	34,987	0	0	0
<i>Total Revenues</i>	<u>4,037,054</u>	<u>958,790</u>	<u>118,431</u>	<u>143,189</u>	<u>715</u>
Expenditures					
Current:					
General Government	1,031,190	0	3,855	3,128	0
Security of Persons and Property	2,150,612	0	0	0	0
Public Health Services	223,038	0	0	0	0
Leisure Time Activities	45,171	0	0	0	0
Community Development	27,171	0	0	0	0
Basic Utility Services	0	0	0	0	0
Transportation	0	961,363	0	0	0
Capital Outlay	0	0	0	0	891,574
Debt Service:					
Principal Retirement	26,206	86,015	125,701	1,030,000	0
Principal Retirement - Current Refunding	0	26,000	0	0	0
Interest and Fiscal Charges	3,361	21,708	33,442	53,088	0
Bond Issuance Costs	0	0	0	8,400	0
<i>Total Expenditures</i>	<u>3,506,749</u>	<u>1,095,086</u>	<u>162,998</u>	<u>1,094,616</u>	<u>891,574</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>530,305</u>	<u>(136,296)</u>	<u>(44,567)</u>	<u>(951,427)</u>	<u>(890,859)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	5,338	14,718	0	0	0
General Obligation Bonds Issued	0	0	0	735,000	0
General Obligation Notes Issued	0	99,000	0	0	0
Current Refunding	0	(99,000)	0	0	0
Transfers In	0	25,000	0	0	0
Transfers Out	(36,250)	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(30,912)</u>	<u>39,718</u>	<u>0</u>	<u>735,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	499,393	(96,578)	(44,567)	(216,427)	(890,859)
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>594,480</u>	<u>246,028</u>	<u>71,596</u>	<u>394,447</u>	<u>517,470</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$1,093,873</u>	<u>\$149,450</u>	<u>\$27,029</u>	<u>\$178,020</u>	<u>(\$373,389)</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, 2011*

Other Governmental Funds	Total Governmental Funds		
		Net Change in Fund Balances - Total Governmental Funds	(\$718,078)
		<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
		Governmental funds report capital outlays as expenditures.	
		However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	
\$628,126	\$1,047,455	Capital Outlay	1,151,055
318,771	2,771,887	Depreciation	(1,516,911)
0	18,744	Total	(365,856)
0	125,719		
843,105	2,015,466		
156,987	686,084		
98,075	316,679		
29,225	89,720		
26,375	47,210		
11,170	26,036		
381	2,935		
0	144,227		
5,989	84,221		
<u>2,118,204</u>	<u>7,376,383</u>		
		Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
		Property Taxes	211,075
		Municipal Income Taxes	37,858
		Intergovernmental	(95,952)
		Special Assessments	(106,062)
		Franchise Taxes	(13,312)
		Charges for Services	82,895
		Total	116,502
300,000	1,338,173		
697,368	2,847,980		
0	223,038		
67,088	112,259		
478,248	505,419		
155,125	155,125		
168,515	1,129,878		
511,218	1,402,792		
15,333	1,283,255		
0	26,000		
5,599	117,198		
0	8,400		
<u>2,398,494</u>	<u>9,149,517</u>		
(280,290)	(1,773,134)		
		Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.	
		General Obligation Bonds Payable	1,030,000
		OWDA Loans Payable	125,701
		Loans Payable	82,428
		OPWC Loans Payable	1,581
		Notes Payable	125,000
		Capital Leases Payable	43,545
		Total	1,408,255
		In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are due.	8,400
		Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of net assets.	
		Accrued Interest	6,854
		Amortization of Bond Issuance Costs	(1,029)
		Total	5,825
0	20,056		
0	735,000		
300,000	399,000		
0	(99,000)		
11,250	36,250		
0	(36,250)		
<u>311,250</u>	<u>1,055,056</u>		
30,960	(718,078)		
762,548	2,586,569		
<u>\$793,508</u>	<u>\$1,868,491</u>		
		Other financing sources in the governmental funds that increase long-term liabilities in the statement of net assets are not reported as revenues in the statement of activities.	
		General Obligation Current Refunding	
		Bonds Issued	(735,000)
		General Obligation Notes Issued	(399,000)
		Total	(1,134,000)
		<i>Change in Net Assets of Governmental Activities</i>	<u>(\$715,692)</u>

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, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$293,000	\$293,000	\$296,297	\$3,297
Municipal Income Taxes	1,978,000	1,978,000	1,998,882	20,882
Hotel Taxes	15,000	15,000	18,744	3,744
Intergovernmental	865,547	865,547	769,519	(96,028)
Fees, Licenses and Permits	505,850	505,850	504,897	(953)
Fines and Forfeitures	162,750	162,750	217,886	55,136
Rentals	50,037	50,037	55,223	5,186
Charges for Services	21,300	21,300	20,835	(465)
Contributions and Donations	14,200	14,200	14,866	666
Interest	1,500	1,500	1,821	321
Franchise Taxes	121,500	121,500	128,199	6,699
Other	41,020	41,020	43,245	2,225
<i>Total Revenues</i>	4,069,704	4,069,704	4,070,414	710
Expenditures				
Current:				
General Government	1,233,451	1,233,349	1,110,964	122,385
Security of Persons and Property	2,501,149	2,509,780	2,185,724	324,056
Public Health Services	204,104	247,588	223,065	24,523
Leisure Time Activities	48,150	48,150	45,875	2,275
Community Development	45,863	51,813	30,416	21,397
Debt Service:				
Principal Retirement	150,000	150,000	150,000	0
Interest and Fiscal Charges	4,000	4,000	3,029	971
<i>Total Expenditures</i>	4,186,717	4,244,680	3,749,073	495,607
<i>Excess of Revenues Over (Under) Expenditures</i>	(117,013)	(174,976)	321,341	496,317
Other Financing Sources (Uses)				
Sale of Capital Assets	1,000	1,000	5,338	4,338
General Obligation Notes Issued	125,000	125,000	125,000	0
Advances In	49,360	49,360	49,363	3
Transfers Out	(45,750)	(45,750)	(36,250)	9,500
<i>Total Other Financing Sources (Uses)</i>	129,610	129,610	143,451	13,841
<i>Net Change in Fund Balance</i>	12,597	(45,366)	464,792	510,158
<i>Fund Balance Beginning of Year</i>	318,399	318,399	318,399	0
Prior Year Encumbrances Appropriated	32,466	32,466	32,466	0
<i>Fund Balances End of Year</i>	\$363,462	\$305,499	\$815,657	\$510,158

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, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$446,800	\$446,800	\$451,614	\$4,814
Special Assessments	10,000	10,000	7,288	(2,712)
Intergovernmental	455,500	455,500	443,749	(11,751)
Fees, Licenses and Permits	20,000	25,000	24,200	(800)
Interest	300	300	18	(282)
Other	30,000	35,000	34,987	(13)
<i>Total Revenues</i>	962,600	972,600	961,856	(10,744)
Expenditures				
Current:				
Transportation	950,361	993,711	979,120	14,591
Debt Service:				
Principal Retirement	237,032	237,032	237,015	17
Interest and Fiscal Charges	22,354	22,004	21,733	271
<i>Total Expenditures</i>	1,209,747	1,252,747	1,237,868	14,879
<i>Excess of Revenues Under Expenditures</i>	(247,147)	(280,147)	(276,012)	4,135
Other Financing Sources				
Sale of Capital Assets	0	20,000	14,718	(5,282)
General Obligation Notes Issued	125,000	125,000	125,000	0
Transfers In	18,000	18,000	25,000	7,000
<i>Total Other Financing Sources</i>	143,000	163,000	164,718	1,718
<i>Net Change in Fund Balance</i>	(104,147)	(117,147)	(111,294)	5,853
<i>Fund Balance Beginning of Year</i>	100,935	100,935	100,935	0
Prior Year Encumbrances Appropriated	16,521	16,521	16,521	0
<i>Fund Balance End of Year</i>	\$13,309	\$309	\$6,162	\$5,853

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2011

	Business-Type Activities		
	Water	Sewer	Total
Assets			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$617,942	\$250,912	\$868,854
Materials and Supplies Inventory	78,965	52,900	131,865
<i>Receivables:</i>			
Accounts	329,876	356,031	685,907
Special Assessments	3,392	1,841	5,233
Deferred Charges	4,860	0	4,860
<i>Total Current Assets</i>	<u>1,035,035</u>	<u>661,684</u>	<u>1,696,719</u>
<i>Noncurrent Assets:</i>			
Special Assessment Receivable	19,069	8,083	27,152
<i>Capital Assets:</i>			
Nondepreciable Capital Assets	195,104	86,274	281,378
Depreciable Capital Assets, Net	7,395,264	10,031,707	17,426,971
<i>Total Noncurrent Assets</i>	<u>7,609,437</u>	<u>10,126,064</u>	<u>17,735,501</u>
<i>Total Assets</i>	<u>8,644,472</u>	<u>10,787,748</u>	<u>19,432,220</u>
Liabilities			
<i>Current Liabilities:</i>			
Accounts Payable	28,473	35,054	63,527
Contracts Payable	0	3,282	3,282
Accrued Wages	27,993	22,077	50,070
Intergovernmental Payable	32,072	23,378	55,450
Compensated Absences Payable	25,197	23,071	48,268
Accrued Interest Payable	5,856	62,203	68,059
General Obligation Bonds Payable	60,033	0	60,033
OPWC Loans Payable	27,768	3,301	31,069
OWDA Loans Payable	32,391	281,750	314,141
Notes Payable	0	130,000	130,000
Loans Payable	208,347	15,333	223,680
<i>Total Current Liabilities</i>	<u>448,130</u>	<u>599,449</u>	<u>1,047,579</u>
<i>Long-Term Liabilities (net of current portion):</i>			
Compensated Absences Payable	99,213	142,785	241,998
General Obligation Bonds Payable	399,967	0	399,967
OPWC Loans Payable	275,480	58,108	333,588
OWDA Loans Payable	263,908	2,863,605	3,127,513
Notes Payable	0	200,000	200,000
Loans Payable	847,273	107,334	954,607
<i>Total Long-Term Liabilities</i>	<u>1,885,841</u>	<u>3,371,832</u>	<u>5,257,673</u>
<i>Total Liabilities</i>	<u>2,333,971</u>	<u>3,971,281</u>	<u>6,305,252</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	5,480,061	6,455,268	11,935,329
Unrestricted	830,440	361,199	1,191,639
<i>Total Net Assets</i>	<u>\$6,310,501</u>	<u>\$6,816,467</u>	<u>\$13,126,968</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, 2011*

	Business-Type Activities		
	Water	Sewer	Total
Operating Revenues			
Charges for Services	\$2,050,107	\$2,367,052	\$4,417,159
Tap-In Fees	4,699	14,450	19,149
Special Assessments	3,975	1,841	5,816
Rentals	4,250	0	4,250
Other	12,045	2,944	14,989
<i>Total Operating Revenues</i>	<u>2,075,076</u>	<u>2,386,287</u>	<u>4,461,363</u>
Operating Expenses			
Personal Services	1,068,275	801,561	1,869,836
Purchased Services	307,771	466,624	774,395
Contractual Services	228,312	0	228,312
Materials and Supplies	142,154	218,074	360,228
Depreciation	325,462	358,213	683,675
Other	2,415	3,658	6,073
<i>Total Operating Expenses</i>	<u>2,074,389</u>	<u>1,848,130</u>	<u>3,922,519</u>
<i>Operating Income</i>	<u>687</u>	<u>538,157</u>	<u>538,844</u>
Non-Operating (Income) Expenses			
Capital Grants	0	67,973	67,973
Gain on Sale of Capital Assets	4,768	0	4,768
Interest and Fiscal Charges	(108,746)	(134,762)	(243,508)
<i>Total Non-Operating Income (Expenses)</i>	<u>(103,978)</u>	<u>(66,789)</u>	<u>(170,767)</u>
<i>Change in Net Assets</i>	(103,291)	471,368	368,077
<i>Net Assets Beginning of Year</i>	<u>6,413,792</u>	<u>6,345,099</u>	<u>12,758,891</u>
<i>Net Assets End of Year</i>	<u><u>\$6,310,501</u></u>	<u><u>\$6,816,467</u></u>	<u><u>\$13,126,968</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, 2011

	Business-Type Activities		
	Water	Sewer	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Customers	\$2,044,729	\$2,362,023	\$4,406,752
Cash Received from Tap-In Fees	4,699	14,450	19,149
Cash Received from Special Assessments	5,011	2,935	7,946
Cash Received from Rentals	4,250	0	4,250
Other Cash Receipts	12,045	2,944	14,989
Cash Payments to Employees for Services	(1,073,187)	(827,749)	(1,900,936)
Cash Payments for Goods and Services	(698,069)	(702,045)	(1,400,114)
Other Cash Payments	(2,415)	(3,658)	(6,073)
<i>Net Cash Provided by Operating Activities</i>	<u>297,063</u>	<u>848,900</u>	<u>1,145,963</u>
Cash Flows from Noncapital Financing Activities			
Financing Activities			
Advances Out	(34,323)	0	(34,323)
Cash Flows from Capital and Related Financing Activities			
Capital Contributions	0	67,973	67,973
Proceeds from Sale of Capital Assets	4,768	0	4,768
Proceeds from General Obligation Bonds	530,000	0	530,000
Bond Issuance Costs	(5,600)	0	(5,600)
Proceeds from General Obligation Notes	0	330,000	330,000
Proceeds from Loans	151,467	137,821	289,288
Principal Paid on Loans	(186,329)	(15,333)	(201,662)
Interest Paid on Loans	(72,658)	(5,599)	(78,257)
Principal Paid on OWDA Loans	(31,027)	(477,413)	(508,440)
Interest Paid on OWDA Loans	(9,572)	(133,660)	(143,232)
Principal Paid on OPWC Loans	(27,768)	(3,301)	(31,069)
Principal Paid on General Obligation Bond	(600,000)	0	(600,000)
Interest Paid on General Obligation Bond	(28,479)	0	(28,479)
Principal Paid on Long-term Notes	0	(240,000)	(240,000)
Interest Paid on Long-term Notes	0	(5,652)	(5,652)
Principal Paid on Short-term Notes	0	(150,000)	(150,000)
Interest Paid on Short-term Notes	0	(2,221)	(2,221)
Payments for Capital Acquisitions	(105,401)	(415,021)	(520,422)
<i>Net Cash Used in Capital and Related Financing Activities</i>	<u>(380,599)</u>	<u>(912,406)</u>	<u>(1,293,005)</u>
<i>Net Decrease in Cash and Cash Equivalent</i>	(117,859)	(63,506)	(181,365)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>735,801</u>	<u>314,418</u>	<u>1,050,219</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$617,942</u>	<u>\$250,912</u>	<u>\$868,854</u>

(continued)

City of Conneaut, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2011

	Business-Type Activities		
	Water	Sewer	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$687	\$538,157	\$538,844
Adjustments:			
Depreciation	325,462	358,213	683,675
(Increase) Decrease in Assets:			
Accounts Receivable	(5,378)	(7,707)	(13,085)
Special Assessments Receivable	1,036	3,772	4,808
Materials and Supplies Inventory	(14,420)	(4,587)	(19,007)
Increase (Decrease) in Liabilities:			
Accounts Payable	(3,668)	(2,813)	(6,481)
Contracts Payable	(1,604)	(9,947)	(11,551)
Accrued Wages	(10,172)	(11,395)	(21,567)
Compensated Absences Payable	15,749	(2,105)	13,644
Intergovernmental Payable	(10,629)	(12,688)	(23,317)
<i>Total Adjustments</i>	<u>296,376</u>	<u>310,743</u>	<u>607,119</u>
<i>Net Cash Provided by Operating Activities</i>	<u>\$297,063</u>	<u>\$848,900</u>	<u>\$1,145,963</u>

See accompanying notes to the basic financial statements

City Of Conneaut, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2011

Assets	
Equity in Pooled Cash and Cash Equivalents	\$11,115
Cash and Cash Equivalents in Segregated Accounts	<u>3,445</u>
<i>Total Assets</i>	<u><u>\$14,560</u></u>
 Liabilities	
Deposits Held and Due to Others	<u><u>\$14,560</u></u>

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

Note 1 – Description of the City and Reporting Entity

The City of Conneaut (the “City”) 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 operates under its own charter and is governed by a City Manager-Council form of government with the Council appointing the City Manager, Finance Director and Clerk of Council. 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 Municipal League Workers' Compensation Group Rating Plan, an insurance purchasing pool, the Conneaut Public Library, a related organization and the Northeast Ohio Public Energy Council (NOPEC), a jointly governed organization. These organizations are presented in Notes 13, 14 and 21 to the basic financial statements.

The City's management believes these financial statements present all activities for which the City is financially accountable.

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.

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, 2011

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.

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 and reports all financial resources except those required to be accounted for and reported 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 and reports its portion of municipal income tax collections and the portion of the gasoline tax and motor vehicle registration fees restricted for maintenance and repair of dedicated streets within the City.

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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

General Obligation Bond Retirement Fund - The general obligation bond retirement fund is used to account for and report restricted property taxes and bond proceeds for the payment of principal and interest and fiscal charges on general obligation debt.

Industrial Park Fund - The industrial park fund accounts for and reports restricted loan monies and grants for the development of the City's industrial park.

The other governmental funds of the City account for grants and other resources whose use is restricted, committed or assigned 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 and reports 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 and reports 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.

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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

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 8). 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, 2011, but which were levied to finance year 2012 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, 2011

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.

The City of Conneaut has invested in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2011. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold at December 31, 2011.

Interest earnings are allocated to City funds according to State statutes, City Charter, grant requirements, or debt related restrictions. Interest revenue credited to the general fund during 2011 amounted to \$1,821 which includes \$704 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.

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.

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.

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:

City of Conneaut, Ohio
Notes to the Basic Financial Statements
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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, bridges and storm sewers and includes infrastructure acquired prior to December 31, 1980.

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 termination method. An accrual for sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments. Accumulated unused sick leave is paid to employees who retire at various rates depending on City policy and length of service.

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criteria includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

City of Conneaut, Ohio
Notes to the Basic Financial Statements
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Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for security of persons and property through the police and fire departments and recreational activities.

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

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.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

Interfund Activity

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

Bond Issuance Costs

On the government-wide financial statements, bond issuance costs are deferred and amortized over the term of the applicable bonds using the effective interest method. Within the governmental fund statements, bond issuance costs are expensed when incurred. Issuance costs are generally paid from bond proceeds.

As permitted by State statute, the City paid bond issuance costs from the bond proceeds and therefore does not consider that portion of the debt to be capital-related debt. That portion of the debt was offset against the unamortized bond issuance costs which were included in the determination of unrestricted net assets. Reporting both within the same element of net assets prevents one classification from being overstated while another is understated by the same amount.

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 and that are either unusual in nature or infrequent in occurrence.

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.

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.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

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 – Changes in Accounting Principles and Restatement of Fund Balance

Changes in Accounting Principles

For fiscal year 2011, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” and Statement No. 59, “Financial Instruments Omnibus”.

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds and restatement of the City’s financial statements.

GASB Statement No. 59 addresses significant practice issues that have arisen when accounting for financial instruments by updating and improving existing standards regarding financial reporting of certain financial instruments and external investment pools. The implementation of this statement did not result in any change in the City’s financial statements.

Restatement of Prior Year’s Fund Balance

The implementation of GASB Statement No. 54 had the following effect on fund balances of the major and nonmajor funds as they were previously reported.

	General	Street Construction, Maintenance and Repair	Special Assessment Bond Retirement	General Obligation Bond Retirement	Industrial Park	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balance at							
December 31, 2010	\$589,323	\$246,028	\$71,596	\$394,447	\$517,470	\$767,705	\$2,586,569
Change in Fund Structure	5,157	0	0	0	0	(5,157)	0
Adjusted Fund Balance at December 31, 2010	<u>\$594,480</u>	<u>\$246,028</u>	<u>\$71,596</u>	<u>\$394,447</u>	<u>\$517,470</u>	<u>\$762,548</u>	<u>\$2,586,569</u>

Note 4 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

Fund Balances	General	Street Maintenance, Construction and Repair	Special Assessment Bond Retirement	General Obligation Bond Retirement	Industrial Park	Nonmajor Governmental Funds	Total
<i>Nonspendable</i>							
Unclaimed Monies	\$18,099	\$0	\$0	\$0	\$0	\$0	\$18,099
Inventory	34,498	59,912	0	0	0	0	94,410
<i>Total Nonspendable</i>	52,597	59,912	0	0	0	0	112,509
<i>Restricted for</i>							
Road Improvements	0	89,538	0	0	0	245,326	334,864
Drug and Alcohol Alcohol Enforcement	0	0	0	0	0	64,834	64,834
Police and Fire Departments	0	0	0	0	0	20,918	20,918
Economic Development	0	0	0	0	0	231,985	231,985
Restaurant Inspection	0	0	0	0	0	4,981	4,981
Marina Inspection	0	0	0	0	0	5,695	5,695
Cemetery	0	0	0	0	0	41,156	41,156
Litter Control	0	0	0	0	0	308	308
Tree Commission	0	0	0	0	0	1,740	1,740
Debt Service Payments	0	0	27,029	178,020	0	0	205,049
Municipal Court Improvements	0	0	0	0	0	187,114	187,114
<i>Total Restricted</i>	0	89,538	27,029	178,020	0	804,057	1,098,644
<i>Committed to</i>							
Recreation	0	0	0	0	0	13,812	13,812
Capital Improvements	0	0	0	0	0	33,062	33,062
<i>Total Committed</i>	0	0	0	0	0	46,874	46,874
<i>Assigned to</i>							
Other purposes	345,329	0	0	0	0	0	345,329
<i>Unassigned (Deficit)</i>	695,947	0	0	0	(373,389)	(57,423)	265,135
<i>Total Fund Balances</i>	\$1,093,873	\$149,450	\$27,029	\$178,020	(\$373,389)	\$793,508	\$1,868,491

Note 5 - 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).

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

3. Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned 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).
6. Advances-in are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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

	Net Change in Fund Balances	
	General	Street Construction, Maintenance and Repair
GAAP Basis	\$499,393	(\$96,578)
Net Adjustment for Revenue Accruals	33,896	3,050
Net Adjustment for Expenditures Accruals	(74,923)	199,547
Beginning Unrecorded Cash	(982)	0
Ending Unrecorded Cash	446	16
Proceeds of Loans	0	0
Proceeds of Notes	125,000	26,000
Principal Retirement	(150,000)	(237,015)
Advances In	49,363	0
Encumbrances	(17,401)	(6,314)
Budget Basis	\$464,792	(\$111,294)

Note 6 - Fund Deficits

Fund balance at December 31, 2011, included the following individual fund deficits:

Fund	Amount
<i>Major Fund:</i>	
Industrial Park	\$373,389
<i>Nonmajor Funds:</i>	
Street Lighting	18,262
CHIPS	802
USEPA Grant	5,760
Fire Pension	32,599

City of Conneaut, Ohio
Notes to the Basic Financial Statements
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The 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 7 - Deposits and Investments

The City has chosen to follow State statutes and classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable or 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:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of 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 or Ohio local governments;
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) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAR Ohio);

City of Conneaut, Ohio
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For The Year Ended December 31, 2011

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, \$1,287,970 of the City's bank balance of \$1,577,824 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 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

At December 31, 2011, the City had \$1,246,147 invested in STAR Ohio with an average maturity of 57 days.

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 STAR Ohio carries a rating of AAA by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that addresses credit risk.

Note 8 - Receivables

Receivables at December 31, 2011, 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).

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivable 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 \$716,503 in the special assessment bond retirement fund, \$19,069 in the water enterprise fund and \$8,083 in the sewer enterprise fund. At December 31, 2011, the amount of delinquent special assessments was \$628,140.

The loans receivable at December 31, 2011, 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 \$2,600.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes are levied after October 1, 2011 on the assessed value as of January 1, 2011 the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

Real property taxes are payable annually or semi-annually. If paid annually, 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 personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2011, was \$7.36 per \$1,000 of assessed value. The assessed values of real property and public utility property upon which 2011 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Residential/Agricultural	\$122,619,790
Other Real Estate	32,124,220
Public Utility Property	5,705,250
Total Assessed Values	\$160,449,260

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which are measurable as of December 31, 2011 and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been deferred since current taxes were not levied to finance 2011 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while on the modified accrual basis the revenue has been deferred.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

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 incomes 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.

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.

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

Governmental Activities	Amounts
Local Government	\$285,870
Formula Grant	197,585
Gasoline Tax	187,517
Homestead and Rollback	86,070
Brownfield Grant	65,983
Permissive Tax	63,707
Auto License Tax	42,639
Inheritance Tax	15,226
Personal Property Tax Reimbursement	14,414
Total	<u>\$959,011</u>

Note 9 – Interfund Transfers

The general fund transferred \$25,000 to the street maintenance, construction and repair special revenue fund and \$11,250 to other governmental funds 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.

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.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

Note 11 - Capital Assets

Capital asset activity for the year ended December 31, 2011, was as follows:

Governmental Activities	Balance 12/31/2010	Additions	Deductions	Balance 12/31/2011
<i>Capital Assets not being Depreciated:</i>				
Land	\$554,972	\$0	\$0	\$554,972
Construction in Progress	117,200	750,482	0	867,682
<i>Total Capital Assets not being Depreciated</i>	<u>672,172</u>	<u>750,482</u>	<u>0</u>	<u>1,422,654</u>
<i>Capital Assets being Depreciated:</i>				
Buildings and Improvements	1,781,666	3,134	0	1,784,800
Equipment	1,879,006	163,484	(24,800)	2,017,690
Vehicles	4,083,798	90,020	(498,141)	3,675,677
Furniture and Fixtures	9,482	0	0	9,482
Infrastructure:				
Traffic Lights	279,503	5,835	0	285,338
Roads	22,143,229	138,100	0	22,281,329
Bridges	13,258,591	0	0	13,258,591
Storm Sewers	1,720,708	0	0	1,720,708
<i>Total Capital Assets being Depreciated</i>	<u>45,155,983</u>	<u>400,573</u>	<u>(522,941)</u>	<u>45,033,615</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(1,351,803)	(51,040)	0	(1,402,843)
Equipment	(1,301,147)	(104,500)	24,800	(1,380,847)
Vehicles	(3,649,002)	(137,380)	498,141	(3,288,241)
Furniture and Fixtures	(8,363)	(678)	0	(9,041)
Infrastructure:				
Traffic Lights	(62,177)	(6,900)	0	(69,077)
Roads	(8,033,077)	(925,580)	0	(8,958,657)
Bridges	(508,246)	(265,172)	0	(773,418)
Storm Sewers	(1,020,180)	(25,661)	0	(1,045,841)
<i>Total Accumulated Depreciation</i>	<u>(15,933,995)</u>	<u>(1,516,911) *</u>	<u>522,941</u>	<u>(16,927,965)</u>
Total Capital Assets being Depreciated, Net	<u>29,221,988</u>	<u>(1,116,338)</u>	<u>0</u>	<u>28,105,650</u>
Governmental Activities Capital Assets, Net	<u>\$29,894,160</u>	<u>(\$365,856)</u>	<u>\$0</u>	<u>\$29,528,304</u>

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

	Balance 12/31/2010	Additions	Deductions	Balance 12/31/2011
Business Type Activities:				
<i>Capital Assets not being Depreciated:</i>				
Land	\$6,880	\$0	\$0	\$6,880
Construction in Progress	1,295,397	234,953	(1,255,852)	274,498
<i>Total Capital Assets not being Depreciated</i>	<u>1,302,277</u>	<u>234,953</u>	<u>(1,255,852)</u>	<u>281,378</u>
<i>Capital Assets being Depreciated:</i>				
Buildings and Improvements	654,921	94,176	0	749,097
Equipment	4,287,158	1,240,032	0	5,527,190
Vehicles	859,867	0	0	859,867
Infrastructure:				
Water and Sewer Lines	18,647,875	207,113	0	18,854,988
<i>Total Capital Assets being Depreciated</i>	<u>24,449,821</u>	<u>1,541,321</u>	<u>0</u>	<u>25,991,142</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(609,071)	(6,628)	0	(615,699)
Equipment	(2,397,542)	(255,405)	0	(2,652,947)
Vehicles	(291,060)	(67,086)	0	(358,146)
Infrastructure:				
Water and Sewer Lines	(4,582,823)	(354,556)	0	(4,937,379)
<i>Total Accumulated Depreciation</i>	<u>(7,880,496)</u>	<u>(683,675)</u>	<u>0</u>	<u>(8,564,171)</u>
Total Capital Assets being Depreciated, Net	<u>16,569,325</u>	<u>857,646</u>	<u>0</u>	<u>17,426,971</u>
Business Type Activities Capital Assets, Net	<u>\$17,871,602</u>	<u>\$1,092,599</u>	<u>(\$1,255,852)</u>	<u>\$17,708,349</u>

* Depreciation expense was charged to governmental functions as follows:

General Government	\$47,795
Security of Persons and Property	162,499
Leisure Time Activities	22,809
Community Development	7,675
Transportation	<u>1,276,133</u>
Total Depreciation Expense	<u>\$1,516,911</u>

Note 12 - Contingencies

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, 2011.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

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 13 – Insurance Purchasing Pool

Ohio Municipal League Workers’ Compensation Group Rating Plan – The City participates in the Ohio Municipal League 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. 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 14 – 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, Bert Drennen, Board President, 304 Buffalo Street, Conneaut, Ohio 44030.

Note 15 - Notes Payable

Changes in the City’s note activity for the year ended December 31, 2011, were as follows:

	Outstanding 12/31/2010	Additions	(Reductions)	Outstanding 12/31/2011
<i>General Fund:</i>				
Prison Land, 1.5%	\$50,000	\$40,000	(\$50,000)	\$40,000
Madison Street Storm Sewer, 1.5%	100,000	85,000	(100,000)	85,000
<i>Total General Fund</i>	<u>150,000</u>	<u>125,000</u>	<u>(150,000)</u>	<u>125,000</u>
<i>Special Revenue Fund:</i>				
Street Equipment, 2.19%	16,000	16,000	(16,000)	16,000
Street Equipment, 2.19%	5,000	5,000	(5,000)	5,000
Street Equipment, 1.5%	5,000	5,000	(5,000)	5,000
<i>Total Special Revenue Fund</i>	<u>26,000</u>	<u>26,000</u>	<u>(26,000)</u>	<u>26,000</u>
<i>Total Governmental Activities</i>	<u>\$176,000</u>	<u>\$151,000</u>	<u>(\$176,000)</u>	<u>\$151,000</u>
<i>Enterprise Funds:</i>				
<i>Sewer</i>				
Waste Water Improvement, 1.5%	\$110,000	\$90,000	(\$110,000)	\$90,000
Sewer Jet, 1.5%	40,000	40,000	(40,000)	40,000
<i>Total Enterprise Funds</i>	<u>\$150,000</u>	<u>\$130,000</u>	<u>(\$150,000)</u>	<u>\$130,000</u>

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

In 2011, the City issued \$40,000, \$85,000, \$5,000, \$90,000 and \$40,000 in various purpose improvement notes to help finance the purchase of land for the prison, to help finance the Madison Street storm sewer project, additional street equipment waste water improvements and a new sewer jet. These projects have been completed by December 31, 2011 and the notes mature on June 15, 2012.

In 2011, the City issued \$21,000 in various improvement notes for the purchase of new street equipment. The purchases have been made by December 31, 2011, and the notes mature on February 9, 2012.

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 16 - 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
Library Refunding	2011	3.00	735,000	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>Loans:</i>				
Industrial Park	2008	3.25	500,000	N/A
Road Equipment Acquisition	2009	4.125	153,334	2019
State Infrastructure Loan - Parish Road	2010	8.00	574,435	2018
<i>Ohio Public Works Commission Loan:</i>				
Under Ridge Road Culvert	2004	0.00	31,626	2025
<i>Notes:</i>				
Street Equipment	2011	2.19	76,000	2012
Street Equipment	2011	2.19	35,000	2012
Street Equipment	2011	1.5	40,000	2012
Port Authority	2011	1.54	300,000	2012
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
Waste Water	1988	4.8	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	3,258,282	2026
Industrial Park	2011	3.00	199,183	N/A
<i>Ohio Public Works Commission</i>				
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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

Debt Issue	Original Issue Date	Interest Rate	Original Issue Amount	Year of Maturity
Business-Type Activities (continued)				
<i>Ohio Public Works Commission (continued)</i>				
Finished Water and Booster Pump	2011	0.00	40,875	2030
Water and Booster Pump Station	2011	0.00	11,001	2030
Sandusky Sanitary Sewer	2011	0.00	28,178	2030
Sanitary Sewer Repairs	2011	0.00	10,051	N/A
<i>General Obligation Bond:</i>				
Water III	1998	5.05	1,370,000	2018
Water Refunding	2011	3.00	530,000	2018
<i>Loans:</i>				
Road Equipment Acquisition	2009	4.125	306,666	2019
Water Meters	2010	4.31	1,134,867	2017
<i>Notes:</i>				
Sewer Jet	2011	1.50	240,000	2012

A schedule of changes in bonds and other long-term obligations of the City during 2011 follows:

	Outstanding 12/31/2010	Additions	Reductions	Outstanding 12/31/2011	Amount Due In one Year
Governmental Activities:					
<i>General Obligation Bonds</i>					
City Hall Annex	\$100,000	\$0	\$100,000	\$0	\$0
Library	840,000	0	840,000	0	0
Library Refunding		735,000	90,000	645,000	84,177
Total General Obligation Bonds	940,000	735,000	1,030,000	645,000	84,177
<i>Special Assessment OWDA Loans</i>					
<i>with Governmental Commitment:</i>					
East Conneaut Sewer Phase II	262,552	0	39,381	223,171	41,036
East/West Gateway	119,937	0	38,095	81,842	39,946
Gateway Phase II	21,782	0	5,859	15,923	6,143
I-90 Sewer	82,972	0	8,999	73,973	9,360
East Conneaut Sewer Phase III	391,994	0	33,367	358,627	34,545
Total Special Assessment OWDA Loans	879,237	0	125,701	753,536	131,030
<i>Loans:</i>					
Industrial Park	500,000	0	0	500,000	0
Road Equipment Acquisition	138,000	0	15,333	122,667	15,333
SIB - Parrish Road	555,481	0	67,095	488,386	69,123
Total Loans:	1,193,481	0	82,428	1,111,053	84,456
<i>OPWC Loan:</i>					
Under Ridge Road Culvert	22,930	0	1,581	21,349	1,581
<i>Long - Term Notes Payable:</i>					
Street Equipment	60,000	44,000	60,000	44,000	0
Street Equipment	30,000	25,000	30,000	25,000	0
Street Equipment	35,000	30,000	35,000	30,000	0
Port Authority	0	300,000	0	300,000	0
Total Long - Term Notes Payable	125,000	399,000	125,000	399,000	0
<i>Other Long-Term Liabilities:</i>					
Capital Leases	80,649	0	43,545	37,104	18,135
Compensated Absences	589,878	215,380	178,640	626,618	243,934
Total Other Long-Term Liabilities	670,527	215,380	222,185	663,722	262,069
Total Governmental Activities					
Long-Term Obligations	\$3,831,175	\$1,349,380	\$1,586,895	\$3,593,660	\$563,313

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

	Outstanding 12/31/2010	Additions	Reductions	Outstanding 12/31/2011	Amount Due In one Year
Business-Type Activities (continued)					
<i>Special Assessment OWDA Loans</i>					
<i>with Governmental Commitment:</i>					
East Conneaut Sewer Phase II	\$87,517	\$0	\$13,127	\$74,390	\$13,679
I-90 Sewer	46,673	0	5,062	41,611	5,265
East Conneaut Sewer Phase III	86,048	0	7,324	78,724	7,583
<i>Total Special Assessment OWDA Loans</i>	<u>220,238</u>	<u>0</u>	<u>25,513</u>	<u>194,725</u>	<u>26,527</u>
<i>OWDA Loans</i>					
Wastewater Plant Improvement	144,980	0	45,648	99,332	48,045
Wastewater Plant Improvement	144,099	0	43,938	100,161	47,919
Wastewater	208,149	0	208,149	0	0
Water III	227,735	0	31,027	196,708	32,391
Dechlorination Project	35,454	0	4,862	30,592	5,064
Wastewater Improvement Loan	2,770,256	0	149,303	2,620,953	154,195
Industrial Park	0	199,183	0	199,183	0
<i>Total OWDA Loans</i>	<u>3,530,673</u>	<u>199,183</u>	<u>482,927</u>	<u>3,246,929</u>	<u>287,614</u>
<i>Total OWDA Obligations</i>	<u>3,750,911</u>	<u>199,183</u>	<u>508,440</u>	<u>3,441,654</u>	<u>314,141</u>
<i>OPWC Loans:</i>					
South Conneaut Water Tank	202,125	0	19,250	182,875	19,250
Liberty Water Line	77,015	0	5,924	71,091	5,924
Madison Sanitary Sewer	26,481	0	1,892	24,589	1,892
Finished Water and Booster Pump	0	40,875	2,044	38,831	2,044
Water Booster Pump Station	0	11,001	550	10,451	550
Sandusky Sanitary Sewer	0	28,178	1,409	26,769	1,409
Sanitary Sewer Repairs	0	10,051	0	10,051	0
<i>Total OPWC Loans</i>	<u>305,621</u>	<u>90,105</u>	<u>31,069</u>	<u>364,657</u>	<u>31,069</u>
<i>General Obligation Bonds:</i>					
Water III	530,000	0	530,000	0	0
Unamortized Premium	895	0	895	0	0
Water Refunding	0	530,000	70,000	460,000	60,033
<i>Total Bonds</i>	<u>530,895</u>	<u>530,000</u>	<u>600,895</u>	<u>460,000</u>	<u>60,033</u>
<i>Loans:</i>					
Road Equipment Acquisition Loan	276,000	0	30,667	245,333	30,667
Water Meter Loan	1,103,949	0	170,995	932,954	193,013
<i>Total Loans</i>	<u>1,379,949</u>	<u>0</u>	<u>201,662</u>	<u>1,178,287</u>	<u>223,680</u>
<i>Other Long-Term Liabilities:</i>					
Compensated Absences	276,622	75,842	62,198	290,266	48,268
Sewer Jet Note	240,000	200,000	240,000	200,000	0
<i>Total Other Long-Term Liabilities</i>	<u>516,622</u>	<u>275,842</u>	<u>302,198</u>	<u>490,266</u>	<u>48,268</u>
<i>Total Business-Type Activities</i>					
<i>Long-Term Obligations</i>	<u>\$6,483,998</u>	<u>\$1,095,130</u>	<u>\$1,644,264</u>	<u>\$5,934,864</u>	<u>\$677,191</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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

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 loans will be paid from the street construction, maintenance and repair special revenue fund, capital improvements capital projects fund and the water and sewer enterprise funds. The long-term governmental notes will be paid from the general fund, the street construction, maintenance and repair special revenue fund, the street improvement and capital improvements capital projects funds. Compensated absences will be paid from the general fund, street construction, maintenance and repair special revenue fund and the water and sewer enterprise funds. The business-type notes will be paid with charges for services revenues from the sewer enterprise fund.

In 2011, the City issued general obligation bonds, in the amount of \$1,265,000, to refund bonds previously issued in fiscal year 1998 for the construction of a public library and improving the municipal water system. The bonds were issued with an interest rate of 3 percent. These bonds were issued for an eight year period with final maturity during fiscal year 2018. The bonds will be retired through the bond retirement debt service fund and the water enterprise fund.

	1998 Library	1998 Water III
Outstanding at		
December 31, 2010	\$840,000	\$530,000
Amount Refunded	(735,000)	(530,000)
Principal Payment on		
Non-Refunded Portion	(105,000)	0
Outstanding at		
December 31, 2011	\$0	\$0

The bond proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded library and water bonds. As a result, \$1,265,000 of these bonds was considered defeased and the liability for the refunded bonds has been removed from the City's financial statements.

The road equipment acquisition and water meter enterprise fund loans are being paid from the water and sewer enterprise fund user fees. In the event that the water and sewer enterprise funds would fail to pay the loans, payment would be made by any general tax revenues collected in the general or bond retirement fund.

A line of credit has been established with the Ohio Water Development Authority in the amount of \$295,000 for industrial park infrastructure, however, since this loan is not finalized, the repayment schedule is not included in the schedule of debt service payments. The City has received \$199,183 in proceeds.

A line of credit has been established with the Ohio Public Water Commission in the amount of \$50,000 for sanitary sewer repairs, however, since this loan is not finalized, the repayment schedule is not included in the schedule of debt service payments. The City has received \$10,051 in proceeds.

The City has pledged future revenues, net of operating expenses, to repay OPWC and OWDA loans in the water enterprise fund. The debt is payable solely from net revenues and are payable through 2030. Annual principal and interest payments on the debt issues are expected require 20.96 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$526,548. Principal and interest paid for the current year and total net revenues were \$68,367 and \$326,149 respectively.

The City has pledged future revenues, net of operating expenses, to repay OPWC and OWDA loans in the sewer enterprise fund. The debt is payable solely from net revenues and are payable through 2030. Annual

City of Conneaut, Ohio
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principal and interest payments on the debt issues are expected require 68.54 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$3,721,682. Principal paid for the current year and total net revenues were \$614,374 and \$896,370 respectively.

In 2008, the City issued a \$500,000 industrial park loan for the purpose of developing and constructing an industrial park. This loan will not accrue interest for the first five years. No principal payments will come due within the first five years unless there is a sale, lease, or transfer of any portion of the property. The amount payable at that time will be 50 percent of the amount received as payment for the sale or lease of the property. Beginning in the sixth year, the principal balance of the loan will be subject to a 3.25 percent interest rate and an amortization schedule will be constructed to repay the loan over a 120 month period. A debt schedule is not included for this loan because payments have not been determined as of December 31, 2011. This note will be paid from the industrial park capital projects fund.

In 2011, the City issued \$69,000 and \$200,000 various purpose improvement notes for the purchase of street equipment and for a new sewer jet. These purchases have been made by December 31, 2011 and the notes mature on February 9, 2012 and June 15, 2012, respectively. The short-term portion of these notes of \$21,000 and \$40,000 are presented in Note 15.

In 2011, the City issued \$300,000 marina improvement note for the purpose of acquiring, constructing, reconstructing, and improving boat docks and slips with an interest rate of 1.54 percent maturing on November 21, 2012. As of December 31, 2011 all proceeds had been disbursed.

The City's overall legal debt margin was \$12,901,852 with an unvoted debt margin of \$4,879,389 at December 31, 2011. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2011, are as follows:

	<i>Governmental Activities</i>						
	General Obligation Bonds		Special Assessment Loans		OPWC Loans	Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2012	\$84,177	\$19,350	\$131,030	\$28,112	\$1,581	\$84,456	\$19,107
2013	86,702	16,825	136,601	22,542	1,581	86,546	16,377
2014	89,303	14,224	95,050	17,270	1,581	88,699	13,583
2015	91,982	11,545	95,303	13,606	1,581	90,917	10,724
2016	94,741	8,785	99,030	9,878	1,581	93,201	7,798
2017-2021	198,095	8,958	196,522	15,091	7,907	167,234	7,021
2022-2025	0	0	0	0	5,537	0	0
Total	\$645,000	\$79,687	\$753,536	\$106,499	\$21,349	\$611,053	\$74,610

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

	<i>Business-Type Activities</i>						
	General Obligation Bonds		Special Assessment Loans		OWDA Loans		OPWC Loans
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2012	\$60,033	\$13,800	\$26,527	\$7,247	\$287,614	\$117,581	\$31,069
2013	61,834	11,999	27,582	6,193	301,867	103,329	31,069
2014	63,689	10,144	28,677	5,097	205,260	89,681	31,069
2015	65,600	8,233	29,818	3,956	212,431	82,510	31,069
2016	67,567	6,265	31,004	2,771	219,855	75,086	31,069
2017-2021	141,277	6,388	51,117	6,484	990,105	273,678	145,721
2022-2026	0	0	0	0	830,614	104,013	37,533
2027-2030	0	0	0	0	0	0	16,007
Total	\$460,000	\$56,829	\$194,725	\$31,748	\$3,047,746	\$845,878	\$354,606

	<i>Business-Type Activities</i>	
	Loans Payable	
	Principal	Interest
2012	\$223,680	54,982
2013	232,167	45,211
2014	241,029	35,065
2015	250,280	24,532
2016	139,129	14,229
2017-2021	92,002	6,732
Total	\$1,178,287	\$180,751

Note 17 – Capital Lease

In prior years, the City entered into capitalized leases for one International dump truck. This lease meets the criteria for a capital lease as defined by the Statement of Financial Accounting Standards No. 13 “Accounting for Lease” and has been recorded on the governmental-wide statements. The original amount capitalized for the capital lease and the book value as of December 31, 2011 for governmental activities follows:

	Governmental Activities
Asset:	
International Dump Truck	\$399,779
Less: Accumulated depreciation	(378,350)
Current Book Value	\$21,429

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, 2011.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

	Governmental Activities
2012	\$19,616
2013	19,618
Total Minimum Lease Payments	39,234
Less: Amount Representing Interest	(2,130)
Present Value of Minimum Lease Payments	\$37,104

Note 18 - Risk Management

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 2011, the City contracted with Wells Fargo Insurance Services for various types of insurance as follows:

Type of Coverage	Coverage
Property/Boilers and Machinery	\$22,394,717
Inland Marine	1,586,163
Vehicles	
Comprehensive	3,000,000
Valuable Papers and Records	100,000
Police	3,000,000
Public Officials	3,000,000
Business Electronics Equipment	188,022
Fire Vehicles and Ambulances	250,000

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

Worker's Compensation

For fiscal year 2011, the City participated in the Ohio Municipal League Worker's Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 13). 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 city 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.

Participation in the GRP is limited to cities that can meet the GRP's selection criteria. The firm CompManagement, Inc. provides administrative, cost control and rating services to the GRP.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

Note 19 - Defined Benefit Pension Plans

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 Pension 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension 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. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2011, members in state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11.0 percent and 11.6 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2011, member and employer contribution rates were consistent across all three plans.

The City's 2011 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 18.1 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010 and 2009 were \$166,527, \$132,937 and \$126,980, respectively. For 2011, 82 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009. Contributions to the Member-Directed Plan for 2011 were \$1,434 made by the City and \$1,024 made by plan members.

Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters pension were \$112,421 and \$88,452 for the year ended December 31, 2011, \$121,779 and \$88,362 for the year ended December 31, 2010, and \$111,687 and \$95,754 for the year ended December 31, 2009, respectively. For 2011, 74 percent for police and 72 percent for firefighters has been contributed with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

Note 20 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, 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 visiting <https://www.opers.org/investments/cafr.shtml>, 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 administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. 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, 2011, 2010 and 2009 were \$104,451, \$96,660 and \$107,866, respectively. For 2011, 82 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

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 – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$59,517 and \$34,612 for the year ended December 31, 2011, \$64,471 and \$34,576 for the year ended December 31, 2010, and \$59,128 and \$37,469 for the year ended December 31, 2009. For 2011, 74 percent has been contributed for police and 72 percent has been contributed for firefighters with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

Note 21 – Jointly Governed Organization

The City is a member of the Northeast Ohio Public Energy Council (NOPEC), a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and natural gas. NOPEC is currently comprised of 126 communities who have been authorized by ballot to purchase electricity on behalf of their citizens.

The intent of NOPEC is to provide electricity and natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and natural gas to the citizens of its member communities.

NOPEC is governed by General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Conneaut did not contribute to NOPEC during 2011. Financial information can be obtained by contacting 31320 Solon Road, Suite 20, Solon, Ohio 11120.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

Note 22 – Construction and Other Significant Commitments

At December 31, 2011, the City’s significant contractual commitments consisted of:

Project	Contract Amount	Amount Paid	Remaining Contract
Industrial Park	\$1,158,720	\$704,283	\$454,437
Brownfield Site Improvements	200,000	151,453	48,547
Total	\$1,358,720	\$855,736	\$502,984

Note 23 – Subsequent Event

On February 9, 2012, the City retired \$90,000 in general obligation bond anticipation notes and issued \$69,000 in new notes. The new notes have a maturity date of February 7, 2013 and an interest rate of 1.46 percent. The following table summarizes the activity.

Note Issuance	Retired	Issued
Street Equipment	\$60,000	\$44,000
Street Equipment	30,000	25,000
Total Notes	\$90,000	\$69,000

On June 17, 2012, the City retired \$490,000 in general obligation bond anticipation notes and issued \$400,000 in new notes. The new notes have a maturity date of June 15, 2013 and an interest rate of 1.47 percent. The following table summarizes the activity.

Note Issuance	Retired	Issued
Prison Land	\$40,000	\$30,000
Madison Street Storm Sewer	85,000	60,000
Street Equipment	35,000	30,000
Waste Water Improvement	90,000	80,000
Sewer Jet	240,000	200,000
Total Notes	\$490,000	\$400,000

Combining and Individual Fund Statements and Schedules Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Following is a description of the City's nonmajor special revenue funds:

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

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

Restaurant Vending Fund The Restaurant Vending Fund accounts for and reports fees restricted for implementing State programs for retail food establishments and for service operations, including vending.

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

Enforcement and Education Fund The Enforcement and Education Fund accounts for and reports restricted 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 and reports the additional fees restricted 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 and reports for cemetery lot sales restricted for operation and maintenance of City owned cemeteries.

Police Levy Fund The Police Levy Fund accounts for and reports a restricted property tax operating levy restricted for police officer wages and vehicle acquisition.

Fire Levy Fund The Fire Levy Fund accounts for and reports a restricted property tax operating levy restricted for fire fighters wages.

Litter Control Fund The Litter Control Fund accounts for and reports grant monies received from the County restricted for programs to pick up litter and provide recycling services for the citizens.

Indigent Monitoring Fund The Indigent Monitoring Fund accounts for and reports municipal court fines restricted to interlock alcohol monitoring for indigent offenders.

Ohio Peace Officer Training Academy (OPOTA) Grant Fund The OPOTA Grant Fund accounts for and reports grants restricted for the reimbursement for the training of police officers through the Ohio Peace Officers Training Academy.

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

(continued)

Fund Descriptions – Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds (continued)

Tree Commission Fund The Tree Commission Fund accounts for and reports monies received from residents, plus City matching funds, restricted by donations from City residents to plant trees and maintain an arboretum within the City.

Community Housing Fund The Community Housing Fund accounts for and reports repayments of CHIP loans and is restricted for reinvesting in community housing for qualified applicants.

Economic Development Fund The Economic Development Fund accounts for and reports restricted loans to businesses who wish to expand or purchase new equipment that would create new jobs.

Community Housing Improvement Programs (CHIPS) Fund The CHIPS Fund accounts for and reports CDBG, HOME, and OHTF funds restricted to providing emergency home repairs, home rehabilitation, down payment assistance, and new construction for qualified applicants.

United States Environmental Protection Agency (USEPA) Grant Fund The USEPA Grant Fund accounts for and reports Brownfield Hazardous Substance Assessment Grant monies restricted to inventory, characterize, assess, and conduct planning and community involvement related to brownfield sites.

Recreation Fund The Recreation Fund accounts for and reports committed income taxes 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 and reports restricted property taxes for the payment of current employer's pension contributions and the long-term accounting liability.

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

Nonmajor Capital Projects Funds

Capital Projects Funds are used to account and report financial resources that are restricted, committed or assigned to expenditure for capital outlays including the acquisition or construction of major capital facilities and other capital assets, other than those financed by proprietary funds or for assets that will be held in trust.

Street Improvement Fund The Street Improvement Fund accounts for and reports restricted property taxes for the improvement of streets and curbs within the City.

Office of Justice Grant Fund The Office of Justice Grant Fund accounts for and reports grant monies received through the Department of Justice restricted for equipment in the police department.

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

Roadway Safety Improvement Fund The Road Safety Improvement Fund accounts for and reports restricted grant monies received from the Ohio Public Works Commission for roadway safety improvements on Lake Erie Street and Brown Avenue.

(continued)

Fund Descriptions – Nonmajor Governmental Funds (continued)

Nonmajor Capital Projects Funds (continued)

Formula Grant Fund The Formula Grant Fund accounts for and reports restricted grants for the construction of a new water chlorination system for the water treatment plant.

FEMA Grant Fund The FEMA Grant fund accounts for and reports Federal and State monies restricted for restoration of areas hit by natural disasters.

Capital Improvement Fund The Capital Improvement Fund accounts for and reports committed income taxes for capital construction and the acquisition of capital assets.

City of Conneaut, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and			
Cash Equivalents	\$447,312	\$372,098	\$819,410
Accounts Receivable	227	4,333	4,560
Intergovernmental Receivable	208,119	197,585	405,704
Municipal Income Taxes Receivable	16,249	91,643	107,892
Property Taxes Receivable	701,370	0	701,370
Loans Receivable	2,600	0	2,600
<i>Total Assets</i>	<u>\$1,375,877</u>	<u>\$665,659</u>	<u>\$2,041,536</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$32,768	\$1,886	\$34,654
Contracts Payable	5,760	0	5,760
Accrued Wages	1,348	0	1,348
Intergovernmental Payable	81,586	0	81,586
Deferred Revenue	890,801	233,879	1,124,680
<i>Total Liabilities</i>	<u>1,012,263</u>	<u>235,765</u>	<u>1,248,028</u>
Fund Balances			
Restricted	407,225	396,832	804,057
Committed	13,812	33,062	46,874
Unassigned (Deficit)	(57,423)	0	(57,423)
<i>Total Fund Balances</i>	<u>363,614</u>	<u>429,894</u>	<u>793,508</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,375,877</u>	<u>\$665,659</u>	<u>\$2,041,536</u>

City of Conneaut, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Property Taxes	\$628,126	\$0	\$628,126
Municipal Income Taxes	47,957	270,814	318,771
Intergovernmental	718,988	124,117	843,105
Fees, Licenses and Permits	156,987	0	156,987
Fines and Forfeitures	4,606	93,469	98,075
Rentals	29,225	0	29,225
Charges for Services	26,375	0	26,375
Contributions and Donations	11,170	0	11,170
Interest	381	0	381
Other	5,989	0	5,989
<i>Total Revenues</i>	<u>1,629,804</u>	<u>488,400</u>	<u>2,118,204</u>
Expenditures			
Current:			
General Government	0	300,000	300,000
Security of Persons and Property	697,368	0	697,368
Leisure Time Activities	67,088	0	67,088
Community Development	478,248	0	478,248
Basic Utility Services	155,125	0	155,125
Transportation	168,515	0	168,515
Capital Outlay	0	511,218	511,218
Debt Service:			
Principal Retirement	0	15,333	15,333
Interest and Fiscal Charges	0	5,599	5,599
<i>Total Expenditures</i>	<u>1,566,344</u>	<u>832,150</u>	<u>2,398,494</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>63,460</u>	<u>(343,750)</u>	<u>(280,290)</u>
Other Financing Sources			
General Obligation Notes Issued	0	300,000	300,000
Transfers In	11,250	0	11,250
<i>Total Other Financing Sources</i>	<u>11,250</u>	<u>300,000</u>	<u>311,250</u>
<i>Net Change in Fund Balances</i>	74,710	(43,750)	30,960
<i>Fund Balances Beginning of Year</i>	<u>288,904</u>	<u>473,644</u>	<u>762,548</u>
<i>Fund Balances End of Year</i>	<u>\$363,614</u>	<u>\$429,894</u>	<u>\$793,508</u>

City of Conneaut, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011

	Auto Permissive Tax	State Highway	Restaurant Vending	Marina	Enforcement and Education
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$4,196	\$6,289	\$5,416	\$5,695	\$5,204
Accounts Receivable	0	0	0	0	35
Intergovernmental Receivable	63,707	17,262	0	0	0
Municipal Income Taxes Receivable	0	0	0	0	0
Property Taxes Receivable	0	0	0	0	0
Loans Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$67,903</u>	<u>\$23,551</u>	<u>\$5,416</u>	<u>\$5,695</u>	<u>\$5,239</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$0	\$0	\$0	\$0	\$0
Contracts Payable	0	0	0	0	0
Accrued Wages	0	0	0	0	0
Intergovernmental Payable	0	0	435	0	0
Deferred Revenue	44,310	11,536	0	0	0
<i>Total Liabilities</i>	<u>44,310</u>	<u>11,536</u>	<u>435</u>	<u>0</u>	<u>0</u>
Fund Balances					
Restricted	23,593	12,015	4,981	5,695	5,239
Committed	0	0	0	0	0
Unassigned (Deficit)	0	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>23,593</u>	<u>12,015</u>	<u>4,981</u>	<u>5,695</u>	<u>5,239</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$67,903</u>	<u>\$23,551</u>	<u>\$5,416</u>	<u>\$5,695</u>	<u>\$5,239</u>

<u>Indigent Drivers</u>	<u>Cemetery</u>	<u>Police Levy</u>	<u>Fire Levy</u>	<u>Litter Control</u>	<u>Indigent Monitoring</u>	<u>Street Lighting</u>
\$51,915	\$43,590	\$1,655	\$744	\$308	\$7,488	\$7,507
50	0	0	0	0	142	0
0	0	25,421	12,711	0	0	0
0	0	0	0	0	0	8,802
0	0	305,464	152,744	0	0	0
0	0	0	0	0	0	0
<u>\$51,965</u>	<u>\$43,590</u>	<u>\$332,540</u>	<u>\$166,199</u>	<u>\$308</u>	<u>\$7,630</u>	<u>\$16,309</u>
\$0	\$18	\$0	\$0	\$0	\$0	\$31,085
0	0	0	0	0	0	0
0	1,348	0	0	0	0	0
0	1,068	0	0	0	0	0
0	0	330,885	165,455	0	0	3,486
0	2,434	330,885	165,455	0	0	34,571
51,965	41,156	1,655	744	308	7,630	0
0	0	0	0	0	0	0
0	0	0	0	0	0	(18,262)
<u>51,965</u>	<u>41,156</u>	<u>1,655</u>	<u>744</u>	<u>308</u>	<u>7,630</u>	<u>(18,262)</u>
<u>\$51,965</u>	<u>\$43,590</u>	<u>\$332,540</u>	<u>\$166,199</u>	<u>\$308</u>	<u>\$7,630</u>	<u>\$16,309</u>

(continued)

City of Conneaut, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2011

	Tree Commission	Community Housing	Economic Development	CHIPS	USEPA Grant
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$1,740	\$8,041	\$221,344	\$0	\$0
Accounts Receivable	0	0	0	0	0
Intergovernmental Receivable	0	0	0	0	65,983
Municipal Income Taxes Receivable	0	0	0	0	0
Property Taxes Receivable	0	0	0	0	0
Loans Receivable	0	0	2,600	0	0
<i>Total Assets</i>	<u>\$1,740</u>	<u>\$8,041</u>	<u>\$223,944</u>	<u>\$0</u>	<u>\$65,983</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$0	\$0	\$0	\$802	\$0
Contracts Payable	0	0	0	0	5,760
Accrued Wages	0	0	0	0	0
Intergovernmental Payable	0	0	0	0	0
Deferred Revenue	0	0	0	0	65,983
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>802</u>	<u>71,743</u>
Fund Balances					
Restricted	1,740	8,041	223,944	0	0
Committed	0	0	0	0	0
Unassigned (Deficit)	0	0	0	(802)	(5,760)
<i>Total Fund Balances (Deficit)</i>	<u>1,740</u>	<u>8,041</u>	<u>223,944</u>	<u>(802)</u>	<u>(5,760)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,740</u>	<u>\$8,041</u>	<u>\$223,944</u>	<u>\$0</u>	<u>\$65,983</u>

<u>Recreation</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$10,678	\$63,889	\$1,613	\$447,312
0	0	0	227
0	14,385	8,650	208,119
7,447	0	0	16,249
0	139,068	104,094	701,370
0	0	0	2,600
<u>\$18,125</u>	<u>\$217,342</u>	<u>\$114,357</u>	<u>\$1,375,877</u>
\$863	\$0	\$0	\$32,768
0	0	0	5,760
0	0	0	1,348
501	45,370	34,212	81,586
2,949	153,453	112,744	890,801
<u>4,313</u>	<u>198,823</u>	<u>146,956</u>	<u>1,012,263</u>
0	18,519	0	407,225
13,812	0	0	13,812
0	0	(32,599)	(57,423)
<u>13,812</u>	<u>18,519</u>	<u>(32,599)</u>	<u>363,614</u>
<u>\$18,125</u>	<u>\$217,342</u>	<u>\$114,357</u>	<u>\$1,375,877</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, 2011

	Auto Permissive Tax	State Highway	Restaurant Vending	Marina	Enforcement and Education
Revenues					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Municipal Income Taxes	0	0	0	0	0
Intergovernmental	160,431	35,692	0	0	0
Fees, Licenses and Permits	0	0	19,999	660	0
Fines and Forfeitures	0	0	0	0	1,235
Rentals	0	0	0	0	0
Charges for Services	0	0	0	0	0
Contributions and Donations	0	0	0	0	0
Interest	22	16	0	0	0
Other	0	0	0	0	0
<i>Total Revenues</i>	<u>160,453</u>	<u>35,708</u>	<u>19,999</u>	<u>660</u>	<u>1,235</u>
Expenditures					
Current:					
Security of Persons and Property	0	0	0	0	0
Leisure Time Activities	0	0	0	180	0
Community Development	0	0	18,118	0	0
Basic Utility Services	0	0	0	0	0
Transportation	134,137	34,378	0	0	0
<i>Total Expenditures</i>	<u>134,137</u>	<u>34,378</u>	<u>18,118</u>	<u>180</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	26,316	1,330	1,881	480	1,235
Other Financing Sources					
Transfers In	0	0	0	0	0
<i>Net Change in Fund Balances</i>	26,316	1,330	1,881	480	1,235
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>(2,723)</u>	<u>10,685</u>	<u>3,100</u>	<u>5,215</u>	<u>4,004</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$23,593</u></u>	<u><u>\$12,015</u></u>	<u><u>\$4,981</u></u>	<u><u>\$5,695</u></u>	<u><u>\$5,239</u></u>

Indigent Drivers	Cemetery	Police Levy	Fire Levy	Litter Control	Indigent Monitoring	OPOTA Grant
\$0	\$0	\$257,799	\$128,900	\$0	\$0	\$0
0	0	0	0	0	0	0
0	0	50,030	25,014	0	0	0
0	90	0	0	0	0	0
1,684	0	0	0	0	1,687	0
0	0	0	0	0	0	0
0	26,375	0	0	0	0	0
0	0	0	0	0	0	0
0	72	0	0	0	0	0
1,952	0	0	0	0	1,397	0
<u>3,636</u>	<u>26,537</u>	<u>307,829</u>	<u>153,914</u>	<u>0</u>	<u>3,084</u>	<u>0</u>
0	0	318,589	162,713	0	0	2,080
0	0	0	0	0	0	0
0	28,941	0	0	2,828	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>28,941</u>	<u>318,589</u>	<u>162,713</u>	<u>2,828</u>	<u>0</u>	<u>2,080</u>
3,636	(2,404)	(10,760)	(8,799)	(2,828)	3,084	(2,080)
<u>0</u>	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>2,500</u>	<u>0</u>	<u>0</u>
3,636	2,596	(10,760)	(8,799)	(328)	3,084	(2,080)
<u>48,329</u>	<u>38,560</u>	<u>12,415</u>	<u>9,543</u>	<u>636</u>	<u>4,546</u>	<u>2,080</u>
<u>\$51,965</u>	<u>\$41,156</u>	<u>\$1,655</u>	<u>\$744</u>	<u>\$308</u>	<u>\$7,630</u>	<u>\$0</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, 2011

	Street Lighting	Tree Commission	Community Housing	Economic Development	CHIPS Fund
Revenues					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Municipal Income Taxes	26,057	0	0	0	0
Intergovernmental	0	0	3,225	0	244,080
Fees, Licenses and Permits	124,473	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
Rentals	0	0	0	0	0
Charges for Services	0	0	0	0	0
Contributions and Donations	0	8,420	0	0	0
Interest	0	0	38	233	0
Other	1,713	0	0	0	0
<i>Total Revenues</i>	<u>152,243</u>	<u>8,420</u>	<u>3,263</u>	<u>233</u>	<u>244,080</u>
Expenditures					
Current:					
Security of Persons and Property	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Development	0	8,959	0	41	294,624
Basic Utility Services	155,125	0	0	0	0
Transportation	0	0	0	0	0
<i>Total Expenditures</i>	<u>155,125</u>	<u>8,959</u>	<u>0</u>	<u>41</u>	<u>294,624</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(2,882)	(539)	3,263	192	(50,544)
Other Financing Sources					
Transfers In	0	750	0	0	0
<i>Net Change in Fund Balances</i>	(2,882)	211	3,263	192	(50,544)
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>(15,380)</u>	<u>1,529</u>	<u>4,778</u>	<u>223,752</u>	<u>49,742</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>(\$18,262)</u></u>	<u><u>\$1,740</u></u>	<u><u>\$8,041</u></u>	<u><u>\$223,944</u></u>	<u><u>(\$802)</u></u>

USEPA Grant	Recreation	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$148,133	\$93,294	\$628,126
0	21,900	0	0	47,957
134,017	0	43,175	23,324	718,988
0	11,765	0	0	156,987
0	0	0	0	4,606
0	29,225	0	0	29,225
0	0	0	0	26,375
0	2,750	0	0	11,170
0	0	0	0	381
0	927	0	0	5,989
<u>134,017</u>	<u>66,567</u>	<u>191,308</u>	<u>116,618</u>	<u>1,629,804</u>
0	0	104,458	109,528	697,368
0	66,908	0	0	67,088
124,737	0	0	0	478,248
0	0	0	0	155,125
0	0	0	0	168,515
<u>124,737</u>	<u>66,908</u>	<u>104,458</u>	<u>109,528</u>	<u>1,566,344</u>
9,280	(341)	86,850	7,090	63,460
0	0	0	3,000	11,250
9,280	(341)	86,850	10,090	74,710
<u>(15,040)</u>	<u>14,153</u>	<u>(68,331)</u>	<u>(42,689)</u>	<u>288,904</u>
<u>(\$5,760)</u>	<u>\$13,812</u>	<u>\$18,519</u>	<u>(\$32,599)</u>	<u>\$363,614</u>

City of Conneaut, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2011

	Street Improvement	Municipal Court Improvement	Roadway Safety Improvement	Formula Grant
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$161,089	\$184,140	\$1,985	\$0
Accounts Receivable	0	4,333	0	0
Intergovernmental Receivable	0	0	0	197,585
Municipal Income Taxes Receivable	78,102	0	0	0
<i>Total Assets</i>	<u>\$239,191</u>	<u>\$188,473</u>	<u>\$1,985</u>	<u>\$197,585</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$527	\$1,359	\$0	\$0
Deferred Revenue	30,931	0	0	197,585
<i>Total Liabilities</i>	<u>31,458</u>	<u>1,359</u>	<u>0</u>	<u>197,585</u>
Fund Balances				
Restricted	207,733	187,114	1,985	0
Committed	0	0	0	0
<i>Total Fund Balances</i>	<u>207,733</u>	<u>187,114</u>	<u>1,985</u>	<u>0</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$239,191</u>	<u>\$188,473</u>	<u>\$1,985</u>	<u>\$197,585</u>

<u>Capital Improvement</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$24,884	\$372,098
0	4,333
0	197,585
13,541	91,643
<u>\$38,425</u>	<u>\$665,659</u>

\$0	\$1,886
5,363	233,879
<u>5,363</u>	<u>235,765</u>

0	396,832
33,062	33,062
<u>33,062</u>	<u>429,894</u>
<u>\$38,425</u>	<u>\$665,659</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, 2011

	Street Improvement	Municipal Court Improvement	Roadway Safety Improvement	Formula Grant
Revenues				
Municipal Income Taxes	\$230,899	\$0	\$0	\$0
Intergovernmental	0	0	35,782	64,585
Fines and Forfeitures	0	93,469	0	0
Interest	0	0	0	0
<i>Total Revenues</i>	<u>230,899</u>	<u>93,469</u>	<u>35,782</u>	<u>64,585</u>
Expenditures				
Current:				
General Government	300,000	0	0	0
Capital Outlay	225,253	95,202	34,687	64,967
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Expenditures</i>	<u>525,253</u>	<u>95,202</u>	<u>34,687</u>	<u>64,967</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(294,354)	(1,733)	1,095	(382)
Other Financing Sources				
General Obligation Notes Issued	300,000	0	0	0
<i>Net Change in Fund Balances</i>	5,646	(1,733)	1,095	(382)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>202,087</u>	<u>188,847</u>	<u>890</u>	<u>382</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$207,733</u>	<u>\$187,114</u>	<u>\$1,985</u>	<u>\$0</u>

FEMA Grant	Capital Improvement	Total Nonmajor Capital Projects Funds
\$0	\$39,915	\$270,814
23,750	0	124,117
0	0	93,469
0	0	0
<u>23,750</u>	<u>39,915</u>	<u>488,400</u>
0	0	300,000
23,750	67,359	511,218
0	15,333	15,333
0	5,599	5,599
<u>23,750</u>	<u>88,291</u>	<u>832,150</u>
0	(48,376)	(343,750)
<u>0</u>	<u>0</u>	<u>300,000</u>
0	(48,376)	(43,750)
0	81,438	473,644
<u>\$0</u>	<u>\$33,062</u>	<u>\$429,894</u>

Fund Descriptions – Fiduciary Funds

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 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, 2011

	Beginning Balance 12/31/10	Additions	Deductions	Ending Balance 12/31/11
<i>Deposits Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$10,520	\$20,847	\$20,252	\$11,115
Cash and Cash Equivalents In Segregated Accounts	9,727	623,496	629,778	3,445
<i>Total Assets</i>	<u>\$20,247</u>	<u>\$644,343</u>	<u>\$650,030</u>	<u>\$14,560</u>
Liabilities				
Deposits Held and Due to Others	\$20,247	\$644,343	\$650,030	\$14,560

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

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, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$293,000	\$293,000	\$296,297	\$3,297
Municipal Income Taxes	1,978,000	1,978,000	1,998,882	20,882
Hotel Taxes	15,000	15,000	18,744	3,744
Intergovernmental	865,547	865,547	769,519	(96,028)
Fees, Licenses and Permits	505,850	505,850	504,897	(953)
Fines and Forfeitures	162,750	162,750	217,886	55,136
Rentals	50,037	50,037	55,223	5,186
Charges for Services	21,300	21,300	20,835	(465)
Contributions and Donations	14,200	14,200	14,866	666
Interest	1,500	1,500	1,821	321
Franchise Taxes	121,500	121,500	128,199	6,699
Other	41,020	41,020	43,245	2,225
<i>Total Revenues</i>	<u>4,069,704</u>	<u>4,069,704</u>	<u>4,070,414</u>	<u>710</u>
Expenditures				
Current:				
General Government:				
Council				
Personal Services	51,600	51,800	51,604	196
Materials and Supplies	700	700	427	273
Contractual Services	5,000	5,000	4,305	695
Total Council	<u>57,300</u>	<u>57,500</u>	<u>56,336</u>	<u>1,164</u>
Clerk of Council				
Personal Services	7,070	7,070	7,030	40
City Manager				
Personal Services	107,545	107,545	91,580	15,965
Materials and Supplies	2,753	2,753	1,504	1,249
Contractual Services	3,400	3,400	1,889	1,511
Total City Manager	<u>113,698</u>	<u>113,698</u>	<u>94,973</u>	<u>18,725</u>
Finance Office				
Personal Services	174,221	174,221	173,128	1,093
Materials and Supplies	19,122	19,122	17,898	1,224
Contractual Services	3,305	3,305	3,000	305
Capital Outlay	500	500	500	0
Total Finance Office	<u>\$197,148</u>	<u>\$197,148</u>	<u>\$194,526</u>	<u>\$2,622</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, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Law Director				
Personal Services	\$141,711	\$141,911	\$140,234	\$1,677
Materials and Supplies	2,792	2,792	2,210	582
Contractual Services	3,800	3,800	2,017	1,783
Total Law Director	148,303	148,503	144,461	4,042
Civil Service				
Personal Services	5,470	5,470	5,300	170
Materials and Supplies	2,500	2,500	1,551	949
Contractual Services	1,885	1,885	1,885	0
Total Civil Service	9,855	9,855	8,736	1,119
Court				
Personal Services	315,873	315,873	288,648	27,225
Materials and Supplies	18,650	18,650	13,868	4,782
Contractual Services	22,710	22,710	12,458	10,252
Purchased Services	1,100	1,100	913	187
Capital Outlay	2,068	2,068	894	1,174
Total Court	360,401	360,401	316,781	43,620
City Hall				
Personal Services	5,938	5,938	3,473	2,465
Materials and Supplies	25,979	25,979	21,764	4,215
Contractual Services	9,000	9,000	6,376	2,624
Purchased Services	7,000	7,000	7,000	0
Capital Outlay	500	500	481	19
Total City Hall	48,417	48,417	39,094	9,323
Planning Commission				
Personal Services	5,200	5,200	4,734	466
Materials and Supplies	600	600	250	350
Total Planning Commission	5,800	5,800	4,984	816
Reserve Fund				
Contractual Services	30,200	27,200	23,013	4,187
Purchased Services	76,520	79,520	74,022	5,498
Capital Outlay	6,000	6,000	4,565	1,435
Total Reserve Fund	\$112,720	\$112,720	\$101,600	\$11,120

(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, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
General Services				
Contractual Services	\$81,739	\$82,439	\$76,916	\$5,523
Capital Outlay	24,000	23,000	18,874	4,126
Other	67,000	66,798	46,653	20,145
Total General Services	<u>172,739</u>	<u>172,237</u>	<u>142,443</u>	<u>29,794</u>
Total General Government	<u>1,233,451</u>	<u>1,233,349</u>	<u>1,110,964</u>	<u>122,385</u>
Security of Persons and Property				
Police Department				
Personal Services	1,275,000	1,294,733	1,230,544	64,189
Materials and Supplies	81,390	81,390	65,018	16,372
Contractual Services	43,433	43,489	22,950	20,539
Purchased Services	33,266	33,266	24,975	8,291
Capital Outlay	17,050	17,050	12,883	4,167
Other	1,000	1,000	0	1,000
Total Police Department	<u>1,451,139</u>	<u>1,470,928</u>	<u>1,356,370</u>	<u>114,558</u>
Jail				
Materials and Supplies	0	2,500	1,649	851
Purchased Services	16,588	14,088	7,757	6,331
Capital Outlay	3,500	3,500	2,981	519
Other	4,100	6,100	3,868	2,232
Total Jail	<u>24,188</u>	<u>26,188</u>	<u>16,255</u>	<u>9,933</u>
Fire Department				
Personal Services	746,750	733,592	677,292	56,300
Materials and Supplies	61,691	61,691	48,479	13,212
Contractual Services	50,996	50,996	30,456	20,540
Purchased Services	72,485	72,485	43,227	29,258
Capital Outlay	90,100	90,100	13,645	76,455
Total Fire Department	<u>1,022,022</u>	<u>1,008,864</u>	<u>813,099</u>	<u>195,765</u>
Ambulance Fund				
Capital Outlay	3,800	3,800	0	3,800
Total Security of Persons and Property	<u>\$2,501,149</u>	<u>\$2,509,780</u>	<u>\$2,185,724</u>	<u>\$324,056</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, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Public Health Services:				
Street Lighting				
Purchased Services	\$3,112	\$3,112	\$3,112	\$0
Health Department				
Personal Services	155,663	187,990	175,858	12,132
Materials and Supplies	4,758	4,758	2,904	1,854
Contractual Services	29,571	38,728	30,904	7,824
Purchased Services	11,000	13,000	10,287	2,713
Total Health Department	200,992	244,476	219,953	24,523
Total Public Health Services	204,104	247,588	223,065	24,523
Leisure Time Activities:				
Museum Railroad				
Purchased Service	4,500	4,500	3,414	1,086
Bureau of Tourism				
Materials and Supplies	3,700	3,700	3,674	26
Purchased Services	2,050	2,050	2,050	0
Contractual Services	11,510	11,510	11,091	419
Total Bureau of Tourism	17,260	17,260	16,815	445
Cable Advisory Board				
Personal Services	20,540	20,540	20,400	140
Materials and Supplies	500	500	370	130
Contractual Services	350	350	350	0
Capital Outlay	5,000	5,000	4,526	474
Total Cable Advisory Board	26,390	26,390	25,646	744
Total Leisure Time Activities	48,150	48,150	45,875	2,275
Community Development:				
Housing and Zoning:				
Personal Services	36,895	41,527	22,856	18,671
Materials and Supplies	3,568	3,568	1,871	1,697
Contractual Services	1,000	1,000	766	234
Purchased Services	4,400	4,400	3,605	795
Capital Outlay	0	1,318	1,318	0
Total Community Development	\$45,863	\$51,813	\$30,416	\$21,397

(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, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Debt Service				
Principal Retirement	\$150,000	\$150,000	\$150,000	\$0
Interest and Fiscal Charges	4,000	4,000	3,029	971
Total Debt Service	<u>154,000</u>	<u>154,000</u>	<u>153,029</u>	<u>971</u>
<i>Total Expenditures</i>	<u>4,186,717</u>	<u>4,244,680</u>	<u>3,749,073</u>	<u>495,607</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(117,013)</u>	<u>(174,976)</u>	<u>321,341</u>	<u>496,317</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	1,000	1,000	5,338	4,338
General Obligation Notes Issued	125,000	125,000	125,000	0
Advances In	49,360	49,360	49,363	3
Transfers Out	(45,750)	(45,750)	(36,250)	9,500
<i>Total Other Financing Sources (Uses)</i>	<u>129,610</u>	<u>129,610</u>	<u>143,451</u>	<u>13,841</u>
<i>Net Change in Fund Balance</i>	12,597	(45,366)	464,792	510,158
<i>Fund Balance Beginning of Year</i>	318,399	318,399	318,399	0
Prior Year Encumbrances Appropriated	32,466	32,466	32,466	0
<i>Fund Balance End of Year</i>	<u><u>\$363,462</u></u>	<u><u>\$305,499</u></u>	<u><u>\$815,657</u></u>	<u><u>\$510,158</u></u>

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$446,800	\$446,800	\$451,614	\$4,814
Special Assessments	10,000	10,000	7,288	(2,712)
Intergovernmental	455,500	455,500	443,749	(11,751)
Fees, Licenses and Permits	20,000	25,000	24,200	(800)
Interest	300	300	18	(282)
Other	30,000	35,000	34,987	(13)
<i>Total Revenues</i>	<u>962,600</u>	<u>972,600</u>	<u>961,856</u>	<u>(10,744)</u>
Expenditures				
Current:				
Transportation:				
Street Department				
Personal Services	659,545	669,271	665,915	3,356
Materials and Supplies	159,789	188,789	184,428	4,361
Contractual Services	25,534	16,646	16,311	335
Purchased Services	88,993	112,005	106,459	5,546
Capital Outlay	6,000	6,000	5,007	993
Other	10,500	1,000	1,000	0
Total Transportation	<u>950,361</u>	<u>993,711</u>	<u>979,120</u>	<u>14,591</u>
Debt Service:				
Principal Retirement	237,032	237,032	237,015	17
Interest and Fiscal Charges	22,354	22,004	21,733	271
Total Debt Service	<u>259,386</u>	<u>259,036</u>	<u>258,748</u>	<u>288</u>
<i>Total Expenditures</i>	<u>1,209,747</u>	<u>1,252,747</u>	<u>1,237,868</u>	<u>14,879</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(247,147)</u>	<u>(280,147)</u>	<u>(276,012)</u>	<u>4,135</u>
Other Financing Sources				
Sale of Capital Assets	0	20,000	14,718	(5,282)
General Obligation Notes Issued	125,000	125,000	125,000	0
Transfers In	18,000	18,000	25,000	7,000
<i>Total Other Financing Sources</i>	<u>143,000</u>	<u>163,000</u>	<u>164,718</u>	<u>1,718</u>
<i>Net Change in Fund Balance</i>	(104,147)	(117,147)	(111,294)	5,853
<i>Fund Balance Beginning of Year</i>	100,935	100,935	100,935	0
Prior Year Encumbrances Appropriated	<u>16,521</u>	<u>16,521</u>	<u>16,521</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$13,309</u>	<u>\$309</u>	<u>\$6,162</u>	<u>\$5,853</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$112,000	\$112,000	\$118,431	\$6,431
Expenditures				
Current:				
General Government:				
Special Assessment Bond Retirement				
Other	5,500	5,500	3,855	1,645
Debt Service:				
Principal Retirement	125,705	125,705	125,701	4
Interest and Fiscal Charges	33,448	33,448	33,442	6
Total Debt Service	159,153	159,153	159,143	10
<i>Total Expenditures</i>	164,653	164,653	162,998	1,655
<i>Net Change in Fund Balance</i>	(52,653)	(52,653)	(44,567)	8,086
<i>Fund Balance Beginning of Year</i>	71,596	71,596	71,596	0
<i>Fund Balance End of Year</i>	\$18,943	\$18,943	\$27,029	\$8,086

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$116,400	\$116,400	\$123,032	\$6,632
Intergovernmental	20,000	20,000	20,157	157
<i>Total Revenues</i>	136,400	136,400	143,189	6,789
Expenditures				
Current:				
General Government:				
General Obligation Bond Retirement				
Contractual Services	4,120	23,520	535	22,985
Other	6,000	6,000	2,593	3,407
Total General Government	10,120	29,520	3,128	26,392
Debt Service:				
Principal Retirement	205,000	1,034,000	1,030,000	4,000
Interest and Fiscal Charges	49,295	56,295	53,088	3,207
Bond Issuance Costs	0	8,400	8,400	0
Total Debt Service	254,295	1,098,695	1,091,488	7,207
<i>Total Expenditures</i>	264,415	1,128,215	1,094,616	33,599
<i>Excess of Revenues Under Expenditures</i>	(128,015)	(991,815)	(951,427)	40,388
Other Financing Sources				
General Obligation Bonds Issued	0	735,000	735,000	0
<i>Net Change in Fund Balance</i>	(128,015)	(256,815)	(216,427)	40,388
<i>Fund Balance Beginning of Year</i>	394,447	394,447	394,447	0
<i>Fund Balance End of Year</i>	\$266,432	\$137,632	\$178,020	\$40,388

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Industrial Park Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$530,000	\$530,000	\$0	(\$530,000)
Interest	200	200	715	515
<i>Total Revenues</i>	530,200	530,200	715	(529,485)
Expenditures				
Capital Outlay:				
Rural Industrial Park				
Capital Outlay	1,342,500	1,342,500	715,112	627,388
<i>Excess of Revenues Under Expenditures</i>	(812,300)	(812,300)	(714,397)	97,903
Other Financing Sources				
OWDA Loans Issued	295,000	295,000	197,612	(97,388)
<i>Net Change in Fund Balance</i>	(517,300)	(517,300)	(516,785)	515
<i>Fund Balance Beginning of Year</i>	517,500	517,500	517,500	0
<i>Fund Balance End of Year</i>	<u>\$200</u>	<u>\$200</u>	<u>\$715</u>	<u>\$515</u>

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$2,185,174	\$2,185,174	\$2,044,777	(\$140,397)
Tap-In Fees	15,000	15,000	4,699	(10,301)
Special Assessments	4,000	4,000	5,011	1,011
Intergovernmental	713,821	713,821	0	(713,821)
Rentals	2,500	2,500	4,250	1,750
Sale of Capital Assets	0	0	4,768	4,768
Other	3,500	3,500	12,045	8,545
General Obligation Bonds Issued	0	530,000	530,000	0
OPWC Loans Issued	51,876	51,876	51,876	0
Inception of Capital Lease	45,000	45,000	0	(45,000)
<i>Total Revenues</i>	3,020,871	3,550,871	2,657,426	(893,445)
Expenses				
Personal Services	1,163,555	1,173,755	1,073,398	100,357
Purchased Services	1,000,727	1,062,727	311,054	751,673
Contractual Services	122,800	121,800	83,892	37,908
Materials and Supplies	187,063	195,063	156,921	38,142
Capital Outlay	461,541	461,541	175,745	285,796
Other	2,400	3,200	2,415	785
Debt Service:				
Principal Retirement	313,084	845,129	845,124	5
Interest and Fiscal Charges	108,920	111,920	110,709	1,211
Bond Issuance Costs	5,600	5,600	5,600	0
<i>Total Expenses</i>	3,365,690	3,980,735	2,764,858	1,215,877
<i>Excess of Revenues Under Expenses</i> <i>Before Advances</i>	(344,819)	(429,864)	(107,432)	322,432
Advances Out	(50,679)	(50,679)	(34,323)	16,356
<i>Net Change in Fund Equity</i>	(395,498)	(480,543)	(141,755)	338,788
<i>Fund Equity Beginning of Year</i>	542,324	542,324	542,324	0
Prior Year Encumbrances Appropriated	194,089	194,089	194,089	0
<i>Fund Equity End of Year</i>	\$340,915	\$255,870	\$594,658	\$338,788

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$2,405,903	\$2,405,903	\$2,362,484	(\$43,419)
Tap-In Fees	5,000	5,000	14,450	9,450
Special Assessments	10,000	10,000	2,935	(7,065)
Intergovernmental	312,394	312,384	67,973	(244,411)
Other	1,500	1,500	2,944	1,444
General Obligation Notes Issued	330,000	330,000	330,000	0
OPWC Loans Issued	378,729	378,729	38,229	(340,500)
OWDA Loans Issued	340,500	340,500	0	(340,500)
<i>Total Revenues</i>	<u>3,784,026</u>	<u>3,784,016</u>	<u>2,819,015</u>	<u>(965,001)</u>
Expenses				
Personal Services	985,955	926,117	828,119	97,998
Purchased Services	770,326	787,326	529,606	257,720
Contractual Services	102,227	105,227	82,005	23,222
Materials and Supplies	126,215	141,215	129,787	11,428
Capital Outlay	533,981	533,981	304,022	229,959
Other	4,750	5,750	3,658	2,092
Debt Service:				
Principal Retirement	888,058	886,058	886,047	11
Interest and Fiscal Charges	150,548	147,578	147,132	446
<i>Total Expenses</i>	<u>3,562,060</u>	<u>3,533,252</u>	<u>2,910,376</u>	<u>622,876</u>
<i>Excess of Revenues Over (Under) Expenses before Advances</i>	221,966	250,764	(91,361)	(342,125)
Advances Out	(16,356)	0	0	0
<i>Net Change in Fund Equity</i>	205,610	250,764	(91,361)	(342,125)
<i>Fund Equity Beginning of Year</i>	185,880	185,880	185,880	0
Prior Year Encumbrances Appropriated	128,837	128,837	128,837	0
<i>Fund Equity End of Year</i>	<u>\$520,327</u>	<u>\$565,481</u>	<u>\$223,356</u>	<u>(\$342,125)</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$135,000	\$135,000	\$134,100	(\$900)
Interest	200	200	22	(178)
<i>Total Revenues</i>	135,200	135,200	134,122	(1,078)
Expenditures				
Current:				
Transportation:				
Auto Permissive				
Personal Services	135,200	135,200	130,544	4,656
Materials and Supplies	4,000	4,000	3,593	407
<i>Total Expenditures</i>	139,200	139,200	134,137	5,063
<i>Net Change in Fund Balance</i>	(4,000)	(4,000)	(15)	3,985
<i>Fund Balance Beginning of Year</i>	4,211	4,211	4,211	0
<i>Fund Balance End of Year</i>	\$211	\$211	\$4,196	\$3,985

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$36,300	\$36,300	\$35,980	(\$320)
Interest	100	100	16	(84)
<i>Total Revenues</i>	36,400	36,400	35,996	(404)
Expenditures				
Current:				
Transportation:				
State Highway				
Personal Services	37,900	37,900	32,300	5,600
Capital Outlay	2,500	2,500	2,489	11
<i>Total Expenditures</i>	40,400	40,400	34,789	5,611
<i>Net Change in Fund Balance</i>	(4,000)	(4,000)	1,207	5,207
<i>Fund Balance Beginning of Year</i>	4,671	4,671	4,671	0
<i>Fund Balance End of Year</i>	\$671	\$671	\$5,878	\$5,207

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$17,760	\$17,760	\$19,999	\$2,239
Expenditures				
Current:				
Community Development:				
Restaurant Vending				
Personal Services	16,743	16,743	15,242	1,501
Materials and Supplies	200	200	95	105
Contractual Services	3,700	3,700	2,761	939
Purchased Services	150	150	0	150
<i>Total Expenditures</i>	20,793	20,793	18,098	2,695
<i>Net Change in Fund Balance</i>	(3,033)	(3,033)	1,901	4,934
<i>Fund Balance Beginning of Year</i>	3,515	3,515	3,515	0
<i>Fund Balance End of Year</i>	\$482	\$482	\$5,416	\$4,934

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$585	\$585	\$660	\$75
Expenditures				
Current:				
Leisure Time Activities:				
Marina				
Contractual Services	500	500	180	320
<i>Net Change in Fund Balance</i>	85	85	480	395
<i>Fund Balance Beginning of Year</i>	5,215	5,215	5,215	0
<i>Fund Balance End of Year</i>	\$5,300	\$5,300	\$5,695	\$395

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$1,700	\$1,700	\$1,378	(\$322)
Expenditures				
Current:				
Community Development:				
Enforcement and Education				
Contractual Services	1,000	1,000	0	1,000
<i>Net Change in Fund Balance</i>	700	700	1,378	678
<i>Fund Balance Beginning of Year</i>	3,826	3,826	3,826	0
<i>Fund Balance End of Year</i>	<u>\$4,526</u>	<u>\$4,526</u>	<u>\$5,204</u>	<u>\$678</u>

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$1,900	\$1,900	\$1,711	(\$189)
Other	1,400	1,400	1,952	552
<i>Total Revenues</i>	3,300	3,300	3,663	363
Expenditures				
Current:				
Public Health Services:				
Indigent Drivers				
Contractual Services	1,000	1,000	0	1,000
<i>Net Change in Fund Balance</i>	2,300	2,300	3,663	1,363
<i>Fund Balance Beginning of Year</i>	48,252	48,252	48,252	0
<i>Fund Balance End of Year</i>	<u>\$50,552</u>	<u>\$50,552</u>	<u>\$51,915</u>	<u>\$1,363</u>

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$100	\$100	\$90	(\$10)
Charges for Services	30,000	30,000	26,375	(3,625)
Interest	300	300	72	(228)
Other	1,000	1,000	0	(1,000)
<i>Total Revenues</i>	31,400	31,400	26,537	(4,863)
Expenditures				
Current:				
Community Development:				
Cemetery				
Personal Services	21,850	21,850	21,850	0
Materials and Supplies	3,371	3,371	3,153	218
Contractual Services	1,950	1,950	760	1,190
Purchased Services	5,270	5,270	4,047	1,223
<i>Total Expenditures</i>	32,441	32,441	29,810	2,631
<i>Excess of Revenues Under Expenditures</i>	(1,041)	(1,041)	(3,273)	(2,232)
Other Financing Sources				
Transfers In	0	0	5,000	5,000
<i>Net Change in Fund Balance</i>	(1,041)	(1,041)	1,727	2,768
<i>Fund Balance at Beginning of Year</i>	41,195	41,195	41,195	0
Prior Year Encumbrances Appropriated	641	641	641	0
<i>Fund Balance End of Year</i>	\$40,795	\$40,795	\$43,563	\$2,768

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$254,500	\$254,500	\$257,799	\$3,299
Intergovernmental	86,500	86,500	50,030	(36,470)
<i>Total Revenues</i>	341,000	341,000	307,829	(33,171)
Expenditures				
Current:				
Security of Persons and Property:				
Police Levy				
Personal Services	314,000	314,000	286,000	28,000
Other	33,670	33,670	32,589	1,081
<i>Total Expenditures</i>	347,670	347,670	318,589	29,081
<i>Net Change in Fund Balance</i>	(6,670)	(6,670)	(10,760)	(4,090)
<i>Fund Balance Beginning of Year</i>	12,415	12,415	12,415	0
<i>Fund Balance End of Year</i>	\$5,745	\$5,745	\$1,655	(\$4,090)

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$127,000	\$127,000	\$128,900	\$1,900
Intergovernmental	43,000	43,000	25,014	(17,986)
<i>Total Revenues</i>	<u>170,000</u>	<u>170,000</u>	<u>153,914</u>	<u>(16,086)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Fire Levy				
Personal Services	174,000	174,000	160,000	14,000
Other	3,200	3,200	2,713	487
<i>Total Expenditures</i>	<u>177,200</u>	<u>177,200</u>	<u>162,713</u>	<u>14,487</u>
<i>Net Change in Fund Balance</i>	(7,200)	(7,200)	(8,799)	(1,599)
<i>Fund Balance Beginning of Year</i>	<u>9,543</u>	<u>9,543</u>	<u>9,543</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,343</u></u>	<u><u>\$2,343</u></u>	<u><u>\$744</u></u>	<u><u>(\$1,599)</u></u>

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$3,200	\$3,200	\$0	(\$3,200)
Expenditures				
Current:				
Community Development:				
Litter Control				
Materials and Supplies	2,500	2,500	2,500	0
Purchased Services	1,000	1,000	328	672
<i>Total Expenditures</i>	3,500	3,500	2,828	672
<i>Excess of Revenues Under Expenditures</i>	(300)	(300)	(2,828)	(2,528)
Other Financing Sources				
Transfers In	0	0	2,500	2,500
<i>Net Change in Fund Balance</i>	(300)	(300)	(328)	(28)
<i>Fund Balance Beginning of Year</i>	636	636	636	0
<i>Fund Balance End of Year</i>	\$336	\$336	\$308	(\$28)

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Indigent Monitoring Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$1,400	\$1,400	\$1,745	\$345
Other	900	900	1,397	497
<i>Total Revenues</i>	2,300	2,300	3,142	842
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	2,300	2,300	3,142	842
<i>Fund Balance Beginning of Year</i>	4,346	4,346	4,346	0
<i>Fund Balance End of Year</i>	<u>\$6,646</u>	<u>\$6,646</u>	<u>\$7,488</u>	<u>\$842</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Ohio Peace Officer Training Academy (OPOTA) Grant Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Security of Persons and Property:				
OPOTA Grant				
Contractual Services	2,080	2,080	2,080	0
<i>Net Change in Fund Balance</i>	(2,080)	(2,080)	(2,080)	0
<i>Fund Balance Beginning of Year</i>	2,080	2,080	2,080	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$25,700	\$25,700	\$26,029	\$329
Fees, Licenses and Permits	120,000	120,000	124,473	4,473
Other	1,700	1,700	1,713	13
<i>Total Revenues</i>	147,400	147,400	152,215	4,815
Expenditures				
Current:				
Basic Utility Services:				
Street Lighting				
Purchased Services	151,000	151,000	151,000	0
<i>Net Change in Fund Balance</i>	(3,600)	(3,600)	1,215	4,815
<i>Fund Balance Beginning of Year</i>	6,296	6,296	6,296	0
<i>Fund Balance End of Year</i>	<u>\$2,696</u>	<u>\$2,696</u>	<u>\$7,511</u>	<u>\$4,815</u>

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Contributions and Donations	\$2,000	\$7,000	\$8,420	\$1,420
Expenditures				
Current:				
Community Development:				
Tree Commission				
Materials and Supplies	2,100	4,800	4,800	0
Capital Outlay	750	4,450	4,159	291
<i>Total Expenditures</i>	<u>2,850</u>	<u>9,250</u>	<u>8,959</u>	<u>291</u>
<i>Excess of Revenues Under Expenditures</i>	(850)	(2,250)	(539)	1,711
Other Financing Sources				
Transfers In	750	750	750	0
<i>Net Change in Fund Balance</i>	(100)	(1,500)	211	1,711
<i>Fund Balance Beginning of Year</i>	<u>1,529</u>	<u>1,529</u>	<u>1,529</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,429</u></u>	<u><u>\$29</u></u>	<u><u>\$1,740</u></u>	<u><u>\$1,711</u></u>

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$2,000	\$2,000	\$3,225	\$1,225
Interest	50	50	38	(12)
<i>Total Revenues</i>	2,050	2,050	3,263	1,213
Expenditures				
Current:				
Community Development:				
Community Housing				
Capital Outlay	1,000	1,000	0	1,000
<i>Net Change in Fund Balance</i>	1,050	1,050	3,263	2,213
<i>Fund Balance Beginning of Year</i>	4,778	4,778	4,778	0
<i>Fund Balance End of Year</i>	\$5,828	\$5,828	\$8,041	\$2,213

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$9,700	\$9,700	\$4,117	(\$5,583)
Interest	200	200	233	33
<i>Total Revenues</i>	9,900	9,900	4,350	(5,550)
Expenditures				
Current:				
Community Development:				
Economic Development				
Contractual Services	4,500	4,500	41	4,459
<i>Net Change in Fund Balance</i>	5,400	5,400	4,309	(1,091)
<i>Fund Balance Beginning of Year</i>	217,035	217,035	217,035	0
<i>Fund Balance End of Year</i>	<u>\$222,435</u>	<u>\$222,435</u>	<u>\$221,344</u>	<u>(\$1,091)</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Housing Improvement Programs (CHIPS) Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$296,530	\$296,530	\$244,080	(\$52,450)
Expenditures				
Current:				
Community Development:				
CHIPS				
Materials and Supplies	102,897	102,897	81,252	21,645
Purchased Services	243,375	243,375	212,570	30,805
<i>Total Expenditures</i>	346,272	346,272	293,822	52,450
<i>Net Change in Fund Balance</i>	(49,742)	(49,742)	(49,742)	0
<i>Fund Balance Beginning of Year</i>	49,742	49,742	49,742	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
United States Environmental Protection Agency (USEPA) Grant Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$200,000	\$200,000	\$134,017	(\$65,983)
Expenditures				
Current:				
Community Development:				
USEPA Grant				
Personal Services	184,960	184,960	118,977	65,983
<i>Excess of Revenues Over Expenditures</i>	15,040	15,040	15,040	0
Other Financing Uses				
Advances Out	(15,040)	(15,040)	(15,040)	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$21,800	\$21,800	\$21,876	\$76
Fees, Licenses and Permits	11,000	11,000	11,765	765
Charges for Services	150	150	0	(150)
Rentals	32,150	32,150	29,225	(2,925)
Contributions and Donations	500	500	2,750	2,250
Other	50	50	927	877
<i>Total Revenues</i>	<i>65,650</i>	<i>65,650</i>	<i>66,543</i>	<i>893</i>
Expenditures				
Current:				
Leisure Time Activities:				
Recreation				
Personal Services	16,265	15,865	13,941	1,924
Materials and Supplies	8,926	9,676	9,323	353
Contractual Services	270	270	195	75
Purchased Services	7,266	5,741	5,320	421
Other	3,340	5,265	5,265	0
Total Recreation	36,067	36,817	34,044	2,773
Parks				
Personal Services	23,050	23,050	18,854	4,196
Materials and Supplies	6,570	6,570	5,627	943
Contractual Services	1,900	1,900	1,191	709
Purchased Services	9,769	9,769	9,528	241
Total Parks	41,289	41,289	35,200	6,089
<i>Total Expenditures</i>	<i>77,356</i>	<i>78,106</i>	<i>69,244</i>	<i>8,862</i>
<i>Net Change in Fund Balance</i>	<i>(11,706)</i>	<i>(12,456)</i>	<i>(2,701)</i>	<i>9,755</i>
<i>Fund Balance Beginning of Year</i>	<i>10,961</i>	<i>10,961</i>	<i>10,961</i>	<i>0</i>
Prior Year Encumbrances Appropriated	1,550	1,550	1,550	0
<i>Fund Balance End of Year</i>	<i>\$805</i>	<i>\$55</i>	<i>\$9,810</i>	<i>\$9,755</i>

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$146,500	\$146,500	\$148,133	\$1,633
Intergovernmental	47,000	47,000	43,175	(3,825)
<i>Total Revenues</i>	193,500	193,500	191,308	(2,192)
Expenditures				
Current:				
Security of Persons and Property:				
Police Pension				
Personal Services	200,000	200,000	183,079	16,921
Other	4,635	4,635	3,124	1,511
<i>Total Expenditures</i>	204,635	204,635	186,203	18,432
<i>Net Change in Fund Balance</i>	(11,135)	(11,135)	5,105	16,240
<i>Fund Balance Beginning of Year</i>	58,784	58,784	58,784	0
<i>Fund Balance End of Year</i>	\$47,649	\$47,649	\$63,889	\$16,240

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$89,200	\$89,200	\$93,294	\$4,094
Intergovernmental	24,200	24,200	23,324	(876)
<i>Total Revenues</i>	113,400	113,400	116,618	3,218
Expenditures				
Current:				
Security of Persons and Property:				
Fire Pension				
Personal Services	145,000	145,000	125,058	19,942
Other	1,500	1,500	1,500	0
<i>Total Expenditures</i>	146,500	146,500	126,558	19,942
<i>Excess of Revenues Under Expenditures</i>	(33,100)	(33,100)	(9,940)	23,160
Other Financing Sources				
Transfers In	27,000	27,000	3,000	(24,000)
<i>Net Change in Fund Balance</i>	(6,100)	(6,100)	(6,940)	(840)
<i>Fund Balance Beginning of Year</i>	8,553	8,553	8,553	0
<i>Fund Balance End of Year</i>	\$2,453	\$2,453	\$1,613	(\$840)

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$228,000	\$228,000	\$230,653	\$2,653
Intergovernmental	10,000	10,000	0	(10,000)
<i>Total Revenues</i>	<u>238,000</u>	<u>238,000</u>	<u>230,653</u>	<u>(7,347)</u>
Expenditures				
Current:				
General Government:				
Capital Outlay	300,000	300,000	300,000	0
Capital Outlay:				
Street Improvement				
Capital Outlay	231,000	351,000	224,726	126,274
<i>Total Expenditures</i>	<u>531,000</u>	<u>651,000</u>	<u>524,726</u>	<u>126,274</u>
<i>Excess of Revenues Under Expenditures</i>	(293,000)	(413,000)	(294,073)	118,927
Other Financing Sources				
General Obligation Notes Issued	300,000	300,000	300,000	0
<i>Net Change in Fund Balance</i>	7,000	(113,000)	5,927	118,927
<i>Fund Balance Beginning of Year</i>	<u>155,162</u>	<u>155,162</u>	<u>155,162</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$162,162</u>	<u>\$42,162</u>	<u>\$161,089</u>	<u>\$118,927</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Office of Justice Grant Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$23,313	\$23,313	\$0	(\$23,313)
Expenditures				
Capital Outlay:				
Office of Justice Grant				
Capital Outlay	23,313	23,313	0	23,313
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

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, 2011

	<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	\$61,500	\$61,500	\$93,021	\$31,521
Expenditures				
Capital Outlay:				
Municipal Court Improvement				
Capital Outlay	<u>206,575</u>	<u>221,575</u>	<u>97,541</u>	<u>124,034</u>
<i>Net Change in Fund Balance</i>	(145,075)	(160,075)	(4,520)	155,555
<i>Fund Balance Beginning of Year</i>	183,970	183,970	183,970	0
Prior Year Encumbrances Appropriated	<u>1,575</u>	<u>1,575</u>	<u>1,575</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$40,470</u></u>	<u><u>\$25,470</u></u>	<u><u>\$181,025</u></u>	<u><u>\$155,555</u></u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Roadway Safety Improvement Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$181,371	\$181,371	\$35,782	(\$145,589)
Expenditures				
Capital Outlay:				
Road Safety Improvement				
Capital Outlay	162,504	162,504	34,687	127,817
<i>Excess of Revenues Over Expenditures</i>	18,867	18,867	1,095	(17,772)
Other Financing Uses				
Advances Out	(18,867)	(18,867)	0	18,867
<i>Net Change in Fund Balance</i>	0	0	1,095	1,095
<i>Fund Balance Beginning of Year</i>	890	890	890	0
<i>Fund Balance End of Year</i>	\$890	\$890	\$1,985	\$1,095

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Formula Grant Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$150,000	\$150,000	\$64,585	(\$85,415)
Expenditures				
Capital Outlay:				
Formula Grant				
Capital Outlay	151,562	140,782	66,147	74,635
<i>Excess of Revenues Over (Under) Expenditures</i>	(1,562)	9,218	(1,562)	(10,780)
Other Financing Uses				
Advance Out	0	(10,780)	0	10,780
<i>Net Change in Fund Balance</i>	(1,562)	(1,562)	(1,562)	0
<i>Fund Balance Beginning of Year</i>	1,562	1,562	1,562	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
FEMA Grant Fund
For the Year Ended December 31, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$23,750	\$23,750	\$23,750	\$0
Expenditures				
Capital Outlay:				
FEMA Grant				
Capital Outlay	23,750	23,750	23,750	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$39,500	\$39,500	\$39,872	\$372
Expenditures				
Capital Outlay:				
Capital Improvement				
Capital Outlay	80,188	91,388	67,359	24,029
Debt Service:				
Principal Retirement	15,333	15,333	15,333	0
Interest and Fiscal Charges	6,000	6,000	5,599	401
Total Debt Service	21,333	21,333	20,932	401
<i>Total Expenditures</i>	101,521	112,721	88,291	24,430
<i>Net Change in Fund Balance</i>	(62,021)	(73,221)	(48,419)	24,802
<i>Fund Balance Beginning of Year</i>	43,115	43,115	43,115	0
Prior Year Encumbrances Appropriated	30,188	30,188	30,188	0
<i>Fund Balance End of Year</i>	\$11,282	\$82	\$24,884	\$24,802

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STATISTICAL SECTION

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Statistical Section

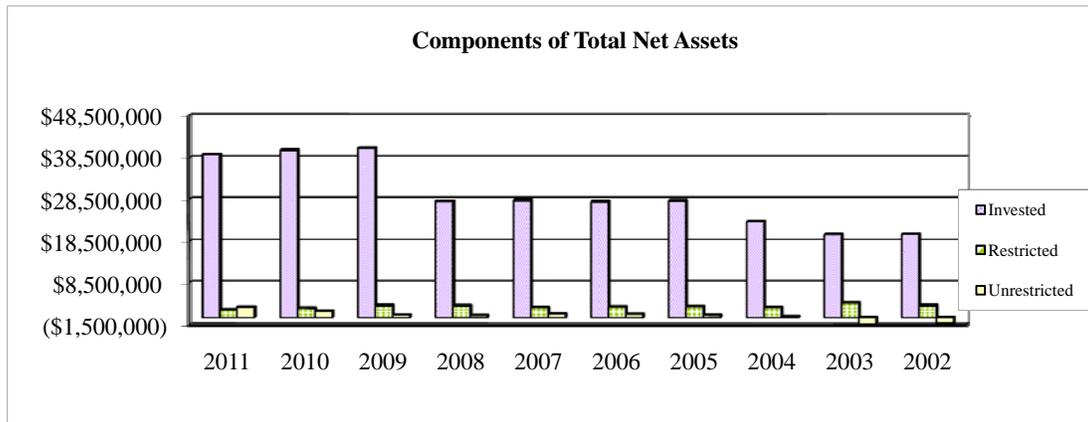
This part of the City of Conneaut, Ohio's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Contents	Pages(s)
<i>Financial Trends</i>	<i>S2 – S13</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>S14 – S23</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>S24 – S31</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>S32 – S35</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>S36 – S45</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 Ten Years
(Accrual Basis of Accounting)

	2011	2010	2009	2008
Governmental Activities				
Invested in Capital Assets	\$27,291,348	\$28,696,100	\$29,749,095	\$17,147,964
Restricted:				
Capital Projects	625,348	616,736	996,700	1,086,874
Debt Service	327,230	576,190	686,581	784,246
Street Construction, Maintenance and Repair	241,401	342,702	357,308	328,839
Community Housing	0	4,778	12,013	10,105
Economic Development	223,944	223,752	223,301	232,096
USEPA	60,223	184,960	193,195	0
Other Purposes	503,024	395,117	454,658	424,486
Unrestricted (Deficit)	1,452,738	400,613	100,450	(99,466)
<i>Total Governmental Activities Net Assets</i>	<u>30,725,256</u>	<u>31,440,948</u>	<u>32,773,301</u>	<u>19,915,144</u>
Business Type - Activities				
Invested in Capital Assets, Net of Related Debt	11,935,329	11,515,121	10,970,211	10,794,002
Unrestricted (Deficit)	1,191,639	1,243,770	586,161	618,321
<i>Total Business-Type Activities Net Assets</i>	<u>13,126,968</u>	<u>12,758,891</u>	<u>11,556,372</u>	<u>11,412,323</u>
Primary Government				
Invested in Capital Assets, Net of Related Debt	39,226,677	40,211,221	40,719,306	27,941,966
Restricted	1,981,170	2,344,235	2,923,756	2,866,646
Unrestricted (Deficit)	2,644,377	1,644,383	686,611	518,855
<i>Total Primary Government Net Assets</i>	<u>\$43,852,224</u>	<u>\$44,199,839</u>	<u>\$44,329,673</u>	<u>\$31,327,467</u>



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

2007	2006	2005	2004	2003	2002
\$17,632,445	\$17,359,101	\$17,803,818	\$13,885,124	\$14,369,780	\$14,187,443
328,198	300,157	153,012	165,563	440,452	389,896
875,896	924,154	1,064,561	978,890	1,723,937	1,259,673
262,384	355,363	499,673	427,146	0	0
53,730	153,734	163,939	102,376	0	0
324,232	494,102	483,025	476,127	0	0
0	0	0	0	0	0
586,281	456,124	352,894	279,820	1,336,163	1,295,364
350,902	553,320	205,338	(173,066)	(1,292,211)	(782,351)
20,414,068	20,596,055	20,726,260	16,141,980	16,578,121	16,350,025
10,543,038	10,515,764	10,235,723	9,226,252	5,527,010	5,787,226
511,375	283,302	326,986	347,250	(122,561)	(481,075)
11,054,413	10,799,066	10,562,709	9,573,502	5,404,449	5,306,151
28,175,483	27,874,865	28,039,541	23,111,376	19,896,790	19,974,669
2,430,721	2,683,634	2,717,104	2,429,922	3,500,552	2,944,933
862,277	836,622	532,324	174,184	(1,414,772)	(1,263,426)
\$31,468,481	\$31,395,121	\$31,288,969	\$25,715,482	\$21,982,570	\$21,656,176

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

	2011	2010	2009	2008
Program Revenues				
Governmental Activities:				
Charges for Services and Assessments:				
General Government	\$348,583	\$302,039	\$426,290	\$158,783
Security of Persons and Property	556,754	457,176	658,859	530,394
Public Health Services	58,426	64,244	39,544	34,644
Leisure Time Activities	46,378	52,911	56,026	49,113
Community Development	54,225	65,170	75,456	57,247
Basic Utility Services	124,473	125,004	0	0
Transportation	53,406	58,621	54,333	44,742
Subtotal - Charges for Services	<u>1,242,245</u>	<u>1,125,165</u>	<u>1,310,508</u>	<u>874,923</u>
Operating Grants and Contributions:				
General Government	0	0	0	4,578
Security of Persons and Property	156,429	175,617	189,911	220,073
Public Health Services	0	44,121	22,879	1,385
Leisure Time Activities	2,750	1,940	0	4,395
Community Development	255,725	219,613	230,219	226,539
Transportation	626,342	361,059	591,731	684,981
Subtotal - Operating Grants and Contributions	<u>1,041,246</u>	<u>802,350</u>	<u>1,034,740</u>	<u>1,141,951</u>
Capital Grants and Assessments:				
General Government	23,750	0	219,607	721,800
Security of Persons and Property	0	0	23,313	0
Public Health Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Development	179,640	0	0	0
Transportation (1)	25,283	24,626	45,505	148,737
Subtotal - Capital Grants and Assessments	<u>228,673</u>	<u>24,626</u>	<u>288,425</u>	<u>870,537</u>
<i>Total Governmental Activities</i>				
<i>Program Revenues</i>	<u>2,512,164</u>	<u>1,952,141</u>	<u>2,633,673</u>	<u>2,887,411</u>
Business-Type Activities:				
Charges for Services:				
Water	2,063,031	2,116,230	2,077,360	1,951,756
Sewer	2,383,343	2,408,925	2,001,905	2,003,945
Operating Grants and Contributions				
Sewer	0	0	0	0
Capital Grants and Assessments				
Water	0	91,414	178,560	4,040
Sewer	67,973	112,476	118,292	16,478
<i>Total Business-Type Activities</i>				
<i>Program Revenues</i>	<u>4,514,347</u>	<u>4,729,045</u>	<u>4,376,117</u>	<u>3,976,219</u>
<i>Total Primary Government</i>				
<i>Program Revenues</i>	<u>\$7,026,511</u>	<u>\$6,681,186</u>	<u>\$7,009,790</u>	<u>\$6,863,630</u>

2007	2006	2005	2004	2003
\$176,418	\$186,469	\$177,001	\$219,503	\$173,490
508,332	453,497	442,365	420,384	419,527
38,655	37,551	41,523	38,628	27,573
47,501	43,313	39,984	38,274	38,016
65,921	55,708	59,353	58,627	54,662
0	0	0	0	0
67,008	4,300	0	0	3,817
<u>903,835</u>	<u>780,838</u>	<u>760,226</u>	<u>775,416</u>	<u>717,085</u>
5,649	6,995	6,721	7,216	10,310
18,655	48,451	21,894	29,577	19,143
4,716	16,231	60,738	47,785	27,494
1,878	13,941	54,191	331	1,608
106,897	249,202	326,568	388,570	237,914
702,427	657,215	693,931	625,609	573,917
<u>840,222</u>	<u>992,035</u>	<u>1,164,043</u>	<u>1,099,088</u>	<u>870,386</u>
82,883	159,621	98,004	0	5,803
0	25,319	141,361	0	0
0	0	23,767	0	0
0	0	596	0	0
0	0	8,830	156,358	215,639
5,759	5,800	4,614,458	3,843,114	1,792
<u>88,642</u>	<u>190,740</u>	<u>4,887,016</u>	<u>3,999,472</u>	<u>223,234</u>
<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>
1,922,216	1,785,302	1,802,540	1,842,561	1,604,060
1,944,689	1,879,332	1,847,344	1,706,244	1,500,517
0	0	0	10,003	0
13,383	30,075	0	0	9,938
29,859	10,615	504,342	0	137,903
<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>
<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 Nine Years
(Accrual Basis of Accounting)

	2011	2010	2009	2008
Expenses				
<i>Governmental Activities:</i>				
General Government	\$1,424,515	\$1,226,765	\$1,167,792	\$1,254,299
Security of Persons and Property	3,043,520	3,362,411	3,590,030	3,888,488
Public Health Services	211,538	312,558	148,494	359,428
Leisure Time Activities	141,303	136,287	131,575	77,711
Community Development	513,096	310,981	150,557	501,093
Basic Utility Services	155,121	109,837	149,308	43,877
Transportation	2,628,167	2,321,555	1,917,512	2,376,287
Interest and Fiscal Charges	111,373	132,375	135,715	157,917
<i>Total Governmental Activities Expenses</i>	<u>8,228,633</u>	<u>7,912,769</u>	<u>7,390,983</u>	<u>8,659,100</u>
<i>Business-Type Activities</i>				
Water	2,183,135	1,576,246	2,350,298	1,755,161
Sewer	1,982,892	1,959,232	1,899,102	1,865,615
<i>Total Business-Type Activities Expenses</i>	<u>4,166,027</u>	<u>3,535,478</u>	<u>4,249,400</u>	<u>3,620,776</u>
<i>Total Primary Government Program Expenses</i>	<u>12,394,660</u>	<u>11,448,247</u>	<u>11,640,383</u>	<u>12,279,876</u>
Net (Expense)/Revenue				
Governmental Activities	(5,716,469)	(5,960,628)	(4,757,310)	(5,771,689)
Business-Type Activities	348,320	1,193,567	126,717	355,443
<i>Total Primary Government Net Expense</i>	<u><u>(\$5,368,149)</u></u>	<u><u>(\$4,767,061)</u></u>	<u><u>(\$4,630,593)</u></u>	<u><u>(\$5,416,246)</u></u>

2007	2006	2005	2004	2003
\$1,308,725	\$1,406,409	\$1,183,087	\$1,463,838	\$998,850
3,527,501	3,387,785	3,299,875	3,039,526	3,097,076
432,807	374,896	355,171	320,256	353,790
115,777	94,657	94,950	92,522	100,480
294,546	467,034	411,062	583,977	437,292
31,975	32,500	32,500	32,500	0
2,420,821	2,449,845	2,232,242	2,265,269	1,677,028
178,252	195,947	191,188	229,363	259,709
<u>8,310,404</u>	<u>8,409,073</u>	<u>7,800,075</u>	<u>8,027,251</u>	<u>6,924,225</u>
1,763,839	1,711,495	1,653,560	1,627,086	1,560,300
<u>1,769,365</u>	<u>1,802,037</u>	<u>1,517,578</u>	<u>1,400,021</u>	<u>1,622,502</u>
<u>3,533,204</u>	<u>3,513,532</u>	<u>3,171,138</u>	<u>3,027,107</u>	<u>3,182,802</u>
<u>11,843,608</u>	<u>11,922,605</u>	<u>10,971,213</u>	<u>11,054,358</u>	<u>10,107,027</u>
(6,477,705)	(6,445,460)	(988,790)	(2,153,275)	(5,113,520)
<u>376,943</u>	<u>191,792</u>	<u>983,088</u>	<u>531,701</u>	<u>69,616</u>
<u>(\$6,100,762)</u>	<u>(\$6,253,668)</u>	<u>(\$5,702)</u>	<u>(\$1,621,574)</u>	<u>(\$5,043,904)</u>

(continued)

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

	2011	2010	2009	2008
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Taxes:				
Property Taxes Levied For:				
General Purposes	\$355,721	\$345,426	\$357,971	\$327,807
Debt Service	146,123	198,163	214,134	226,055
Other Purposes	756,686	626,793	648,490	635,997
Municipal Income Taxes levied for:				
General Purposes	2,028,347	1,913,724	1,953,905	1,791,008
Capital Outlay	274,515	258,999	230,716	278,447
Street Construction, Maintenance and Repair	458,270	133,594	536,238	731,338
Other Purposes	48,613	45,862	48,681	45,113
Hotel Taxes	18,744	15,925	18,902	0
Grants and Entitlements not Restricted to Specific Programs	675,631	897,681	800,550	1,157,451
Franchise Taxes	130,915	125,997	152,708	0
Investment Earnings	2,935	4,071	7,655	51,195
Gain on Sale of Capital Assets	20,056	0	6,469	7,953
Miscellaneous	84,221	62,040	57,142	20,401
Special Item - Capital Contribution (2)	0	0	12,595,661	0
Transfers	0	0	(13,755)	0
<i>Total Governmental Activities</i>	<u>5,000,777</u>	<u>4,628,275</u>	<u>17,615,467</u>	<u>5,272,765</u>
Business-Type Activities				
Gain on Sale of Capital Assets	4,768	0	0	0
Miscellaneous	14,989	8,952	3,577	2,467
Transfers	0	0	13,755	0
<i>Total Business-Type Activities</i>	<u>19,757</u>	<u>8,952</u>	<u>17,332</u>	<u>2,467</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>5,020,534</u>	<u>4,637,227</u>	<u>17,632,799</u>	<u>5,275,232</u>
Change in Net Assets				
Governmental Activities	(715,692)	(1,332,353)	12,858,157	(498,924)
Business-Type Activities	368,077	1,202,519	144,049	357,910
<i>Total Primary Government Change in Net Assets</i>	<u>(\$347,615)</u>	<u>(\$129,834)</u>	<u>\$13,002,206</u>	<u>(\$141,014)</u>

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

(2) During 2009, the Ohio Department of Transportation completed construction of the City's Parrish Road bridge. 95 percent of the funding was contributed capital from the Ohio Department of Transportation.

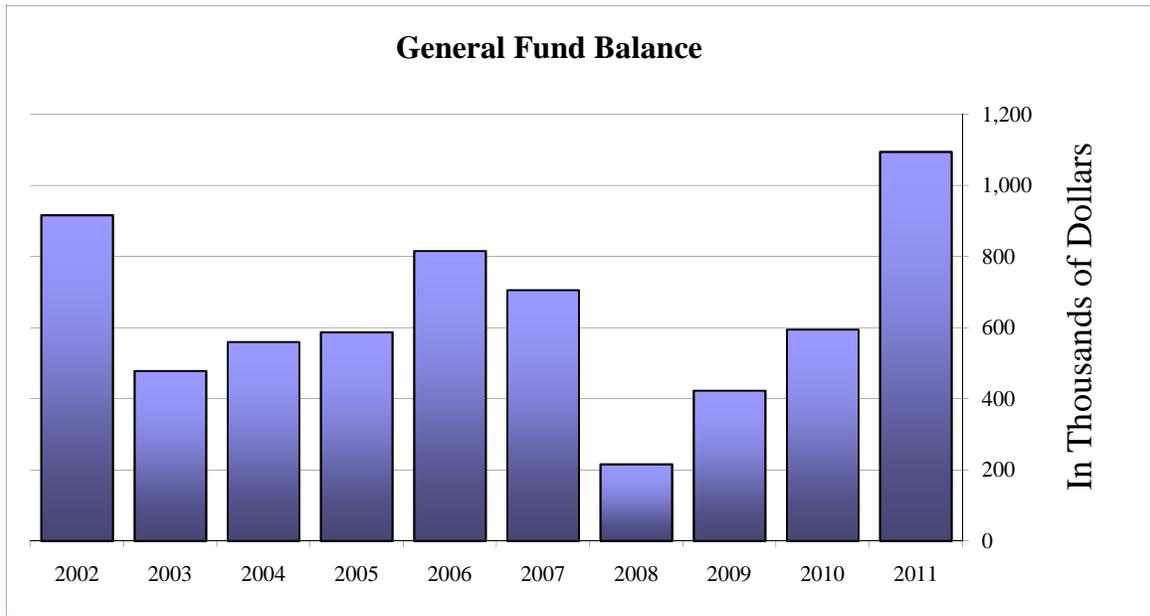
2007	2006	2005	2004	2003
\$401,371	\$419,938	\$390,798	\$311,222	\$279,872
275,546	316,107	312,684	309,290	564,949
707,006	721,649	666,808	719,660	552,003
2,030,350	2,015,340	2,035,114	1,960,666	1,948,508
317,487	309,969	47,183	45,457	45,174
845,549	839,298	847,493	816,488	0
56,221	55,850	56,441	54,374	862,927
0	0	0	0	0
1,122,971	1,196,117	1,045,596	937,225	1,015,299
0	0	0	0	0
139,919	147,560	73,016	25,400	20,472
7,303	0	3,593	0	8,277
56,620	293,427	94,344	170,568	55,158
0	0	0	0	0
0	0	0	0	(11,023)
<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>
239	0	0	0	0
10,877	44,565	6,119	4,136	17,659
0	0	0	0	11,023
<u>11,116</u>	<u>44,565</u>	<u>6,119</u>	<u>4,136</u>	<u>28,682</u>
<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>
(517,362)	(130,205)	4,584,280	3,197,075	228,096
<u>388,059</u>	<u>236,357</u>	<u>989,207</u>	<u>535,837</u>	<u>98,298</u>
<u>(\$129,303)</u>	<u>\$106,152</u>	<u>\$5,573,487</u>	<u>\$3,732,912</u>	<u>\$326,394</u>

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

	2011	2010	2009	2008
General Fund				
Nonspendable	\$52,597	\$53,077	n/a	n/a
Assigned	345,329	18,035	n/a	n/a
Unassigned	695,947	523,368	n/a	n/a
Reserved	n/a	n/a	\$9,478	\$10,063
Unreserved	n/a	n/a	412,981	205,180
Total General Fund	1,093,873	594,480	422,459	215,243
All Other Governmental Funds				
Nonspendable	59,912	66,205	n/a	n/a
Restricted	1,098,644	2,055,894	n/a	n/a
Committed	46,874	14,153	n/a	n/a
Unassigned (Deficit)	(430,812)	(144,163)	n/a	n/a
Reserved	n/a	n/a	24,228	57,471
Unreserved, Undesignated, Reported in:				
Special Revenue funds	n/a	n/a	559,643	909,427
Debt Service funds	n/a	n/a	572,348	675,692
Capital Projects funds (Deficit)	n/a	n/a	873,648	904,996
Total All Other Governmental Funds	774,618	1,992,089	2,029,867	2,547,586
Total Governmental Funds	\$1,868,491	\$2,586,569	\$2,452,326	\$2,762,829

Note: The City implemented GASB 54 during 2011.

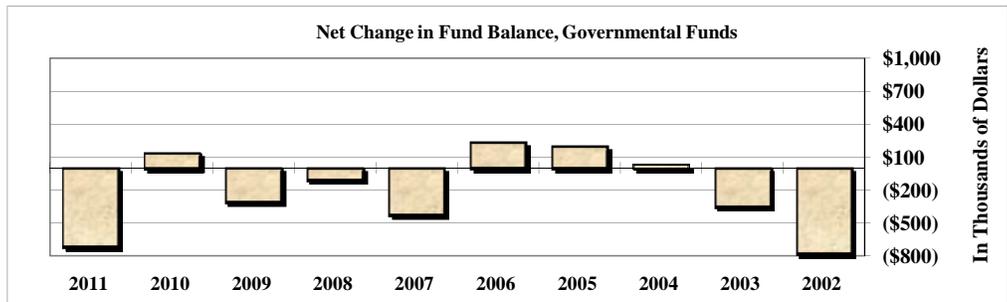
n/a - Information not available.



2007	2006	2005	2004	2003	2002
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
\$12,326	\$31,333	\$37,837	\$18,093	\$37,759	\$55,890
692,944	783,991	549,024	541,313	440,468	860,023
705,270	815,324	586,861	559,406	478,227	915,913
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a	n/a
111,035	347,586	335,390	318,871	357,704	397,945
972,650	1,216,277	1,122,472	880,223	697,461	1,190,000
764,661	799,830	812,744	823,267	1,019,542	987,926
313,671	254,831	347,238	430,440	432,388	(160,321)
2,162,017	2,618,524	2,617,844	2,452,801	2,507,095	2,415,550
\$2,867,287	\$3,433,848	\$3,204,705	\$3,012,207	\$2,985,322	\$3,331,463

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

	2011	2010	2009	2008
Revenues				
Property Taxes	\$1,047,455	\$1,285,434	\$1,196,921	\$1,200,633
Municipal Income Taxes	2,771,887	2,392,978	2,709,105	2,966,852
Hotel Taxes	18,744	15,925	18,902	0
Special Assessments	125,719	117,447	140,026	156,324
Intergovernmental	2,015,466	1,960,327	2,065,713	2,564,852
Fees, Licenses and Permits	686,084	698,995	822,684	204,923
Fines and Forfeitures	316,679	256,964	249,793	203,988
Rentals	89,720	51,000	53,050	53,985
Charges for Services	47,210	31,000	120,092	327,059
Contributions and Donations	26,036	27,917	27,212	36,335
Interest	2,935	4,071	7,655	51,195
Franchise Taxes	144,227	125,799	139,594	0
Other	84,221	62,040	57,142	20,401
<i>Total Revenues</i>	<u>7,376,383</u>	<u>7,029,897</u>	<u>7,607,889</u>	<u>7,786,547</u>
Expenditures				
Current:				
General Government	1,338,173	1,205,449	1,103,255	1,189,657
Security of Persons and Property	2,847,980	3,205,587	3,589,404	3,679,873
Public Health Services	223,038	312,852	192,405	334,167
Leisure Time Activities	112,259	113,391	107,704	95,067
Community Development	505,419	302,117	161,431	485,474
Basic Utilities Services	155,125	109,837	149,308	43,877
Transportation	1,129,878	1,090,117	1,174,475	1,543,137
Capital Outlay	1,402,792	538,330	952,076	482,922
Debt Service:				
Principal Retirement	1,283,255	439,156	477,512	447,015
Principal Retirement - Current Refunding	26,000	26,000	34,000	87,000
Interest and Fiscal Charges	117,198	127,253	140,956	167,254
Bond Issuance Costs	8,400	0	0	0
<i>Total Expenditures</i>	<u>9,149,517</u>	<u>7,470,089</u>	<u>8,082,526</u>	<u>8,555,443</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,773,134)</u>	<u>(440,192)</u>	<u>(474,637)</u>	<u>(768,896)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	20,056	0	10,800	39,439
Loans Issued	0	574,435	153,334	500,000
General Obligation Bonds Issued	735,000	0	0	0
General Obligation Notes Issued	399,000	125,000	151,000	185,000
OPWC Loans Issued	0	0	0	0
Inception of Capital Lease	0	0	0	74,999
Current Refunding	(99,000)	(125,000)	(151,000)	(135,000)
Transfers In	36,250	60,750	77,265	100,350
Transfers Out	(36,250)	(60,750)	(77,265)	(100,350)
<i>Total Other Financing Sources (Uses)</i>	<u>1,055,056</u>	<u>574,435</u>	<u>164,134</u>	<u>664,438</u>
<i>Net Change in Fund Balances</i>	<u>(\$718,078)</u>	<u>\$134,243</u>	<u>(\$310,503)</u>	<u>(\$104,458)</u>
Debt Service as a Percentage of Noncapital Expenditures	17.8%	8.6%	9.8%	8.8%



2007	2006	2005	2004	2003	2002
\$1,374,642	\$1,428,751	\$1,363,150	\$1,337,280	\$1,384,418	\$1,167,642
3,264,412	3,134,220	2,943,847	2,923,195	2,853,586	2,915,116
0	0	0	0	0	0
160,405	166,702	189,379	180,452	192,303	193,627
2,024,833	2,340,638	2,216,747	2,229,617	2,061,404	2,382,224
342,916	240,568	220,080	215,398	203,354	160,328
209,448	228,014	242,279	266,244	205,562	316,122
53,525	49,750	50,300	48,175	50,650	53,700
288,911	271,371	271,404	206,512	215,756	299,190
34,114	46,641	31,183	31,101	21,796	15,693
139,919	147,560	73,016	25,400	20,472	49,366
0	0	0	0	0	0
56,620	293,427	94,344	170,568	55,158	125,119
7,949,745	8,347,642	7,695,729	7,633,942	7,264,459	7,678,127
1,187,788	1,279,596	1,151,220	1,327,360	933,160	1,229,947
3,680,658	3,330,567	3,237,997	2,956,531	2,893,422	3,157,782
429,521	368,283	353,791	316,299	345,026	309,837
141,403	93,265	123,314	73,907	81,764	89,930
318,168	473,387	405,487	526,196	419,650	435,169
31,975	32,500	32,500	32,500	0	0
1,592,808	1,714,041	1,390,496	1,496,163	1,486,627	1,634,703
418,959	445,600	81,983	291,904	706,298	856,052
412,952	315,870	434,866	1,180,444	1,226,119	461,268
82,000	90,500	0	0	0	0
189,969	193,157	199,533	225,379	246,288	283,170
0	0	0	0	0	0
8,486,201	8,336,766	7,411,187	8,426,683	8,338,354	8,457,858
(536,456)	10,876	284,542	(792,741)	(1,073,895)	(779,731)
7,303	10,000	13,456	0	8,277	0
0	0	0	0	0	0
0	0	0	0	0	0
203,500	297,000	387,500	788,000	730,500	0
0	0	0	31,626	0	0
103,764	208,267	0	0	0	0
(203,500)	(297,000)	(493,000)	0	0	0
116,750	104,750	143,406	279,950	312,411	314,800
(116,750)	(104,750)	(143,406)	(279,950)	(323,434)	(314,800)
111,067	218,267	(92,044)	819,626	727,754	0
(\$425,389)	\$229,143	\$192,498	\$26,885	(\$346,141)	(\$779,731)
8.9%	8.0%	9.5%	20.9%	23.9%	10.9%

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
2011	\$122,619,790	\$32,124,220	\$442,125,743	\$5,705,250	\$6,483,239
2010	131,694,650	35,376,140	477,345,114	5,527,720	6,281,500
2009	131,441,760	35,607,370	477,283,229	5,304,940	6,028,341
2008	131,378,020	34,138,410	472,904,086	5,451,860	6,195,295
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

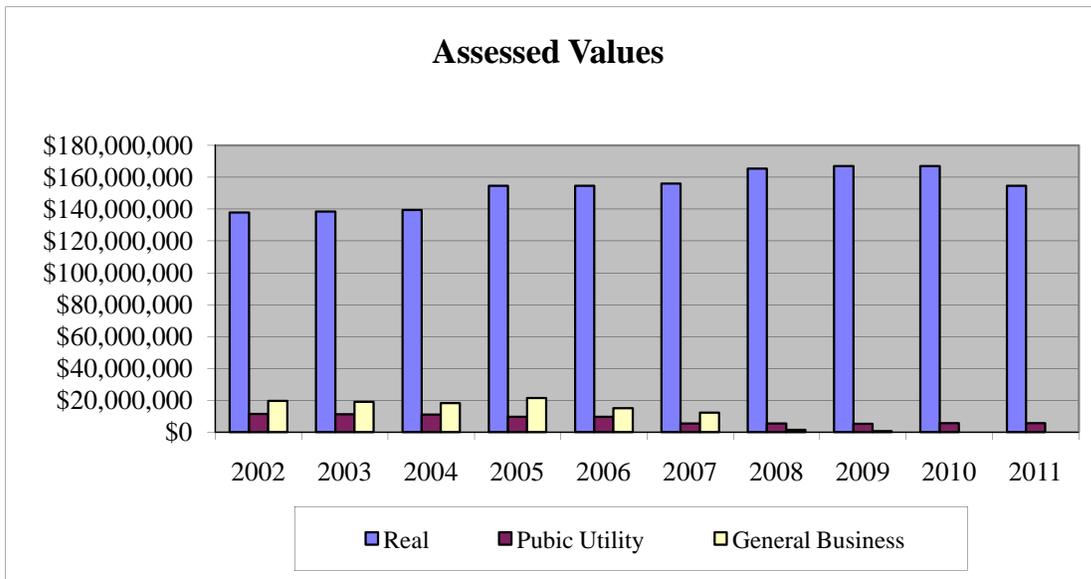
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

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 was phased out beginning in 2006. Both types of general business tangible personal property were assessed at 12.5 for 2007, 6.25 percent for 2008 and zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes were levied or collected in 2010 from general business taxpayers (except telephone companies whose last year to pay tangible personal property tax was in 2010). During 2011, the City did not include an assessed value for general business tangible personal property.

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 percent, 2 1/2 percent and homestead exemptions before being billed. The 10 percent rollback for commercial/industrial property was eliminated in 2006.

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	
\$0	\$0	\$160,449,260	\$448,608,981	35.77%	\$6.67
0	0	172,598,510	483,626,614	35.69	7.51
641,975	10,271,600	172,996,045	493,583,169	35.05	7.50
1,357,800	21,724,800	172,326,090	500,824,181	34.41	7.51
12,120,220	96,961,760	173,627,630	548,969,295	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



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

	2011	2010	2009	2008	2007
Unvoted Millage					
Operating	\$2.2000	\$2.0000	\$2.0000	\$2.0000	\$2.0000
Fire Pension	0.6300	0.6300	0.4400	0.4400	0.4400
Police Pension	0.8000	1.0000	1.1900	1.1900	1.1900
Bond Sinking Fund	0.0000	0.0000	0.0000	0.0000	0.0000
<i>Total Unvoted Millage</i>	3.6300	3.6300	3.6300	3.6300	3.6300
Voted Millage - by levy					
1977 Bond	0.0000	0.0000	0.0000	0.0000	0.0000
1977 Police					
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
1986 Bond	0.0000	0.4400	0.4400	0.4400	0.6400
1995 Library Bond	0.7300	0.8300	0.8300	0.8300	0.8300
2000 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
2003 Police Operating					
Residential/Agricultural Real	1.85270	1.72580	1.72480	1.7236	1.8075
Commercial/Industrial and Public Utility Real	1.93870	1.74400	1.73520	1.7606	1.9114
General Business and Public Utility Personal	2.00000	2.00000	2.00000	2.0000	2.0000
2005 Fire					
Residential/Agricultural Real	0.9264	0.8629	0.8624	0.8618	0.9038
Commercial/Industrial and Public Utility Real	0.9693	0.8720	0.8676	0.8803	0.9557
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	\$3.5091	\$3.8587	\$3.8572	\$3.8554	\$4.1813
Commercial/Industrial and Public Utility Real	3.6380	3.8860	3.8728	3.9109	4.3371
General Business and Public Utility Personal	3.7300	4.2700	4.2700	4.2700	4.4700
<i>Total Millage by Type of Property</i>					
Residential/Agricultural Real	\$7.1391	\$7.4887	\$7.4872	\$7.4854	\$7.8113
Commercial/Industrial and Public Utility Real	7.2680	7.5160	7.5028	7.5409	7.9671
General Business and Public Utility Personal	7.3600	7.9000	7.9000	7.9000	8.1000

2006	2005	2004	2003	2002
\$2.1900	\$2.1900	\$1.7900	\$1.5900	\$1.5900
0.4400	0.4400	0.4400	0.4400	0.4400
1.0000	1.0000	1.4000	1.4000	1.4000
0.0000	0.0000	0.0000	0.2000	0.2000
3.6300	3.6300	3.6300	3.6300	3.6300
0.0000	0.0000	0.0000	1.0500	1.0500
0.0000	0.0000	0.0000	0.6137	0.6137
0.0000	0.0000	0.0000	0.7790	0.7790
0.0000	0.0000	0.0000	2.0000	2.0000
0.7400	0.9500	0.9500	1.0500	1.0500
0.9300	1.0900	1.0900	1.2400	1.2400
0.0000	0.8273	0.8273	0.8270	0.8270
0.0000	0.8491	0.8488	0.8472	0.8472
0.0000	1.0000	1.0000	1.0000	1.0000
1.8070	2.0000	2.0000	0.0000	0.0000
1.9075	2.0000	2.0000	0.0000	0.0000
2.0000	2.0000	2.0000	0.0000	0.0000
0.9035	0.8273	0.8273	0.8270	0.8270
0.9538	0.8491	0.8488	0.8472	0.8472
1.0000	1.0000	1.0000	1.0000	1.0000
\$4.3805	\$5.6946	\$5.6946	\$5.6077	\$5.6077
4.5313	5.7382	5.7376	5.8134	5.8134
4.6700	6.0400	6.0400	7.3400	7.3400
\$8.0105	\$9.3246	\$9.3246	\$9.2377	\$9.2377
8.1613	9.3682	9.3676	9.4434	9.4434
8.3000	9.6700	9.6700	10.9700	10.9700

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

	2011	2010	2009	2008	2007
Overlapping Rates by Taxing District					
Conneaut City School District					
Residential/Agricultural Real	\$25.5424	\$24.4838	\$24.4735	\$24.4579	\$24.5244
Commercial/Industrial and Public Utility Real	26.5549	24.5714	24.5103	24.5311	24.7382
General Business and Public Utility Personal	37.6300	37.6300	37.6300	37.6300	37.6300
Ashtabula County					
Residential/Agricultural Real	8.9922	8.5409	8.5335	8.5375	8.9780
Commercial/Industrial and Public Utility Real	9.9223	9.4041	9.2994	9.2655	9.7795
General Business and Public Utility Personal	11.0200	11.0200	11.0200	11.0300	11.0300
Special Taxing Districts (1)					
Residential/Agricultural Real	2.5972	3.3998	3.2237	3.2207	3.7273
Commercial/Industrial and Public Utility Real	2.6574	3.3966	3.2468	3.2461	3.8383
General Business and Public Utility Personal	4.2600	5.2500	5.2500	5.2500	5.7500

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 are reduced so that inflationary increases in value do not generate additional taxes.

Debt service levies are designed to raise a fixed amount of revenue each year. A rate is set each year so that when it is applied to the total assessed value, that fixed amount is generated.

(1) Park District, Joint Vocational School

2006	2005	2004	2003	2002
\$24.5371	\$26.0001	\$25.9999	\$25.9940	\$25.9940
24.6535	28.3117	28.3061	28.2686	28.2686
37.6300	45.8300	45.8300	45.8300	45.8300
8.4057	9.0059	9.0043	7.6712	7.6712
9.4488	9.8486	9.8242	8.4814	8.4814
11.0300	11.0300	11.0300	9.7000	9.7000
3.4773	3.6199	3.6197	3.1184	3.1184
3.6471	3.8448	3.8353	3.3287	3.3287
5.7500	5.7500	5.7500	5.2500	5.2500

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)
2011	\$1,281,428	\$1,149,689	89.72 %	\$60,441	\$1,210,130
2010	1,366,669	1,286,146	94.11	61,699	1,347,845
2009	1,361,376	1,234,909	90.71	81,875	1,316,784
2008	1,366,449	1,250,191	91.49	56,280	1,306,471
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

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.

Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.

<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>
94.44 %	\$243,668	19.02 %
98.62	32,593	2.38
96.72	147,644	10.85
95.61	123,970	9.07
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

City of Conneaut, Ohio
Principal Real Property Taxpayers
 2011 and 2005 (1)

<i>2011</i>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Real Assessed Valuation
Cascade Ohio, Inc.	\$2,374,386	1.54 %
Inn At the Lake	1,969,562	1.27
CSP of Ohio	1,787,044	1.15
Emster XV, LLC	1,583,708	1.02
CVS	1,466,136	0.95
Mobile Grove Limited	1,214,864	0.79
Inn Con Health Care	1,200,556	0.78
Highland Place	1,120,196	0.72
Kolman Enterprise	1,101,730	0.71
Union Railroad	1,043,420	0.67
Total	\$14,861,602	9.60 %
Total Real Assessed Valuation	\$154,744,010	

<i>2005</i>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Real Assessed Valuation
Cleveland Electric Illuminating Company	\$5,978,690	3.87 %
Conneaut Telephone	2,963,770	1.92
Theresa Talarico	1,223,200	0.79
East Ohio Gas	1,073,710	0.69
Highland Place	980,580	0.63
Norfolk Southern Rail Road	852,410	0.55
Consolidated Railroad Corp.	796,040	0.52
Union Railroad	789,700	0.51
Bessemer and Lake Erie Railroad	700,750	0.45
General Electric	613,070	0.40
Total	\$15,971,920	10.33 %
Total Real Assessed Valuation	\$154,656,010	

(1) Information prior to 2005 is not available.

Source: Ashtabula County Auditor

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

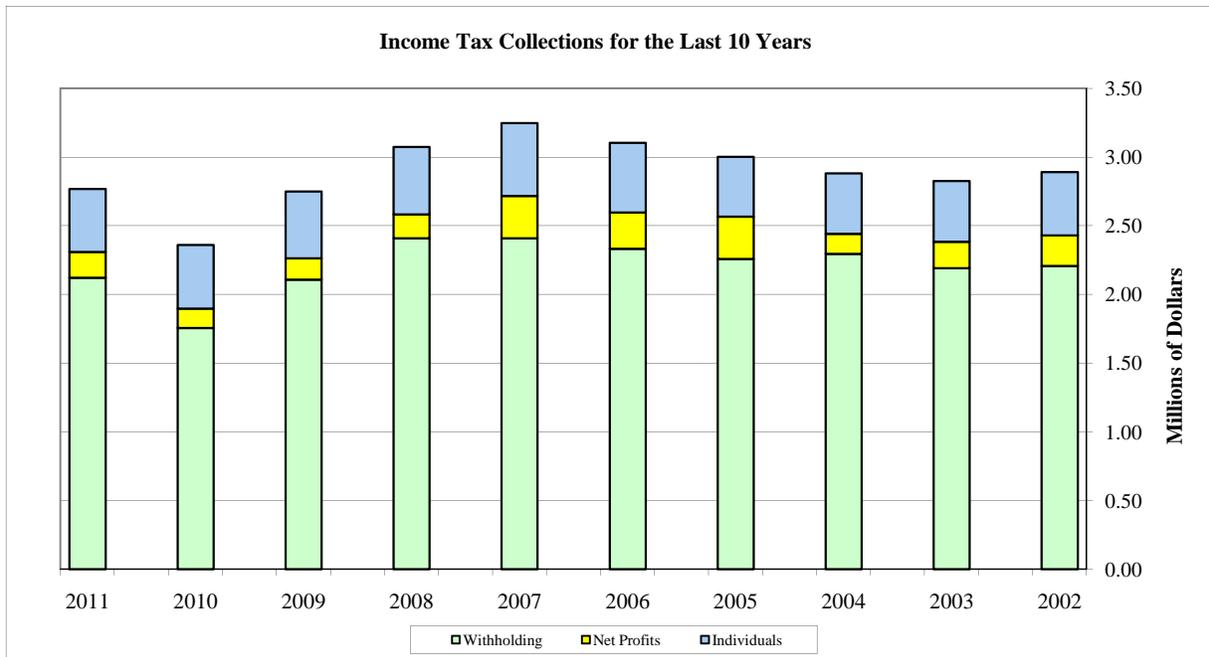
Tax Year	Tax Rate (2)	Total Tax Collected (1)	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2011	1.80%	\$2,768,926	\$2,121,702	76.62%	\$188,782	6.82%	\$458,442	16.56%
2010	1.80	2,360,141	1,755,009	74.36	142,990	6.06	462,142	19.58
2009	1.80	2,750,298	2,108,614	76.67	154,590	5.62	487,094	17.71
2008	1.80	3,073,413	2,410,323	78.42	172,210	5.60	490,880	15.97
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	0.75	263,019	0.08	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

(1) Cash Basis of Accounting

(2) Effective January 1, 2006 City of Conneaut Electors voted to increase the City income tax by .15 percent to generate proceeds to be used for the paving of local streets.

Note: The City is statutory and is prohibited from presenting individual taxpayers.

Source: City Financial Records



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	OWDA Loans	OPWC Loans	Bond Anticipation Notes	Capital Leases	Loans
2011	\$645,000	\$753,536	\$21,349	\$399,000	\$37,104	\$1,111,053
2010	940,000	879,237	22,930	125,000	80,649	1,193,481
2009	1,145,000	999,827	24,511	151,000	158,346	653,334
2008	1,350,000	1,115,517	26,092	242,000	256,587	500,000
2007	1,555,000	1,226,509	27,673	329,000	261,030	0
2006	1,760,000	1,332,998	29,254	467,000	201,148	0
2005	1,965,000	1,435,168	30,835	557,500	0	0
2004	2,170,000	1,539,243	31,626	788,000	0	0
2003	2,525,000	1,634,187	0	730,500	0	0
2002	2,880,000	1,713,717	0	0	0	0

(1) Personal Income and Population Data are located on S34.

Source: City Financial Records

Business-Type Activities								
General Obligation Bonds	OWDA Loans	OPWC Loans	Bond Anticipation Notes	Loans	Capital Leases	Total Debt	Percentage of Personal Income (1)	Per Capita (1)
\$460,000	\$3,441,654	\$364,657	\$200,000	\$1,178,287	\$0	\$8,611,640	3.93%	\$670.64
530,895	3,750,911	305,621	240,000	1,379,949	0	9,448,673	4.31	735.82
601,018	4,236,568	345,077	280,000	306,666	0	8,901,347	4.85	712.96
671,141	4,700,557	384,536	0	0	0	9,246,430	5.04	740.60
741,264	5,143,931	423,995	10,000	0	34,751	9,753,153	5.31	781.19
811,387	5,402,913	464,225	20,000	0	68,570	10,557,495	5.75	845.61
880,000	5,030,125	504,456	20,000	0	0	10,423,084	5.67	834.85
950,000	2,788,046	528,865	30,000	0	0	8,825,780	4.81	706.91
1,020,000	3,039,770	530,142	40,000	0	0	9,519,599	5.19	762.48
1,090,000	3,262,042	451,445	50,000	0	0	9,447,204	5.15	756.68

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 (3)			Ratio of Bonded Debt to Estimated True Values of Taxable Property	Bonded Debt Per Capital
			Governmental	Business- Type	Total		
2011	12,841	\$448,608,981	\$645,000	\$460,000	\$1,105,000	0.25%	\$86.05
2010	12,841	483,626,614	940,000	530,895	1,470,895	0.30	114.55
2009	12,485	493,583,169	1,145,000	601,018	1,746,018	0.35	139.85
2008	12,485	500,824,181	1,350,000	670,000	2,020,000	0.40	161.79
2007	12,485	548,969,295	1,555,000	740,000	2,295,000	0.42	183.82
2006	12,485	512,924,472	1,760,000	810,000	2,570,000	0.34	205.85
2005	12,485	538,781,685	1,965,000	880,000	2,845,000	0.53	227.87
2004	12,485	483,802,418	2,170,000	950,000	3,120,000	0.64	249.90
2003	12,485	484,576,791	2,525,000	1,020,000	3,545,000	0.73	283.94
2002	12,485	485,076,865	2,880,000	1,090,000	3,970,000	0.82	317.98

Sources:

- (1) 2011 - 2010 The U.S. Bureau of Census, 2010 Federal Census of Population
2001 - 2009 The U.S. Bureau of Census, 2000 Federal Census of Population
- (2) Ashtabula County Auditor
- (3) Includes only general obligation bonds.

City of Conneaut, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2011

Jurisdiction	Governmental Activities Debt	Percentage Applicable to City (1)	Amount Applicable to City of Conneaut
Direct			
General Obligation Bonds	\$645,000	100.00 %	\$645,000
OWDA Loans	753,536	100.00	753,536
Loans	1,111,053	100.00	1,111,053
OPWC Loans	21,349	100.00	21,349
Bond Anticipation Notes	399,000	100.00	399,000
Capital Leases	37,104	100.00	37,104
<i>Total Direct Debt</i>	<u>2,967,042</u>		<u>2,967,042</u>
Overlapping			
Ashtabula County			
General Obligation Bonds	6,059,400	9.83	595,639
OWDA Loans	14,585,046	9.83	1,433,710
OPWC Loans	1,458,094	9.83	143,331
Private Activity Bond	78,679	9.83	7,734
Capital Leases	289,079	9.83	28,416
Conneaut City School District			
General Obligation Bonds	6,434,850	88.27	5,680,042
<i>Total Overlapping Debt</i>	<u>28,905,148</u>		<u>7,888,874</u>
Total	<u><u>\$31,872,190</u></u>		<u><u>\$10,855,916</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

Legal Debt Margin

Last Ten Years

	2011	2010	2009	2008
Total Assessed Property Value	<u>\$160,449,260</u>	<u>\$172,598,510</u>	<u>\$172,996,045</u>	<u>\$172,326,090</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$1,105,000	\$1,470,000	\$1,745,000	\$2,020,000
OWDA Loans	4,195,190	4,630,148	5,236,395	5,816,074
OPWC Loans	386,006	328,551	369,588	410,628
Bond Anticipation Notes	880,000	691,000	1,090,000	667,000
Loans	<u>2,289,340</u>	<u>2,573,430</u>	<u>960,000</u>	<u>500,000</u>
Total Gross Indebtedness	8,855,536	9,693,129	9,400,983	9,413,702
Less:				
Bond Anticipation Notes	(151,000)	(301,000)	(510,905)	(517,000)
OPWC Loans	(386,006)	(328,551)	(369,588)	(410,628)
OWDA Loans	(4,195,190)	(4,630,148)	(5,236,395)	(5,816,074)
General Obligation Bond Retirement Fund Balance	<u>(178,020)</u>	<u>(394,447)</u>	<u>(449,671)</u>	<u>(511,302)</u>
Total Net Debt Applicable to Debt Limit	<u>3,945,320</u>	<u>4,038,983</u>	<u>2,834,424</u>	<u>2,158,698</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>16,847,172</u>	<u>18,122,844</u>	<u>18,164,585</u>	<u>18,094,239</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$12,901,852</u>	<u>\$14,083,861</u>	<u>\$15,330,161</u>	<u>\$15,935,541</u>
Legal Debt Margin as a Percentage of the Debt Limit	76.58%	77.71%	84.40%	88.07%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	<u>\$8,824,709</u>	<u>\$9,492,918</u>	<u>\$9,514,782</u>	<u>\$9,477,935</u>
Total Gross Indebtedness	8,855,536	9,693,129	9,400,983	9,413,702
Less:				
Bond Anticipation Notes	(151,000)	(301,000)	(510,905)	(517,000)
Special Assessment Bonds	0	0	0	0
OPWC Loans	(386,006)	(328,551)	(369,588)	(410,628)
OWDA Loans	(4,195,190)	(4,630,148)	(5,236,395)	(5,816,074)
General Obligation Bond Retirement Fund Balance	<u>(178,020)</u>	<u>(394,447)</u>	<u>(449,671)</u>	<u>(511,302)</u>
Net Debt Within 5 ½ % Limitations	<u>3,945,320</u>	<u>4,038,983</u>	<u>2,834,424</u>	<u>2,158,698</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$4,879,389</u>	<u>\$5,453,935</u>	<u>\$6,680,358</u>	<u>\$7,319,237</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	55.29%	57.45%	70.21%	77.22%

Source: City Financial Records

2007	2006	2005	2004	2003	2002
<u>\$173,627,630</u>	<u>\$179,267,950</u>	<u>\$185,775,740</u>	<u>\$168,637,470</u>	<u>\$168,772,540</u>	<u>\$168,791,430</u>
\$2,295,000	\$2,570,000	\$2,845,000	\$3,120,000	\$3,545,000	\$3,970,000
6,370,440	6,735,911	6,465,293	4,327,289	4,673,957	4,975,759
451,668	493,479	535,291	560,491	530,142	451,445
796,000	1,007,500	1,168,000	1,358,000	1,390,500	2,067,000
0	0	0	0	0	0
9,913,108	10,806,890	11,013,584	9,365,780	10,139,599	11,464,204
(621,000)	(857,500)	(1,168,000)	(1,358,000)	(1,390,500)	(2,067,000)
(451,668)	(493,479)	(535,291)	(560,491)	(530,142)	(451,445)
(6,370,440)	(6,735,911)	(6,465,293)	(4,327,289)	(4,673,957)	(4,975,759)
(563,506)	(568,788)	(548,375)	(529,397)	(691,568)	(649,469)
1,906,494	2,151,212	2,296,625	2,590,603	2,853,432	3,320,531
18,230,901	18,823,135	19,506,453	17,706,934	17,721,117	17,723,100
<u>\$16,324,407</u>	<u>\$16,671,923</u>	<u>\$17,209,828</u>	<u>\$15,116,331</u>	<u>\$14,867,685</u>	<u>\$14,402,569</u>
89.54%	88.57%	88.23%	85.37%	83.90%	81.26%
<u>\$9,549,520</u>	<u>\$9,859,737</u>	<u>\$10,217,666</u>	<u>\$9,275,061</u>	<u>\$9,282,490</u>	<u>\$9,283,529</u>
9,913,108	10,806,890	11,013,584	9,365,780	10,139,599	11,464,204
(621,000)	(857,500)	(1,168,000)	(1,358,000)	(1,390,500)	(2,067,000)
0	0	0	0	0	0
(451,668)	(493,479)	(535,291)	(560,491)	(530,142)	(451,445)
(6,370,440)	(6,735,911)	(6,465,293)	(4,327,289)	(4,673,957)	(4,975,759)
(563,506)	(568,788)	(548,375)	(529,397)	(691,568)	(649,469)
1,906,494	2,151,212	2,296,625	2,590,603	2,853,432	3,320,531
<u>\$7,643,026</u>	<u>\$7,708,525</u>	<u>\$7,921,041</u>	<u>\$6,684,458</u>	<u>\$6,429,058</u>	<u>\$5,962,998</u>
80.04%	78.18%	77.52%	72.07%	69.26%	64.23%

City of Conneaut, Ohio
Pledged Revenue Coverage
Revenue Debt - Water Fund
*Last Nine Years **

Year	Operating Revenue	Expenses, Net of Depreciation **	Net Revenue Available for Debt Service	Debt Service Requirement***			Coverage
				Principal	Interest	Total	
2011	\$2,075,076	\$1,748,927	\$326,149	\$58,795	\$9,572	\$68,367	4.77
2010	2,119,609	1,287,132	832,477	54,894	10,882	65,776	12.66
2009	2,078,764	2,092,618	(13,854)	53,642	12,131	65,773	(0.21)
2008	1,953,085	1,504,597	448,488	25,174	0	25,174	17.82
2007	1,927,268	1,518,447	408,821	25,174	0	25,174	16.24
2006	1,789,744	1,463,394	326,350	25,174	0	25,174	12.96
2005	1,806,950	1,502,413	304,537	15,549	0	15,549	19.59
2004	1,845,374	1,409,385	435,989	25,174	0	25,174	17.32
2003	1,607,215	1,359,943	247,272	19,250	0	19,250	12.85

* Information prior to 2003 is not available.

** Total operating expenses exclusive of depreciation.

*** Revenue debt includes OWDA and OPWC loans payable solely from net revenues in the water enterprise fund.

Source: City Financial Records

City of Conneaut, Ohio
Pledged Revenue Coverage
Revenue Debt - Sewer Fund
*Last Nine Years **

Year	Operating Revenue	Expenses, Net of Depreciation **	Net Revenue Available for Debt Service	Debt Service Requirement***			Coverage
				Principal	Interest	Total	
2011	\$2,386,287	\$1,489,917	\$896,370	\$480,714	\$133,660	\$614,374	1.46
2010	2,414,498	1,454,173	960,325	470,219	158,406	628,625	1.53
2009	2,004,078	1,372,948	631,130	449,806	173,721	623,527	1.01
2008	2,005,083	1,376,937	628,146	14,285	0	14,285	43.97
2007	1,950,514	1,267,503	683,011	15,056	0	15,056	45.36
2006	1,919,455	1,379,547	539,908	15,057	0	15,057	35.86
2005	1,849,053	1,313,869	535,184	8,860	0	8,860	60.40
2004	1,707,567	1,112,494	595,073	13,936	0	13,936	42.70
2003	1,515,021	1,302,451	212,570	20,537	0	20,537	10.35

* Information prior to 2003 is not available.

** Total operating expenses exclusive of depreciation.

*** Revenue debt includes OWDA and OPWC loans payable solely from net revenues in the sewer enterprise fund.

Source: City Financial Records

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

2011

Employer	Employees	Percentage of Total City Employment
Conneaut Schools	330	7.28%
University Heights Hospital System	328	7.23
CSP	277	6.10
Management Training Corporation	235	5.18
General Aluminum	178	3.92
ES3 Management	173	3.81
Cascade Ohio	146	3.22
Ashtabula County	135	2.97
City of Conneaut	104	2.29
Lukjan Metal Products	101	2.23
Total	<u>2,007</u>	<u>44.23%</u>
Total Employment within the City	<u>4,538</u>	

2002

Employer	Employees	Percentage of Total City Employment
Conneaut Schools	467	8.06%
Cascade Ohio	375	6.47
Management Training Corporation	370	6.38
General Aluminum	335	5.78
Venture Holdings	290	5.01
Brown Memorial Hospital	264	4.56
Ashtabula County	178	3.07
Lukjan Metal Products	166	2.86
P & C Dock	135	2.33
General Electric	121	2.09
Total	<u>2,701</u>	<u>46.61%</u>
Total Employment within the City	<u>5,795</u>	

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

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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>
2011	12,841	\$219,131,665	\$17,065	\$38,250	40
2010	12,841	219,131,665	17,065	38,250	40
2009	12,485	183,566,955	14,703	31,717	38
2008	12,485	183,566,955	14,703	31,717	38
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

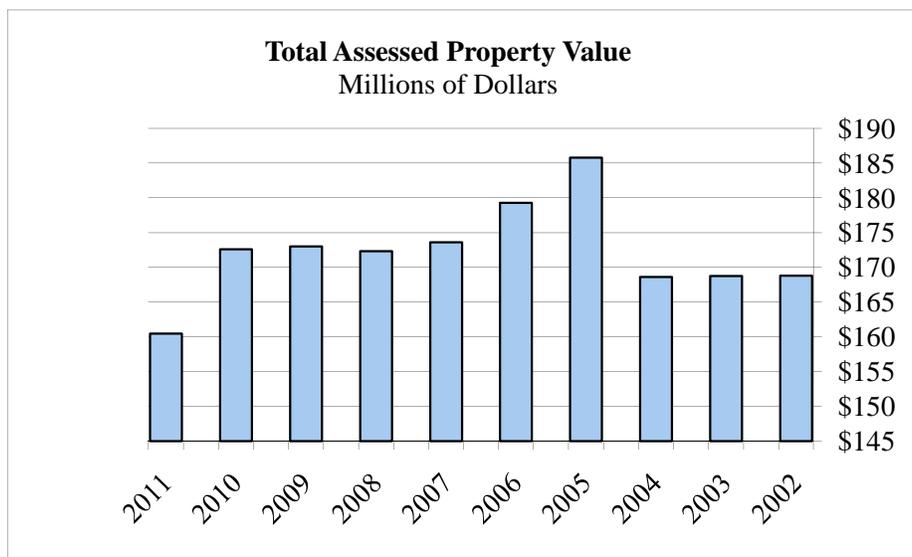
(1) 2011 - 2010 The U.S. Bureau of Census, 2010 Federal Census of Population

2001 - 2009 The U.S. Bureau of Census, 2000 Federal Census of Population

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

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

(4) The unemployment rate for the City is unavailable. County rate obtained from Ohio Labor Market Information.



Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Ashtabula County Unemployment Rate (4)	Average Sales Price of Residential Property	Total Assessed Property Value
11.2%	2,054	9.3%	\$52,750	\$160,449,260
11.2	2,269	11.9	51,661	172,598,510
9.9	2,242	14.2	54,542	172,996,045
9.9	2,316	10.4	70,800	172,326,090
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



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

Function/Program	2011	2010	2009	2008
General Government				
Council	7.00	7.00	7.00	7.00
Clerk of Council	1.00	1.00	1.00	1.00
City Manager	2.00	2.00	2.00	2.00
Finance	3.50	3.50	3.50	4.00
Law	2.00	2.50	2.50	2.50
Court	7.00	6.00	6.00	6.00
Public Building	0.00	0.00	0.00	1.00
Security of Persons and Property				
Police	16.00	19.00	19.00	20.00
Police - Dispatchers	4.00	4.00	4.00	4.00
Police - Jailers	0.00	0.00	0.00	2.00
Fire	10.00	10.00	10.00	12.00
Ambulance	5.00	5.00	5.00	5.00
Public Health Services				
Health	2.50	3.00	3.00	4.00
Cemetery	1.00	1.00	1.00	1.00
Leisure Time Activities				
Recreation	1.50	1.50	1.50	1.50
Community Environment				
Litter Control/Recycling	0.00	1.00	1.00	1.00
Housing/Zoning	0.50	1.00	1.00	1.00
Transportation				
Street/Public Works	15.00	17.00	17.00	17.00
Basic Utility Services				
Water	15.00	16.00	16.00	16.00
Sewer	11.00	12.00	12.00	12.00
Totals:	<u>104.00</u>	<u>112.50</u>	<u>112.50</u>	<u>120.00</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

Source: City Financial Records

2007	2006	2005	2004	2003
7.00	7.00	7.00	7.00	7.00
1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00
4.00	4.00	4.00	4.00	4.00
2.50	2.50	2.50	2.50	2.50
6.00	6.00	6.00	6.00	6.00
1.00	1.00	1.00	1.00	1.00
20.00	20.00	20.00	21.00	20.00
4.00	4.00	4.00	4.00	4.00
2.00	2.00	2.00	2.00	2.00
12.00	12.00	12.00	12.00	12.00
5.00	5.00	5.00	5.00	5.00
4.00	4.00	4.00	4.00	4.00
1.00	1.00	1.00	1.00	1.00
1.50	1.50	1.50	2.50	2.50
1.00	1.00	1.00	1.50	1.50
1.00	1.00	1.00	1.00	1.00
18.00	19.00	19.00	20.00	21.00
16.00	16.00	16.00	17.00	17.00
12.00	12.00	12.00	12.00	13.00
<u>121.00</u>	<u>122.00</u>	<u>122.00</u>	<u>126.50</u>	<u>127.50</u>

City of Conneaut, Ohio
Operating Indicators by Function/Program
Last Ten Years

Function/Program	2011	2010	2009
General Government			
<i>Council and Clerk</i>			
Number of Ordinances Passed	112	107	123
Number of Resolutions Passed	8	11	19
<i>Finance Department</i>			
Number of checks/vouchers issued	3,321	3,230	3,530
Amount of checks written	\$15,117,766	\$13,879,192	\$13,559,134
Interest earnings for fiscal year (cash basis)	\$2,935	\$3,828	\$6,005
Number of Receipts issued	541	458	492
Number of Budget Adjustments issued	6	11	6
Agency Ratings - Moody's Financial Services	Aaa	Aaa	Aaa
Health Insurance Costs vs General Fund Expenditures %	12.04%	11.28%	11.50%
General Fund Receipts (cash basis)	\$4,250,115	\$4,281,343	\$4,212,709
General Fund Expenditures (cash basis)	\$3,767,922	\$4,199,979	\$4,057,218
General Fund Cash Balances	\$833,058	\$326,480	\$250,054
<i>Income Tax Department</i>			
Number of Individual Returns	4,031	4,282	4,274
Number of Business Returns	456	436	436
Number of business withholding accounts	515	482	458
Amount of Penalties and Interest Collected	\$27,399	\$32,550	\$31,843
Annual number of Corporate withholding forms processed	2,240	2,130	2,024
Annual number of balance due statements forms processed	984	917	838
Annual number of estimated payment forms processed	1,481	1,554	1,366
Annual number of reconciliations of withholdings processed	515	482	451
<i>Engineer Contracted Services</i>			
Dollar amount of Construction overseen by Engineer	\$784,499	\$78,518	\$808,877
<i>Municipal Court</i>			
Number of Civil Cases	282	333	359
Number of Criminal cases	907	929	1,011
<i>Vital Statistics</i>			
Certificates Filed			
Number of Births	0	1	0
Number of Deaths	110	111	95
Certificates Issued			
Number of Births	420	472	542
Number of Deaths	595	525	486
Burial Permits Issued	143	152	127
<i>Civil Service</i>			
Number of police entry tests administered	1	0	1
Number of fire entry tests administered	0	1	0
Number of police promotional tests administered	0	0	0
Number of fire promotional tests administered	1	1	0
Number of hires of Police Officers from certified lists	0	1	1
Number of hires of Fire/Medics from certified lists	1	0	0
Number of promotions from police certified lists	0	0	0
Number of promotions from fire certified lists	1	0	0

2008	2007	2006	2005	2004	2003	2002
109	137	119	103	113	71	107
11	11	11	14	15	25	14
4,185	4,151	4,180	4,028	4,057	4,261	4,349
\$13,537,185	\$13,307,015	\$13,826,892	\$14,585,601	\$12,809,304	\$12,324,078	\$12,784,149
\$39,844	\$137,706	\$147,999	\$72,406	\$25,819	\$21,034	\$46,589
557	601	625	605	647	690	632
10	8	199	228	153	104	176
Aaa						
14.47%	11.69%	12.09%	27.08%	22.24%	15.81%	17.09%
\$4,094,106	\$4,013,767	\$4,121,658	\$4,285,854	\$4,359,963	\$4,147,920	\$3,831,131
\$4,406,869	\$4,377,923	\$4,162,789	\$4,220,797	\$4,548,212	\$4,218,236	\$4,348,569
\$108,742	\$428,286	\$634,371	\$475,564	\$410,507	\$598,756	\$612,777
4,239	4,525	4,420	4,690	4,502	4,408	4,500
406	459	442	549	527	516	528
433	498	461	402	411	390	394
\$25,959	\$28,968	\$28,833	\$13,628	\$17,483	\$16,724	\$20,403
1,914	2,201	2,036	2,188	2,214	2,228	2,228
734	537	533	560	543	527	511
1,441	1,446	134	130	126	122	119
433	498	461	402	411	390	394
\$241,089	\$231,566	\$672,773	\$3,101,284	\$216,293	\$220,197	\$438,302
413	352	245	377	323	357	356
915	1,143	1,051	648	638	559	493
2	1	0	2	148	357	204
144	133	140	129	109	559	137
652	754	754	641	854	768	853
857	578	673	643	662	505	611
151	146	170	163	161	166	180
0	0	0	1	0	1	0
1	1	0	0	1	0	1
0	1	0	0	0	0	0
0	0	0	0	1	0	0
0	2	0	0	0	0	0
0	0	0	0	0	0	0
0	1	2	0	0	0	0
0	0	0	0	1	0	0

(continued)

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

Function/Program	2011	2010	2009
<i>Building Department Indicators</i>			
Construction Permits			
Estimated Value of Construction	\$748,499	\$2,198,791	\$1,605,848
Number of permits issued	148	131	121
Amount of Revenue generated from permits	\$4,652	\$4,172	\$4,504
Security of Persons and Property			
<i>Police</i>			
Total Calls for Services	21,912	25,026	25,400
911 Calls Answered	4,429	6,706	6,982
Arrests/Citations	2,199	2,049	908
Community Policing Hours	8,847	9,455	9,258
DARE Graduates	0	0	0
Investigations	2,813	2,969	2,895
Jail Inmates	273	256	241
Vehicle Crashes	230	288	322
Prisoner costs	\$6,709	\$11,332	\$9,850
Gasoline costs of fleet	\$29,989	\$31,757	\$25,690
<i>Fire</i>			
EMS Calls	1,575	1,701	1,429
Fire Calls	89	95	85
Fires with Loss	80	40	36
Fires with Losses exceeding \$10K	3	3	3
Fire Losses	\$363,650	\$162,950	\$505,200
Fire Safety Inspections	79	34	69
Number of times Mutual Aid given to Fire and EMS	27	25	54
Number of times Mutual Aid received for Fire and EMS	42	12	7
Public Health Services			
Cemetery burials	54	47	50
Cemetery sale of lots	9	12	18
Cemetery receipts	\$24,565	\$27,390	\$38,115
Leisure Time Activities			
<i>Recreation</i>			
City Tax	\$21,876	\$24,300	\$24,300
Softball Fees	7,850	9,475	7,000
Facilities rentals	29,075	31,000	33,450
Total Recreation Department receipts	<u>\$58,801</u>	<u>\$64,775</u>	<u>\$64,750</u>

2008	2007	2006	2005	2004	2003	2002
\$1,470,693	\$541,353	\$4,786,353	\$5,670,500	\$12,043,897	\$32,931,058	\$15,212,407
126	171	222	174	203	245	264
\$4,523	\$8,074	\$10,395	\$12,012	\$12,572	\$16,061	\$20,174
25,976	26,233	28,480	20,700	19,542	19,315	19,875
7,093	5,784	4,700	4,000	3,315	3,300	3,250
2,058	223	2,539	2,558	2,525	2,440	2,907
7,100	5,950	6,042	4,872	5,875	6,371	4,822
0	0	0	250	225	275	280
3,332	3,284	3,384	3,709	3,301	3,549	4,623
337	331	339	404	459	552	618
345	329	415	343	337	340	365
\$14,191	\$13,591	\$14,314	\$12,190	\$10,631	\$11,352	\$10,152
\$50,417	\$38,313	\$34,977	\$30,705	\$23,548	\$24,147	\$19,709
1,728	1,744	1,504	2,228	1,930	1,901	2,222
78	89	130	120	136	92	104
36	33	34	22	35	25	23
3	11	9	6	5	7	9
\$613,695	\$613,695	\$338,450	\$325,300	\$167,105	\$546,150	\$500,005
35	170	190	90	105	110	130
18	32	16	5	12	16	20
12	30	30	10	10	12	15
56	69	59	50	52	44	54
14	24	16	27	22	26	26
\$31,531	\$38,278	\$29,180	\$32,552	\$32,449	\$30,333	\$34,496
\$24,282	\$25,665	\$25,375	\$26,123	\$25,065	\$24,581	\$25,160
8,010	7,200	6,538	830	900	450	900
9,985	33,525	32,600	33,300	31,175	32,400	34,300
<u>\$42,277</u>	<u>\$66,390</u>	<u>\$64,513</u>	<u>\$60,253</u>	<u>\$57,140</u>	<u>\$57,431</u>	<u>\$60,360</u>

(continued)

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

Function/Program	2011	2010	2009
Transportation			
Street Improvements - asphalt overlay (linear feet)	8,092	8,580	7,985
Crackseal Coating Program (Miles)	31	4	0
Street Repair (Curbs, aprons, berms, asphalt) (hours)	2,198	784	2,441
Paint Striping (hours)	231	104	145
Street Sweeper (hours)	390	360	303
Cold Patch (hours)	482	248	651
Snow and Ice Removal regular hours	1,743	1,824	1,616
Snow and Ice Removal overtime hours	492	391	239
Storm Sewer Calls for Service - Sewer Jet Regular Hours	1,280	432	203
Storm Sewer Calls for Service - Sewer Jet Overtime Hours	6	0	0
Sewer Crew (hours)	1,114	400	415
Landscaping Stump-Chipper service (hours)	0	0	0
Leaf collection (hours)	0	0	652
Holiday lights setup (hours)	16	16	16
Street/Traffic Signs (Hours)	646	510	464
Equipment repair/body shop (hours)	5,760	6,240	6,240
Number of Trees Planted per year	0	0	0
Tons of snow melting salt purchased (Nov-Mar)	899	776	773
Cost of salt purchased	\$40,522	\$43,921	\$48,842
Water Department			
Water Rates per 1st 2,000 gallons of water	\$17.24	\$17.24	\$17.24
Avg. number of water accounts billed monthly (Cubic Feet)	4,900	4,900	4,900
Total Water Collections Annually (Including Principal and Interest)	\$2,103,537	\$2,068,133	\$2,215,799
Wastewater Department			
Wastewater Rates per 1st 300 Cubic feet of water used	\$19.76	\$19.76	\$17.18
Total flow of wastewater treatment plant (Billions of Gallons)	1.212	0.694	0.846
Average daily flow (Millions of gallons per day)	3.316	1.902	2.324
Tons of dry sludge removed	186.06	268.91	281.39

Source: City Financial Records and Departments

2008	2007	2006	2005	2004	2003	2002
13,800	23,800	23,940	55,940	3,700	21,950	39,750
6	5	18	20	20	15	10
1,032	1,780	1,360	864	768	672	576
350	400	400	400	400	400	400
156	640	520	480	490	450	370
554	1,100	880	900	1,020	1,180	1,120
7,960	8,950	8,320	9,600	10,240	10,880	11,520
737	732	705	641	580	670	502
2,080	2,080	2,080	2,080	2,080	2,080	2,080
0	0	0	0	0		
707	1,700	1,500	1,500	1,500	1,500	1,500
100	150	120	130	90	120	100
96	3,200	3,400	3,100	3,400	3,500	3,800
16	16	16	16	16	16	16
394	240	240	240	240	240	240
6,240	6,240	6,240	6,240	6,240	6,240	6,240
0	0	450	0	400	0	0
1,100	1,450	1,475	1,000	1,350	1,400	1,700
\$43,115	\$48,560	\$54,058	\$44,304	\$42,655	\$36,291	\$54,152
\$16.29	\$15.84	\$14.94	\$14.37	\$13.82	\$13.82	\$11.18
4,900	4,900	4,880	4,880	4,880	4,875	4,862
\$1,947,755	\$1,904,311	\$1,831,609	\$1,754,163	\$1,734,988	\$1,690,796	\$1,445,843
\$16.74	\$15.82	\$15.22	\$13.98	\$12.84	\$12.47	\$11.64
0.992	0.876	0.918	0.916	0.927	0.954	0.750
2.713	2.402	2.516	2.515	2.539	2.608	2.476
299.30	197.46	295.78	599.16	452.42	364.00	250.82

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

Function/Program	2011	2010	2009	2008
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	20
Fire				
Stations	2	2	2	3
Square Footage Occupied	12,880	12,880	12,880	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	22
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

Source: City Financial Records

2007	2006	2005	2004	2003	2002
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
20	20	20	22	19	21
3	3	3	3	3	3
14,880	14,880	14,880	14,880	14,880	14,880
10	10	10	10	10	10
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
565	565	565	565	564	564
22	22	22	23	23	23
60.00	60.00	60.00	60.00	60.00	60.00
35.00	35.00	35.00	35.00	35.00	35.00
91	91	91	91	91	91
9	9	9	9	9	10

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Dave Yost • 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 16, 2012**