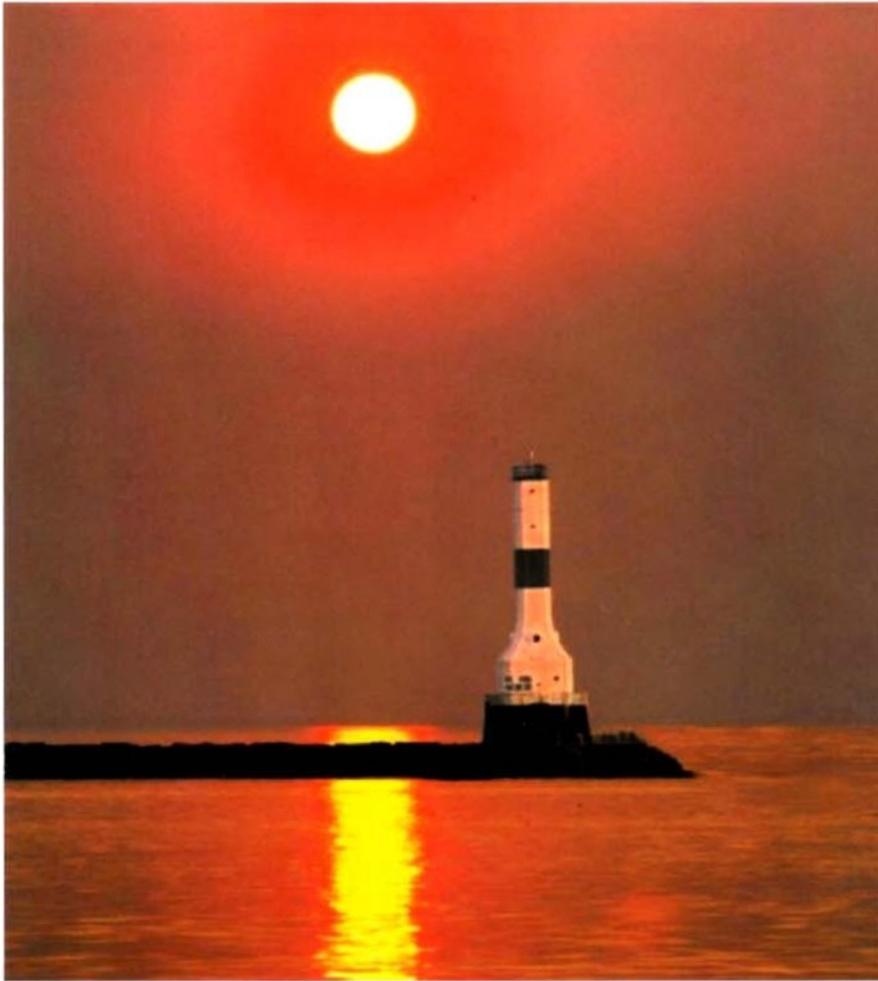


CITY OF CONNEAUT, OHIO



Comprehensive Annual Financial Report
For The Year Ended December 31, 2012

INTRODUCTORY SECTION

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CITY OF CONNEAUT, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2012

ISSUED BY THE DEPARTMENT OF FINANCE

John Williams, J.D., CPA,

FINANCE DIRECTOR

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City of Conneaut, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2012
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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

August 30, 2013

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 unmodified ("clean") opinion of the City of Conneaut's financial statements for the year ended December 31, 2012. 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

Employment by the City's top ten employers has increased slightly from 2011, however, their relative percentage of total employment in the City has decreased, which is an indication that smaller businesses within the City are employing more workers. The local economy continues to improve, but many of the City's largest employers have not returned to pre-recession employment levels, particularly those employers that are affiliated with the housing industry. Unemployment in Ashtabula County has remained about the same as last year at around nine percent. While the recovery has been slower than anticipated, the effects of the recession are beginning to dissipate, as income tax collections were more robust, increasing by nearly \$310,000 (cash basis) or 11.19 percent from 2011.

Real estate assessed valuation was \$186,327,820, which was an increase of 16.13 percent or \$25,878,560 from 2011. This significant increase in assessed valuation was due primarily through the addition of the Lake Erie Correctional Institution on the tax rolls. The prison was sold to a private company and the real estate became subject to real estate taxes. Home sales have showed some improvement with the median sales price increasing to \$76,000. Foreclosures continue to present a problem, as more people have been unable to make their mortgage payments. The value of new construction increased by \$195,000 from 2011, while the number of zoning permits remained the same as the previous year.

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. With the construction of the East Conneaut Industrial Park now complete, the City Manager and City Council have been working diligently to attract business and industry to the park. Several potential projects are in the works. 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 CRA (Community Reinvestment Area) 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.

The Conneaut Port Authority has been working with the City Manager, City Council, and other agencies to help create a container shipping facility, with the potential of creating a substantial number of jobs at the port. 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.

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 undesignated 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 exceeded in 2012, 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.

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 CDBG, OPWC, 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.

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 \$16,000 annually. All of the revenue generated from these wells will be used to build the City's general fund balance.

Funding the City's street paving program is a long-term financial planning goal. 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 expired December 31, 2012. 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. In 2012, the City Manager and City Council proposed an alternative method of funding the program with a 2.75 mill, ten-year real estate tax levy, however, this levy was defeated by the voters of Conneaut. The levy will be placed on the ballot again in November 2013, but the duration of the proposed levy will be reduced to five-years.

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 Manger 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 \$3,078,827 in 2012 and was allocated as follows: General Fund: 68.58 percent or \$2,111,452, which is used to fund the fire, police, municipal court and administrative offices; Street Department: 16.31 percent or \$502,158, 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 \$256,468, which is used exclusively for the resurfacing of local streets; Reserve Fund: 3.61 percent or \$111,147, which is used for financial support for various programs as determined by City Council; Capital Improvement: 1.44 percent or \$44,335, which is used for infrastructure repairs and the acquisition of capital assets; Street Lighting: .94 percent or \$28,942, 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 \$24,325, 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 2.20 mills or \$358,495, the police pension fund allocation .8 mills or \$138,294 and the fire pension fund allocation was .63 mills or \$111,638. Outside millage of .73 was levied to pay debt service on one general obligation bond, with collections totaling \$119,254. Police and fire levies generated \$459,633 with 3.00 mills. Total millage levied by the City in 2012 was 7.26. Millage allocations are reviewed by the Finance Department and City Council before the annual tax budget is prepared.

Major Initiatives

For the Year In 2012, 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. Some of the projects are:

Dorman Road Culvert Replacement: This project consisted of removing a corrugated metal pipe arch style culvert and replacing it with a pre-cast box concrete culvert. The road had been closed for nearly two years until funding could be secured. OPWC funding of \$199,900 and funding through the City's Revolving Loan Fund were used to finance this project.

Lake Erie Sanitary Sewer Project: This project consisted of replacing and repairing 1,900 lineal feet of 12 inch sanitary sewer lines and 1,300 feet of 20 inch sanitary sewer lines along Lake Erie Street. Also included as part of the project was the resurfacing of the roadway. Financing for this project included \$150,000 in OPWC funding, and \$250,000 in OWDA funding.

Wastewater Aeration Improvements: This project consisted of replacing of aeration tank diffusers, which were coarse bubble type, with much more efficient fine bubble diffusers. This improvement was designed to enhance the biological aeration process of the wastewater plant. Major concrete repairs were also made to aeration tank itself. Financing of this project included \$248,500 in OPWC funding and \$191,810 in OWDA funding.

West Jackson Storm and Sanitary Sewer Improvements: This project consisted of replacing 260 lineal feet of storm and sanitary sewer, as well as road resurfacing along West Jackson Street. Financing of this project included \$133,000 in CDBG funding, and \$89,500 in economic development funding.

Lake Road Water Main Improvements: This project consisted of replacing 3,000 lineal feet of existing 6-inch water main with a new 8-inch water main. This project dramatically improved the quality of water for a large number of our residents and it improved 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 was 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 performed the majority of the labor as in kind contributions.

Street Paving Projects: The Public Works Department, utilizing funds from the street improvement tax and other revenue sources, was able to pave six local roads, accounting for 2.72 lane miles at a cost of over \$327,000. Local roads paved include: Lake Erie Street, Detroit Street, Gore Road, Stadium Avenue, Reig Avenue, and Dean Avenue.

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, 2011. This was the seventh 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.

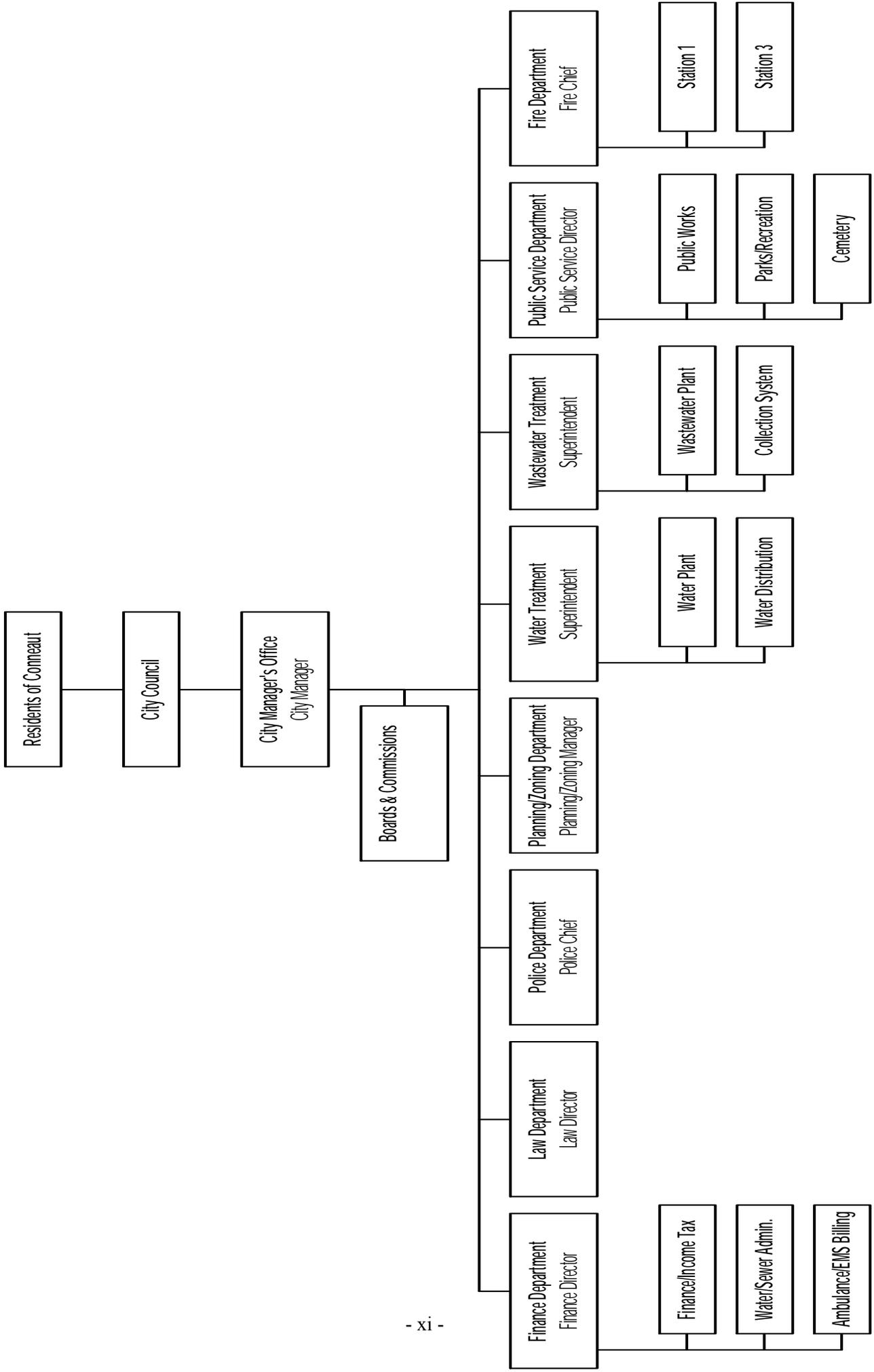
The successful preparation of the Comprehensive Annual Financial Report required the contribution and dedication of the Finance Department. Sincere appreciation is extended to City Council and City Manager Timothy J. Eggleston for their commitment to sound financial reporting. Gratitude is also expressed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

Respectfully submitted,

A handwritten signature in black ink that reads "John P. Williams". The signature is written in a cursive style with a large initial "J" and "W".

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

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, 2011

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.



Christopher P. Mouill

President

Jeffrey R. Egan

Executive Director

FINANCIAL SECTION



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Members of City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Conneaut, Ashtabula County, Ohio (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the Conneaut Port Authority which represent 4.8 percent, 4.4 percent, and 7.7 percent, respectively, of the assets, net position, and revenues of the Governmental Activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for the Conneaut Port Authority, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Conneaut, Ashtabula County, Ohio, as of December 31, 2012 and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and the Street Construction Maintenance and Repair funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended December 31, 2012, the Government adopted the provisions of Governmental Accounting Standard No. 61 *The Financial Reporting Entity: Omnibus*, which amends its accounting and financial reporting standards for including, presenting, and disclosing information about governmental component units, No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on 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 present 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, were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules 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, and other additional procedures 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

August 30, 2013

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City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
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 2012 are as follows:

- During 2012, the City secured OWDA and OPWC funding of \$2.85 million for the construction of the Creek Road Water Tank, the Chestnut Street Aerial Sewer Bridge, and the Harbor Street infrastructure replacement project.
- Total assets exceeded liabilities and deferred inflows of resources for 2012 by \$45,212,179, which represents an increase in net position of \$1,059,955 from 2011.
- On a GAAP basis, the City's general fund balance increased by \$256,137 from the prior year, which translated into a \$1,350,010 fund balance. This was accomplished primarily through cost containment and increased income tax collections.
- City income tax receipts (cash basis) increased from \$2.77 million in 2011 to \$3.08 million in 2012, representing an increase of \$310,000 or approximately 11.2 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 Position and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2012 and how they affected the operations of the City as a whole.

Reporting the City of Conneaut as a Whole

Statement of Net Position and Statement of Activities

The Statement of Net Position 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 deferred outflows of resources and liabilities and deferred inflows of resources 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 position and changes in the position. The change in net position 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
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In the Statement of Net Position 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 9. 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 five major funds, the general fund, the street construction, maintenance and repair special revenue fund, the special assessment bond retirement fund, the water enterprise fund and the sewer enterprise fund.

Governmental Funds All of the City's major activities (excluding the water and sewer funds) are reported in the governmental funds. This report shows how monies flow into and out of these funds and also shows what balances are available for future expenditures. The accounting method used to report this activity is the modified accrual method. This method reports cash and like-cash items that can be converted into cash. This shows what level of financial resources is available or will be available to provide the services that the general government provides in the near future. These services include police and fire protection, as well as the improving and maintaining the City's streets, parks, cemeteries and City Hall. The relationship between governmental activities (reported in the Statement of Net Position 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 Position provides an overall view of the City. Table 1 shows a summary of the City's net position for 2012 as compared to 2011.

City of Conneaut, Ohio
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(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and Other Assets	\$7,255,504	\$6,979,409	\$2,013,768	\$1,723,871	\$9,269,272	\$8,703,280
Capital Assets, Net	29,398,234	29,528,304	18,709,174	17,708,349	48,107,408	47,236,653
<i>Total Assets</i>	<u>36,653,738</u>	<u>36,507,713</u>	<u>20,722,942</u>	<u>19,432,220</u>	<u>57,376,680</u>	<u>55,939,933</u>
Liabilities						
Current and Other Liabilities	1,087,216	732,014	356,919	370,388	1,444,135	1,102,402
Long-Term Liabilities:						
Due Within One Year	568,096	563,313	761,719	677,191	1,329,815	1,240,504
Due in More than One Year	3,010,771	3,030,347	5,303,611	5,257,673	8,314,382	8,288,020
<i>Total Liabilities</i>	<u>4,666,083</u>	<u>4,325,674</u>	<u>6,422,249</u>	<u>6,305,252</u>	<u>11,088,332</u>	<u>10,630,926</u>
Deferred Inflows of Resources						
Property Taxes	1,076,169	1,156,783	0	0	1,076,169	1,156,783
Net Position						
Net Investment in						
Capital Assets	27,886,020	27,936,348	12,848,459	11,935,329	40,734,479	39,871,677
Restricted:						
Capital Projects	791,699	625,348	0	0	791,699	625,348
Street Construction,						
Maintenance and Repair	347,209	241,401	0	0	347,209	241,401
Economic Development	72,220	223,944	0	0	72,220	223,944
Other Purposes	525,921	863,247	0	0	525,921	863,247
Unrestricted	1,288,417	1,134,968	1,452,234	1,191,639	2,740,651	2,326,607
<i>Total Net Assets</i>	<u>\$30,911,486</u>	<u>\$31,025,256</u>	<u>\$14,300,693</u>	<u>\$13,126,968</u>	<u>\$45,212,179</u>	<u>\$44,152,224</u>

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. The largest portion of the City's net position 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.

Total governmental assets increased by \$146,025 from 2011 to 2012, while total governmental liabilities increased by \$340,409. The most significant increases in assets were a \$595,253 in equity in pooled cash and cash equivalents, and \$104,168 in property tax receivable, while the most significant decrease was \$291,069 in intergovernmental receivables. Business-type activities saw an increase in net position from \$13,126,968 in 2011 to \$14,300,693 in 2012, which is an increase of \$1,173,725. Current assets in the business-type activities had an increase of \$290,013 when compared with 2011, primarily due to an increase of cash and cash equivalents. Even though operating revenues were down slightly in 2012, operating expenses decreased by \$327,962 or approximately 8 percent. This is largely due to management's efforts to control costs.

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Therefore, at the end of the current year, the City of Conneaut is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for the current and prior year.

(Table 2)
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues						
Charges for Services and Assessments	\$1,062,500	\$1,242,245	\$4,373,440	\$4,446,374	\$5,435,940	\$5,688,619
Operating Grants and Contributions	808,430	1,341,246	0	0	808,430	1,341,246
Capital Grants	580,400	228,673	299,629	67,973	880,029	296,646
Total Program Revenues	2,451,330	2,812,164	4,673,069	4,514,347	7,124,399	7,326,511
General Revenues						
Property Taxes	987,696	1,258,530	0	0	987,696	1,258,530
Municipal Income Taxes	3,107,655	2,809,745	0	0	3,107,655	2,809,745
Hotel Taxes	20,477	18,744	0	0	20,477	18,744
Grants and Entitlements not Restricted to Specific Programs	480,529	675,631	0	0	480,529	675,631
Franchise Taxes	145,880	130,915	0	0	145,880	130,915
Unrestricted Contributions	22,173	0	0	0	22,173	0
Investment Earnings	3,716	2,935	0	0	3,716	2,935
Gain on Sale of Capital Assets	0	20,056	0	4,768	0	24,824
Miscellaneous	77,092	84,221	58,587	14,989	135,679	99,210
Total General Revenues	4,845,218	5,000,777	58,587	19,757	4,903,805	5,020,534
Total Revenues	7,296,548	7,812,941	4,731,656	4,534,104	12,028,204	12,347,045
Program Expenses						
General Government	1,184,781	1,424,515	0	0	(1,184,781)	(1,424,515)
Security of Persons and Property	3,061,292	3,043,520	0	0	(3,061,292)	(3,043,520)
Public Health Services	190,035	211,538	0	0	(190,035)	(211,538)
Leisure Time Activities	125,943	141,303	0	0	(125,943)	(141,303)
Community Development	376,556	513,096	0	0	(376,556)	(513,096)
Basic Utility Services	141,999	155,121	0	0	(141,999)	(155,121)
Transportation	1,812,092	2,628,167	0	0	(1,812,092)	(2,628,167)
Interest and Fiscal Charges	80,138	111,373	0	0	(80,138)	(111,373)
Water	0	0	2,069,126	2,183,135	(2,069,126)	(2,183,135)
Sewer	0	0	1,926,287	1,982,892	(1,926,287)	(1,982,892)
Total Program Expenses	6,972,836	8,228,633	3,995,413	4,166,027	(10,968,249)	(12,394,660)
Increase (Decrease) in Net Position	323,712	(415,692)	736,243	368,077	1,059,955	(47,615)
Transfers	(437,482)	0	437,482	0	0	0
Change in Net Position	(113,770)	(415,692)	1,173,725	368,077	1,059,955	(47,615)
Net Position Beginning of Year	31,025,256	31,440,948	13,126,968	12,758,891	44,152,224	44,199,839
Net Position End of Year	\$30,911,486	\$31,025,256	\$14,300,693	\$13,126,968	\$45,212,179	\$44,152,224

City of Conneaut, Ohio
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Governmental Activities

The City's net position in governmental activities decreased by \$113,770 for a net position total of \$30,911,486 in 2012. Although total revenues decreased by \$516,393, total expenses decreased by even larger amount of \$1,255,797, with the most significant decreases occurring in general government and transportation 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. Effective January 1, 2006 the City's income tax rate increased by .15 percent to 1.80 percent, up from 1.65 percent in 2005, and expires December 31, 2012. This increase, approved by the voters, was used exclusively for street improvements. The tax revenue collected from the income tax was recorded into the general fund, street construction maintenance and repair, street lighting and recreation special revenue funds, and street improvement and capital improvement capital projects funds. Due to reductions in local government funding, this intergovernmental revenue source, although still significant, represents about 10 percent of general fund revenues, compared with 15 percent in prior years.

The largest program function for the City is security of persons and property, which includes expenses of the police and fire departments. In 2012, the City spent \$3,061,292 on police and fire protection. 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 full-time employees. During 2012, there was a slight increase in expenses for the police and fire departments of \$17,772.

The City's Public Works Department (transportation) has twelve employees, including one mechanic, eight equipment operators, two managers, and one full-time administrative assistant. In 2012, they spent \$1,812,092 in transportation activities. 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 2012, there was a decrease in expenses for transportation as a result of unfilled positions.

Business-Type Activities

The City operates two business-type activities: the water and sewer treatment facilities. Net position increased in business-type activities by \$1,173,725 to \$14,300,693. Program revenues increased by \$158,722 or 3.52 percent, while program expenses decreased by \$170,614 or 4.09 percent. Interest and fiscal charges were \$162,472. The major revenue sources for these activities are charges for services. The water plant provides water to approximately 4,900 customers. Approximately thirty-six million gallons of water and eighty-one 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 18. 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 and the special assessment bond retirement debt service fund. All governmental funds had total revenues of \$7,684,854 and total expenditures of \$7,850,076, resulting in revenues less than

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expenditures of (\$165,222). The most significant change in revenues was an increase in municipal income tax of \$295,919, while the most significant changes in expenditures were decreases of \$220,242 in general government and \$663,876 in principal retirement. During 2012, there was a decrease in revenues in the general fund of \$40,136. 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 and special assessment bond retirement fund due to increased paving projects completed, equipment acquisition and principal payments 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 24. These funds are accounted for on an accrual basis.

Business type funds had operating revenues of \$4,432,027 and operating expenses of \$3,832,941, which generated an operating income of \$599,086. Although operating revenues declined by \$29,336 or .66 percent, operating expenses declined even more for a total decrease of \$246,926 or 6.29 percent from 2011. The City consistently reviews these funds, and if necessary, adjustments are made to ensure strength in our enterprise funds.

General Fund Budgeting Highlights

The general fund is the City's largest and most versatile operating fund. It funds the police and fire departments, and all of the administrative departments, as well as the municipal court, the health department, and general services. Furthermore, it assists other funds, primarily the street department, with cash transfers when necessary. 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. General fund revenues and expenses are monitored on a monthly basis to ensure that overspending does not occur, and budget adjustments are proposed generally on a quarterly basis or more often if necessary. All changes in appropriation line items, no matter how small, must be authorized by City Council and by ordinance.

In 2012, the general fund's original revenue budget and the final revenue budget estimates were unchanged at \$3,902,696, while actual revenues were slightly higher at \$4,014,206 or \$111,510 positive variance. A large part of the difference was made from more than anticipated municipal income tax and real estate tax collections. The general fund's original appropriation budget was \$4,126,873, and the final appropriation budget was \$4,249,655. Actual expenditures were substantially less than final budgeted appropriations with a positive variance of \$477,786. 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. On a Non-GAAP basis, the actual net change in fund balance increased by \$141,587, for an ending fund balance of \$974,645.

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Capital Assets and Debt Administration

Capital Assets

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$554,972	\$554,972	\$6,880	\$6,880	\$561,852	\$561,852
Construction in Progress	721,895	867,682	155,705	274,498	877,600	1,142,180
Buildings and Improvements	332,119	381,957	134,458	133,398	466,577	515,355
Equipment	583,848	636,843	3,255,643	2,886,228	3,839,491	3,523,071
Vehicles	299,627	387,436	441,466	489,736	741,093	877,172
Furniture and Fixtures	0	441	0	0	0	441
Infrastructure						
Traffic Signals	209,361	216,261	0	0	209,361	216,261
Roads	13,252,301	13,322,672	0	0	13,252,301	13,322,672
Bridges	12,220,001	12,485,173	0	0	12,220,001	12,485,173
Storm Sewers	1,224,110	674,867	0	0	1,224,110	674,867
Water and Sewer Lines	0	0	14,715,022	13,917,609	14,715,022	13,917,609
Total	\$29,398,234	\$29,528,304	\$18,709,174	\$17,708,349	\$48,107,408	\$47,236,653

The largest increase in governmental capital assets were infrastructure improvements to storm sewers and roadways. Some of the largest storm sewer replacements were the Dorman Road Culvert replacement at a cost of \$140,742, and the West Jackson Sanitary Sewer replacement at a cost of \$159,053. New storm sewers and catch basins were installed at the new industrial park totaled \$276,107. Roadway improvements at the industrial park totaled \$557,569. Other road resurfacing projects cost \$103,798 and new radios for the Public Works Department cost \$31,360. Governmental asset acquisitions less completed construction in progress totaled \$1,378,012. However, these additions were offset by another year of depreciation.

The largest increase in business-type capital assets was the completion of the Wastewater Aeration Improvement Project which cost \$513,514. This improvement uses fine bubble diffusers to help treat wastewater and is much more efficient than the old aeration system, which saves the City thousands of dollars annually in electricity costs. Sewer lines were replaced on Lake Erie Street at a cost of \$415,661. Other infrastructure improvements included new water and sewer lines at the industrial park totaled \$487,482. The water department also purchased a new backhoe/loader at a cost of \$88,057. Total asset acquisitions in business-type activities less completed construction in progress totaled \$1,713,937. 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.

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2010
General Obligation Bonds	\$1,105,175	\$645,000	\$525,615	\$460,000	\$1,630,790	\$1,105,000
OWDA Loans	622,506	753,536	3,582,226	3,441,654	4,204,732	4,195,190
OPWC Loans	34,008	21,349	383,167	364,657	417,175	386,006
Notes Payable	73,000	399,000	160,000	200,000	233,000	599,000
Loans Payable	1,026,597	1,111,053	1,099,707	1,178,287	2,126,304	2,289,340
Capital Leases	18,969	37,104	0	0	18,969	37,104
Compensated Absences	698,612	626,618	314,615	290,266	1,013,227	916,884
Total	\$3,578,867	\$3,593,660	\$6,065,330	\$5,934,864	\$9,644,197	\$9,528,524

The three general obligation bonds outstanding at the end of the year were the Library, Energy Conservation Improvement and the Water Phase III Improvement. 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. The Energy Conservation Improvement Bond was issued at \$670,000 with an interest rate of 3.10 percent. 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.

Two loans were received from OWDA for \$370,020 to assist in funding the Lake Erie Street Sanitary Improvement Project and Wastewater Aeration Improvement Project. These are twenty-year loans issued at an interest rate of 3.32 percent for the Lake Erie Sanitary Project and 2.80 percent for Wastewater Aeration Project, both of which will be paid from the wastewater fund. In total, there are twelve OPWC and eleven OWDA loans, the majority of which are being funded by special assessments and water and sewer user fees.

The City has entered into a capital loan obligation with OWDA for the acquisition of the new Creek Road Water Tank. Although no draws have been made, total loan proceeds are projected to be approximately \$1.8 million. The loan payments will be paid from the water fund user fees.

For more information about the City's long-term obligations, see Note 15 to the basic financial statements.

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. As a result, the City experienced a decrease in local government revenue of \$177,116 from years 2011 to 2012. In 2013, this critical general fund revenue source is expected to decrease by another \$135,000. When all of the reductions are implemented, the City's local government revenue will be reduced from \$615,000 to \$300,000 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.

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In 2012, the general fund ended the year with a fund balance of \$1,350,010 on a GAAP basis and of this amount, \$965,912 was unassigned. 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.

Although the City experienced a slight increase in water production for the first time in seven years, water production and usage has declined dramatically since 2005, negatively 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 has been negligible, but when evaluated in combination with the decline in water production, the overall difference has been around 10 percent. A rate increase for both water and sewer has been proposed, but not commencing until 2013.

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, 2012, there were over 1,100 delinquent income tax accounts, representing approximately \$600,000 in delinquent income tax, including interest and penalties, due 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 Position

December 31, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Conneaut Port Authority
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$2,467,733	\$1,247,038	\$3,714,771	\$41,237
Accounts Receivable	170,865	555,105	725,970	0
Intergovernmental Receivable	667,942	0	667,942	0
Prepaid Items	0	0	0	11,848
Materials and Supplies Inventory	86,484	174,793	261,277	7,050
Property Taxes Receivable	1,286,225	0	1,286,225	0
Municipal Income Taxes Receivable	966,425	0	966,425	0
Special Assessments Receivable	1,339,730	36,832	1,376,562	0
Loans Receivable	100	0	100	0
Loans Receivable from Component Unit	270,000	0	270,000	0
Nondepreciable Capital Assets	1,276,867	162,585	1,439,452	119,870
Depreciable Capital Assets, Net	28,121,367	18,546,589	46,667,956	1,580,956
<i>Total Assets</i>	<u>36,653,738</u>	<u>20,722,942</u>	<u>57,376,680</u>	<u>1,760,961</u>
Liabilities				
Accounts Payable	78,266	44,454	122,720	5,336
Contracts Payable	208,023	19,899	227,922	0
Accrued Wages	158,132	62,094	220,226	10,304
Intergovernmental Payable	200,209	55,813	256,022	0
Accrued Interest Payable	23,498	64,659	88,157	506
Matured Compensated Absences Payable	23,088	0	23,088	0
Notes Payable	396,000	110,000	506,000	0
Due to Primary Government	0	0	0	270,000
Deferred Income	0	0	0	76,575
Deposits on Future Revenue	0	0	0	2,680
Long-Term Liabilities:				
Due Within One Year	568,096	761,719	1,329,815	0
Due In More Than One Year	3,010,771	5,303,611	8,314,382	19,687
<i>Total Liabilities</i>	<u>4,666,083</u>	<u>6,422,249</u>	<u>11,088,332</u>	<u>385,088</u>
Deferred Inflows of Resources				
Property Taxes	1,076,169	0	1,076,169	0
Net Position				
Net Investment in Capital Assets	27,886,020	12,848,459	40,734,479	1,430,826
Restricted for:				
Capital Projects	791,699	0	791,699	0
Street Construction, Maintenance and Repair	347,209	0	347,209	0
Economic Development	72,220	0	72,220	0
Other Purposes	525,921	0	525,921	0
Unrestricted (Deficit)	1,288,417	1,452,234	2,740,651	(54,953)
<i>Total Net Position</i>	<u>\$30,911,486</u>	<u>\$14,300,693</u>	<u>\$45,212,179</u>	<u>\$1,375,873</u>

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
Statement of Activities
For the Year Ended December 31, 2012

	Program Revenues			
	Expenses	Charges for Services and Assessments	Operating Grants and Contributions	Capital Grants
Governmental Activities:				
General Government	\$1,184,781	\$318,582	\$0	\$55,455
Security of Persons and Property	3,061,292	428,794	85,931	4,000
Public Health Services	190,035	39,160	0	0
Leisure Time Activities	125,943	42,852	4,946	0
Community Development	376,556	56,373	102,036	431,453
Basic Utility Services	141,999	124,708	0	0
Transportation	1,812,092	52,031	615,517	89,492
Interest and Fiscal Charges	80,138	0	0	0
<i>Total Governmental Activities</i>	<u>6,972,836</u>	<u>1,062,500</u>	<u>808,430</u>	<u>580,400</u>
Business-Type Activities:				
Water	2,069,126	2,126,057	0	64,346
Sewer	1,926,287	2,247,383	0	235,283
<i>Total Business-Type Activities</i>	<u>3,995,413</u>	<u>4,373,440</u>	<u>0</u>	<u>299,629</u>
<i>Total - Primary Government</i>	<u>\$10,968,249</u>	<u>\$5,435,940</u>	<u>\$808,430</u>	<u>\$880,029</u>
Component Unit				
Conneaut Port Authority	<u>\$455,964</u>	<u>\$420,491</u>	<u>\$142,968</u>	<u>\$0</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

Unrestricted Contributions

Investment Earnings

Gain on Sale of Capital Assets

Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

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

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Unit
(\$810,744)	\$0	(\$810,744)	\$0
(2,542,567)	0	(2,542,567)	0
(150,875)	0	(150,875)	0
(78,145)	0	(78,145)	0
213,306	0	213,306	0
(17,291)	0	(17,291)	0
(1,055,052)	0	(1,055,052)	0
(80,138)	0	(80,138)	0
<u>(4,521,506)</u>	<u>0</u>	<u>(4,521,506)</u>	<u>0</u>
0	121,277	121,277	0
0	556,379	556,379	0
<u>0</u>	<u>677,656</u>	<u>677,656</u>	<u>0</u>
<u>(4,521,506)</u>	<u>677,656</u>	<u>(3,843,850)</u>	<u>0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>107,495</u>
303,604	0	303,604	0
94,984	0	94,984	0
589,108	0	589,108	0
2,243,409	0	2,243,409	0
303,620	0	303,620	0
506,860	0	506,860	0
53,766	0	53,766	0
20,477	0	20,477	0
480,529	0	480,529	0
145,880	0	145,880	0
22,173	0	22,173	0
3,716	0	3,716	25
0	0	0	9,621
77,092	58,587	135,679	276
4,845,218	58,587	4,903,805	9,922
<u>(437,482)</u>	<u>437,482</u>	<u>0</u>	<u>0</u>
<u>4,407,736</u>	<u>496,069</u>	<u>4,903,805</u>	<u>9,922</u>
(113,770)	1,173,725	1,059,955	117,417
<u>31,025,256</u>	<u>13,126,968</u>	<u>44,152,224</u>	<u>1,258,456</u>
<u>\$30,911,486</u>	<u>\$14,300,693</u>	<u>\$45,212,179</u>	<u>\$1,375,873</u>

City of Conneaut, Ohio

Balance Sheet

Governmental Funds

December 31, 2012

	<u>General</u>	<u>Street Construction, Maintenance and Repair</u>	<u>Special Assessment Bond Retirement</u>
Assets			
Equity in Pooled Cash and			
Cash Equivalents	\$1,096,586	\$106,694	\$6,778
Materials and Supplies Inventory	20,469	66,015	0
Accounts Receivable	165,330	0	0
Intergovernmental Receivable	247,632	211,806	0
Municipal Income Taxes Receivable	697,619	157,598	0
Property Taxes Receivable	397,904	0	0
Loans Receivable	0	0	0
Loans Receivable from Component Unit	0	0	0
Special Assessments Receivable	460,934	133,195	745,601
Restricted Assets:			
Equity in Pooled Cash and			
Cash Equivalents	20,376	0	0
<i>Total Assets</i>	<u>\$3,106,850</u>	<u>\$675,308</u>	<u>\$752,379</u>
Liabilities			
Accounts Payable	\$35,235	\$22,121	\$0
Contracts Payable	2,195	270	0
Accrued Wages	110,118	46,301	0
Intergovernmental Payable	89,459	22,186	0
Matured Compensated Absences Payable	0	23,088	0
Accrued Interest Payable	801	313	0
Notes Payable	100,000	26,000	0
<i>Total Liabilities</i>	<u>337,808</u>	<u>140,279</u>	<u>0</u>
Deferred Inflows of Resources			
Property Taxes	333,543	0	0
Unavailable Revenue	1,085,489	344,768	745,601
<i>Total Deferred Inflows of Resources</i>	<u>1,419,032</u>	<u>344,768</u>	<u>745,601</u>
Fund Balances			
Nonspendable	40,845	66,015	0
Restricted	0	124,246	6,778
Committed	0	0	0
Assigned	343,253	0	0
Unassigned (Deficit)	965,912	0	0
<i>Total Fund Balances</i>	<u>1,350,010</u>	<u>190,261</u>	<u>6,778</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$3,106,850</u>	<u>\$675,308</u>	<u>\$752,379</u>

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2012*

Other Governmental Funds	Total Governmental Funds		
		Total Governmental Funds Balances	\$2,561,861
		<i>Amounts reported for governmental activities in the statement of net position are different because</i>	
\$1,237,299	\$2,447,357	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	29,398,234
0	86,484		
5,535	170,865		
208,504	667,942		
111,208	966,425		
888,321	1,286,225	Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable in the funds.	
100	100	Delinquent Property Taxes	210,056
270,000	270,000	Municipal Income Taxes	411,165
0	1,339,730	Intergovernmental	475,256
		Special Assessments	1,339,730
		Charges for Services	116,435
0	20,376	Total	2,552,642
\$2,720,967	\$7,255,504		
\$20,910	\$78,266	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(22,384)
205,558	208,023		
1,713	158,132	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
88,564	200,209	General Obligation Bonds	(1,105,175)
0	23,088	OWDA Loans Payable	(622,506)
0	1,114	Loans Payable	(1,026,597)
270,000	396,000	OPWC Loans Payable	(34,008)
		Notes Payable	(73,000)
		Capital Leases Payable	(18,969)
		Compensated Absences	(698,612)
586,745	1,064,832	Total	(3,578,867)
742,626	1,076,169	<i>Net Position of Governmental Activities</i>	\$30,911,486
376,784	2,552,642		
1,119,410	3,628,811		
0	106,860		
1,040,603	1,171,627		
30,049	30,049		
0	343,253		
(55,840)	910,072		
1,014,812	2,561,861		
\$2,720,967	\$7,255,504		

City of Conneaut, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012

	General	Street Construction, Maintenance and Repair	Special Assessment Bond Retirement
Revenues			
Property Taxes	\$308,177	\$0	\$0
Municipal Income Taxes	2,214,644	500,361	0
Hotel Taxes	20,477	0	0
Special Assessments	0	6,675	142,886
Intergovernmental	537,002	437,396	0
Fees, Licenses and Permits	474,985	22,150	0
Fines and Forfeitures	188,615	0	0
Rentals	11,089	0	0
Charges for Services	29,539	0	0
Contributions and Donations	22,173	0	0
Interest	3,180	19	0
Franchise Taxes	145,880	0	0
Other	41,157	31,227	0
<i>Total Revenues</i>	<u>3,996,918</u>	<u>997,828</u>	<u>142,886</u>
Expenditures			
Current:			
General Government	1,103,708	0	3,994
Security of Persons and Property	2,191,756	0	0
Public Health Services	174,435	0	0
Leisure Time Activities	42,511	0	0
Community Development	25,946	0	0
Basic Utility Services	0	0	0
Transportation	0	994,195	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	88,839	131,030
Principal Retirement - Current Refunding	0	26,000	0
Interest and Fiscal Charges	1,675	17,983	28,113
<i>Total Expenditures</i>	<u>3,540,031</u>	<u>1,127,017</u>	<u>163,137</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>456,887</u>	<u>(129,189)</u>	<u>(20,251)</u>
Other Financing Sources (Uses)			
General Obligation Bonds Issued	0	0	0
General Obligation Notes Issued	0	73,000	0
OPWC Loans Issued	0	0	0
Current Refunding	0	(73,000)	0
Transfers In	0	170,000	0
Transfers Out	(200,750)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(200,750)</u>	<u>170,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	256,137	40,811	(20,251)
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>1,093,873</u>	<u>149,450</u>	<u>27,029</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,350,010</u></u>	<u><u>\$190,261</u></u>	<u><u>\$6,778</u></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, 2012*

Other Governmental Funds	Total Governmental Funds		
		Net Change in Fund Balances - Total Governmental Funds	\$393,370
		<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
\$713,131	\$1,021,308	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.	
352,801	3,067,806	Capital Outlay	1,378,012
0	20,477	Depreciation	<u>(1,508,082)</u>
0	149,561	Total	(130,070)
1,171,088	2,145,486	Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
149,235	646,370	Delinquent Property Taxes	(33,612)
93,277	281,892	Municipal Income Taxes	39,849
29,375	40,464	Intergovernmental	(277,917)
31,300	60,839	Special Assessments	(80,846)
1,790	23,963	Charges for Services	<u>(35,780)</u>
517	3,716	Total	(388,306)
0	145,880	Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.	
4,708	77,092	General Obligation Bonds Payable	84,177
		OWDA Loans Payable	131,030
2,547,222	7,684,854	Loans Payable	84,456
		OPWC Loans Payable	1,581
		Notes Payable	399,000
		Capital Leases Payable	<u>18,135</u>
		Total	718,379
2,729	1,110,431	Accrued interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of net position.	(3,557)
676,106	2,867,862	Compensated absences reported in the statement of activities do not require the the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(71,994)
12,425	186,860	Other financing sources in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities.	
60,958	103,469	General Obligation Bonds Issued	(544,352)
348,558	374,504	General Obligation Notes Issued	(73,000)
141,999	141,999	OPWC Loans Issued	<u>(14,240)</u>
180,172	1,174,367	Total	(631,592)
1,168,624	1,168,624	<i>Change in Net Position of Governmental Activities</i>	<u>(\$113,770)</u>
399,510	619,379		
0	26,000		
28,810	76,581		
3,019,891	7,850,076		
(472,669)	(165,222)		
544,352	544,352		
0	73,000		
14,240	14,240		
0	(73,000)		
30,750	200,750		
0	(200,750)		
589,342	558,592		
116,673	393,370		
898,139	2,168,491		
<u>\$1,014,812</u>	<u>\$2,561,861</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, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$293,422	\$293,422	\$308,177	\$14,755
Municipal Income Taxes	1,978,000	1,978,000	2,222,599	244,599
Hotel Taxes	15,000	15,000	20,477	5,477
Intergovernmental	622,717	622,717	546,421	(76,296)
Fees, Licenses and Permits	519,387	519,387	474,985	(44,402)
Fines and Forfeitures	211,250	211,250	186,202	(25,048)
Rentals	44,000	44,000	16,361	(27,639)
Charges for Services	25,000	25,000	29,539	4,539
Contributions and Donations	14,600	14,600	22,173	7,573
Interest	1,500	1,500	3,180	1,680
Franchise Taxes	124,500	124,500	142,935	18,435
Other	53,320	53,320	41,157	(12,163)
<i>Total Revenues</i>	3,902,696	3,902,696	4,014,206	111,510
Expenditures				
Current:				
General Government	1,275,709	1,278,959	1,111,192	167,767
Security of Persons and Property	2,412,580	2,518,013	2,280,113	237,900
Public Health Services	186,401	200,001	180,825	19,176
Leisure Time Activities	49,235	49,735	45,411	4,324
Community Development	51,807	51,806	27,435	24,371
Debt Service:				
Principal Retirement	142,980	142,980	125,000	17,980
Interest and Fiscal Charges	8,161	8,161	1,893	6,268
<i>Total Expenditures</i>	4,126,873	4,249,655	3,771,869	477,786
<i>Excess of Revenues Over (Under) Expenditures</i>	(224,177)	(346,959)	242,337	589,296
Other Financing Sources (Uses)				
General Obligation Notes Issued	100,000	100,000	100,000	0
Transfers Out	(215,750)	(215,750)	(200,750)	15,000
<i>Total Other Financing Sources (Uses)</i>	(115,750)	(115,750)	(100,750)	15,000
<i>Net Change in Fund Balance</i>	(339,927)	(462,709)	141,587	604,296
<i>Fund Balance Beginning of Year</i>	815,657	815,657	815,657	0
Prior Year Encumbrances Appropriated	17,401	17,401	17,401	0
<i>Fund Balances End of Year</i>	\$493,131	\$370,349	\$974,645	\$604,296

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$446,800	\$446,800	\$502,158	\$55,358
Special Assessments	10,000	10,000	6,675	(3,325)
Intergovernmental	447,500	447,500	440,735	(6,765)
Fees, Licenses and Permits	30,000	30,000	22,150	(7,850)
Interest	300	300	19	(281)
Other	50,000	50,000	31,227	(18,773)
<i>Total Revenues</i>	984,600	984,600	1,002,964	18,364
Expenditures				
Current:				
Transportation	1,027,854	1,033,854	984,176	49,678
Debt Service:				
Principal Retirement	213,846	213,846	213,839	7
Interest and Fiscal Charges	18,198	18,198	18,121	77
<i>Total Expenditures</i>	1,259,898	1,265,898	1,216,136	49,762
<i>Excess of Revenues Under Expenditures</i>	(275,298)	(281,298)	(213,172)	68,126
Other Financing Sources				
General Obligation Notes Issued	99,000	99,000	99,000	0
Transfers In	170,000	170,000	170,000	0
<i>Total Other Financing Sources</i>	269,000	269,000	269,000	0
<i>Net Change in Fund Balance</i>	(6,298)	(12,298)	55,828	68,126
<i>Fund Balance Beginning of Year</i>	6,162	6,162	6,162	0
Prior Year Encumbrances Appropriated	6,314	6,314	6,314	0
<i>Fund Balance End of Year</i>	\$6,178	\$178	\$68,304	\$68,126

See accompanying notes to the basic financial statements

City of Conneaut, Ohio

Statement of Net Position

Proprietary Funds

December 31, 2012

	Business-Type Activities		
	Water	Sewer	Total
Assets			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$835,024	\$412,014	\$1,247,038
Materials and Supplies Inventory	130,188	44,605	174,793
<i>Receivables:</i>			
Accounts	270,836	284,269	555,105
Special Assessments	7,573	2,223	9,796
<i>Total Current Assets</i>	<u>1,243,621</u>	<u>743,111</u>	<u>1,986,732</u>
<i>Noncurrent Assets:</i>			
Special Assessment Receivable	17,646	9,390	27,036
<i>Capital Assets:</i>			
Nondepreciable Capital Assets	120,696	41,889	162,585
Depreciable Capital Assets, Net	7,558,491	10,988,098	18,546,589
<i>Total Noncurrent Assets</i>	<u>7,696,833</u>	<u>11,039,377</u>	<u>18,736,210</u>
<i>Total Assets</i>	<u>8,940,454</u>	<u>11,782,488</u>	<u>20,722,942</u>
Liabilities			
<i>Current Liabilities:</i>			
Accounts Payable	22,035	22,419	44,454
Contracts Payable	19,789	110	19,899
Accrued Wages	27,940	34,154	62,094
Intergovernmental Payable	27,271	28,542	55,813
Compensated Absences Payable	28,067	26,340	54,407
Accrued Interest Payable	5,197	59,462	64,659
General Obligation Bonds Payable	65,561	7,979	73,540
OPWC Loans Payable	27,768	3,301	31,069
OWDA Loans Payable	46,886	323,649	370,535
Notes Payable	0	110,000	110,000
Loans Payable	216,835	15,333	232,168
<i>Total Current Liabilities</i>	<u>487,349</u>	<u>631,289</u>	<u>1,118,638</u>
<i>Long-Term Liabilities (net of current portion):</i>			
Compensated Absences Payable	106,104	154,104	260,208
General Obligation Bonds Payable	374,425	77,650	452,075
OPWC Loans Payable	247,712	104,386	352,098
OWDA Loans Payable	258,811	2,952,880	3,211,691
Notes Payable	0	160,000	160,000
Loans Payable	775,538	92,001	867,539
<i>Total Long-Term Liabilities</i>	<u>1,762,590</u>	<u>3,541,021</u>	<u>5,303,611</u>
<i>Total Liabilities</i>	<u>2,249,939</u>	<u>4,172,310</u>	<u>6,422,249</u>
Net Position			
Net Investment in Capital Assets	5,665,651	7,182,808	12,848,459
Unrestricted	1,024,864	427,370	1,452,234
<i>Total Net Position</i>	<u>\$6,690,515</u>	<u>\$7,610,178</u>	<u>\$14,300,693</u>

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2012*

	Business-Type Activities		
	Water	Sewer	Total
Operating Revenues			
Charges for Services	\$2,095,490	\$2,235,742	\$4,331,232
Tap-In Fees	14,436	7,400	21,836
Special Assessments	7,340	4,241	11,581
Rentals	8,791	0	8,791
Other	48,807	9,780	58,587
<i>Total Operating Revenues</i>	<u>2,174,864</u>	<u>2,257,163</u>	<u>4,432,027</u>
Operating Expenses			
Personal Services	1,069,818	889,128	1,958,946
Purchased Services	360,377	395,010	755,387
Contractual Services	164,164	0	164,164
Materials and Supplies	90,872	138,553	229,425
Depreciation	338,382	374,730	713,112
Other	2,060	4,987	7,047
<i>Total Operating Expenses</i>	<u>2,025,673</u>	<u>1,802,408</u>	<u>3,828,081</u>
<i>Operating Income</i>	149,191	454,755	603,946
Non-Operating Expenses			
Interest and Fiscal Charges	(43,453)	(123,879)	(167,332)
<i>Income before Contributions</i>	105,738	330,876	436,614
Capital Contributions	274,276	462,835	737,111
<i>Change in Net Position</i>	380,014	793,711	1,173,725
<i>Net Position Beginning of Year</i>	<u>6,310,501</u>	<u>6,816,467</u>	<u>13,126,968</u>
<i>Net Position End of Year</i>	<u>\$6,690,515</u>	<u>\$7,610,178</u>	<u>\$14,300,693</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, 2012

	Business-Type Activities		
	Water	Sewer	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Customers	\$2,154,530	\$2,307,504	\$4,462,034
Cash Received from Tap-In Fees	14,436	7,400	21,836
Cash Received from Special Assessments	4,582	2,552	7,134
Cash Received from Rentals	8,791	0	8,791
Other Cash Receipts	48,807	9,780	58,587
Cash Payments to Employees for Services	(1,070,700)	(857,689)	(1,928,389)
Cash Payments for Goods and Services	(647,496)	(540,685)	(1,188,181)
Other Cash Payments	(2,060)	(4,987)	(7,047)
<i>Net Cash Provided by Operating Activities</i>	<u>510,890</u>	<u>923,875</u>	<u>1,434,765</u>
Cash Flows from Capital and Related Financing Activities			
Capital Contributions	64,346	235,283	299,629
General Obligation Bonds Issued	40,019	85,629	125,648
General Obligation Notes Issued	0	270,000	270,000
OWDA Loans Issued	48,179	419,314	467,493
OPWC Loans Issued	0	49,830	49,830
Principal Paid on Loans	(63,247)	(15,333)	(78,580)
Interest Paid on Loans	(15,060)	(4,821)	(19,881)
Principal Paid on OWDA Loans	(38,781)	(288,140)	(326,921)
Interest Paid on OWDA Loans	(10,425)	(116,774)	(127,199)
Principal Paid on OPWC Loans	(27,768)	(3,552)	(31,320)
Principal Paid on General Obligation Bond	(60,033)	0	(60,033)
Interest Paid on General Obligation Bond	(13,767)	0	(13,767)
Principal Paid on Long-term Notes	0	(200,000)	(200,000)
Interest Paid on Long-term Notes	0	(3,650)	(3,650)
Principal Paid on Short-term Notes	0	(130,000)	(130,000)
Interest Paid on Short-term Notes	0	(1,375)	(1,375)
Payments for Capital Acquisitions	(217,271)	(1,059,184)	(1,276,455)
<i>Net Cash Used in Capital and Related Financing Activities</i>	<u>(293,808)</u>	<u>(762,773)</u>	<u>(1,056,581)</u>
<i>Net Increase in Cash and Cash Equivalent</i>	217,082	161,102	378,184
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>617,942</u>	<u>250,912</u>	<u>868,854</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$835,024</u>	<u>\$412,014</u>	<u>\$1,247,038</u>

(continued)

City of Conneaut, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2012

	Business-Type Activities		
	Water	Sewer	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$149,191	\$454,755	\$603,946
Adjustments:			
Depreciation	338,382	374,730	713,112
(Increase) Decrease in Assets:			
Accounts Receivable	59,040	71,762	130,802
Special Assessments Receivable	(2,758)	(1,689)	(4,447)
Materials and Supplies Inventory	(51,223)	8,295	(42,928)
Increase (Decrease) in Liabilities:			
Accounts Payable	(6,438)	(12,635)	(19,073)
Contracts Payable	19,789	(3,172)	16,617
Accrued Wages	(53)	12,077	12,024
Compensated Absences Payable	9,761	14,588	24,349
Intergovernmental Payable	(4,801)	5,164	363
<i>Total Adjustments</i>	<u>361,699</u>	<u>469,120</u>	<u>830,819</u>
<i>Net Cash Provided by Operating Activities</i>	<u>\$510,890</u>	<u>\$923,875</u>	<u>\$1,434,765</u>

Non-Cash Capital Transactions

In 2012, governmental activities transferred capital assets to the Water and Sewer enterprise funds, in the amount of \$209,930 and \$227,552, respectively. These amounts are included in capital contributions.

See accompanying notes to the basic financial statements

City Of Conneaut, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2012

Assets	
Equity in Pooled Cash and Cash Equivalents	\$16,407
Cash and Cash Equivalents in Segregated Accounts	<u>7,032</u>
<i>Total Assets</i>	<u><u>\$23,439</u></u>
 Liabilities	
Deposits Held and Due to Others	<u><u>\$23,439</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, 2012

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

Conneaut Port Authority The Conneaut Port Authority is a legally separate, statutorily created under Section 4582.02 of the Ohio Revised Code, served by a seven-member board of directors appointed by the City Manager. Charged with the responsibility of industrial development and the improvement of Conneaut's waterways, the Port Authority is empowered with the ability to carry out the actions they consider necessary to achieve these responsibilities. The voting majority of the Board of the Port Authority is appointed by the City. The Port Authority is also dependent on the City for financial support and is therefore presented as a component unit of the City. The Conneaut Port Authority operates on a year ending December 31. Information the component unit is identified in Note 25. Statements for the Port Authority can be obtained from the Conneaut Port Authority, 1205 Broad Street, Conneaut, Ohio 44030.

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 12, 13 and 20 to the basic financial statements.

Information in the following notes to the basic financial statements is applicable to the primary government. Information for the component unit is presented in Note 25.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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 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 position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position 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 position 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.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

The difference between governmental fund assets and deferred outflows of resources and governmental fund liabilities and deferred inflows of resources 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.

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 position, 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 position and changes in net position. 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 deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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 deferred outflows of

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

resources and current liabilities and deferred inflows of resources 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 deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. 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 inflows of resources 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 Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2012, but which were levied to finance year 2013 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represent receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, municipal income taxes, special assessments, intergovernmental grants and ambulance charges. These amounts are deferred and recognized as an inflow of resources in the period the amounts became available.

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.

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 2012. 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, 2012.

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 2012 amounted to \$3,180 which includes \$2,063 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 position but are not

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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 position 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:

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.

The entire compensated absences liability is reported on the government-wide financial statements.

On the governmental fund financial statements and business-type financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments came due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the funds from which the employees who have resigned or retired will be paid.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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 and compensated absences 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).

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, as both are equally binding) 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, as both are equally binding) 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. These amounts are assigned by City Council. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

or ordinance, or by State Statute. State Statute authorizes the finance director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council assigned fund balance to cover a gap between estimated revenue and appropriations in 2013's appropriated budget.

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 Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets, 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 position is 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 position 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 position is 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.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from contributions of capital assets from the industrial park capital projects governmental fund and from outside contributions of resources restricted to capital acquisition and construction.

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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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.

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.

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/Net Position

Changes in Accounting Principles

For fiscal year 2012, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements," Statement No. 61, "The Financial Reporting Entity: Omnibus—an amendment of GASB Statement No. 14 and 34," Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements," Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53, Statement No. 65, "Items Previously Reported as Assets and Liabilities" and Statement No. 66, "Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62."

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in the City's financial statements.

City of Conneaut, Ohio
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GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity and clarifies the reporting of equity interests in legally separate organizations. These changes were incorporated in the City's financial statements and resulted in the restatement of loans receivable from the component unit.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the City's financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this statement did not result in any change in the City's financial statements.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the City's financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the City's financial statements.

Restatement of Fund Balance/Net Position

During 2012, it was determined that a receivable from the City's component unit was not recorded. This restatement 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	Other Governmental Funds	Total Governmental Funds
Fund Balance at December 31, 2011	\$1,093,873	\$149,450	\$27,029	\$598,139	\$1,868,491
Loans Receivable from Component Unit	0	0	0	300,000	300,000
Adjusted Fund Balance at December 31, 2010	<u>\$1,093,873</u>	<u>\$149,450</u>	<u>\$27,029</u>	<u>\$898,139</u>	<u>\$2,168,491</u>

This restatement increased net position of governmental activities at December 31, 2011 by \$300,000 from \$30,725,256 to \$31,025,256

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Note 4 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as 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).

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	\$256,137	\$40,811
Net Adjustment for Revenue Accruals	17,247	5,152
Net Adjustment for Expenditures Accruals	35,966	236,110
Beginning Unrecorded Cash	(446)	(16)
Ending Unrecorded Cash	487	0
Proceeds of Notes	100,000	26,000
Principal Retirement	(125,000)	(213,839)
Encumbrances	(142,804)	(38,390)
Budget Basis	\$141,587	\$55,828

Note 5 - 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
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Fund Balances	General	Street Maintenance, Construction and Repair	Special Assessment Bond Retirement	Nonmajor Governmental Funds	Total
<i>Nonspendable</i>					
Unclaimed Monies	\$20,376	\$0	\$0	\$0	\$20,376
Inventory	20,469	66,015	0	0	86,484
<i>Total Nonspendable</i>	40,845	66,015	0	0	106,860
<i>Restricted for</i>					
Road Improvements	0	124,246	0	154,860	279,106
Drug and Alcohol Alcohol Enforcement	0	0	0	62,277	62,277
Police and Fire Departments	0	0	0	105,546	105,546
Economic Development	0	0	0	226,527	226,527
Restaurant Inspection	0	0	0	5,316	5,316
Marina Improvements	0	0	0	6,222	6,222
Cemetery	0	0	0	45,156	45,156
Litter Control	0	0	0	308	308
Tree Commission	0	0	0	809	809
Debt Service Payments	0	0	6,778	191,063	197,841
Municipal Court Improvements	0	0	0	226,459	226,459
Energy Improvements	0	0	0	16,060	16,060
<i>Total Restricted</i>	0	124,246	6,778	1,040,603	1,171,627
<i>Committed to</i>					
Recreation	0	0	0	11,695	11,695
Capital Improvements	0	0	0	18,354	18,354
<i>Total Committed</i>	0	0	0	30,049	30,049
<i>Assigned to</i>					
Purchase on order	118,527	0	0	0	118,527
Year 2013 Appropriations	224,726	0	0	0	224,726
<i>Total Assigned</i>	343,253	0	0	0	343,253
<i>Unassigned (Deficit)</i>	965,912	0	0	(55,840)	910,072
<i>Total Fund Balances</i>	\$1,350,010	\$190,261	\$6,778	\$1,014,812	\$2,561,861

Note 6 - Fund Deficits

Fund balance at December 31, 2012, included the following individual fund deficits:

Fund	Amount
<i>Nonmajor Funds:</i>	
Street Lighting	\$5,002
Police Pension	20,343
Fire Pension	28,876
Industrial Park	1,619

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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);
8. Commercial paper and bankers acceptances if training requirements have been met.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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, \$1,158,692 of the City's bank balance of \$1,408,692 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, 2012, the City had \$2,432,713 invested in STAR Ohio with an average maturity of 55.4 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, 2012, 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, 2012

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 \$581,133 in the special assessment bond retirement fund, \$17,646 in the water enterprise fund and \$9,390 in the sewer enterprise fund. At December 31, 2012, the amount of delinquent special assessments was \$672,926.

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 one year amount to \$100.

The City entered into a project funding agreement with the Conneaut Port Authority to provide funds, through a note from the City, for marina improvements. As of December 31, 2012, the City has a loan receivable in the amount of \$270,000 in the marina special revenue fund. See Note 21 for additional information.

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2012 for real and public utility property taxes represents collections of 2011 taxes.

2012 real property taxes are levied after October 1, 2012 on the assessed value as of January 1, 2012 the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013.

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. 2012 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2012, was \$7.26 per \$1,000 of assessed value. The assessed values of real property and public utility property upon which 2012 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	
Residential/Agricultural	\$122,881,370
Other Real Estate	57,275,150
Public Utility Property	<u>6,171,300</u>
Total Assessed Values	<u><u>\$186,327,820</u></u>

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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, 2012 and for which there is an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2012 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collective delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

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
Gasoline Tax	\$188,962
Local Government	167,804
Homestead and Rollback	83,544
Permissive Tax	69,532
Formula Grant	64,000
Inheritance Tax	54,083
Auto License Tax	40,017
Total	\$667,942

Note 9 – Interfund Transfers

The general fund transferred \$170,000 to the street maintenance, construction and repair special revenue fund and \$30,750 to other governmental funds to provide additional resources for current operations.

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 an amount not to exceed 1,200 hours of accumulated sick leave at the employee’s rate of pay at the time of retirement. 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, 2012

Note 11 - Capital Assets

Capital asset activity for the year ended December 31, 2012, was as follows:

Governmental Activities	Balance 12/31/2011	Additions	Deductions	Balance 12/31/2012
<i>Capital Assets not being Depreciated:</i>				
Land	\$554,972	\$0	\$0	\$554,972
Construction in Progress	867,682	899,264	(1,045,051)	721,895
<i>Total Capital Assets not being Depreciated</i>	<u>1,422,654</u>	<u>899,264</u>	<u>(1,045,051)</u>	<u>1,276,867</u>
<i>Capital Assets being Depreciated:</i>				
Buildings and Improvements	1,784,800	0	0	1,784,800
Equipment	2,017,690	56,073	0	2,073,763
Vehicles	3,675,677	0	0	3,675,677
Furniture and Fixtures	9,482	0	0	9,482
Infrastructure:				
Traffic Lights	285,338	0	0	285,338
Roads	22,281,329	891,824	0	23,173,153
Bridges	13,258,591	0	0	13,258,591
Storm Sewers	1,720,708	575,902	0	2,296,610
<i>Total Capital Assets being Depreciated</i>	<u>45,033,615</u>	<u>1,523,799</u>	<u>0</u>	<u>46,557,414</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(1,402,843)	(49,838)	0	(1,452,681)
Equipment	(1,380,847)	(109,068)	0	(1,489,915)
Vehicles	(3,288,241)	(87,809)	0	(3,376,050)
Furniture and Fixtures	(9,041)	(441)	0	(9,482)
Infrastructure:				
Traffic Lights	(69,077)	(6,900)	0	(75,977)
Roads	(8,958,657)	(962,195)	0	(9,920,852)
Bridges	(773,418)	(265,172)	0	(1,038,590)
Storm Sewers	(1,045,841)	(26,659)	0	(1,072,500)
<i>Total Accumulated Depreciation</i>	<u>(16,927,965)</u>	<u>(1,508,082)</u>	<u>0</u>	<u>(18,436,047)</u>
Total Capital Assets being Depreciated, Net	<u>28,105,650</u>	<u>15,717</u>	<u>0</u>	<u>28,121,367</u>
Governmental Activities Capital Assets, Net	<u>\$29,528,304</u>	<u>\$914,981</u>	<u>(\$1,045,051)</u>	<u>\$29,398,234</u>

City of Conneaut, Ohio
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For The Year Ended December 31, 2012

	Balance 12/31/2011	Additions	Deductions	Balance 12/31/2012
Business Type Activities:				
<i>Capital Assets not being Depreciated:</i>				
Land	\$6,880	\$0	\$0	\$6,880
Construction in Progress	274,498	982,755	(1,101,548)	155,705
<i>Total Capital Assets not being Depreciated</i>	<u>281,378</u>	<u>982,755</u>	<u>(1,101,548)</u>	<u>162,585</u>
<i>Capital Assets being Depreciated:</i>				
Buildings and Improvements	749,097	12,179	0	761,276
Equipment	5,527,190	639,069	0	6,166,259
Vehicles	859,867	20,907	0	880,774
Infrastructure:				
Water and Sewer Lines	18,854,988	1,160,575	0	20,015,563
<i>Total Capital Assets being Depreciated</i>	<u>25,991,142</u>	<u>1,832,730</u>	<u>0</u>	<u>27,823,872</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(615,699)	(11,119)	0	(626,818)
Equipment	(2,652,947)	(257,669)	0	(2,910,616)
Vehicles	(358,146)	(81,162)	0	(439,308)
Infrastructure:				
Water and Sewer Lines	(4,937,379)	(363,162)	0	(5,300,541)
<i>Total Accumulated Depreciation</i>	<u>(8,564,171)</u>	<u>(713,112)</u>	<u>0</u>	<u>(9,277,283)</u>
Total Capital Assets being Depreciated, Net	<u>17,426,971</u>	<u>1,119,618</u>	<u>0</u>	<u>18,546,589</u>
Business Type Activities Capital Assets, Net	<u>\$17,708,349</u>	<u>\$2,102,373</u>	<u>(\$1,101,548)</u>	<u>\$18,709,174</u>

Depreciation expense was charged to governmental functions as follows:

General Government	\$46,597
Security of Persons and Property	129,958
Leisure Time Activities	22,474
Community Development	2,052
Transportation	1,307,001
Total Depreciation Expense	<u>\$1,508,082</u>

Note 12 – 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.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Note 13 – 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 14 - Notes Payable

Changes in the City's note activity for the year ended December 31, 2012, were as follows:

	Outstanding 12/31/2011	Additions	(Reductions)	Outstanding 12/31/2012
<i>General Fund:</i>				
Prison Land, 1.47%	\$40,000	\$30,000	(\$40,000)	\$30,000
Madison Street Storm Sewer, 1.47%	85,000	70,000	(85,000)	70,000
<i>Total General Fund</i>	<u>125,000</u>	<u>100,000</u>	<u>(125,000)</u>	<u>100,000</u>
<i>Special Revenue Fund:</i>				
Street Equipment, 1.46%	16,000	16,000	(16,000)	16,000
Street Equipment, 1.46%	5,000	5,000	(5,000)	5,000
Street Equipment, 1.47%	5,000	5,000	(5,000)	5,000
Port Authority 1.33%	0	270,000	0	270,000
<i>Total Special Revenue Fund</i>	<u>26,000</u>	<u>296,000</u>	<u>(26,000)</u>	<u>296,000</u>
<i>Total Governmental Activities</i>	<u>\$151,000</u>	<u>\$396,000</u>	<u>(\$151,000)</u>	<u>\$396,000</u>
<i>Enterprise Funds:</i>				
<i>Sewer</i>				
Waste Water Improvement, 1.47%	\$90,000	\$70,000	(\$90,000)	\$70,000
Sewer Jet, 1.47%	40,000	40,000	(40,000)	40,000
<i>Total Enterprise Funds</i>	<u>\$130,000</u>	<u>\$110,000</u>	<u>(\$130,000)</u>	<u>\$110,000</u>

In 2012, the City issued \$30,000, \$70,000, \$5,000, \$70,000 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, 2012 and the notes mature on June 14, 2013.

In 2012, the City issued \$21,000 in various improvement notes for the purchase of new street equipment. The purchases have been made by December 31, 2012, and the notes mature on February 7, 2013.

In 2012, the City issued \$270,000 marina improvement note, on behalf of the Port Authority, for the purpose of acquiring, constructing, reconstructing, and improving boat docks and slips with an interest rate of 1.33 percent maturing on November 21, 2013. As of December 31, 2012 all proceeds had been disbursed.

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.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Note 15 - 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>				
Library Refunding	2011	3.00%	\$735,000	2018
Energy Conservation	2012	3.10	544,352	2022
<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	2023
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
Roadway Safety	2012	0.00	14,240	N/A
<i>Notes:</i>				
Street Equipment	2012	1.46	44,000	2013
Street Equipment	2012	1.46	25,000	2013
Street Equipment	2012	1.47	30,000	2013
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
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
Wastewater Aeration Repairs	2012	2.80	130,587	2032
Lake Erie Street Sanitary Sewer	2012	3.32	240,548	2032
<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
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
Roadway Safety	2012	0.00	31,700	N/A
Wastewater Aeration Improvement	2012	0.00	18,130	N/A

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Debt Issue	Original Issue Date	Interest Rate	Original Issue Amount	Year of Maturity
Business-Type Activities (continued)				
<i>General Obligation Bond:</i>				
Water Refunding	2011	3.00%	\$530,000	2018
Energy Conservation	2012	3.10	125,648	2022
<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	2012	1.47	160,000	2013

A schedule of changes in bonds and other long-term obligations of the City during 2012 follows:

	Outstanding 12/31/2011	Additions	Reductions	Outstanding 12/31/2012	Amount Due In one Year
Governmental Activities:					
<i>General Obligation Bonds</i>					
Library Refunding	\$645,000	\$0	\$84,177	\$560,823	\$86,702
Energy Conservation	0	544,352	0	544,352	50,724
Total General Obligation Bonds	645,000	544,352	84,177	1,105,175	137,426
<i>Special Assessment OWDA Loans with Governmental Commitment:</i>					
East Conneaut Sewer Phase II	223,171	0	41,036	182,135	42,761
East/West Gateway	81,842	0	39,946	41,896	41,896
Gateway Phase II	15,923	0	6,143	9,780	6,441
I-90 Sewer	73,973	0	9,360	64,613	9,736
East Conneaut Sewer Phase III	358,627	0	34,545	324,082	35,764
Total Special Assessment OWDA Loans	753,536	0	131,030	622,506	136,598
<i>Loans:</i>					
Industrial Park	500,000	0	0	500,000	17,980
Road Equipment Acquisition	122,667	0	15,333	107,334	15,333
SIB - Parrish Road	488,386	0	69,123	419,263	71,213
Total Loans:	1,111,053	0	84,456	1,026,597	104,526
<i>OPWC Loan:</i>					
Under Ridge Road Culvert	21,349	0	1,581	19,768	1,581
Roadway Safety	0	14,240	0	14,240	0
Total OPWC Loans	21,349	14,240	1,581	34,008	1,581
<i>Long - Term Notes Payable:</i>					
Street Equipment	44,000	28,000	44,000	28,000	0
Street Equipment	25,000	20,000	25,000	20,000	0
Street Equipment	30,000	25,000	30,000	25,000	0
Port Authority	300,000	0	300,000	0	0
Total Long - Term Notes Payable	399,000	73,000	399,000	73,000	0
<i>Other Long-Term Liabilities:</i>					
Capital Leases	37,104	0	18,135	18,969	18,969
Compensated Absences	626,618	315,928	243,934	698,612	168,996
Total Other Long-Term Liabilities	663,722	315,928	262,069	717,581	187,965
Total Governmental Activities					
Long-Term Obligations	\$3,593,660	\$947,520	\$962,313	\$3,578,867	\$568,096

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

	Outstanding 12/31/2011	Additions	Reductions	Outstanding 12/31/2012	Amount Due In one Year
Business-Type Activities					
<i>Special Assessment OWDA Loans</i>					
<i>with Governmental Commitment:</i>					
East Conneaut Sewer Phase II	\$74,390	\$0	\$13,679	\$60,711	\$14,254
I-90 Sewer	41,611	0	5,265	36,346	5,477
East Conneaut Sewer Phase III	78,724	0	7,583	71,141	7,851
<i>Total Special Assessment OWDA Loans</i>	<u>194,725</u>	<u>0</u>	<u>26,527</u>	<u>168,198</u>	<u>27,582</u>
<i>OWDA Loans</i>					
Wastewater Plant Improvement	99,332	0	48,045	51,287	51,287
Wastewater Plant Improvement	100,161	0	47,919	52,242	52,242
Water III	196,708	0	32,391	164,317	33,816
Dechlorination Project	30,592	0	5,064	25,528	5,275
Wastewater Improvement Loan	2,620,953	0	154,195	2,466,758	159,247
Industrial Park	199,183	96,358	12,780	282,761	26,140
Wastewater Aeration Repairs	0	130,587	0	130,587	4,469
Lake Erie Street Sanitary Sewer	0	240,548	0	240,548	10,477
<i>Total OWDA Loans</i>	<u>3,246,929</u>	<u>467,493</u>	<u>300,394</u>	<u>3,414,028</u>	<u>342,953</u>
<i>Total OWDA Obligations</i>	<u>3,441,654</u>	<u>467,493</u>	<u>326,921</u>	<u>3,582,226</u>	<u>370,535</u>
<i>OPWC Loans:</i>					
South Conneaut Water Tank	182,875	0	19,250	163,625	19,250
Liberty Water Line	71,091	0	5,924	65,167	5,924
Madison Sanitary Sewer	24,589	0	1,892	22,697	1,892
Finished Water and Booster Pump	38,831	0	2,044	36,787	2,044
Water Booster Pump Station	10,451	0	550	9,901	550
Sandusky Sanitary Sewer	26,769	0	1,409	25,360	1,409
Sanitary Sewer Repairs	10,051	0	251	9,800	0
Roadway Safety	0	31,700	0	31,700	0
Wastewater Aeration Improvement	0	18,130	0	18,130	0
<i>Total OPWC Loans</i>	<u>364,657</u>	<u>49,830</u>	<u>31,320</u>	<u>383,167</u>	<u>31,069</u>
<i>General Obligation Bonds:</i>					
Water Refunding	460,000	0	60,033	399,967	61,834
Energy Conservation	0	125,648	0	125,648	11,706
<i>Total Bonds</i>	<u>460,000</u>	<u>125,648</u>	<u>60,033</u>	<u>525,615</u>	<u>73,540</u>
<i>Loans:</i>					
Road Equipment Acquisition Loan	245,333	0	30,667	214,666	30,667
Water Meter Loan	932,954	0	47,913	885,041	201,501
<i>Total Loans</i>	<u>1,178,287</u>	<u>0</u>	<u>78,580</u>	<u>1,099,707</u>	<u>232,168</u>
<i>Other Long-Term Liabilities:</i>					
Compensated Absences	290,266	72,617	48,268	314,615	54,407
Sewer Jet Note	200,000	160,000	200,000	160,000	0
<i>Total Other Long-Term Liabilities</i>	<u>490,266</u>	<u>232,617</u>	<u>248,268</u>	<u>474,615</u>	<u>54,407</u>
<i>Total Business-Type Activities</i>					
<i>Long-Term Obligations</i>	<u>\$5,934,864</u>	<u>\$875,588</u>	<u>\$745,122</u>	<u>\$6,065,330</u>	<u>\$761,719</u>

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

General obligation bonds are direct obligations of the City and will be paid from the bond retirement debt service fund using property tax revenues and from the water fund using operating revenues. Special assessment debt will be paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. The OWDA loans will be paid partly with special assessments levied against benefited property owners as well as user charges from the appropriate enterprise fund. The OPWC loans in the enterprise funds will be paid with user charges. The 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.

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 Public Water Commission in the amount of \$50,000 each, for sanitary sewer repairs, roadway safety and wastewater aeration improvements, respectively, however, since these loans are not finalized, the repayment schedules are not included in the schedule of debt service payments. The City has received \$10,051, \$45,940 and \$18,130, respectively, in proceeds. Until a final repayment schedule is available, the City is paying based on estimates.

The City has pledged future revenues, net of operating expenses less depreciation plus interest and fiscal charges, 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 to require 14.73 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$621,712. Principal and interest paid for the current year and total net revenues were \$76,974 and \$487,573 respectively.

The City has pledged future revenues, net of operating expenses less depreciation plus interest and fiscal charges, 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 principal and interest payments on the debt issues are expected require 43.14 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$4,109,025. Principal paid for the current year and total net revenues were \$408,466 and \$829,485 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 2013, the principal balance of the loan will be subject to a 3.25 percent interest rate with final maturity in 2023. This note will be paid from the industrial park capital projects fund.

In 2012, the City issued \$670,000 in energy conservation bonds for the purpose of acquisition, installation and construction of certain energy conservation measures including lighting upgrades for municipal facilities, mechanical upgrades for municipal facilities, control upgrades cooling tower fan repairs and vending miser sensor controls with an interest rate of 3.10 percent maturing on December 1, 2022. As of December 31, 2012 all proceeds had been disbursed.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

In 2012, the City issued \$48,000 and \$185,000 various purpose improvement notes for the purchase of street equipment and for a new sewer jet. These purchases have been made by December 31, 2012 and the notes mature on February 7, 2013 and June 14, 2013, respectively. The short-term portion of these notes of \$21,000 and \$40,000 are presented in Note 14.

The City's overall legal debt margin was \$15,385,390 with an unvoted debt margin of \$6,068,999 at December 31, 2012. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2012, are as follows:

<i>Governmental Activities</i>							
	General Obligation Bonds		Special Assessment Loans		OPWC Loans	Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2013	\$137,426	\$35,670	\$136,598	\$22,542	\$1,581	\$104,526	\$22,537
2014	140,818	29,527	95,053	17,270	1,581	132,778	27,441
2015	144,301	25,251	95,303	13,606	1,581	136,336	23,241
2016	147,876	20,869	99,030	9,878	1,581	140,002	18,934
2017	151,548	16,380	52,488	6,521	1,581	143,779	14,515
2018-2022	383,206	29,579	144,034	8,568	7,908	335,716	27,864
2023-2025	0	0	0	0	3,955	33,460	335
Total	\$1,105,175	\$157,276	\$622,506	\$78,385	\$19,768	\$1,026,597	\$134,867

<i>Business-Type Activities</i>							
	General Obligation Bonds		Special Assessment OWDA Loans		OWDA Loans		OPWC Loans
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2013	\$73,540	\$16,348	\$27,582	\$6,193	\$342,953	\$123,448	\$31,069
2014	75,577	13,676	28,677	5,097	252,123	112,656	31,069
2015	77,674	11,396	29,818	3,956	260,718	104,061	31,069
2016	79,829	9,054	31,003	2,771	269,610	95,169	31,069
2017	82,048	6,647	15,432	1,711	255,377	85,969	31,069
2018-2022	136,947	8,279	35,686	3,713	1,262,330	309,994	126,472
2023-2026	0	0	0	0	695,118	93,570	29,715
2027-2032	0	0	0	0	75,799	8,675	12,005
Total	\$525,615	\$65,400	\$168,198	\$23,441	\$3,414,028	\$933,542	\$323,537

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

	<i>Business-Type Activities</i>	
	Loans	
	Payable	
	Principal	Interest
2013	\$232,168	45,211
2014	241,029	35,065
2015	250,280	24,532
2016	284,229	14,229
2017	30,666	3,526
2018-2021	61,335	3,206
Total	\$1,099,707	\$125,769

Note 16 – Capital Lease

In prior years, the City entered into a capitalized lease for one International dump truck. This lease meets the criteria for a capital 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, 2012 for governmental activities follows:

	Governmental Activities
Asset:	
International Dump Truck	\$399,779
Less: Accumulated depreciation	(389,064)
Current Book Value	\$10,715

At December 31, 2012, the City owes \$18,969 in principal and \$649 in interest outstanding.

Note 17 - 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 2012, the City contracted with Wells Fargo Insurance Services for various types of insurance as follows:

Type of Coverage	Coverage
Property/Boilers and Machinery	\$23,277,652
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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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 2012, the City participated in the Ohio Municipal League Worker's Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 12). 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.

Note 18 - 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. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2012, members in state and local divisions contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2012, member and employer contribution rates were consistent across all three plans.

The City's 2012 contribution rate was 14.0 percent. 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 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Employer contribution rates are actuarially determined.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011 and 2010 were \$174,471, \$166,527 and \$132,937, respectively. For 2012, 90 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010. Contributions to the Member-Directed Plan for 2012 were \$3,147 made by the City and \$2,248 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 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 \$112,657 and \$96,101 for the year ended December 31, 2012, \$112,421 and \$88,452 for the year ended December 31, 2011, and \$121,779 and \$88,362 for the year ended December 31, 2010, respectively. For 2012, 72 percent for police and 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 2011 and 2010.

Note 19 - 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.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll. 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 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary.

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, 2012, 2011 and 2010 were \$101,496, \$104,451 and \$96,660, respectively. For 2012, 90 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

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.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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 visiting www.op-f.org or 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 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, 2012, 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 \$59,642 and \$37,605 for the year ended December 31, 2012, \$59,517 and \$34,612 for the year ended December 31, 2010, and \$64,471 and \$34,576 for the year ended December 31, 2010. For 2012, 72 percent has been contributed for police and firefighters with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Note 20 – 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 2012. 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, 2012

Note 21 – Related Party Transactions

The Conneaut Port Authority, a component unit of the City of Conneaut, owes the City \$270,000 as of December 31, 2012 for a marina improvement note issued by the City. During 2012, The Port Authority paid the City \$34,684, the amount of the principal and interest on the note. The financial statements reflect \$270,000 in ‘due from component unit’.

Note 22 – Construction and Other Significant Commitments

Contractual Commitments

At December 31, 2012, the City’s significant contractual commitments consisted of:

Project	Contract Amount	Amount Paid	Remaining Contract
Creek Road Water Tank	\$1,876,970	\$0	\$1,876,970
Energy System Upgrades	721,895	532,607	189,288
Total	<u>\$2,598,865</u>	<u>\$532,607</u>	<u>\$2,066,258</u>

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	\$142,804
Street Construction, Maintenance and Repair Fund	38,390
Other Governmental Funds	<u>411,313</u>
Total	<u>\$592,507</u>

Note 23 - 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, 2012.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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 24 – Subsequent Event

On February 7, 2013, the City retired \$69,000 in general obligation bond anticipation notes and issued \$48,000 in new notes. The new notes have a maturity date of February 6, 2014 and an interest rate of 1.35 percent. The following table summarizes the activity.

Note Issuance	Retired	Issued
Street Equipment	\$44,000	\$28,000
Street Equipment	25,000	20,000
Total Notes	\$69,000	\$48,000

On June 14, 2013, the City retired \$400,000 in general obligation bond anticipation notes and issued \$310,000 in new notes. The new notes have a maturity date of June 13, 2014 and an interest rate of 1.32 percent. The following table summarizes the activity.

Note Issuance	Retired	Issued
Prison Land	\$30,000	\$20,000
Madison Street Storm Sewer	70,000	55,000
Street Equipment	30,000	25,000
Waste Water Improvement	70,000	50,000
Sewer Jet	200,000	160,000
Total Notes	\$400,000	\$310,000

Note 25 – Conneaut Port Authority

Description of Reporting Entity

The Conneaut Port Authority, Ashtabula County, (Port Authority) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Port Authority for the City of Conneaut is directed by a seven-member Board appointed by the City Manager with the approval of Conneaut City Council.

Charged with the responsibility of industrial development and the improvement of Conneaut's interconnecting waterways, the Port Authority is empowered with the ability to carry out the actions they consider necessary to achieve these responsibilities. The Port Authority operates two marinas and leases

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

other lakefront facilities at the Port to private entities. The Port Authority's management believes these financial statements present all activities for which the Port Authority is financially accountable. The Conneaut Port Authority is fiscally dependent on the City because the City approves the Conneaut Port Authority's budget and is therefore presented as a component unit of the City.

Summary of Significant Accounting Policies

The financial statements of the Port Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Port Authority also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its business-type activities. All transactions are accounted for in a single enterprise fund.

Basis of Presentation

The Port Authority accounts for all transaction in a single enterprise fund. The financial statement consist of a statement of net position, statement of revenues, expenses and changes in net position and a statement of cash flows.

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All asset and liabilities associated with the operation this fund are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Port Authority finances and meets the cash flow needs of its activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The single proprietary fund used the accrual basis of accounting.

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.

Nonexchange transactions, in which the Port Authority receives value without directly giving equal value in return, include grants and donations. On an accrual basis, revenue from grants 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 Port Authority 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.

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

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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Cash and Cash Equivalents

All monies of the Port Authority are maintained in one bank account. Investment procedures are restricted by the provisions of the Ohio Revised Code. During 2012, the Port Authority maintained no investment accounts.

For the purposes of the statement of cash flows, all bank deposits, including investments with maturity of less than three months are considered to be cash equivalents.

Inventory

Inventories are presented at cost on a first-in, first-out basis and expenses when used.

Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Port Authority maintains a capitalization threshold of \$500. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred on related debt during the construction o capital assets is also capitalized.

When assets are sold, or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any profit or loss arising from such disposition is included as income or expense in the year in which sold.

All capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	15 - 40 years
Equipment	3 - 10 years
Vehicles	5 - 20 years
Furniture and Fixtures	3 - 10 years

Net Position

Net position represent the difference between assets and liabilities. Net investment in capital asset, 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 position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or though external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Operating Revenues

Operating revenues are those revenues generated directly from the primary activity of the proprietary fund. For the Port Authority, these revenues are dock rentals and property leases. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. Revenue 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, 2012

Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code, requiring annual appropriations and estimated resources (estimated receipts plus cash of January 1), to be adopted by resolution of the Board. Both are subject to amendment by the Board during the year. The Port Authority maintains budgetary control by not permitting expenditures to exceed their respective appropriations and not allowing appropriations to exceed estimated resources.

Additionally, the Port Authority is required by Ohio Revised Code to encumber appropriations when purchase commitments are made. Encumbrances outstanding at year end are cancelled and appropriated again in the subsequent year.

Deposits and Investments

The Conneaut Port Authority follows the same guidelines identified in Note 7.

Deposits At year-end, all of the Port Authority's bank balance of \$41,237 was covered by federal depository insurance.

The Conneaut Port Authority did not have any investments at year end.

Capital Assets

Capital asset activity for the fiscal year ended December 31, 2012 was as follows:

	Balance 12/31/2011	Additions	Deductions	Balance 12/31/2012
<i>Capital Assets not being Depreciated:</i>				
Land	\$38,496	\$0	\$0	\$38,496
Land Improvements	26,362	4,659	0	31,021
Construction in Progress	139,318	0	(84,306)	55,012
<i>Total Capital Assets not being Depreciated</i>	204,176	4,659	(84,306)	124,529
<i>Capital Assets being Depreciated:</i>				
Buildings and Improvements	2,484,623	27,774	0	2,512,397
Dock Improvements	684,935	459,735	0	1,144,670
Vehicles	6,824	9,999	0	16,823
Machinery and Equipment	126,822	6,290	0	133,112
<i>Total Capital Assets being Depreciated</i>	3,303,204	503,798	0	3,807,002
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(1,875,154)	(105,578)	0	(1,980,732)
Dock Improvements	(104,051)	(38,938)	0	(142,989)
Vehicles	(6,824)	(833)	0	(7,657)
Machinery and Equipment	(89,197)	(10,130)	0	(99,327)
<i>Total Accumulated Depreciation</i>	(2,075,226)	(155,479)	0	(2,230,705)
Total Capital Assets being Depreciated, Net	1,227,978	348,319	0	1,576,297
Governmental Activities Capital Assets, Net	\$1,432,154	\$352,978	(\$84,306)	\$1,700,826

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Long-Term Obligations

The Port Authority is liable for a note payable to the City of Conneaut. A \$270,000 note was issued on November 21, 2012 with an interest rate of 1.33 percent. This note is due on November 21, 2013. The Port Authority is liable for a dock capital lease in the amount of \$19,687.

Leases

The Port Authority has entered into a fifty-year, non-monetary, lease commencing June 1, 1988 and ending May 31, 2038, with the City of Conneaut for specified lands in the lakefront area owned by the City.

The Port Authority has entered into a fifty-year lease commencing July 1, 1989 through June 30, 2039, with the State of Ohio for submerged land at the lakefront. The annual lease amount is \$1, due and payable the first day of June of each year for property that does not generate revenues for the Port Authority. The Port Authority is in the process of negotiating and finalizing a lease agreement with the State of Ohio for submerged land that is used for the marinas and does generate operating revenues.

Defined Benefit Pension Plan

The Conneaut Port Authority participates in the Ohio Public Employee Retirement System (OPERS). See Note 18. The Conneaut Port Authority required contributions to OPERS for the years ended December 31, 2012, 2011 and 2010 were \$20,222, \$18,869 and \$17,934 respectively. The full amount has been contributed for 2011 and 2010, 90 percent has been contributed for 2012 with the remainder being reported as an intergovernmental payable.

Postemployment Benefit

The Conneaut Port Authority provides postemployment and health care coverage through the Ohio Public Employees Retirement System (OPERS). See Note 19. The Conneaut Port Authority's actual contributions to fund postemployment benefits for the years ended December 31, 2012, 2011 and 2010 were \$5,777, \$5,391 and \$5,124 respectively. The full amount has been contributed for 2011 and 2010, 90 percent has been contributed for 2012 with the remainder being reported as an intergovernmental payable.

Risk Management

The Port Authority 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 2012, the Port Authority contracted with Love Insurance Company for various types of insurance as follows:

<u>Type of Coverage</u>	<u>Coverage Limit</u>
Property	\$1,597,014
Inland Marine	5,000 - 13,000
Liability	4,000,000 aggregate

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 and the issuance of notes for marina improvements.

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. The fund did not have any budgetary activity in 2012; therefore, budgetary information is not provided.

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

Law Enforcement Trust Fund The Law Enforcement Trust fund accounts for and monies seized from criminals by law enforcement officials in the course of their work and restricted, by State statute, for expenditures that would enhance the police department.

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 Debt Service Fund

Debt service funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest.

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.

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.

(continued)

Fund Descriptions – Nonmajor Governmental Funds (continued)

Nonmajor Capital Projects Funds (continued)

Office of Justice Grants 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.

Energy Improvement Fund The Energy Improvement Fund accounts for and reports restricted bond proceeds issued for energy improvements throughout the City.

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.

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.

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

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.

City of Conneaut, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$390,938	\$191,063	\$655,298	\$1,237,299
Accounts Receivable	394	0	5,141	5,535
Intergovernmental Receivable	135,142	9,362	64,000	208,504
Municipal Income Taxes Receivable	16,748	0	94,460	111,208
Property Taxes Receivable	771,444	116,877	0	888,321
Loans Receivable	100	0	0	100
Loans Receivable from Component Unit	270,000	0	0	270,000
<i>Total Assets</i>	<u>\$1,584,766</u>	<u>\$317,302</u>	<u>\$818,899</u>	<u>\$2,720,967</u>
Liabilities				
Accounts Payable	\$16,383	\$0	\$4,527	\$20,910
Contracts Payable	16,270	0	189,288	205,558
Accrued Wages	1,713	0	0	1,713
Intergovernmental Payable	88,564	0	0	88,564
Notes Payable	270,000	0	0	270,000
<i>Total Liabilities</i>	<u>392,930</u>	<u>0</u>	<u>193,815</u>	<u>586,745</u>
Deferred Inflows of Resources				
Property Taxes	647,112	95,514	0	742,626
Unavailable Revenue	241,871	30,725	104,188	376,784
<i>Total Deferred Inflows of Resources</i>	<u>888,983</u>	<u>126,239</u>	<u>104,188</u>	<u>1,119,410</u>
Fund Balances				
Restricted	345,379	191,063	504,161	1,040,603
Committed	11,695	0	18,354	30,049
Unassigned (Deficit)	(54,221)	0	(1,619)	(55,840)
<i>Total Fund Balances</i>	<u>302,853</u>	<u>191,063</u>	<u>520,896</u>	<u>1,014,812</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$1,584,766</u>	<u>\$317,302</u>	<u>\$818,899</u>	<u>\$2,720,967</u>

City of Conneaut, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$610,904	\$102,227	\$0	\$713,131
Municipal Income Taxes	53,075	0	299,726	352,801
Intergovernmental	440,076	17,027	713,985	1,171,088
Fees, Licenses and Permits	149,235	0	0	149,235
Fines and Forfeitures	11,443	0	81,834	93,277
Rentals	29,375	0	0	29,375
Charges for Services	31,300	0	0	31,300
Contributions and Donations	1,790	0	0	1,790
Interest	517	0	0	517
Other	4,708	0	0	4,708
<i>Total Revenues</i>	<u>1,332,423</u>	<u>119,254</u>	<u>1,095,545</u>	<u>2,547,222</u>
Expenditures				
Current:				
General Government	0	2,729	0	2,729
Security of Persons and Property	676,106	0	0	676,106
Public Health Services	12,425	0	0	12,425
Leisure Time Activities	60,958	0	0	60,958
Community Development	348,558	0	0	348,558
Basic Utility Services	141,999	0	0	141,999
Transportation	179,204	0	968	180,172
Capital Outlay	0	0	1,168,624	1,168,624
Debt Service:				
Principal Retirement	300,000	84,177	15,333	399,510
Interest and Fiscal Charges	4,684	19,305	4,821	28,810
<i>Total Expenditures</i>	<u>1,723,934</u>	<u>106,211</u>	<u>1,189,746</u>	<u>3,019,891</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(391,511)</u>	<u>13,043</u>	<u>(94,201)</u>	<u>(472,669)</u>
Other Financing Sources				
General Obligation Bonds Issued	0	0	544,352	544,352
OPWC Loans Issued	0	0	14,240	14,240
Transfers In	30,750	0	0	30,750
<i>Total Other Financing Sources</i>	<u>30,750</u>	<u>0</u>	<u>558,592</u>	<u>589,342</u>
<i>Net Change in Fund Balances</i>	(360,761)	13,043	464,391	116,673
<i>Fund Balances Beginning of Year</i>	<u>663,614</u>	<u>178,020</u>	<u>56,505</u>	<u>898,139</u>
<i>Fund Balances End of Year</i>	<u>\$302,853</u>	<u>\$191,063</u>	<u>\$520,896</u>	<u>\$1,014,812</u>

City of Conneaut, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012

	Auto Permissive Tax	State Highway	Restaurant Vending	Marina	Enforcement and Education
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$84	\$1,405	\$5,736	\$6,222	\$6,259
Accounts Receivable	0	0	0	0	125
Intergovernmental Receivable	69,532	17,173	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
Loans Receivable from Component Unit	0	0	0	270,000	0
<i>Total Assets</i>	<u>\$69,616</u>	<u>\$18,578</u>	<u>\$5,736</u>	<u>\$276,222</u>	<u>\$6,384</u>
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	420	0	0
Notes Payable	0	0	0	270,000	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>420</u>	<u>270,000</u>	<u>0</u>
Deferred Inflows of Resources					
Property Taxes	0	0	0	0	0
Unavailable Revenue	50,258	11,718	0	0	0
<i>Total Deferred Inflows of Resources</i>	<u>50,258</u>	<u>11,718</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances					
Restricted	19,358	6,860	5,316	6,222	6,384
Committed	0	0	0	0	0
Unassigned (Deficit)	0	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>19,358</u>	<u>6,860</u>	<u>5,316</u>	<u>6,222</u>	<u>6,384</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$69,616</u>	<u>\$18,578</u>	<u>\$5,736</u>	<u>\$276,222</u>	<u>\$6,384</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>Law Enforcement Trust</u>
\$43,755	\$48,153	\$58,603	\$42,394	\$308	\$11,869	\$4,549
109	0	0	0	0	160	0
0	0	21,682	10,841	0	0	0
0	0	0	0	0	0	0
0	0	341,866	170,933	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$43,864</u>	<u>\$48,153</u>	<u>\$422,151</u>	<u>\$224,168</u>	<u>\$308</u>	<u>\$12,029</u>	<u>\$4,549</u>
\$0	\$306	\$0	\$0	\$0	\$0	\$0
0	55	0	0	0	0	0
0	1,693	0	0	0	0	0
0	943	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>2,997</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	286,873	143,437	0	0	0
0	0	76,675	38,337	0	0	0
<u>0</u>	<u>0</u>	<u>363,548</u>	<u>181,774</u>	<u>0</u>	<u>0</u>	<u>0</u>
43,864	45,156	58,603	42,394	308	12,029	4,549
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>43,864</u>	<u>45,156</u>	<u>58,603</u>	<u>42,394</u>	<u>308</u>	<u>12,029</u>	<u>4,549</u>
<u>\$43,864</u>	<u>\$48,153</u>	<u>\$422,151</u>	<u>\$224,168</u>	<u>\$308</u>	<u>\$12,029</u>	<u>\$4,549</u>

(continued)

City of Conneaut, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2012

	<u>Street Lighting</u>	<u>Tree Commission</u>	<u>Community Housing</u>	<u>Economic Development</u>	<u>CHIPS</u>
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$2,974	\$809	\$7,306	\$72,120	\$31,667
Accounts Receivable	0	0	0	0	0
Intergovernmental Receivable	0	0	0	0	0
Municipal Income Taxes Receivable	9,072	0	0	0	0
Property Taxes Receivable	0	0	0	0	0
Loans Receivable	0	0	0	100	0
Loans Receivable from Component Unit	0	0	0	0	0
<i>Total Assets</i>	<u>\$12,046</u>	<u>\$809</u>	<u>\$7,306</u>	<u>\$72,220</u>	<u>\$31,667</u>
Liabilities					
Accounts Payable	\$13,188	\$0	\$0	\$0	\$1,516
Contracts Payable	0	0	0	0	16,150
Accrued Wages	0	0	0	0	0
Intergovernmental Payable	0	0	0	0	0
Notes Payable	0	0	0	0	0
<i>Total Liabilities</i>	<u>13,188</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,666</u>
Deferred Inflows of Resources					
Property Taxes	0	0	0	0	0
Unavailable Revenue	3,860	0	0	0	0
<i>Total Deferred Inflows of Resources</i>	<u>3,860</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances					
Restricted	0	809	7,306	72,220	14,001
Committed	0	0	0	0	0
Unassigned (Deficit)	(5,002)	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>(5,002)</u>	<u>809</u>	<u>7,306</u>	<u>72,220</u>	<u>14,001</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$12,046</u>	<u>\$809</u>	<u>\$7,306</u>	<u>\$72,220</u>	<u>\$31,667</u>

<u>Recreation</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$9,328	\$28,209	\$9,188	\$390,938
0	0	0	394
0	7,372	8,542	135,142
7,676	0	0	16,748
0	144,688	113,957	771,444
0	0	0	100
0	0	0	270,000
<u>\$17,004</u>	<u>\$180,269</u>	<u>\$131,687</u>	<u>\$1,584,766</u>
\$1,373	\$0	\$0	\$16,383
65	0	0	16,270
20	0	0	1,713
585	48,552	38,064	88,564
0	0	0	270,000
<u>2,043</u>	<u>48,552</u>	<u>38,064</u>	<u>392,930</u>
0	121,288	95,514	647,112
3,266	30,772	26,985	241,871
<u>3,266</u>	<u>152,060</u>	<u>122,499</u>	<u>888,983</u>
0	0	0	345,379
11,695	0	0	11,695
0	(20,343)	(28,876)	(54,221)
<u>11,695</u>	<u>(20,343)</u>	<u>(28,876)</u>	<u>302,853</u>
<u>\$17,004</u>	<u>\$180,269</u>	<u>\$131,687</u>	<u>\$1,584,766</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, 2012

	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	134,276	35,464	0	4,731	0
Fees, Licenses and Permits	0	0	19,017	480	0
Fines and Forfeitures	0	0	0	0	1,145
Rentals	0	0	0	0	0
Charges for Services	0	0	0	0	0
Contributions and Donations	0	0	0	0	0
Interest	48	26	0	0	0
Other	0	0	0	0	0
<i>Total Revenues</i>	<u>134,324</u>	<u>35,490</u>	<u>19,017</u>	<u>5,211</u>	<u>1,145</u>
Expenditures					
Current:					
Security of Persons and Property	0	0	0	0	0
Public Health Services	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Development	0	0	18,682	0	0
Basic Utility Services	0	0	0	0	0
Transportation	138,559	40,645	0	0	0
Debt Service:					
Principal Retirement	0	0	0	300,000	0
Interest and Fiscal Charges	0	0	0	4,684	0
<i>Total Expenditures</i>	<u>138,559</u>	<u>40,645</u>	<u>18,682</u>	<u>304,684</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(4,235)	(5,155)	335	(299,473)	1,145
Other Financing Sources					
Transfers In	0	0	0	0	0
<i>Net Change in Fund Balances</i>	(4,235)	(5,155)	335	(299,473)	1,145
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>23,593</u>	<u>12,015</u>	<u>4,981</u>	<u>305,695</u>	<u>5,239</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$19,358</u>	<u>\$6,860</u>	<u>\$5,316</u>	<u>\$6,222</u>	<u>\$6,384</u>

Indigent Drivers	Cemetery	Police Levy	Fire Levy	Litter Control	Indigent Monitoring	Law Enforcement Trust
\$0	\$0	\$263,286	\$131,643	\$0	\$0	\$0
0	0	0	0	0	0	0
0	0	43,136	21,568	0	0	0
0	30	0	0	0	0	0
2,808	0	0	0	0	2,941	4,549
0	0	0	0	0	0	0
0	31,300	0	0	0	0	0
0	0	0	0	0	0	0
0	60	0	0	0	0	0
1,516	7	0	0	0	1,458	0
4,324	31,397	306,422	153,211	0	4,399	4,549
0	0	249,474	111,561	0	0	0
12,425	0	0	0	0	0	0
0	0	0	0	0	0	0
0	27,397	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
12,425	27,397	249,474	111,561	0	0	0
(8,101)	4,000	56,948	41,650	0	4,399	4,549
0	0	0	0	0	0	0
(8,101)	4,000	56,948	41,650	0	4,399	4,549
51,965	41,156	1,655	744	308	7,630	0
\$43,864	\$45,156	\$58,603	\$42,394	\$308	\$12,029	\$4,549

(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, 2012

	Street Lighting	Tree Commission	Community Housing	Economic Development	CHIPS
Revenues					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Municipal Income Taxes	28,838	0	0	0	0
Intergovernmental	0	0	201	500	100,260
Fees, Licenses and Permits	124,708	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	1,575	0	0	0
Interest	0	0	64	319	0
Other	1,713	0	0	0	0
<i>Total Revenues</i>	<u>155,259</u>	<u>1,575</u>	<u>265</u>	<u>819</u>	<u>100,260</u>
Expenditures					
Current:					
Security of Persons and Property	0	0	0	0	0
Public Health Services	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Development	0	3,256	1,000	152,543	85,457
Basic Utility Services	141,999	0	0	0	0
Transportation	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<i>Total Expenditures</i>	<u>141,999</u>	<u>3,256</u>	<u>1,000</u>	<u>152,543</u>	<u>85,457</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	13,260	(1,681)	(735)	(151,724)	14,803
Other Financing Sources					
Transfers In	0	750	0	0	0
<i>Net Change in Fund Balances</i>	13,260	(931)	(735)	(151,724)	14,803
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>(18,262)</u>	<u>1,740</u>	<u>8,041</u>	<u>223,944</u>	<u>(802)</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>(\$5,002)</u></u>	<u><u>\$809</u></u>	<u><u>\$7,306</u></u>	<u><u>\$72,220</u></u>	<u><u>\$14,001</u></u>

USEPA Grant	Recreation	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$119,297	\$96,678	\$610,904
0	24,237	0	0	53,075
65,983	0	18,997	14,960	440,076
0	5,000	0	0	149,235
0	0	0	0	11,443
0	29,375	0	0	29,375
0	0	0	0	31,300
0	215	0	0	1,790
0	0	0	0	517
0	14	0	0	4,708
<u>65,983</u>	<u>58,841</u>	<u>138,294</u>	<u>111,638</u>	<u>1,332,423</u>
0	0	177,156	137,915	676,106
0	0	0	0	12,425
0	60,958	0	0	60,958
60,223	0	0	0	348,558
0	0	0	0	141,999
0	0	0	0	179,204
0	0	0	0	300,000
0	0	0	0	4,684
<u>60,223</u>	<u>60,958</u>	<u>177,156</u>	<u>137,915</u>	<u>1,723,934</u>
5,760	(2,117)	(38,862)	(26,277)	(391,511)
0	0	0	30,000	30,750
5,760	(2,117)	(38,862)	3,723	(360,761)
<u>(5,760)</u>	<u>13,812</u>	<u>18,519</u>	<u>(32,599)</u>	<u>663,614</u>
<u>\$0</u>	<u>\$11,695</u>	<u>(\$20,343)</u>	<u>(\$28,876)</u>	<u>\$302,853</u>

City of Conneaut, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2012

	<u>Street Improvement</u>	<u>Energy Improvement</u>	<u>Municipal Court Improvement</u>	<u>Formula Grant</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$83,310	\$205,348	\$222,554	\$133,000
Accounts Receivable	0	0	5,141	0
Intergovernmental Receivable	0	0	0	64,000
Municipal Income Taxes Receivable	80,503	0	0	0
<i>Total Assets</i>	<u>\$163,813</u>	<u>\$205,348</u>	<u>\$227,695</u>	<u>\$197,000</u>
Liabilities				
Accounts Payable	\$921	\$0	\$1,236	\$0
Contracts Payable	0	189,288	0	0
<i>Total Liabilities</i>	<u>921</u>	<u>189,288</u>	<u>1,236</u>	<u>0</u>
Deferred Inflows of Resources				
Unavailable Revenue	34,250	0	0	64,000
Fund Balances				
Restricted	128,642	16,060	226,459	133,000
Committed	0	0	0	0
Unassigned (Deficit)	0	0	0	0
<i>Total Fund Balances (Deficit)</i>	<u>128,642</u>	<u>16,060</u>	<u>226,459</u>	<u>133,000</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$163,813</u>	<u>\$205,348</u>	<u>\$227,695</u>	<u>\$197,000</u>

<u>Capital Improvement</u>	<u>Industrial Park</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$10,335	\$751	\$655,298
0	0	5,141
0	0	64,000
13,957	0	94,460
<u>\$24,292</u>	<u>\$751</u>	<u>\$818,899</u>
\$0	\$2,370	\$4,527
0	0	189,288
0	2,370	193,815
<u>5,938</u>	<u>0</u>	<u>104,188</u>
0	0	504,161
18,354	0	18,354
0	(1,619)	(1,619)
<u>18,354</u>	<u>(1,619)</u>	<u>520,896</u>
<u>\$24,292</u>	<u>\$751</u>	<u>\$818,899</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, 2012

	Street Improvement	Office of Justice Grants	Energy Improvement	Municipal Court Improvement	Roadway Safety Improvement
Revenues					
Municipal Income Taxes	\$255,550	\$0	\$0	\$0	\$0
Intergovernmental	0	4,000	55,455	0	89,492
Fines and Forfeitures	0	0	0	81,834	0
<i>Total Revenues</i>	<u>255,550</u>	<u>4,000</u>	<u>55,455</u>	<u>81,834</u>	<u>89,492</u>
Expenditures					
Current:					
Transportation	968	0	0	0	0
Capital Outlay	333,673	4,000	583,747	42,489	105,717
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<i>Total Expenditures</i>	<u>334,641</u>	<u>4,000</u>	<u>583,747</u>	<u>42,489</u>	<u>105,717</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(79,091)</u>	<u>0</u>	<u>(528,292)</u>	<u>39,345</u>	<u>(16,225)</u>
Other Financing Sources					
General Obligation Bonds Issued	0	0	544,352	0	0
OPWC Loans Issued	0	0	0	0	14,240
Transfers In	0	0	0	0	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>544,352</u>	<u>0</u>	<u>14,240</u>
<i>Net Change in Fund Balances</i>	<u>(79,091)</u>	<u>0</u>	<u>16,060</u>	<u>39,345</u>	<u>(1,985)</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>207,733</u>	<u>0</u>	<u>0</u>	<u>187,114</u>	<u>1,985</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$128,642</u></u>	<u><u>\$0</u></u>	<u><u>\$16,060</u></u>	<u><u>\$226,459</u></u>	<u><u>\$0</u></u>

Formula Grant	Capital Improvement	Industrial Park	Total Nonmajor Capital Projects Funds
\$0	\$44,176	\$0	\$299,726
133,000	0	432,038	713,985
0	0	0	81,834
133,000	44,176	432,038	1,095,545
0	0	0	968
0	38,730	60,268	1,168,624
0	15,333	0	15,333
0	4,821	0	4,821
0	58,884	60,268	1,189,746
133,000	(14,708)	371,770	(94,201)
0	0	0	544,352
0	0	0	14,240
0	0	0	0
0	0	0	558,592
133,000	(14,708)	371,770	464,391
0	33,062	(373,389)	56,505
<u>\$133,000</u>	<u>\$18,354</u>	<u>(\$1,619)</u>	<u>\$520,896</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, 2012

	Beginning Balance 12/31/11	Additions	Deductions	Ending Balance 12/31/12
<i>Deposits Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$11,115	\$42,222	\$36,930	\$16,407
Cash and Cash Equivalents In Segregated Accounts	3,445	580,114	576,527	7,032
<i>Total Assets</i>	<u>\$14,560</u>	<u>\$622,336</u>	<u>\$613,457</u>	<u>\$23,439</u>
Liabilities				
Deposits Held and Due to Others	\$14,560	\$622,336	\$613,457	\$23,439

**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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$293,422	\$293,422	\$308,177	\$14,755
Municipal Income Taxes	1,978,000	1,978,000	2,222,599	244,599
Hotel Taxes	15,000	15,000	20,477	5,477
Intergovernmental	622,717	622,717	546,421	(76,296)
Fees, Licenses and Permits	519,387	519,387	474,985	(44,402)
Fines and Forfeitures	211,250	211,250	186,202	(25,048)
Rentals	44,000	44,000	16,361	(27,639)
Charges for Services	25,000	25,000	29,539	4,539
Contributions and Donations	14,600	14,600	22,173	7,573
Interest	1,500	1,500	3,180	1,680
Franchise Taxes	124,500	124,500	142,935	18,435
Other	53,320	53,320	41,157	(12,163)
<i>Total Revenues</i>	3,902,696	3,902,696	4,014,206	111,510
Expenditures				
Current:				
General Government:				
Council				
Personal Services	51,800	51,800	51,634	166
Materials and Supplies	750	750	302	448
Contractual Services	5,000	5,500	5,115	385
Total Council	57,550	58,050	57,051	999
Clerk of Council				
Personal Services	7,693	7,693	7,283	410
City Manager				
Personal Services	100,845	100,995	95,417	5,578
Materials and Supplies	2,750	2,750	1,974	776
Contractual Services	3,400	3,400	2,084	1,316
Total City Manager	106,995	107,145	99,475	7,670
Finance Office				
Personal Services	187,625	187,625	187,278	347
Materials and Supplies	19,477	20,177	19,694	483
Contractual Services	3,305	3,305	2,999	306
Capital Outlay	500	500	0	500
Total Finance Office	\$210,907	\$211,607	\$209,971	\$1,636

(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, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Law Director				
Personal Services	\$146,177	\$146,577	\$137,997	\$8,580
Materials and Supplies	2,862	2,862	2,565	297
Contractual Services	3,800	3,800	2,313	1,487
Total Law Director	152,839	153,239	142,875	10,364
Civil Service				
Personal Services	5,470	5,470	5,324	146
Materials and Supplies	2,500	2,500	1,074	1,426
Contractual Services	1,885	1,885	1,145	740
Total Civil Service	9,855	9,855	7,543	2,312
Court				
Personal Services	357,227	358,227	331,464	26,763
Materials and Supplies	16,750	16,750	14,061	2,689
Contractual Services	22,470	22,470	17,268	5,202
Purchased Services	1,100	1,100	555	545
Capital Outlay	2,000	2,000	920	1,080
Total Court	399,547	400,547	364,268	36,279
City Hall				
Materials and Supplies	26,000	26,000	22,781	3,219
Contractual Services	9,000	9,000	5,593	3,407
Purchased Services	7,000	7,000	6,266	734
Capital Outlay	500	500	0	500
Total City Hall	42,500	42,500	34,640	7,860
Planning Commission				
Personal Services	5,200	5,200	4,330	870
Materials and Supplies	600	600	429	171
Total Planning Commission	5,800	5,800	4,759	1,041
Reserve Fund				
Contractual Services	30,200	30,200	22,652	7,548
Purchased Services	77,039	77,039	48,697	28,342
Capital Outlay	6,000	6,000	6,000	0
Total Reserve Fund	\$113,239	\$113,239	\$77,349	\$35,890

(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, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
General Services				
Contractual Services	\$79,472	\$69,972	\$44,817	\$25,155
Capital Outlay	19,000	29,000	8,651	20,349
Other	70,312	70,312	52,510	17,802
Total General Services	<u>168,784</u>	<u>169,284</u>	<u>105,978</u>	<u>63,306</u>
Total General Government	<u>1,275,709</u>	<u>1,278,959</u>	<u>1,111,192</u>	<u>167,767</u>
Security of Persons and Property				
Police Department				
Personal Services	1,149,600	1,175,600	1,143,332	32,268
Materials and Supplies	80,042	80,042	69,722	10,320
Contractual Services	41,877	36,877	22,587	14,290
Purchased Services	35,531	35,531	26,327	9,204
Capital Outlay	15,750	118,750	105,107	13,643
Other	1,000	1,000	0	1,000
Total Police Department	<u>1,323,800</u>	<u>1,447,800</u>	<u>1,367,075</u>	<u>80,725</u>
Jail				
Personal Services	29,750	9,250	0	9,250
Materials and Supplies	2,500	3,000	2,750	250
Purchased Services	11,089	14,090	12,294	1,796
Capital Outlay	3,500	3,500	757	2,743
Other	4,100	5,100	2,916	2,184
Total Jail	<u>50,939</u>	<u>34,940</u>	<u>18,717</u>	<u>16,223</u>
Fire Department				
Personal Services	770,250	758,150	731,874	26,276
Materials and Supplies	61,528	64,528	52,159	12,369
Contractual Services	44,502	43,802	31,093	12,709
Purchased Services	68,761	68,761	54,263	14,498
Capital Outlay	90,100	93,100	18,000	75,100
Total Fire Department	<u>1,035,141</u>	<u>1,028,341</u>	<u>887,389</u>	<u>140,952</u>
Ambulance Fund				
Capital Outlay	<u>2,700</u>	<u>6,932</u>	<u>6,932</u>	<u>0</u>
Total Security of Persons and Property	<u>\$2,412,580</u>	<u>\$2,518,013</u>	<u>\$2,280,113</u>	<u>\$237,900</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, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Public Health Services:				
Health Department				
Personal Services	\$141,900	\$144,800	\$134,925	\$9,875
Materials and Supplies	4,758	4,758	3,496	1,262
Contractual Services	28,743	29,443	22,831	6,612
Purchased Services	11,000	11,000	9,573	1,427
Total Health Department	186,401	190,001	170,825	19,176
Street Lighting				
Purchased Services	0	10,000	10,000	0
Total Public Health Services	186,401	200,001	180,825	19,176
Leisure Time Activities:				
Museum Railroad				
Purchased Service	4,321	4,321	2,026	2,295
Bureau of Tourism				
Materials and Supplies	4,000	4,000	3,949	51
Contractual Services	2,050	2,050	2,030	20
Purchased Services	11,427	11,427	11,223	204
Total Bureau of Tourism	17,477	17,477	17,202	275
Cable Advisory Board				
Personal Services	21,567	21,567	20,628	939
Materials and Supplies	520	520	463	57
Contractual Services	350	350	305	45
Capital Outlay	5,000	5,500	4,787	713
Total Cable Advisory Board	27,437	27,937	26,183	1,754
Total Leisure Time Activities	49,235	49,735	45,411	4,324
Community Development:				
Housing and Zoning:				
Personal Services	41,545	41,545	19,009	22,536
Materials and Supplies	3,499	3,499	2,791	708
Contractual Services	1,025	1,024	609	415
Purchased Services	4,420	4,420	3,708	712
Capital Outlay	1,318	1,318	1,318	0
Total Community Development	\$51,807	\$51,806	\$27,435	\$24,371

(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, 2012*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Debt Service				
Principal Retirement	\$142,980	\$142,980	\$125,000	\$17,980
Interest and Fiscal Charges	8,161	8,161	1,893	6,268
Total Debt Service	<u>151,141</u>	<u>151,141</u>	<u>126,893</u>	<u>24,248</u>
<i>Total Expenditures</i>	<u>4,126,873</u>	<u>4,249,655</u>	<u>3,771,869</u>	<u>477,786</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(224,177)</u>	<u>(346,959)</u>	<u>242,337</u>	<u>589,296</u>
Other Financing Sources (Uses)				
General Obligation Notes Issued	100,000	100,000	100,000	0
Transfers Out	<u>(215,750)</u>	<u>(215,750)</u>	<u>(200,750)</u>	<u>15,000</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(115,750)</u>	<u>(115,750)</u>	<u>(100,750)</u>	<u>15,000</u>
<i>Net Change in Fund Balance</i>	(339,927)	(462,709)	141,587	604,296
<i>Fund Balance Beginning of Year</i>	815,657	815,657	815,657	0
Prior Year Encumbrances Appropriated	<u>17,401</u>	<u>17,401</u>	<u>17,401</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$493,131</u></u>	<u><u>\$370,349</u></u>	<u><u>\$974,645</u></u>	<u><u>\$604,296</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$446,800	\$446,800	\$502,158	\$55,358
Special Assessments	10,000	10,000	6,675	(3,325)
Intergovernmental	447,500	447,500	440,735	(6,765)
Fees, Licenses and Permits	30,000	30,000	22,150	(7,850)
Interest	300	300	19	(281)
Other	50,000	50,000	31,227	(18,773)
<i>Total Revenues</i>	<u>984,600</u>	<u>984,600</u>	<u>1,002,964</u>	<u>18,364</u>
Expenditures				
Current:				
Transportation:				
Street Department				
Personal Services	721,315	731,315	702,481	28,834
Materials and Supplies	189,382	179,582	171,416	8,166
Contractual Services	16,946	16,946	13,302	3,644
Purchased Services	89,211	89,211	80,417	8,794
Capital Outlay	6,000	6,000	5,760	240
Other	5,000	10,800	10,800	0
Total Transportation	<u>1,027,854</u>	<u>1,033,854</u>	<u>984,176</u>	<u>49,678</u>
Debt Service:				
Principal Retirement	213,846	213,846	213,839	7
Interest and Fiscal Charges	18,198	18,198	18,121	77
Total Debt Service	<u>232,044</u>	<u>232,044</u>	<u>231,960</u>	<u>84</u>
<i>Total Expenditures</i>	<u>1,259,898</u>	<u>1,265,898</u>	<u>1,216,136</u>	<u>49,762</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(275,298)</u>	<u>(281,298)</u>	<u>(213,172)</u>	<u>68,126</u>
Other Financing Sources				
General Obligation Notes Issued	99,000	99,000	99,000	0
Transfers In	170,000	170,000	170,000	0
<i>Total Other Financing Sources</i>	<u>269,000</u>	<u>269,000</u>	<u>269,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(6,298)	(12,298)	55,828	68,126
<i>Fund Balance Beginning of Year</i>	6,162	6,162	6,162	0
Prior Year Encumbrances Appropriated	<u>6,314</u>	<u>6,314</u>	<u>6,314</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$6,178</u></u>	<u><u>\$178</u></u>	<u><u>\$68,304</u></u>	<u><u>\$68,126</u></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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$118,000	\$118,000	\$142,886	\$24,886
Expenditures				
Current:				
General Government:				
Special Assessment Bond Retirement				
Other	4,000	4,000	3,994	6
Debt Service:				
Principal Retirement	131,055	131,055	131,030	25
Interest and Fiscal Charges	28,180	28,180	28,113	67
Total Debt Service	159,235	159,235	159,143	92
<i>Total Expenditures</i>	163,235	163,235	163,137	98
<i>Excess of Revenues Under Expenditures</i>	(45,235)	(45,235)	(20,251)	24,984
Other Financing Sources				
Advances In	19,000	19,000	0	(19,000)
<i>Net Change in Fund Balance</i>	(26,235)	(26,235)	(20,251)	5,984
<i>Fund Balance Beginning of Year</i>	27,029	27,029	27,029	0
<i>Fund Balance End of Year</i>	\$794	\$794	\$6,778	\$5,984

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$2,072,850	\$2,072,850	\$2,154,530	\$81,680
Tap-In Fees	15,000	15,000	14,436	(564)
Special Assessments	4,000	4,000	4,582	582
Intergovernmental	670,669	670,669	64,346	(606,323)
Rentals	2,500	2,500	8,791	6,291
Other	15,500	15,500	48,807	33,307
OWDA Loans Issued	48,179	48,179	48,179	0
Capital Lease Issued	295,000	295,000	0	(295,000)
<i>Total Revenues</i>	<u>3,123,698</u>	<u>3,123,698</u>	<u>2,343,671</u>	<u>(780,027)</u>
Expenses				
Personal Services	1,200,855	1,200,855	1,070,700	130,155
Purchased Services	1,021,797	1,021,797	366,432	655,365
Contractual Services	131,379	186,378	139,037	47,341
Materials and Supplies	195,372	202,872	157,475	45,397
Capital Outlay	352,499	407,499	196,574	210,925
Other	2,400	2,900	2,060	840
Debt Service:				
Principal Retirement	328,549	191,940	189,829	2,111
Interest and Fiscal Charges	72,025	40,242	39,252	990
<i>Total Expenses</i>	<u>3,304,876</u>	<u>3,254,483</u>	<u>2,161,359</u>	<u>1,093,124</u>
<i>Net Change in Fund Equity</i>	(181,178)	(130,785)	182,312	313,097
<i>Fund Equity Beginning of Year</i>	594,658	594,658	594,658	0
Prior Year Encumbrances Appropriated	<u>23,733</u>	<u>23,733</u>	<u>23,733</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$437,213</u></u>	<u><u>\$487,606</u></u>	<u><u>\$800,703</u></u>	<u><u>\$313,097</u></u>

City of Conneaut, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$2,254,903	\$2,254,903	\$2,307,504	\$52,601
Tap-In Fees	5,000	5,000	7,400	2,400
Special Assessments	10,000	10,000	2,552	(7,448)
Intergovernmental	366,644	366,644	235,283	(131,361)
Other	5,500	5,500	9,780	4,280
General Obligation Notes Issued	270,000	270,000	270,000	0
OPWC Loans Issued	37,495	237,495	18,130	(219,365)
OWDA Loans Issued	419,314	419,314	419,314	0
<i>Total Revenues</i>	3,368,856	3,568,856	3,269,963	(298,893)
Expenses				
Personal Services	952,955	949,955	857,689	92,266
Purchased Services	937,672	953,672	703,063	250,609
Contractual Services	92,739	140,739	100,361	40,378
Materials and Supplies	134,586	142,586	130,807	11,779
Capital Outlay	428,000	636,000	600,194	35,806
Other	4,750	6,550	4,987	1,563
Debt Service:				
Principal Retirement	630,755	637,397	637,025	372
Interest and Fiscal Charges	126,845	127,062	126,620	442
<i>Total Expenses</i>	3,308,302	3,593,961	3,160,746	433,215
<i>Excess of Revenues Over (Under) Expenses before Advances</i>	60,554	(25,105)	109,217	134,322
Advances Out	(19,000)	0	0	0
<i>Net Change in Fund Equity</i>	41,554	(25,105)	109,217	134,322
<i>Fund Equity Beginning of Year</i>	223,356	223,356	223,356	0
Prior Year Encumbrances Appropriated	27,946	27,946	27,946	0
<i>Fund Equity End of Year</i>	\$292,856	\$226,197	\$360,519	\$134,322

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$135,000	\$135,000	\$134,399	(\$601)
Interest	200	200	48	(152)
<i>Total Revenues</i>	135,200	135,200	134,447	(753)
Expenditures				
Current:				
Transportation:				
Auto Permissive				
Personal Services	139,200	139,200	138,559	641
<i>Net Change in Fund Balance</i>	(4,000)	(4,000)	(4,112)	(112)
<i>Fund Balance Beginning of Year</i>	4,196	4,196	4,196	0
<i>Fund Balance End of Year</i>	\$196	\$196	\$84	(\$112)

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$36,300	\$36,300	\$35,735	(\$565)
Interest	100	100	26	(74)
<i>Total Revenues</i>	36,400	36,400	35,761	(639)
Expenditures				
Current:				
Transportation:				
State Highway				
Personal Services	40,400	40,400	40,359	41
Capital Outlay	411	822	286	536
<i>Total Expenditures</i>	40,811	41,222	40,645	577
<i>Net Change in Fund Balance</i>	(4,411)	(4,822)	(4,884)	(62)
<i>Fund Balance Beginning of Year</i>	5,878	5,878	5,878	0
Prior Year Encumbrances Appropriated	411	411	411	0
<i>Fund Balance End of Year</i>	\$1,878	\$1,467	\$1,405	(\$62)

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$18,610	\$18,610	\$19,017	\$407
Expenditures				
Current:				
Community Development:				
Restaurant Vending				
Personal Services	16,743	16,743	16,085	658
Materials and Supplies	200	200	108	92
Contractual Services	3,700	3,700	2,504	1,196
Purchased Services	150	150	0	150
<i>Total Expenditures</i>	<u>20,793</u>	<u>20,793</u>	<u>18,697</u>	<u>2,096</u>
<i>Net Change in Fund Balance</i>	(2,183)	(2,183)	320	2,503
<i>Fund Balance Beginning of Year</i>	<u>5,416</u>	<u>5,416</u>	<u>5,416</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,233</u></u>	<u><u>\$3,233</u></u>	<u><u>\$5,736</u></u>	<u><u>\$2,503</u></u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Marina Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$54,800	\$54,800	\$34,731	(\$20,069)
Fees, Licenses and Permits	585	585	480	(105)
<i>Total Revenues</i>	55,385	55,385	35,211	(20,174)
Expenditures				
Current:				
Leisure Time Activities:				
Marina				
Contractual Services	500	500	0	500
Debt Service:				
Principal Retirement	300,000	300,000	300,000	0
Interest and Fiscal Charges	4,800	4,800	4,684	116
<i>Total Debt Service</i>	304,800	304,800	304,684	116
<i>Total Expenditures</i>	305,300	305,300	304,684	616
<i>Excess of Revenues Under Expenditures</i>	(249,915)	(249,915)	(269,473)	(19,558)
Other Financing Sources				
General Obligation Notes Issued	250,000	250,000	270,000	20,000
<i>Net Change in Fund Balance</i>	85	85	527	442
<i>Fund Balance Beginning of Year</i>	5,695	5,695	5,695	0
<i>Fund Balance End of Year</i>	\$5,780	\$5,780	\$6,222	\$442

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$1,700	\$1,700	\$1,055	(\$645)
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	1,055	355
<i>Fund Balance Beginning of Year</i>	5,204	5,204	5,204	0
<i>Fund Balance End of Year</i>	<u>\$5,904</u>	<u>\$5,904</u>	<u>\$6,259</u>	<u>\$355</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, 2012

	<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	\$1,900	\$1,900	\$2,749	\$849
Other	1,000	1,000	1,516	516
<i>Total Revenues</i>	2,900	2,900	4,265	1,365
Expenditures				
Current:				
Public Health Services:				
Indigent Drivers				
Contractual Services	54,815	54,815	12,425	42,390
<i>Net Change in Fund Balance</i>	(51,915)	(51,915)	(8,160)	43,755
<i>Fund Balance Beginning of Year</i>	51,915	51,915	51,915	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$43,755</u>	<u>\$43,755</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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$100	\$100	\$30	(\$70)
Charges for Services	25,000	25,000	31,300	6,300
Interest	80	80	60	(20)
Other	1,000	1,000	7	(993)
<i>Total Revenues</i>	<u>26,180</u>	<u>26,180</u>	<u>31,397</u>	<u>5,217</u>
Expenditures				
Current:				
Community Development:				
Cemetery				
Personal Services	17,150	20,265	20,265	0
Materials and Supplies	3,000	3,000	2,913	87
Contractual Services	1,950	1,950	734	1,216
Purchased Services	4,133	4,133	3,529	604
<i>Total Expenditures</i>	<u>26,233</u>	<u>29,348</u>	<u>27,441</u>	<u>1,907</u>
<i>Net Change in Fund Balance</i>	(53)	(3,168)	3,956	7,124
<i>Fund Balance at Beginning of Year</i>	43,563	43,563	43,563	0
Prior Year Encumbrances Appropriated	133	133	133	0
<i>Fund Balance End of Year</i>	<u>\$43,643</u>	<u>\$40,528</u>	<u>\$47,652</u>	<u>\$7,124</u>

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$250,099	\$250,099	\$263,286	\$13,187
Intergovernmental	35,728	35,728	43,136	7,408
<i>Total Revenues</i>	285,827	285,827	306,422	20,595
Expenditures				
Current:				
Security of Persons and Property:				
Police Levy				
Personal Services	275,000	275,000	243,834	31,166
Other	6,500	6,500	5,640	860
<i>Total Expenditures</i>	281,500	281,500	249,474	32,026
<i>Net Change in Fund Balance</i>	4,327	4,327	56,948	52,621
<i>Fund Balance Beginning of Year</i>	1,655	1,655	1,655	0
<i>Fund Balance End of Year</i>	\$5,982	\$5,982	\$58,603	\$52,621

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$125,049	\$125,049	\$131,643	\$6,594
Intergovernmental	17,864	17,864	21,568	3,704
<i>Total Revenues</i>	142,913	142,913	153,211	10,298
Expenditures				
Current:				
Security of Persons and Property:				
Fire Levy				
Personal Services	139,000	139,000	108,741	30,259
Other	3,200	3,200	2,820	380
<i>Total Expenditures</i>	142,200	142,200	111,561	30,639
<i>Net Change in Fund Balance</i>	713	713	41,650	40,937
<i>Fund Balance Beginning of Year</i>	744	744	744	0
<i>Fund Balance End of Year</i>	\$1,457	\$1,457	\$42,394	\$40,937

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, 2012

	<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	\$1,500	\$1,500	\$2,923	\$1,423
Other	1,200	1,200	1,458	258
<i>Total Revenues</i>	2,700	2,700	4,381	1,681
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	2,700	2,700	4,381	1,681
<i>Fund Balance Beginning of Year</i>	7,488	7,488	7,488	0
<i>Fund Balance End of Year</i>	<u>\$10,188</u>	<u>\$10,188</u>	<u>\$11,869</u>	<u>\$1,681</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Trust Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$9,000	\$9,000	\$4,549	(\$4,451)
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	9,000	9,000	4,549	(4,451)
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$9,000</u></u>	<u><u>\$9,000</u></u>	<u><u>\$4,549</u></u>	<u><u>(\$4,451)</u></u>

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$25,700	\$25,700	\$28,942	\$3,242
Fees, Licenses and Permits	125,000	125,000	124,708	(292)
Other	1,700	1,700	1,713	13
<i>Total Revenues</i>	152,400	152,400	155,363	2,963
Expenditures				
Current:				
Basic Utility Services:				
Street Lighting				
Purchased Services	151,000	159,900	159,900	0
<i>Net Change in Fund Balance</i>	1,400	(7,500)	(4,537)	2,963
<i>Fund Balance Beginning of Year</i>	7,511	7,511	7,511	0
<i>Fund Balance End of Year</i>	\$8,911	\$11	\$2,974	\$2,963

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Contributions and Donations	\$2,000	\$2,000	\$1,575	(\$425)
Expenditures				
Current:				
Community Development:				
Tree Commission				
Materials and Supplies	1,750	2,600	2,430	170
Capital Outlay	1,000	1,876	826	1,050
<i>Total Expenditures</i>	<u>2,750</u>	<u>4,476</u>	<u>3,256</u>	<u>1,220</u>
<i>Excess of Revenues Under Expenditures</i>	(750)	(2,476)	(1,681)	795
Other Financing Sources				
Transfers In	750	750	750	0
<i>Net Change in Fund Balance</i>	0	(1,726)	(931)	795
<i>Fund Balance Beginning of Year</i>	<u>1,740</u>	<u>1,740</u>	<u>1,740</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,740</u></u>	<u><u>\$14</u></u>	<u><u>\$809</u></u>	<u><u>\$795</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$3,000	\$3,000	\$201	(\$2,799)
Interest	40	40	64	24
<i>Total Revenues</i>	3,040	3,040	265	(2,775)
Expenditures				
Current:				
Community Development:				
Community Housing				
Capital Outlay	1,000	1,000	1,000	0
<i>Net Change in Fund Balance</i>	2,040	2,040	(735)	(2,775)
<i>Fund Balance Beginning of Year</i>	8,041	8,041	8,041	0
<i>Fund Balance End of Year</i>	<u>\$10,081</u>	<u>\$10,081</u>	<u>\$7,306</u>	<u>(\$2,775)</u>

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$2,500	\$2,500	\$3,000	\$500
Interest	200	200	319	119
<i>Total Revenues</i>	2,700	2,700	3,319	619
Expenditures				
Current:				
Community Development:				
Economic Development				
Contractual Services	149,500	4,500	0	4,500
Capital Outlay	0	214,555	206,982	7,573
<i>Total Expenditures</i>	149,500	219,055	206,982	12,073
<i>Net Change in Fund Balance</i>	(146,800)	(216,355)	(203,663)	12,692
<i>Fund Balance Beginning of Year</i>	221,344	221,344	221,344	0
<i>Fund Balance End of Year</i>	\$74,544	\$4,989	\$17,681	\$12,692

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$528,500	\$528,500	\$100,260	(\$428,240)
Expenditures				
Current:				
Community Development:				
CHIPS				
Materials and Supplies	201,174	201,174	28,446	172,728
Purchased Services	327,326	327,326	40,147	287,179
<i>Total Expenditures</i>	528,500	528,500	68,593	459,907
<i>Net Change in Fund Balance</i>	0	0	31,667	31,667
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$31,667	\$31,667

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$87,215	\$87,215	\$65,983	(\$21,232)
Expenditures				
Current:				
Community Development:				
USEPA Grant				
Personal Services	87,215	87,215	65,983	21,232
<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, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Municipal Income Taxes	\$21,800	\$21,800	\$24,325	\$2,525
Fees, Licenses and Permits	11,200	11,200	5,000	(6,200)
Charges for Services	150	150	0	(150)
Rentals	29,150	29,150	29,375	225
Contributions and Donations	1,000	1,000	215	(785)
Other	50	50	14	(36)
<i>Total Revenues</i>	<u>63,350</u>	<u>63,350</u>	<u>58,929</u>	<u>(4,421)</u>
Expenditures				
Current:				
Leisure Time Activities:				
Recreation				
Personal Services	16,265	16,265	10,757	5,508
Materials and Supplies	656	12,171	10,034	2,137
Contractual Services	8,785	270	183	87
Purchased Services	7,266	4,266	3,225	1,041
Other	3,388	3,388	3,111	277
Total Recreation	<u>36,360</u>	<u>36,360</u>	<u>27,310</u>	<u>9,050</u>
Parks				
Personal Services	21,050	21,050	20,639	411
Materials and Supplies	5,150	5,150	4,947	203
Contractual Services	914	914	54	860
Purchased Services	9,200	9,200	9,200	0
Total Parks	<u>36,314</u>	<u>36,314</u>	<u>34,840</u>	<u>1,474</u>
<i>Total Expenditures</i>	<u>72,674</u>	<u>72,674</u>	<u>62,150</u>	<u>10,524</u>
<i>Net Change in Fund Balance</i>	(9,324)	(9,324)	(3,221)	6,103
<i>Fund Balance Beginning of Year</i>	9,810	9,810	9,810	0
Prior Year Encumbrances Appropriated	<u>868</u>	<u>868</u>	<u>868</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,354</u>	<u>\$1,354</u>	<u>\$7,457</u>	<u>\$6,103</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$118,486	\$118,486	\$119,297	\$811
Intergovernmental	15,243	15,243	18,997	3,754
<i>Total Revenues</i>	133,729	133,729	138,294	4,565
Expenditures				
Current:				
Security of Persons and Property:				
Police Pension				
Personal Services	178,000	178,000	171,570	6,430
Other	3,500	3,500	2,404	1,096
<i>Total Expenditures</i>	181,500	181,500	173,974	7,526
<i>Net Change in Fund Balance</i>	(47,771)	(47,771)	(35,680)	12,091
<i>Fund Balance Beginning of Year</i>	63,889	63,889	63,889	0
<i>Fund Balance End of Year</i>	\$16,118	\$16,118	\$28,209	\$12,091

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$89,048	\$89,048	\$96,678	\$7,630
Intergovernmental	12,004	12,004	14,960	2,956
<i>Total Revenues</i>	101,052	101,052	111,638	10,586
Expenditures				
Current:				
Security of Persons and Property:				
Fire Pension				
Personal Services	145,000	145,000	132,170	12,830
Other	2,000	2,000	1,893	107
<i>Total Expenditures</i>	147,000	147,000	134,063	12,937
<i>Excess of Revenues Under Expenditures</i>	(45,948)	(45,948)	(22,425)	23,523
Other Financing Sources				
Transfers In	45,000	45,000	30,000	(15,000)
<i>Net Change in Fund Balance</i>	(948)	(948)	7,575	8,523
<i>Fund Balance Beginning of Year</i>	1,613	1,613	1,613	0
<i>Fund Balance End of Year</i>	\$665	\$665	\$9,188	\$8,523

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$97,363	\$97,363	\$102,227	\$4,864
Intergovernmental	13,909	13,909	17,027	3,118
<i>Total Revenues</i>	111,272	111,272	119,254	7,982
Expenditures				
Current:				
General Government:				
General Obligation Bond Retirement				
Contractual Services	7,620	7,620	2,729	4,891
Debt Service:				
Principal Retirement	84,177	84,177	84,177	0
Interest and Fiscal Charges	19,350	19,350	19,305	45
<i>Total Debt Service</i>	103,527	103,527	103,482	45
<i>Total Expenditures</i>	111,147	111,147	106,211	4,936
<i>Net Change in Fund Balance</i>	125	125	13,043	12,918
<i>Fund Balance Beginning of Year</i>	178,020	178,020	178,020	0
<i>Fund Balance End of Year</i>	\$178,145	\$178,145	\$191,063	\$12,918

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$228,000	\$228,000	\$256,468	\$28,468
Intergovernmental	199,900	199,900	0	(199,900)
<i>Total Revenues</i>	<u>427,900</u>	<u>427,900</u>	<u>256,468</u>	<u>(171,432)</u>
Expenditures				
Current:				
Capital Outlay:				
Street Improvement				
Capital Outlay	231,000	389,041	345,906	43,135
<i>Net Change in Fund Balance</i>	196,900	38,859	(89,438)	(128,297)
<i>Fund Balance Beginning of Year</i>	<u>161,089</u>	<u>161,089</u>	<u>161,089</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$357,989</u>	<u>\$199,948</u>	<u>\$71,651</u>	<u>(\$128,297)</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Office of Justice Grants Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$4,000	\$4,000	\$4,000	\$0
Expenditures				
Capital Outlay:				
OCJS Technology Replacement Grant				
Capital Outlay	4,000	4,000	4,000	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
Energy Improvement Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$110,910	\$110,910	\$55,455	(\$55,455)
Expenditures				
Capital Outlay:				
Energy System Improvements				
Capital Outlay	780,910	780,910	725,455	55,455
<i>Excess of Revenues Under Expenditures</i>	(670,000)	(670,000)	(670,000)	0
Other Financing Sources				
General Obligation Bonds Issued	670,090	670,090	670,000	(90)
<i>Net Change in Fund Balance</i>	90	90	0	(90)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$90	\$90	\$0	(\$90)

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$91,000	\$91,000	\$81,026	(\$9,974)
Expenditures				
Capital Outlay:				
Municipal Court Improvement				
Capital Outlay	173,115	173,115	42,962	130,153
<i>Net Change in Fund Balance</i>	(82,115)	(82,115)	38,064	120,179
<i>Fund Balance Beginning of Year</i>	181,025	181,025	181,025	0
Prior Year Encumbrances Appropriated	3,115	3,115	3,115	0
<i>Fund Balance End of Year</i>	<u>\$102,025</u>	<u>\$102,025</u>	<u>\$222,204</u>	<u>\$120,179</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$80,781	\$110,781	\$89,492	(\$21,289)
Expenditures				
Capital Outlay:				
Road Safety Improvement				
Capital Outlay	126,721	156,721	137,417	19,304
<i>Excess of Revenues Under Expenditures</i>	(45,940)	(45,940)	(47,925)	(1,985)
Other Financing Sources				
OPWC Loans Issued	45,940	45,940	45,940	0
<i>Net Change in Fund Balance</i>	0	0	(1,985)	(1,985)
<i>Fund Balance Beginning of Year</i>	1,985	1,985	1,985	0
<i>Fund Balance End of Year</i>	<u>\$1,985</u>	<u>\$1,985</u>	<u>\$0</u>	<u>(\$1,985)</u>

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$143,000	\$143,000	\$133,000	(\$10,000)
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	143,000	143,000	133,000	(10,000)
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$143,000</u></u>	<u><u>\$143,000</u></u>	<u><u>\$133,000</u></u>	<u><u>(\$10,000)</u></u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvement Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$39,500	\$39,500	\$44,335	\$4,835
Expenditures				
Capital Outlay:				
Capital Improvement				
Capital Outlay	20,000	44,000	42,770	1,230
Debt Service:				
Principal Retirement	15,333	15,333	15,333	0
Interest and Fiscal Charges	4,970	4,970	4,821	149
Total Debt Service	20,303	20,303	20,154	149
<i>Total Expenditures</i>	40,303	64,303	62,924	1,379
<i>Net Change in Fund Balance</i>	(803)	(24,803)	(18,589)	6,214
<i>Fund Balance Beginning of Year</i>	24,884	24,884	24,884	0
<i>Fund Balance End of Year</i>	\$24,081	\$81	\$6,295	\$6,214

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$627,388	\$627,388	\$432,038	(\$195,350)
Expenditures				
Capital Outlay:				
Rural Industrial Park				
Capital Outlay	<u>628,103</u>	<u>628,103</u>	<u>432,002</u>	<u>196,101</u>
<i>Net Change in Fund Balance</i>	(715)	(715)	36	751
<i>Fund Balance Beginning of Year</i>	<u>715</u>	<u>715</u>	<u>715</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$751</u>	<u>\$751</u>

STATISTICAL SECTION

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Statistical Section

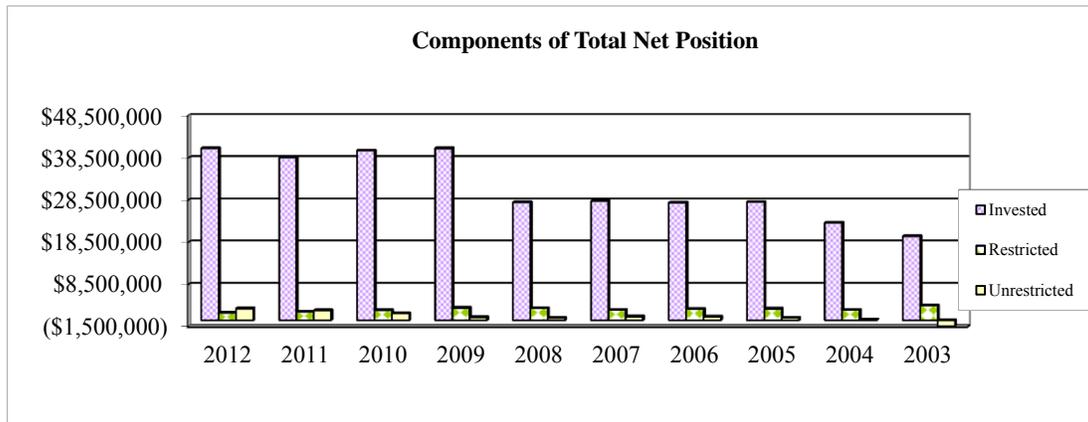
This part of the City of Conneaut, Ohio's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

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.

City of Conneaut, Ohio
Net Position By Component
Last Ten Years
(Accrual Basis of Accounting)

	2012	2011	2010	2009
Governmental Activities				
Net Investment in Capital Assets	\$27,886,020	\$26,646,348	\$28,696,100	\$29,749,095
Restricted:				
Capital Projects	791,699	625,348	616,736	996,700
Debt Service	0	0	576,190	686,581
Street Construction, Maintenance and Repair	347,209	241,401	342,702	357,308
Community Housing	0	0	4,778	12,013
Economic Development	72,220	223,944	223,752	223,301
USEPA	0	60,223	184,960	193,195
Other Purposes	525,921	803,024	395,117	454,658
Unrestricted (Deficit)	1,288,417	1,134,968	400,613	100,450
<i>Total Governmental Activities Net Position</i>	<u>30,911,486</u>	<u>29,735,256</u>	<u>31,440,948</u>	<u>32,773,301</u>
Business Type - Activities				
Net Investment in Capital Assets	12,848,459	11,935,329	11,515,121	10,970,211
Unrestricted (Deficit)	1,452,234	1,191,639	1,243,770	586,161
<i>Total Business-Type Activities Net Position</i>	<u>14,300,693</u>	<u>13,126,968</u>	<u>12,758,891</u>	<u>11,556,372</u>
Primary Government				
Net Investment in Capital Assets	40,734,479	38,581,677	40,211,221	40,719,306
Restricted	1,737,049	1,953,940	2,344,235	2,923,756
Unrestricted (Deficit)	2,740,651	2,326,607	1,644,383	686,611
<i>Total Primary Government Net Position</i>	<u>\$45,212,179</u>	<u>\$42,862,224</u>	<u>\$44,199,839</u>	<u>\$44,329,673</u>



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

2008	2007	2006	2005	2004	2003
\$17,147,964	\$17,632,445	\$17,359,101	\$17,803,818	\$13,885,124	\$14,369,780
1,086,874	328,198	300,157	153,012	165,563	440,452
784,246	875,896	924,154	1,064,561	978,890	1,723,937
328,839	262,384	355,363	499,673	427,146	0
10,105	53,730	153,734	163,939	102,376	0
232,096	324,232	494,102	483,025	476,127	0
0	0	0	0	0	0
424,486	586,281	456,124	352,894	279,820	1,336,163
(99,466)	350,902	553,320	205,338	(173,066)	(1,292,211)
19,915,144	20,414,068	20,596,055	20,726,260	16,141,980	16,578,121
10,794,002	10,543,038	10,515,764	10,235,723	9,226,252	5,527,010
618,321	511,375	283,302	326,986	347,250	(122,561)
11,412,323	11,054,413	10,799,066	10,562,709	9,573,502	5,404,449
27,941,966	28,175,483	27,874,865	28,039,541	23,111,376	19,896,790
2,866,646	2,430,721	2,683,634	2,717,104	2,429,922	3,500,552
518,855	862,277	836,622	532,324	174,184	(1,414,772)
\$31,327,467	\$31,468,481	\$31,395,121	\$31,288,969	\$25,715,482	\$21,982,570

City of Conneaut, Ohio
Changes in Net Position
Last Ten Years
(Accrual Basis of Accounting)

	2012	2011	2010	2009
Program Revenues				
Governmental Activities:				
Charges for Services and Assessments:				
General Government	\$318,582	\$348,583	\$302,039	\$426,290
Security of Persons and Property	428,794	556,754	457,176	658,859
Public Health Services	39,160	58,426	64,244	39,544
Leisure Time Activities	42,852	46,378	52,911	56,026
Community Development	56,373	54,225	65,170	75,456
Basic Utility Services	124,708	124,473	125,004	0
Transportation	52,031	53,406	58,621	54,333
Subtotal - Charges for Services	<u>1,062,500</u>	<u>1,242,245</u>	<u>1,125,165</u>	<u>1,310,508</u>
Operating Grants and Contributions:				
General Government	0	0	0	0
Security of Persons and Property	85,931	156,429	175,617	189,911
Public Health Services	0	0	44,121	22,879
Leisure Time Activities	4,946	302,750	1,940	0
Community Development	102,036	255,725	219,613	230,219
Transportation	615,517	626,342	361,059	591,731
Subtotal - Operating Grants and Contributions	<u>808,430</u>	<u>1,341,246</u>	<u>802,350</u>	<u>1,034,740</u>
Capital Grants and Assessments:				
General Government	55,455	23,750	0	219,607
Security of Persons and Property	4,000	0	0	23,313
Public Health Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Development	431,453	179,640	0	0
Transportation (1)	89,492	25,283	24,626	45,505
Subtotal - Capital Grants and Assessments	<u>580,400</u>	<u>228,673</u>	<u>24,626</u>	<u>288,425</u>
<i>Total Governmental Activities</i>				
<i>Program Revenues</i>	<u>2,451,330</u>	<u>2,812,164</u>	<u>1,952,141</u>	<u>2,633,673</u>
Business-Type Activities:				
Charges for Services:				
Water	2,126,057	2,063,031	2,116,230	2,077,360
Sewer	2,247,383	2,383,343	2,408,925	2,001,905
Operating Grants and Contributions				
Sewer	0	0	0	0
Capital Grants and Assessments				
Water	64,346	0	91,414	178,560
Sewer	235,283	67,973	112,476	118,292
<i>Total Business-Type Activities</i>				
<i>Program Revenues</i>	<u>4,673,069</u>	<u>4,514,347</u>	<u>4,729,045</u>	<u>4,376,117</u>
<i>Total Primary Government</i>				
<i>Program Revenues</i>	<u>\$7,124,399</u>	<u>\$7,326,511</u>	<u>\$6,681,186</u>	<u>\$7,009,790</u>

2008	2007	2006	2005	2004	2003
\$158,783	\$176,418	\$186,469	\$177,001	\$219,503	\$173,490
530,394	508,332	453,497	442,365	420,384	419,527
34,644	38,655	37,551	41,523	38,628	27,573
49,113	47,501	43,313	39,984	38,274	38,016
57,247	65,921	55,708	59,353	58,627	54,662
0	0	0	0	0	0
44,742	67,008	4,300	0	0	3,817
<u>874,923</u>	<u>903,835</u>	<u>780,838</u>	<u>760,226</u>	<u>775,416</u>	<u>717,085</u>
4,578	5,649	6,995	6,721	7,216	10,310
220,073	18,655	48,451	21,894	29,577	19,143
1,385	4,716	16,231	60,738	47,785	27,494
4,395	1,878	13,941	54,191	331	1,608
226,539	106,897	249,202	326,568	388,570	237,914
684,981	702,427	657,215	693,931	625,609	573,917
<u>1,141,951</u>	<u>840,222</u>	<u>992,035</u>	<u>1,164,043</u>	<u>1,099,088</u>	<u>870,386</u>
721,800	82,883	159,621	98,004	0	5,803
0	0	25,319	141,361	0	0
0	0	0	23,767	0	0
0	0	0	596	0	0
0	0	0	8,830	156,358	215,639
148,737	5,759	5,800	4,614,458	3,843,114	1,792
<u>870,537</u>	<u>88,642</u>	<u>190,740</u>	<u>4,887,016</u>	<u>3,999,472</u>	<u>223,234</u>
<u>2,887,411</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>
1,951,756	1,922,216	1,785,302	1,802,540	1,842,561	1,604,060
2,003,945	1,944,689	1,879,332	1,847,344	1,706,244	1,500,517
0	0	0	0	10,003	0
4,040	13,383	30,075	0	0	9,938
16,478	29,859	10,615	504,342	0	137,903
<u>3,976,219</u>	<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>\$6,863,630</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 Position (continued)
Last Ten Years
(Accrual Basis of Accounting)

	2012	2011	2010	2009
Expenses				
Governmental Activities:				
General Government	\$1,184,781	\$1,424,515	\$1,226,765	\$1,167,792
Security of Persons and Property	3,061,292	3,043,520	3,362,411	3,590,030
Public Health Services	190,035	211,538	312,558	148,494
Leisure Time Activities	125,943	141,303	136,287	131,575
Community Development	376,556	513,096	310,981	150,557
Basic Utility Services	141,999	155,121	109,837	149,308
Transportation	1,812,092	2,628,167	2,321,555	1,917,512
Interest and Fiscal Charges	80,138	111,373	132,375	135,715
<i>Total Governmental Activities Expenses</i>	<u>6,972,836</u>	<u>8,228,633</u>	<u>7,912,769</u>	<u>7,390,983</u>
Business-Type Activities				
Water	2,069,126	2,183,135	1,576,246	2,350,298
Sewer	1,926,287	1,982,892	1,959,232	1,899,102
<i>Total Business-Type Activities Expenses</i>	<u>3,995,413</u>	<u>4,166,027</u>	<u>3,535,478</u>	<u>4,249,400</u>
<i>Total Primary Government Program Expenses</i>	<u>10,968,249</u>	<u>12,394,660</u>	<u>11,448,247</u>	<u>11,640,383</u>
Net (Expense)/Revenue				
Governmental Activities	(4,521,506)	(5,416,469)	(5,960,628)	(4,757,310)
Business-Type Activities	677,656	348,320	1,193,567	126,717
<i>Total Primary Government Net Expense</i>	<u><u>(\$3,843,850)</u></u>	<u><u>(\$5,068,149)</u></u>	<u><u>(\$4,767,061)</u></u>	<u><u>(\$4,630,593)</u></u>

2008	2007	2006	2005	2004	2003
\$1,254,299	\$1,308,725	\$1,406,409	\$1,183,087	\$1,463,838	\$998,850
3,888,488	3,527,501	3,387,785	3,299,875	3,039,526	3,097,076
359,428	432,807	374,896	355,171	320,256	353,790
77,711	115,777	94,657	94,950	92,522	100,480
501,093	294,546	467,034	411,062	583,977	437,292
43,877	31,975	32,500	32,500	32,500	0
2,376,287	2,420,821	2,449,845	2,232,242	2,265,269	1,677,028
157,917	178,252	195,947	191,188	229,363	259,709
<u>8,659,100</u>	<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>
1,755,161	1,763,839	1,711,495	1,653,560	1,627,086	1,560,300
<u>1,865,615</u>	<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>3,620,776</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>12,279,876</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>
(5,771,689)	(6,477,705)	(6,445,460)	(988,790)	(2,153,275)	(5,113,520)
<u>355,443</u>	<u>376,943</u>	<u>191,792</u>	<u>983,088</u>	<u>531,701</u>	<u>69,616</u>
<u>(\$5,416,246)</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 Position (continued)
Last Ten Years
(Accrual Basis of Accounting)

	2012	2011	2010	2009
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes:				
Property Taxes Levied For:				
General Purposes	\$303,604	\$355,721	\$345,426	\$357,971
Debt Service	94,984	146,123	198,163	214,134
Other Purposes	589,108	756,686	626,793	648,490
Municipal Income Taxes levied for:				
General Purposes	2,243,409	2,028,347	1,913,724	1,953,905
Capital Outlay	303,620	274,515	258,999	230,716
Street Construction, Maintenance and Repair	506,860	458,270	133,594	536,238
Other Purposes	53,766	48,613	45,862	48,681
Hotel Taxes	20,477	18,744	15,925	18,902
Grants and Entitlements not Restricted to Specific Programs	480,529	675,631	897,681	800,550
Franchise Taxes	145,880	130,915	125,997	152,708
Unrestricted Contributions	22,173	0	0	0
Investment Earnings	3,716	2,935	4,071	7,655
Gain on Sale of Capital Assets	0	20,056	0	6,469
Miscellaneous	77,092	84,221	62,040	57,142
Special Item - Capital Contribution (2)	0	0	0	12,595,661
Transfers	(437,482)	0	0	(13,755)
<i>Total Governmental Activities</i>	<u>4,407,736</u>	<u>5,000,777</u>	<u>4,628,275</u>	<u>17,615,467</u>
Business-Type Activities				
Gain on Sale of Capital Assets	0	4,768	0	0
Miscellaneous	58,587	14,989	8,952	3,577
Transfers	437,482	0	0	13,755
<i>Total Business-Type Activities</i>	<u>496,069</u>	<u>19,757</u>	<u>8,952</u>	<u>17,332</u>
<i>Total Primary Government General Revenues and Other Changes in Net Position</i>	<u>4,903,805</u>	<u>5,020,534</u>	<u>4,637,227</u>	<u>17,632,799</u>
Change in Net Position				
Governmental Activities	(113,770)	(415,692)	(1,332,353)	12,858,157
Business-Type Activities	1,173,725	368,077	1,202,519	144,049
<i>Total Primary Government Change in Net Position</i>	<u>\$1,059,955</u>	<u>(\$47,615)</u>	<u>(\$129,834)</u>	<u>\$13,002,206</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 a capital contribution from the Ohio Department of Transportation.

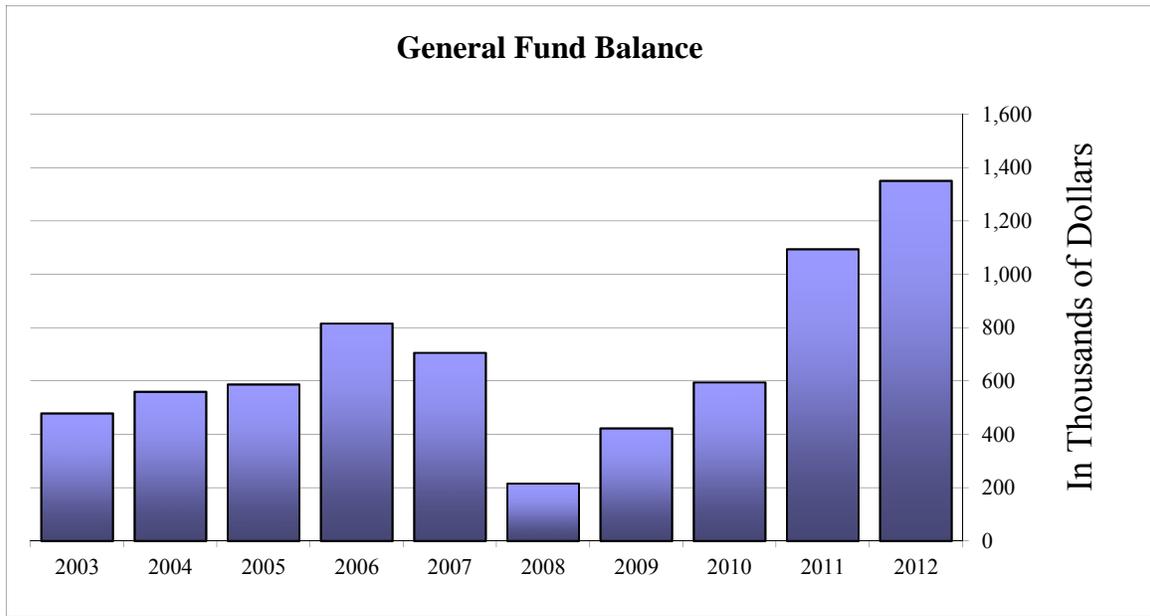
2008	2007	2006	2005	2004	2003
\$327,807	\$401,371	\$419,938	\$390,798	\$311,222	\$279,872
226,055	275,546	316,107	312,684	309,290	564,949
635,997	707,006	721,649	666,808	719,660	552,003
1,791,008	2,030,350	2,015,340	2,035,114	1,960,666	1,948,508
278,447	317,487	309,969	47,183	45,457	45,174
731,338	845,549	839,298	847,493	816,488	0
45,113	56,221	55,850	56,441	54,374	862,927
0	0	0	0	0	0
1,157,451	1,122,971	1,196,117	1,045,596	937,225	1,015,299
0	0	0	0	0	0
0	0	0	0	0	0
51,195	139,919	147,560	73,016	25,400	20,472
7,953	7,303	0	3,593	0	8,277
20,401	56,620	293,427	94,344	170,568	55,158
0	0	0	0	0	0
0	0	0	0	0	(11,023)
<u>5,272,765</u>	<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>
0	239	0	0	0	0
2,467	10,877	44,565	6,119	4,136	17,659
0	0	0	0	0	11,023
<u>2,467</u>	<u>11,116</u>	<u>44,565</u>	<u>6,119</u>	<u>4,136</u>	<u>28,682</u>
<u>5,275,232</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>
(498,924)	(517,362)	(130,205)	4,584,280	3,197,075	228,096
357,910	388,059	236,357	989,207	535,837	98,298
<u>(\$141,014)</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)

	2012	2011	2010	2009
General Fund				
Nonspendable	\$40,845	\$52,597	\$53,077	n/a
Assigned	343,253	345,329	18,035	n/a
Unassigned	965,912	695,947	523,368	n/a
Reserved	n/a	n/a	n/a	\$9,478
Unreserved	n/a	n/a	n/a	412,981
Total General Fund	1,350,010	1,093,873	594,480	422,459
All Other Governmental Funds				
Nonspendable	66,015	59,912	66,205	n/a
Restricted	1,171,627	1,398,644	2,055,894	n/a
Committed	30,049	46,874	14,153	n/a
Unassigned (Deficit)	(55,840)	(430,812)	(144,163)	n/a
Reserved	n/a	n/a	n/a	24,228
Unreserved, Undesignated, Reported in:				
Special Revenue funds	n/a	n/a	n/a	559,643
Debt Service funds	n/a	n/a	n/a	572,348
Capital Projects funds (Deficit)	n/a	n/a	n/a	873,648
Total All Other Governmental Funds	1,211,851	1,074,618	1,992,089	2,029,867
Total Governmental Funds	\$2,561,861	\$2,168,491	\$2,586,569	\$2,452,326

Note: The City implemented GASB 54 during 2011.

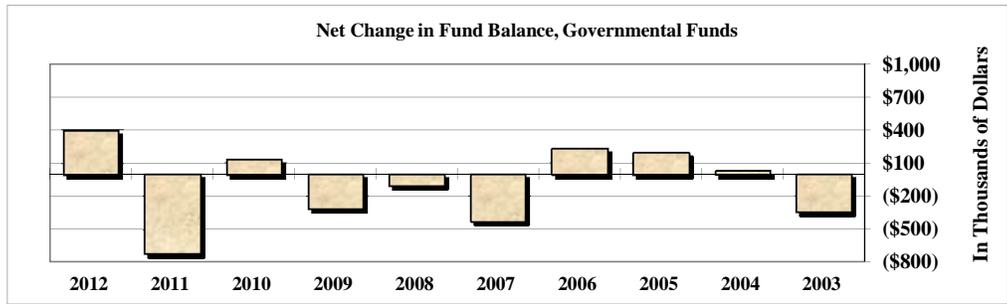
n/a - Information not available.



2008	2007	2006	2005	2004	2003
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
\$10,063	\$12,326	\$31,333	\$37,837	\$18,093	\$37,759
205,180	692,944	783,991	549,024	541,313	440,468
215,243	705,270	815,324	586,861	559,406	478,227
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
57,471	111,035	347,586	335,390	318,871	357,704
909,427	972,650	1,216,277	1,122,472	880,223	697,461
675,692	764,661	799,830	812,744	823,267	1,019,542
904,996	313,671	254,831	347,238	430,440	432,388
2,547,586	2,162,017	2,618,524	2,617,844	2,452,801	2,507,095
\$2,762,829	\$2,867,287	\$3,433,848	\$3,204,705	\$3,012,207	\$2,985,322

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

	2012	2011	2010	2009
Revenues				
Property Taxes	\$1,021,308	\$1,047,455	\$1,285,434	\$1,196,921
Municipal Income Taxes	3,067,806	2,771,887	2,392,978	2,709,105
Hotel Taxes	20,477	18,744	15,925	18,902
Special Assessments	149,561	125,719	117,447	140,026
Intergovernmental	2,145,486	2,015,466	1,960,327	2,065,713
Fees, Licenses and Permits	646,370	686,084	698,995	822,684
Fines and Forfeitures	281,892	316,679	256,964	249,793
Rentals	40,464	89,720	51,000	53,050
Charges for Services	60,839	47,210	31,000	120,092
Contributions and Donations	23,963	26,036	27,917	27,212
Interest	3,716	2,935	4,071	7,655
Franchise Taxes	145,880	144,227	125,799	139,594
Other	77,092	84,221	62,040	57,142
Total Revenues	7,684,854	7,376,383	7,029,897	7,607,889
Expenditures				
Current:				
General Government	1,110,431	1,346,573	1,205,449	1,103,255
Security of Persons and Property	2,867,862	2,847,980	3,205,587	3,589,404
Public Health Services	186,860	223,038	312,852	192,405
Leisure Time Activities	103,469	112,259	113,391	107,704
Community Development	374,504	505,419	302,117	161,431
Basic Utilities Services	141,999	155,125	109,837	149,308
Transportation	1,174,367	1,129,878	1,090,117	1,174,475
Capital Outlay	1,168,624	1,402,792	538,330	952,076
Debt Service:				
Principal Retirement	619,379	1,283,255	439,156	477,512
Principal Retirement - Current Refunding	26,000	26,000	26,000	34,000
Interest and Fiscal Charges	76,581	117,198	127,253	140,956
Total Expenditures	7,850,076	9,149,517	7,470,089	8,082,526
<i>Excess of Revenues Over</i> <i>(Under) Expenditures</i>	<i>(165,222)</i>	<i>(1,773,134)</i>	<i>(440,192)</i>	<i>(474,637)</i>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	20,056	0	10,800
Loans Issued	0	0	574,435	153,334
General Obligation Bonds Issued	544,352	735,000	0	0
General Obligation Notes Issued	73,000	399,000	125,000	151,000
OPWC Loans Issued	14,240	0	0	0
Inception of Capital Lease	0	0	0	0
Current Refunding	(73,000)	(99,000)	(125,000)	(151,000)
Transfers In	200,750	36,250	60,750	77,265
Transfers Out	(200,750)	(36,250)	(60,750)	(77,265)
Total Other Financing Sources (Uses)	558,592	1,055,056	574,435	164,134
Net Change in Fund Balances	\$393,370	(\$718,078)	\$134,243	(\$310,503)
Debt Service as a Percentage of Noncapital Expenditures	11.2%	17.8%	8.6%	9.8%



2008	2007	2006	2005	2004	2003
\$1,200,633	\$1,374,642	\$1,428,751	\$1,363,150	\$1,337,280	\$1,384,418
2,966,852	3,264,412	3,134,220	2,943,847	2,923,195	2,853,586
0	0	0	0	0	0
156,324	160,405	166,702	189,379	180,452	192,303
2,564,852	2,024,833	2,340,638	2,216,747	2,229,617	2,061,404
204,923	342,916	240,568	220,080	215,398	203,354
203,988	209,448	228,014	242,279	266,244	205,562
53,985	53,525	49,750	50,300	48,175	50,650
327,059	288,911	271,371	271,404	206,512	215,756
36,335	34,114	46,641	31,183	31,101	21,796
51,195	139,919	147,560	73,016	25,400	20,472
0	0	0	0	0	0
20,401	56,620	293,427	94,344	170,568	55,158
7,786,547	7,949,745	8,347,642	7,695,729	7,633,942	7,264,459
1,189,657	1,187,788	1,279,596	1,151,220	1,327,360	933,160
3,679,873	3,680,658	3,330,567	3,237,997	2,956,531	2,893,422
334,167	429,521	368,283	353,791	316,299	345,026
95,067	141,403	93,265	123,314	73,907	81,764
485,474	318,168	473,387	405,487	526,196	419,650
43,877	31,975	32,500	32,500	32,500	0
1,543,137	1,592,808	1,714,041	1,390,496	1,496,163	1,486,627
482,922	418,959	445,600	81,983	291,904	706,298
447,015	412,952	315,870	434,866	1,180,444	1,226,119
87,000	82,000	90,500	0	0	0
167,254	189,969	193,157	199,533	225,379	246,288
8,555,443	8,486,201	8,336,766	7,411,187	8,426,683	8,338,354
(768,896)	(536,456)	10,876	284,542	(792,741)	(1,073,895)
39,439	7,303	10,000	13,456	0	8,277
500,000	0	0	0	0	0
0	0	0	0	0	0
185,000	203,500	297,000	387,500	788,000	730,500
0	0	0	0	31,626	0
74,999	103,764	208,267	0	0	0
(135,000)	(203,500)	(297,000)	(493,000)	0	0
100,350	116,750	104,750	143,406	279,950	312,411
(100,350)	(116,750)	(104,750)	(143,406)	(279,950)	(323,434)
664,438	111,067	218,267	(92,044)	819,626	727,754
(\$104,458)	(\$425,389)	\$229,143	\$192,498	\$26,885	(\$346,141)
8.8%	8.9%	8.0%	9.5%	20.9%	23.9%

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
2012	\$122,881,370	\$57,275,150	\$514,732,914	\$6,171,300	\$7,012,841
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

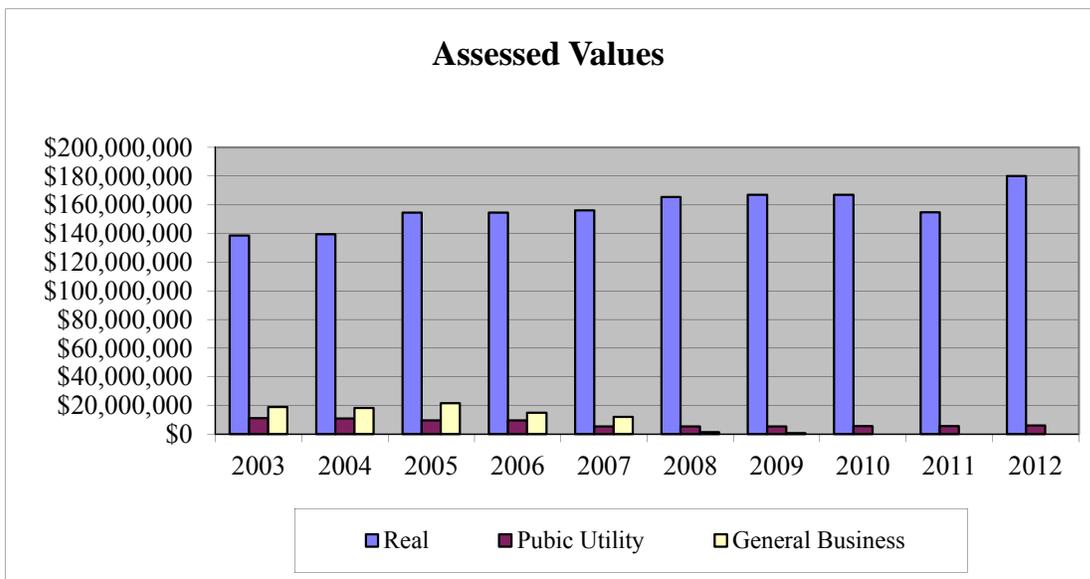
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

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	\$186,327,820	\$521,745,755	35.71%	\$7.09
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



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

	2012	2011	2010	2009	2008
Unvoted Millage					
Operating	\$2.2000	\$2.2000	\$2.0000	\$2.0000	\$2.0000
Fire Pension	0.6300	0.6300	0.6300	0.4400	0.4400
Police Pension	0.8000	0.8000	1.0000	1.1900	1.1900
Bond Sinking Fund	0.0000	0.0000	0.0000	0.0000	0.0000
<i>Total Unvoted Millage</i>	<u>3.6300</u>	<u>3.6300</u>	<u>3.6300</u>	<u>3.6300</u>	<u>3.6300</u>
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	0.0000	0.4400	0.4400	0.4400
1995 Library Bond	0.6300	0.7300	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	1.85366	1.85270	1.72580	1.72480	1.7236
Commercial/Industrial and Public Utility Real	1.95099	1.93870	1.74400	1.73520	1.7606
General Business and Public Utility Personal	2.00000	2.00000	2.00000	2.00000	2.0000
2005 Fire					
Residential/Agricultural Real	0.9268	0.9264	0.8629	0.8624	0.8618
Commercial/Industrial and Public Utility Real	0.9755	0.9693	0.8720	0.8676	0.8803
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	\$3.4105	\$3.5091	\$3.8587	\$3.8572	\$3.8554
Commercial/Industrial and Public Utility Real	3.5565	3.6380	3.8860	3.8728	3.9109
General Business and Public Utility Personal	3.6300	3.7300	4.2700	4.2700	4.2700
<i>Total Millage by Type of Property</i>					
Residential/Agricultural Real	\$7.0405	\$7.1391	\$7.4887	\$7.4872	\$7.4854
Commercial/Industrial and Public Utility Real	7.1865	7.2680	7.5160	7.5028	7.5409
General Business and Public Utility Personal	7.2600	7.3600	7.9000	7.9000	7.9000

2007	2006	2005	2004	2003
\$2.0000	\$2.1900	\$2.1900	\$1.7900	\$1.5900
0.4400	0.4400	0.4400	0.4400	0.4400
1.1900	1.0000	1.0000	1.4000	1.4000
0.0000	0.0000	0.0000	0.0000	0.2000
3.6300	3.6300	3.6300	3.6300	3.6300
0.0000	0.0000	0.0000	0.0000	1.0500
0.0000	0.0000	0.0000	0.0000	0.6137
0.0000	0.0000	0.0000	0.0000	0.7790
0.0000	0.0000	0.0000	0.0000	2.0000
0.6400	0.7400	0.9500	0.9500	1.0500
0.8300	0.9300	1.0900	1.0900	1.2400
0.0000	0.0000	0.8273	0.8273	0.8270
0.0000	0.0000	0.8491	0.8488	0.8472
0.0000	0.0000	1.0000	1.0000	1.0000
1.8075	1.8070	2.0000	2.0000	0.0000
1.9114	1.9075	2.0000	2.0000	0.0000
2.0000	2.0000	2.0000	2.0000	0.0000
0.9038	0.9035	0.8273	0.8273	0.8270
0.9557	0.9538	0.8491	0.8488	0.8472
1.0000	1.0000	1.0000	1.0000	1.0000
\$4.1813	\$4.3805	\$5.6946	\$5.6946	\$5.6077
4.3371	4.5313	5.7382	5.7376	5.8134
4.4700	4.6700	6.0400	6.0400	7.3400
\$7.8113	\$8.0105	\$9.3246	\$9.3246	\$9.2377
7.9671	8.1613	9.3682	9.3676	9.4434
8.1000	8.3000	9.6700	9.6700	10.9700

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

	2012	2011	2010	2009	2008
Overlapping Rates by Taxing District					
Conneaut City School District					
Residential/Agricultural Real	\$25.5513	\$25.5424	\$24.4838	\$24.4735	\$24.4579
Commercial/Industrial and Public Utility Real	26.6359	26.5549	24.5714	24.5103	24.5311
General Business and Public Utility Personal	37.6300	37.6300	37.6300	37.6300	37.6300
Ashtabula County					
Residential/Agricultural Real	8.9962	8.9922	8.5409	8.5335	8.5375
Commercial/Industrial and Public Utility Real	9.9304	9.9223	9.4041	9.2994	9.2655
General Business and Public Utility Personal	11.0200	11.0200	11.0200	11.0200	11.0300
Special Taxing Districts (1)					
Residential/Agricultural Real	3.5894	2.5972	3.3998	3.2237	3.2207
Commercial/Industrial and Public Utility Real	3.6489	2.6574	3.3966	3.2468	3.2461
General Business and Public Utility Personal	5.2500	4.2600	5.2500	5.2500	5.2500

Source: Ashtabula County Auditor

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

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

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

Real property tax rates 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

2007	2006	2005	2004	2003
\$24.5244	\$24.5371	\$26.0001	\$25.9999	\$25.9940
24.7382	24.6535	28.3117	28.3061	28.2686
37.6300	37.6300	45.8300	45.8300	45.8300
8.9780	8.4057	9.0059	9.0043	7.6712
9.7795	9.4488	9.8486	9.8242	8.4814
11.0300	11.0300	11.0300	11.0300	9.7000
3.7273	3.4773	3.6199	3.6197	3.1184
3.8383	3.6471	3.8448	3.8353	3.3287
5.7500	5.7500	5.7500	5.7500	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)
2012	\$1,157,637	\$1,062,111	91.75 %	\$65,444	\$1,127,555
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

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.

We are aware of the requirement to report delinquent tax collections by levy year rather than by collection year. However, the County is unable to provide delinquent collections by levy year. We are looking at options to improve the presentation.

<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>
97.40 %	\$210,056	18.15 %
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

City of Conneaut, Ohio
Principal Real Property Taxpayers
 2012 and 2005 (1)

2012		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Real Assessed Valuation
CCA Western Properties	\$25,049,150	13.91 %
Millwork Properties	1,718,490	0.95
Navigroup Venture, LLC	1,406,830	0.78
CSP of Ohio, LLC	1,276,460	0.71
Ernster XV, LLC	1,131,220	0.63
SCP	1,047,240	0.58
Mobile Grove	867,760	0.48
ES Realty	857,540	0.48
Highland Place	800,140	0.44
Kolman Properties	786,950	0.44
Total	\$34,941,780	19.40 %
Total Real Assessed Valuation	\$180,156,520	

2005		
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

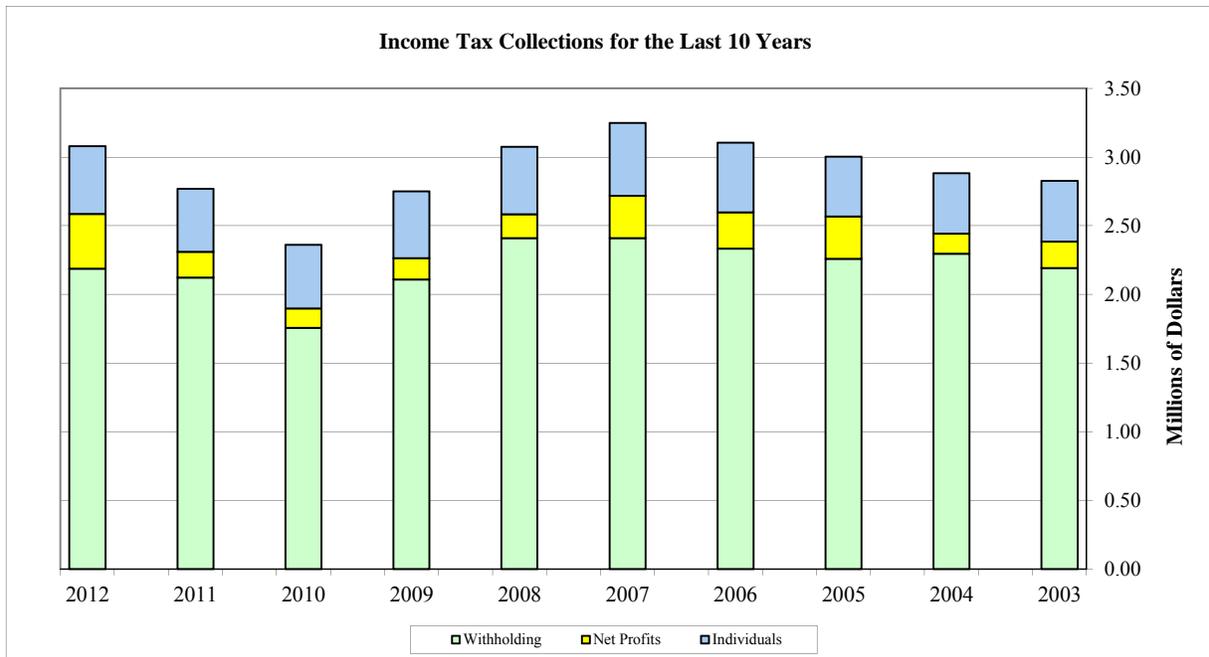
Tax Year	Tax Rate (2)	Total Tax Collected (1)	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2012	1.80%	\$3,078,827	\$2,185,879	71.00%	\$400,016	12.99%	\$492,932	16.01%
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	75.18	263,019	8.47	507,252	16.34
2005	1.65	3,002,703	2,258,747	75.22	308,814	10.28	435,241	14.49
2004	1.65	2,881,056	2,296,181	79.70	145,282	5.04	439,593	15.26
2003	1.65	2,825,316	2,190,711	77.54	193,293	6.84	441,312	15.62

(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
2012	\$1,105,175	\$622,506	\$34,008	\$73,000	\$18,969	\$1,026,597
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

(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)
\$525,615	\$3,582,226	\$383,167	\$160,000	\$1,099,707	\$0	\$8,630,970	3.94%	\$672.14
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

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		
2012	12,841	\$521,745,755	\$1,105,175	\$525,615	\$1,630,790	0.31 %	\$127.00
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

Sources:

- (1) 2012 - 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.
- (4) Although the general obligation bond retirement fund is restricted for debt service, it is not specifically restricted to the payment of principal. Therefore, these resources are not shown as a deduction from general obligation bonded debt.

City of Conneaut, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2012

Jurisdiction	Governmental Activities Debt	Percentage Applicable to City (1)	Amount Applicable to City of Conneaut
Direct			
General Obligation Bonds	\$1,105,175	100.00 %	\$1,105,175
OWDA Loans	622,506	100.00	622,506
Loans	1,026,597	100.00	1,026,597
OPWC Loans	34,008	100.00	34,008
Bond Anticipation Notes	469,000	100.00	469,000
Capital Leases	18,969	100.00	18,969
<i>Total Direct Debt</i>	<u>3,276,255</u>		<u>3,276,255</u>
Overlapping			
Ashtabula County			
General Obligation Bonds	6,705,994	9.83	659,199
OWDA Loans	13,871,342	9.83	1,363,553
OPWC Loans	1,342,577	9.83	131,975
Private Activity Bond	75,792	9.83	7,450
Capital Leases	103,008	9.83	10,126
Conneaut City School District			
General Obligation Bonds	6,015,390	88.27	5,309,785
Loan	224,000	88.27	197,725
<i>Total Overlapping Debt</i>	<u>28,338,103</u>		<u>7,679,815</u>
Total	<u><u>\$31,614,358</u></u>		<u><u>\$10,956,070</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

	2012	2011	2010	2009
Total Assessed Property Value	<u>\$186,327,820</u>	<u>\$160,449,260</u>	<u>\$172,598,510</u>	<u>\$172,996,045</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$1,630,790	\$1,105,000	\$1,470,000	\$1,745,000
OWDA Loans	4,204,732	4,195,190	4,630,148	5,236,395
OPWC Loans	417,175	386,006	328,551	369,588
Bond Anticipation Notes	739,000	880,000	691,000	1,090,000
Loans	<u>2,126,304</u>	<u>2,289,340</u>	<u>2,573,430</u>	<u>960,000</u>
Total Gross Indebtedness	9,118,001	8,855,536	9,693,129	9,400,983
Less:				
Bond Anticipation Notes	(126,000)	(151,000)	(301,000)	(510,905)
OPWC Loans	(417,175)	(386,006)	(328,551)	(369,588)
OWDA Loans	(4,204,732)	(4,195,190)	(4,630,148)	(5,236,395)
General Obligation Bond Retirement Fund Balance	<u>(191,063)</u>	<u>(178,020)</u>	<u>(394,447)</u>	<u>(449,671)</u>
Total Net Debt Applicable to Debt Limit	<u>4,179,031</u>	<u>3,945,320</u>	<u>4,038,983</u>	<u>2,834,424</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>19,564,421</u>	<u>16,847,172</u>	<u>18,122,844</u>	<u>18,164,585</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$15,385,390</u>	<u>\$12,901,852</u>	<u>\$14,083,861</u>	<u>\$15,330,161</u>
Legal Debt Margin as a Percentage of the Debt Limit	78.64%	76.58%	77.71%	84.40%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	<u>\$10,248,030</u>	<u>\$8,824,709</u>	<u>\$9,492,918</u>	<u>\$9,514,782</u>
Total Gross Indebtedness	9,118,001	8,855,536	9,693,129	9,400,983
Less:				
Bond Anticipation Notes	(126,000)	(151,000)	(301,000)	(510,905)
Special Assessment Bonds	0	0	0	0
OPWC Loans	(417,175)	(386,006)	(328,551)	(369,588)
OWDA Loans	(4,204,732)	(4,195,190)	(4,630,148)	(5,236,395)
General Obligation Bond Retirement Fund Balance	<u>(191,063)</u>	<u>(178,020)</u>	<u>(394,447)</u>	<u>(449,671)</u>
Net Debt Within 5 ½ % Limitations	<u>4,179,031</u>	<u>3,945,320</u>	<u>4,038,983</u>	<u>2,834,424</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$6,068,999</u>	<u>\$4,879,389</u>	<u>\$5,453,935</u>	<u>\$6,680,358</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	59.22%	55.29%	57.45%	70.21%

Source: City Financial Records

2008	2007	2006	2005	2004	2003
<u>\$172,326,090</u>	<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>
\$2,020,000	\$2,295,000	\$2,570,000	\$2,845,000	\$3,120,000	\$3,545,000
5,816,074	6,370,440	6,735,911	6,465,293	4,327,289	4,673,957
410,628	451,668	493,479	535,291	560,491	530,142
667,000	796,000	1,007,500	1,168,000	1,358,000	1,390,500
500,000	0	0	0	0	0
9,413,702	9,913,108	10,806,890	11,013,584	9,365,780	10,139,599
(517,000)	(621,000)	(857,500)	(1,168,000)	(1,358,000)	(1,390,500)
(410,628)	(451,668)	(493,479)	(535,291)	(560,491)	(530,142)
(5,816,074)	(6,370,440)	(6,735,911)	(6,465,293)	(4,327,289)	(4,673,957)
(511,302)	(563,506)	(568,788)	(548,375)	(529,397)	(691,568)
2,158,698	1,906,494	2,151,212	2,296,625	2,590,603	2,853,432
18,094,239	18,230,901	18,823,135	19,506,453	17,706,934	17,721,117
<u>\$15,935,541</u>	<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>
88.07%	89.54%	88.57%	88.23%	85.37%	83.90%
<u>\$9,477,935</u>	<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>
9,413,702	9,913,108	10,806,890	11,013,584	9,365,780	10,139,599
(517,000)	(621,000)	(857,500)	(1,168,000)	(1,358,000)	(1,390,500)
0	0	0	0	0	0
(410,628)	(451,668)	(493,479)	(535,291)	(560,491)	(530,142)
(5,816,074)	(6,370,440)	(6,735,911)	(6,465,293)	(4,327,289)	(4,673,957)
(511,302)	(563,506)	(568,788)	(548,375)	(529,397)	(691,568)
2,158,698	1,906,494	2,151,212	2,296,625	2,590,603	2,853,432
<u>\$7,319,237</u>	<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>
77.22%	80.04%	78.18%	77.52%	72.07%	69.26%

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

Year	Operating Revenue	Expenses, Net of Depreciation *	Net Revenue Available for Debt Service	Debt Service Requirement**			Coverage
				Principal	Interest	Total	
2012	\$2,174,864	\$1,687,291	\$487,573	\$66,549	\$10,425	\$76,974	6.33
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

* 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 Ten Years

Year	Operating Revenue	Expenses, Net of Depreciation *	Net Revenue Available for Debt Service	Debt Service Requirement**			Coverage
				Principal	Interest	Total	
2012	\$2,257,163	\$1,427,678	\$829,485	\$291,692	\$116,774	\$408,466	2.03
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

* 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

2012

Employer	Employees	Percentage of Total City Employment
Infinity Resources	426	9.04%
Conneaut Area City School District	350	7.42
Continental Structural Plastics	258	5.47
Corrections Corporation of America (CCA)	249	5.28
University Heights Hospital System	209	4.43
ES3 Management	162	3.43
General Aluminum	162	3.43
Cascade Ohio	149	3.16
Ashtabula County	125	2.65
Lukjan Metal Products	97	2.06
Total	2,187	46.36%
Total Employment within the City	4,717	

2003

Employer	Employees	Percentage of Total City Employment
Conneaut Area City School District	522	8.97%
Cascade Ohio	400	6.88
General Aluminum	301	5.17
Management Training Corporation	300	5.16
Venture Holdings	275	4.73
Brown Memorial Hospital	227	3.90
University Heights Hospital System	200	3.44
Ashtabula County	177	3.04
Lukjan Metal Products	167	2.87
P & C Dock	137	2.36
Total	2,706	46.52%
Total Employment within the City	5,817	

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>
2012	12,841	\$219,131,665	\$17,065	\$38,250	40
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

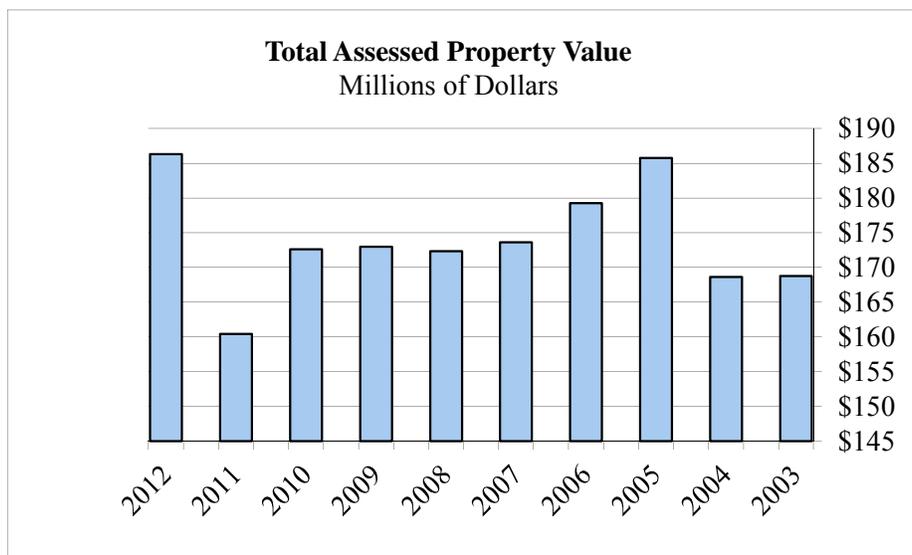
(1) 2012 - 2010 The U.S. Bureau of Census, 2010 Federal Census of Population

2003 - 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%	1,838	9.0%	\$76,000	\$186,327,820
11.2	2,054	11.9	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



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

Function/Program	2012	2011	2010	2009
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	3.50
Law	2.00	2.00	2.50	2.50
Court	6.00	7.00	6.00	6.00
Public Building	0.00	0.00	0.00	0.00
Security of Persons and Property				
Police	16.00	16.00	19.00	19.00
Police - Dispatchers	4.00	4.00	4.00	4.00
Police - Jailers	0.00	0.00	0.00	0.00
Fire	10.00	10.00	10.00	10.00
Ambulance	5.00	5.00	5.00	5.00
Public Health Services				
Health	3.50	2.50	3.00	3.00
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	0.00	1.00	1.00
Housing/Zoning	0.50	0.50	1.00	1.00
Transportation				
Street/Public Works	12.00	15.00	17.00	17.00
Basic Utility Services				
Water	15.00	15.00	16.00	16.00
Sewer	11.00	11.00	12.00	12.00
Totals:	<u>101.00</u>	<u>104.00</u>	<u>112.50</u>	<u>112.50</u>

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

Source: City Financial Records

2008	2007	2006	2005	2004	2003
7.00	7.00	7.00	7.00	7.00	7.00
1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00	2.00
4.00	4.00	4.00	4.00	4.00	4.00
2.50	2.50	2.50	2.50	2.50	2.50
6.00	6.00	6.00	6.00	6.00	6.00
1.00	1.00	1.00	1.00	1.00	1.00
20.00	20.00	20.00	20.00	21.00	20.00
4.00	4.00	4.00	4.00	4.00	4.00
2.00	2.00	2.00	2.00	2.00	2.00
12.00	12.00	12.00	12.00	12.00	12.00
5.00	5.00	5.00	5.00	5.00	5.00
4.00	4.00	4.00	4.00	4.00	4.00
1.00	1.00	1.00	1.00	1.00	1.00
1.50	1.50	1.50	1.50	2.50	2.50
1.00	1.00	1.00	1.00	1.50	1.50
1.00	1.00	1.00	1.00	1.00	1.00
17.00	18.00	19.00	19.00	20.00	21.00
16.00	16.00	16.00	16.00	17.00	17.00
12.00	12.00	12.00	12.00	12.00	13.00
<u>120.00</u>	<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	2012	2011	2010
General Government			
<i>Council and Clerk</i>			
Number of Ordinances Passed	106	112	107
Number of Resolutions Passed	7	8	11
<i>Finance Department</i>			
Number of checks/vouchers issued	3,248	3,321	3,230
Amount of checks written	\$13,598,713	\$15,117,766	\$13,879,192
Interest earnings for fiscal year (cash basis)	\$3,716	\$2,935	\$3,828
Number of Receipts issued	545	541	458
Number of Budget Adjustments issued	12	6	11
Agency Ratings - Moody's Financial Services	Aaa	Aaa	Aaa
Health Insurance Costs vs General Fund Expenditures %	12.12%	12.04%	11.28%
General Fund Receipts (cash basis)	\$3,981,654	\$4,250,115	\$4,281,343
General Fund Expenditures (cash basis)	\$3,753,279	\$3,767,922	\$4,199,979
General Fund Cash Balances	\$1,006,069	\$833,058	\$326,480
<i>Income Tax Department</i>			
Number of Individual Returns	4,058	4,031	4,282
Number of Business Returns	392	456	436
Number of business withholding accounts	501	515	482
Amount of Penalties and Interest Collected	\$29,107	\$27,399	\$32,550
Annual number of Corporate withholding forms processed	2,179	2,240	2,130
Annual number of balance due statements forms processed	1,111	984	917
Annual number of estimated payment forms processed	1,469	1,481	1,554
Annual number of reconciliations of withholdings processed	501	515	482
<i>Engineer Contracted Services</i>			
Dollar amount of Construction overseen by Engineer	\$2,059,385	\$784,499	\$78,518
<i>Municipal Court</i>			
Number of Civil Cases	283	282	333
Number of Criminal cases	999	907	929
<i>Vital Statistics</i>			
Certificates Filed			
Number of Births	2	0	1
Number of Deaths	99	110	111
Certificates Issued			
Number of Births	392	420	472
Number of Deaths	480	595	525
Burial Permits Issued	163	143	152
<i>Civil Service</i>			
Number of police entry tests administered	0	1	0
Number of fire entry tests administered	1	0	1
Number of police promotional tests administered	1	0	0
Number of fire promotional tests administered	0	1	1
Number of hires of Police Officers from certified lists	0	0	1
Number of hires of Fire/Medics from certified lists	1	1	0
Number of promotions from police certified lists	0	0	0
Number of promotions from fire certified lists	0	1	0

2009	2008	2007	2006	2005	2004	2003
123	109	137	119	103	113	71
19	11	11	11	14	15	25
3,530	4,185	4,151	4,180	4,028	4,057	4,261
\$13,559,134	\$13,537,185	\$13,307,015	\$13,826,892	\$14,585,601	\$12,809,304	\$12,324,078
\$6,005	\$39,844	\$137,706	\$147,999	\$72,406	\$25,819	\$21,034
492	557	601	625	605	647	690
6	10	8	199	228	153	104
Aaa						
11.50%	14.47%	11.69%	12.09%	27.08%	22.24%	15.81%
\$4,212,709	\$4,094,106	\$4,013,767	\$4,121,658	\$4,285,854	\$4,359,963	\$4,147,920
\$4,057,218	\$4,406,869	\$4,377,923	\$4,162,789	\$4,220,797	\$4,548,212	\$4,218,236
\$250,054	\$108,742	\$428,286	\$634,371	\$475,564	\$410,507	\$598,756
4,274	4,239	4,525	4,420	4,690	4,502	4,408
436	406	459	442	549	527	516
458	433	498	461	402	411	390
\$31,843	\$25,959	\$28,968	\$28,833	\$13,628	\$17,483	\$16,724
2,024	1,914	2,201	2,036	2,188	2,214	2,228
838	734	537	533	560	543	527
1,366	1,441	1,446	134	130	126	122
451	433	498	461	402	411	390
\$808,877	\$241,089	\$231,566	\$672,773	\$3,101,284	\$216,293	\$220,197
359	413	352	245	377	323	357
1,011	915	1,143	1,051	648	638	559
0	2	1	0	2	148	357
95	144	133	140	129	109	559
542	652	754	754	641	854	768
486	857	578	673	643	662	505
127	151	146	170	163	161	166
1	0	0	0	1	0	1
0	1	1	0	0	1	0
0	0	1	0	0	0	0
0	0	0	0	0	1	0
1	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

(continued)

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

Function/Program	2012	2011	2010
<i>Building Department Indicators</i>			
Construction Permits			
Estimated Value of Construction	\$944,196	\$748,499	\$2,198,791
Number of permits issued	147	148	131
Amount of Revenue generated from permits	\$4,682	\$4,652	\$4,172
Security of Persons and Property			
<i>Police</i>			
Total Calls for Services	23,110	21,912	25,026
911 Calls Answered	5,277	4,429	6,706
Arrests/Citations	1,808	2,199	2,049
Community Policing Hours	8,924	8,847	9,455
DARE Graduates	0	0	0
Investigations	2,689	2,813	2,969
Jail Inmates	271	273	256
Vehicle Crashes	238	230	288
Prisoner costs	\$11,234	\$6,709	\$11,332
Gasoline costs of fleet	\$37,498	\$29,989	\$31,757
<i>Fire</i>			
EMS Calls	1,463	1,575	1,701
Fire Calls	204	89	95
Fires with Loss	90	80	40
Fires with Losses exceeding \$10K	8	3	3
Fire Losses	\$301,600	\$363,650	\$162,950
Fire Safety Inspections	120	79	34
Number of times Mutual Aid given to Fire and EMS	20	27	25
Number of times Mutual Aid received for Fire and EMS	22	42	12
Public Health Services			
Cemetery burials	55	54	47
Cemetery sale of lots	8	9	12
Cemetery receipts	\$30,137	\$24,565	\$27,390
Leisure Time Activities			
<i>Recreation</i>			
City Tax	\$24,325	\$21,876	\$24,300
Softball Fees	1,650	7,850	9,475
Facilities rentals	29,375	29,075	31,000
Total Recreation Department receipts	<u>\$55,350</u>	<u>\$58,801</u>	<u>\$64,775</u>

2009	2008	2007	2006	2005	2004	2003
\$1,605,848	\$1,470,693	\$541,353	\$4,786,353	\$5,670,500	\$12,043,897	\$32,931,058
121	126	171	222	174	203	245
\$4,504	\$4,523	\$8,074	\$10,395	\$12,012	\$12,572	\$16,061
25,400	25,976	26,233	28,480	20,700	19,542	19,315
6,982	7,093	5,784	4,700	4,000	3,315	3,300
908	2,058	223	2,539	2,558	2,525	2,440
9,258	7,100	5,950	6,042	4,872	5,875	6,371
0	0	0	0	250	225	275
2,895	3,332	3,284	3,384	3,709	3,301	3,549
241	337	331	339	404	459	552
322	345	329	415	343	337	340
\$9,850	\$14,191	\$13,591	\$14,314	\$12,190	\$10,631	\$11,352
\$25,690	\$50,417	\$38,313	\$34,977	\$30,705	\$23,548	\$24,147
1,429	1,728	1,744	1,504	2,228	1,930	1,901
85	78	89	130	120	136	92
36	36	33	34	22	35	25
3	3	11	9	6	5	7
\$505,200	\$613,695	\$613,695	\$338,450	\$325,300	\$167,105	\$546,150
69	35	170	190	90	105	110
54	18	32	16	5	12	16
7	12	30	30	10	10	12
50	56	69	59	50	52	44
18	14	24	16	27	22	26
\$38,115	\$31,531	\$38,278	\$29,180	\$32,552	\$32,449	\$30,333
\$24,300	\$24,282	\$25,665	\$25,375	\$26,123	\$25,065	\$24,581
7,000	8,010	7,200	6,538	830	900	450
33,450	9,985	33,525	32,600	33,300	31,175	32,400
\$64,750	\$42,277	\$66,390	\$64,513	\$60,253	\$57,140	\$57,431

(continued)

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

Function/Program	2012	2011	2010
Transportation			
Street Improvements - asphalt overlay (linear feet)	14,347	8,092	8,580
Crackseal Coating Program (Miles)	6	31	4
Street Repair (Curbs, aprons, berms, asphalt) (hours)	2,879	2,198	784
Paint Striping (hours)	172	231	104
Street Sweeper (hours)	553	390	360
Cold Patch (hours)	361	482	248
Snow and Ice Removal regular hours	1,656	1,743	1,824
Snow and Ice Removal overtime hours	285	492	391
Storm Sewer Calls for Service - Sewer Jet Regular Hours	1,397	1,280	432
Storm Sewer Calls for Service - Sewer Jet Overtime Hours	53	6	0
Sewer Crew (hours)	784	1,114	400
Landscaping Stump-Chipper service (hours)	0	0	0
Leaf collection (hours)	0	0	0
Holiday lights setup (hours)	54	16	16
Street/Traffic Signs (Hours)	547	646	510
Equipment repair/body shop (hours)	2,218	5,760	6,240
Number of Trees Planted per year	0	0	0
Tons of snow melting salt purchased (Nov-Mar)	918	899	776
Cost of salt purchased	\$39,253	\$40,522	\$43,921
Water Department			
Water Rates per 1st 2,000 gallons of water	\$17.00	\$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)	\$2,228,733	\$2,103,537	\$2,068,133
Wastewater Department			
Wastewater Rates per 1st 300 Cubic feet of water used	\$18.90	\$19.76	\$19.76
Total flow of wastewater treatment plant (Billions of Gallons)	0.972	1.212	0.694
Average daily flow (Millions of gallons per day)	2.657	3.316	1.902
Tons of dry sludge removed	270.54	186.06	268.91

Source: City Financial Records and Departments

2009	2008	2007	2006	2005	2004	2003
7,985	13,800	23,800	23,940	55,940	3,700	21,950
0	6	5	18	20	20	15
2,441	1,032	1,780	1,360	864	768	672
145	350	400	400	400	400	400
303	156	640	520	480	490	450
651	554	1,100	880	900	1,020	1,180
1,616	7,960	8,950	8,320	9,600	10,240	10,880
239	737	732	705	641	580	670
203	2,080	2,080	2,080	2,080	2,080	2,080
0	0	0	0	0	0	0
415	707	1,700	1,500	1,500	1,500	1,500
0	100	150	120	130	90	120
652	96	3,200	3,400	3,100	3,400	3,500
16	16	16	16	16	16	16
464	394	240	240	240	240	240
6,240	6,240	6,240	6,240	6,240	6,240	6,240
0	0	0	450	0	400	0
773	1,100	1,450	1,475	1,000	1,350	1,400
\$48,842	\$43,115	\$48,560	\$54,058	\$44,304	\$42,655	\$36,291
\$17.24	\$16.29	\$15.84	\$14.94	\$14.37	\$13.82	\$13.82
4,900	4,900	4,900	4,880	4,880	4,880	4,875
\$2,215,799	\$1,947,755	\$1,904,311	\$1,831,609	\$1,754,163	\$1,734,988	\$1,690,796
\$17.18	\$16.74	\$15.82	\$15.22	\$13.98	\$12.84	\$12.47
0.846	0.992	0.876	0.918	0.916	0.927	0.954
2.324	2.713	2.402	2.516	2.515	2.539	2.608
281.39	299.30	197.46	295.78	599.16	452.42	364.00

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

Function/Program	2012	2011	2010	2009
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	2
Square Footage Occupied	12,880	12,880	12,880	12,880
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	60	60	60
Storm Sewers (miles)	35	35	35	35
Water Department				
Water Lines (miles)	91	91	91	91
Vehicles	9	9	9	9

Source: City Financial Records

2008	2007	2006	2005	2004	2003
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	20	22	19
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	565	564
22	22	22	22	23	23
60	60	60	60	60	60
35	35	35	35	35	35
91	91	91	91	91	91
9	9	9	9	9	9

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CITY OF CONNEAUT
ASHTABULA COUNTY

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INDEPENDENT AUDITOR'S 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 City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Conneaut, Ashtabula County, (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 30, 2013, wherein we noted the City adopted the provisions of Governmental Accounting Standard Board Statement No. 61, "The Financial Reporting Entity: Omnibus" , No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Net Position" and No. 65." Items Previously Reported as Assets and Liabilities". Our report refers to other auditors who audited the financial statements of the Conneaut Port Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that those auditors separately reported.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Columbus, Ohio

August 30, 2013



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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
DECEMBER 10, 2013**