



Mary Taylor, CPA
Auditor of State

CITY OF CONNEAUT
ASHTABULA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	1

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Mary Taylor, CPA

Auditor of State

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

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

To the Members of Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Conneaut, Ashtabula County, (the City) as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 8, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

We note certain internal control matters that we reported to the City's management in a separate letter dated June 8, 2009.

Compliance and Other Matters

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

We did note one noncompliance or other matter that we reported to the City's management in a separate letter dated June 8, 2009.

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

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

Mary Taylor, CPA
Auditor of State

June 8, 2009

CITY OF CONNEAUT, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2008

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, 2008
Table of Contents

	<i>Page</i>
I. Introductory Section	
Title Page.....	i
Table of Contents	ii
Letter of Transmittal.....	v
Organizational Chart.....	xii
City of Conneaut Elected and Appointed City Officials	xiii
GFOA Certificate of Achievement.....	xiv
II. Financial Section	
Independent Accountants' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18
Statement of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual:	
General Fund.....	20
Street Construction, Maintenance and Repair Fund.....	21
Statement of Fund Net Assets – Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	23
Statement of Cash Flows – Proprietary Funds.....	24
Statement of Fiduciary Net Assets – Fiduciary Funds.....	26
Notes to the Basic Financial Statements.....	27

Combining and Individual Fund Statements and Schedules

Combining Statements – Nonmajor Governmental Funds:

Fund Descriptions	55
Combining Balance Sheet – Nonmajor Governmental Funds	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	59
Combining Balance Sheet – Nonmajor Special Revenue Funds	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	64
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	70

Combining Statements – Fiduciary Funds:

Fund Descriptions	72
Statement of Changes in Assets and Liabilities – Agency Fund	73

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

Major Funds	
General Fund	75
Street Construction, Maintenance and Repair Fund.....	80
Special Assessment Bond Retirement Fund.....	81
Water Fund.....	82
Sewer Fund.....	83
Nonmajor Funds	
Auto Permissive Tax Fund	84
State Highway Fund	85
Restaurant Vending Fund.....	86
Marina Fund	87
Enforcement and Education Fund	88
Indigent Drivers Fund	89
Cemetery Fund	90
Police Levy Fund	91
Fire Levy Fund.....	92
Litter Control Fund.....	93
DARE Grant Fund.....	94
Street Lighting Fund.....	95
Tree Commission Fund	96
Demolition Fund	97
Community Housing Fund.....	98
Economic Development Fund.....	99
CHIPS Fund	100

Ambulance Fund	101
Recreation Fund	102
Police Pension Fund	103
Fire Pension Fund.....	104
General Obligation Bond Retirement Fund.....	105
Street Improvement Fund.....	106
Community Development Block Grant Fund.....	107
Municipal Court Improvement Fund.....	108
Gateway Signal Fund	109
Fiscal Year 2004 Formula Fund.....	110
FEMA Grant Fund	111
Capital Improvement Fund.....	112
Melak Park Arbor Fund.....	113
Industrial Park Fund.....	114

III. Statistical Section

Statistical Section Description.....	S1
Net Assets by Component – Last Seven Years	S2
Changes in Net Assets – Last Six Years.....	S4
Fund Balances, Governmental Funds – Last Ten Years.....	S10
Changes in Fund Balances, Governmental Funds – Last Ten Years.....	S12
Assessed Valuation and Estimated True Values of Taxable Property – Last Ten Years	S14
Property Tax Rates – Direct and Overlapping Governments – Last Ten Years.....	S16
Property Tax Levies and Collections – Last Ten Years	S20
Principal Real Property Taxpayers – 2008 and 1999	S22
Income Tax Revenue Base and Collections – Last Ten Years	S23
Ratio of Outstanding Debt to Total Personal Income and Debt Per Capita – Last Ten Years	S24
Ratio of General Obligation Bonded Debt to Estimated True Values of Taxable Property and Bonded Debt Per Capita – Last Ten Years	S26
Computation of Direct and Overlapping Governmental Activities Debt	S27
Legal Debt Margin – Last Nine Years.....	S28
Principal Employers – Current Year and Nine Years Ago	S30
Demographic and Economic Statistics – Last Ten Years.....	S32
Full-Time Equivalent City Government Employees by Function/Program – Last Six Years.....	S34
Operating Indicators by Function/Program – Last Seven Years	S36
Capital Assets Statistics by Function/Program – Last Ten Years	S42

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

John Williams, J.D., CPA
Finance Director

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June 8, 2009

Citizens of Conneaut
City Manager, Robert A. Schaumleffel, Jr.
and Honorable Members of City Council
Conneaut, Ohio

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

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

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

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

Profile of Government

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

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

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

The City operated under the statutory Mayor-Council form of government until the electors of the City passed the City Charter with a Council-Manager form of government. Members of the Conneaut Charter Commission were

elected at the general election held November 7, 1989 to frame and submit a Charter to the electors of the City. In the general election held Tuesday, November 6, 1990, the electors of the City of Conneaut approved the proposed charter and the City's first City Manager began serving in February of 1992. Beginning in January, 1997, and at least every seven years thereafter, City Council must appoint a Committee to review the Charter and propose any amendments as the Committee deems advisable. Amendments shall be submitted to the electorate at the next November general election. The last major amendments occurred in November 2004, which established staggered four year terms for City Council and eliminated the Department of Public Safety, with the City Manager assuming charge of all programs related to public safety, including the divisions of Police and Fire. The City has all powers of 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. Previously, all seven members of Council were elected every two years, but after the last Charter amendment each council member is now elected to four year staggered terms. Starting in November, 2005, the President of Council and the two at large positions were elected to four year terms and beginning in November, 2007, each of the ward council positions will be elected to four year terms.

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

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

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

The City Council adopts an annual appropriation measure by December 31 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 and department. Transfers between departments or appropriation line items require approval by Council.

Local Economy

It has been a very difficult year for the City of Conneaut due to a very substantial downturn in the economy. A significant percentage of the City's major employers are tied to the housing and automotive industries, which were among the industries impacted most severely by the recession. Some of the City's largest employers reduced the size of their workforce, eliminated second and third shifts, had temporary plant shut downs, and reduced the pay of their employees. This had a negative impact on our local economy, resulting in a decrease in income tax collections by approximately \$175,000 from 2007 on a cash basis. However, there were a few large employers that actually increased the size of their workforce but it was not enough to offset the overall economic decline.

Even in the midst of a prolonged recession, several large employers have expressed some interest in utilizing the City's economic development funds to facilitate their business. These projects have the potential to create more jobs and certainly help to maintain the existing workforce. The City has tentatively agreed to use its revolving loan fund to assist these companies with their expansion. The goal of the City's revolving loan fund is to promote economic development by providing low interest loans to individuals and businesses to help them succeed in creating jobs for our citizens.

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

The Conneaut Port Authority has been working diligently with the City Manager, City Council, the Chamber of Commerce and the Board of Tourism to help develop the lakefront and our port. There are plans for a new restaurant and winery, as well as new walking trails through the sandbar and bird watching observatory. The City has applied for a grant to conduct a feasibility study of Lakeview Park, which has panoramic views of Lake Erie and the City's landmark lighthouse. Tourism is vital component of the City's economy. Conneaut has many tourist attractions including Conneaut Creek, which has been declared a "Wild and Scenic River" and is the number one ranked trout stream in the USA. It has a premier marina with multiple boat launching ramps, four covered bridges, some of the best local wineries, seven miles of shoreline with some of the best perch and walleye fishing in Lake Erie, a historical railroad museum and a sixty-acre lake shore park with an expansive one-half mile long public beach. 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.

Plans to construct a Love's Travel Center at the intersection of I-90 and State Route 7 have been delayed. This is the second year that the construction of the \$6,000,000 facility has been delayed. The bids to build the facility were over budget, but the company has given the City assurances that construction will commence in early 2010. Love's already has invested over \$1,000,000 in the land for the travel center. Utilizing the City's City-Wide Community Reinvestment Area (CRA), the company is expected to receive a fifty percent tax abatement for fifteen years. Until 2006, there was a limited highway access restriction along Route 7 that hindered development of the area. However, the City Manager, working with the Ohio Department of Transportation, was able to remove the limited access, opening up new development opportunities. Studies have been performed to determine traffic counts, as well as the topography of the land to determine areas suitable for development. It is anticipated that other development will follow, as other businesses have expressed interest in land near the interchange. Development of the I-90 interchange and State Route 7 has been a top priority.

Of paramount importance are the City of Conneaut's goals to aggressively pursue economic growth, promote business retention, assist with business expansion and create a pro-business environment. To help accomplish these goals, the City's economic development committee holds monthly meetings to discuss strategy and monitor the implementation of objectives. The committee is comprised of the City Manager, council members, and business leaders. The City continues to remain the focal point for new and existing businesses to obtain assistance with and information about some of the programs available through the City, including the community reinvestment areas, enterprise zones, downtown revitalization, economic development funding and the new industrial park. A partnership has been developed between the City's economic development committee and the Conneaut Area Chamber of Commerce to combine resources in an effort to facilitate business progress. Furthermore, CRA has been established. The CRA provides a tax reduction on the increase in taxable value of a property for new construction and renovation of existing structures. The City offers up to 100 percent real estate tax abatement for fifteen years for new commercial or industrial facilities and up to 100 percent real estate tax abatement for twelve years for the renovation of an existing commercial or industrial facility.

Long-Term Financial Planning

The City Manager is proposing to consolidate the City's fire and ambulance service, and close Fire Station #4, to help ensure the long term viability of the general fund. Fire Station #1 is staffed by full-time personnel and would now be the first responders to all emergency calls, as well as fire calls. Consequently, all revenue generated from the emergency service calls will be receipted into the City's general fund as billing revenue. The additional revenue will be used to help fund Fire-EMS operations.

In an effort to increase revenue, the City is considering the possibility of drilling gas wells on City owned property. A private company has been consulted to conduct a feasibility study. Preliminary information indicates that four to six wells could be drilled at the site, potentially generating \$40,000 to \$50,000 per year in revenue.

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

A long term goal is to replace all existing water meters within the city, both commercial and residential, with radio reads. Full implementation of this program will cost approximately \$1.3 million. The initial cost of the project will need to be financed, at least partially, with some note or bonded debt. Commercial meters will be the first to be replaced, as these are the high volume users. Currently residential meters are owned by the City, but commercial meters are privately owned. However, legislation is being considered by City Council whereby the City would purchase the new commercial meters and implement a monthly user charge. As part of this proposed project, new radio read water meters would be installed throughout the water system. Radio read meters will save a tremendous amount of time and money by permitting one person to obtain water meter readings for the entire City in less than one day, which currently takes two meter readers, with two vehicles, an entire month to complete. The City also plans to conduct a five-year water and sewer rate study after the City-wide meter replacement, so that rates are sufficient to meet future operational and capital needs. A restructuring of water fees, along with projected increases in revenue from more accurate meters, are projected to generate more than enough revenue to service the debt necessary to fund the project.

Although no formal policy exists, City Council and the City Manager advocate sound financial practices to help ensure that adequate undesignated fund balances are maintained in all of the operating funds. As part of Council's long term goals and objectives, revenue enhancement and economic development are paramount, with particular emphasis on growing the City's tax base to help maintain financial stability.

Relevant Financial Policies

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

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 1 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 \$3,073,413 in 2008 and was allocated as follows: General Fund: 62.48 percent or \$1,920,265, which is used to fund the fire, police, municipal court and administrative offices; Street Department: 26.02 percent or \$799,702, 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 \$256,017, which is used exclusively for the resurfacing of local streets; Capital Improvement: 1.44 percent or \$44,257, which is used for infrastructure repairs and the acquisition of capital assets; Street Lighting: .94 percent or \$28,890, 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 \$24,282, which is used to maintain the City's seven parks, playgrounds, and other recreational activities. The 1 percent allocation of the income tax is reviewed by city council on an as needed basis.

Within the City's inside 10 mill limitation, the City levies 3.63 mills. The general fund allocation on a cash basis was 2.00 mills or \$332,705, the police pension fund allocation 1.19 mills or \$172,329 and the fire pension fund allocation was .44 mills or \$63,720. Outside millage of 1.47 is levied to pay debt service on two general obligation bonds, with collections totaling about \$230,659. Police and fire levies generated \$401,220 with a total of 3.00 mills. Total millage levied by the City in 2008 was 8.10. Millage allocations are reviewed by the Finance Department and City Council before the annual tax budget is prepared.

Major Initiatives

For the Year In 2008, 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.

The City was approved for Ohio Public Works funding to replace screens which remove debris from lake water before it enters the water plant, and to replace piping to the backwash facility. This is a \$342,000 project, of which approximately \$121,000 of the funding is a grant, \$50,000 is a zero interest loan, and \$171,000 in a cash match by the City. This project will enable the water filtration plant to provide a peak flow of 3.5 million gallons of water per day.

Approval has been received from the Ohio Public Works Commission to replace and repair major sections of sanitary sewer and pavement on several streets. Plans are to replace an 8 inch sewer line on Monroe Street, with a sewer capacity of .50 million gallons per day, a 10 inch sewer line on Broad Street, with a capacity of .75 million gallons per day, and provide a 2 inch pavement overlay on both streets. It is large infrastructure project with an approved budget of \$446,300, of which \$173,100 is a grant, \$50,000 is a zero interest loan, \$122,900 is a cash match by the City, and remaining \$100,300 is from in-kind labor contributions from city workers.

Another very large project, with a total cost \$418,000, has been approved by the Ohio Public Works Commission for roadway safety improvements. This project will widen Brown Avenue to bring it in compliance with City and County standards, and improve the intersection with U.S. Route 20. Brown Avenue is a major artery for several of the City's largest employers. The construction of the new Parrish Road Overpass necessitated the closing of a

portion of Maple Avenue, which had been the major truck route to these large employers. Due to the closing of Maple Avenue, Brown Avenue became the new truck route but it did not have a sufficient road base and road width to accommodate a large volume of truck traffic. Also included in this project is a plan to improve the site distance at a large intersection at Lake Erie and Detroit Street. Funding for this project will include a \$149,900 grant, a \$50,000 zero interest loan, an \$82,100 city cash match, and \$136,000 in city in-kind labor.

Plans are underway to replace an ageing water tank on Creek Road that supplies water to the west end of the City. This is a high priority project, as the water tank is in deplorable condition. The City plans to replace the 175,000 steel tank with a similar capacity tank but in a new location that will be more centrally located. CT Consultants, the City's engineering adviser, is performing the engineering design for this project. OPWC has provided the City with a \$36,500 grant to pay for half of the \$73,000 estimated engineering cost.

Several large projects were in progress in 2008. The Gateway Signalization project to install new light poles and traffic signals at a major intersection on State Route 7 was substantially complete by the end of the year. Total cost is estimated at \$185,000, with 80 percent of the funding provided by a federal grant. A large water pump replacement project is underway that will construct a new pump station that will supply the southern part of the City with adequate water pressure and supply. As part of the overall project, a high service water pump will be installed at the water plant. And a new water booster pump station will be constructed at Parrish Road. These individual water projects were bid out as one project to ABC Construction. At the end of the year, it was about twenty-five percent complete. Total cost is estimated at \$330,000, of which \$217,000 is from grant funding.

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

Equipment purchases for the governmental funds consisted of three new police cruisers and an in-car video system at a cost of \$71,000, and a new fuel management system at a cost of \$21,000. The business type funds, primarily the water department, purchased nearly two hundred water meters, a crane for the filtration plant, and a jeep for the meter readers for a total cost of \$44,000.

The Public Works Department, utilizing funds from the street improvement tax and other revenue sources, was able to pave three local roads, accounting for three lane miles at a cost of over \$300,000. The voters passed an income tax increase of 0.15 percent in May 2005 to help fund an aggressive street paving program. The increase will be in effect for seven years and is projected to generate over two million dollars over the life of the tax, which took effect January 1, 2006. This tax is designated for local streets only, and will be used exclusively for the construction of roads, resurfacing and street maintenance. It is estimated that the seven year income tax increase will be enough to pave at least half of the roads in the City of Conneaut. At the end of the seven year period, the voters will be asked to pass the levy again to complete the remaining roads. The City street department will be responsible for all of the road paving, which will save the taxpayers a substantial amount of money.

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, 2007. This was the second year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) that satisfied both generally accepted accounting principles and applicable legal requirements.

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

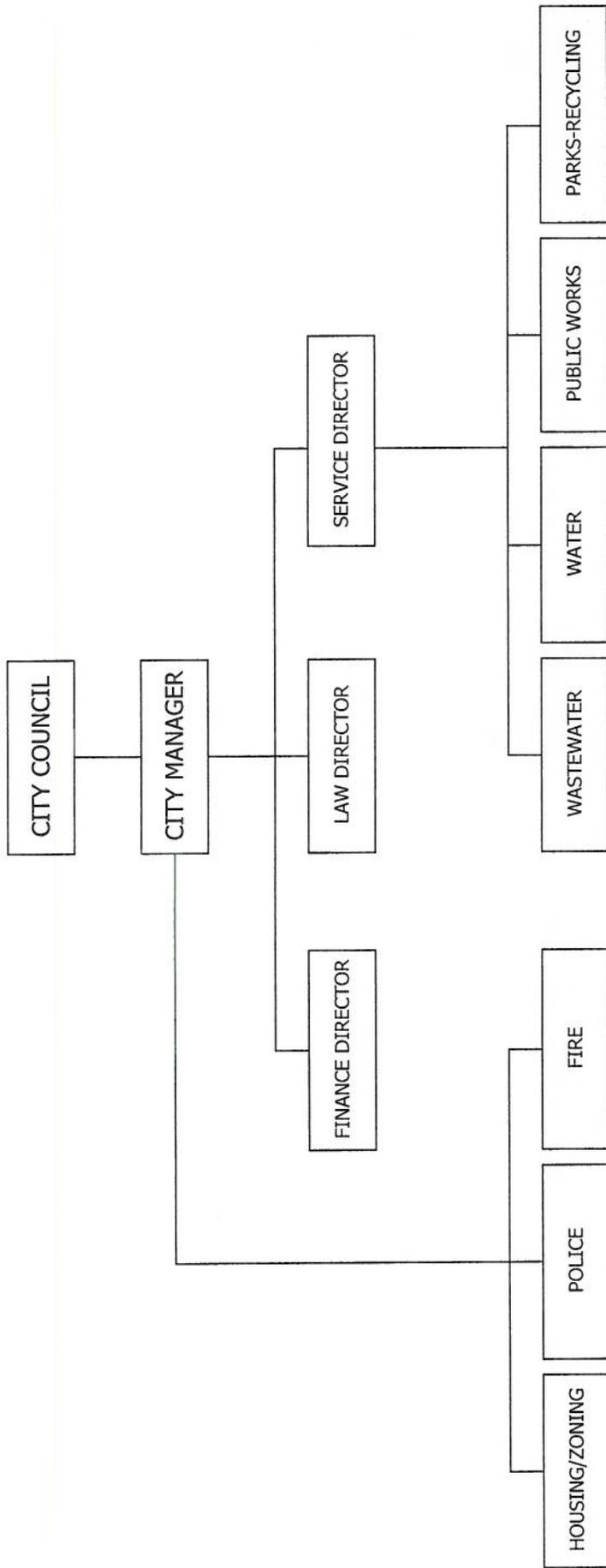
The successful preparation of the Comprehensive Annual Financial Report required the contribution and dedication of the Finance Department. Sincere appreciation is extended to City Council and City Manager Douglas L. Lewis for their commitment to sound financial reporting. Gratitude is also expressed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

Respectfully submitted,

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

John Williams, J.D., CPA
Finance Director

CITY ORGANIZATIONAL CHART - ESTABLISHED BY CITY CHARTER



CITY OF CONNEAUT
ELECTED AND APPOINTED CITY OFFICIALS

CITY COUNCIL

James Jones, President

Jacob Chicatelli, At Large

Chris Castrilla, At Large

Dave Campbell, Ward 1

Charles Lewis, Ward 2

Greg Mooney, Ward 3

Anthony Julio, Ward 4

CITY MANAGER

Robert A. Schaumleffel, Jr.

APPOINTED OFFICIALS

John Williams, Director of Finance

Lori Lamer, Director of Law

Jon Arcaro, Chief of Police

Bim Orrenmaa, Chief of Fire

Robert Gustafson, Water Superintendent

Craig Pierce, Wastewater Superintendent

Robert Howland, Public Works Director

Luciana Ratermann, Housing/Zoning Inspector

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Conneaut
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

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.



President

Executive Director

FINANCIAL SECTION

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Conneaut, Ashtabula County, Ohio (the City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Conneaut, Ashtabula County, Ohio, as of December 31, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund and the Street, Construction, Maintenance and Repair Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Mary Taylor, CPA
Auditor of State

June 8, 2009

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
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, 2008. 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 2008 are as follows:

- Total liabilities of the City decreased \$573,789 or 4.32 percent from 2007 due in large part to a decrease in contracts payable and payment of debt.
- Total program revenues increased by \$1,120,784 or 19.52 percent primarily due to an increase in both operating and capital grants, while general revenues decreased by \$696,237 or 11.66 percent due to decreases in property and municipal income taxes.
- Total equity in pooled cash and cash equivalents in governmental activities increased by \$109,303 or 4.74 percent from 2007.
- Total long-term obligations in governmental activities increased by \$169,974 primarily due to an issuance of an industrial park loan, while long term debt decreased in business activities by \$584,547 primarily due to the payment of OWDA loan debt.

Using this Annual Financial Report

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

The Statement of Net Assets and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2008 and how they affected the operations of the City as a whole.

Reporting the City of Conneaut as a Whole

Statement of Net Assets and Statement of Activities

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

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

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

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

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

Reporting on the Most Significant Funds of the City of Conneaut

Fund Financial Statements

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

In this report, the focus is on 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 Assets and the Statement of Activities) and the government funds is reconciled in the financial statements.

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

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

The City of Conneaut as a Whole

The Statement of Net Assets provides an overall view of the City. Table 1 shows a summary of the City's net assets for 2008 as they compare to 2007.

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

(Table 1)
 Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Current and Other Assets	\$7,774,652	\$7,650,350	\$1,299,099	\$1,177,079	\$9,073,751	\$8,827,429
Capital Assets, Net	18,247,643	18,847,148	16,699,095	17,060,715	34,946,738	35,907,863
<i>Total Assets</i>	<u>26,022,295</u>	<u>26,497,498</u>	<u>17,998,194</u>	<u>18,237,794</u>	<u>44,020,489</u>	<u>44,735,292</u>
Liabilities						
Current and Other Liabilities	1,823,943	1,970,196	465,083	478,046	2,289,026	2,448,242
Long-Term Liabilities:						
Due Within One Year	708,918	676,557	667,802	696,276	1,376,720	1,372,833
Due in More than One Year	3,574,290	3,436,677	5,452,986	6,009,059	9,027,276	9,445,736
<i>Total Liabilities</i>	<u>6,107,151</u>	<u>6,083,430</u>	<u>6,585,871</u>	<u>7,183,381</u>	<u>12,693,022</u>	<u>13,266,811</u>
Net Assets						
Invested in Capital Assets						
Net of Debt	16,097,964	17,632,445	10,794,002	10,543,038	26,891,966	28,175,483
Restricted:						
Capital Projects	1,086,874	328,198	0	0	1,086,874	328,198
Debt Service	784,246	875,896	0	0	784,246	875,896
Street Construction,						
Maintenance and Repair	328,839	262,384	0	0	328,839	262,384
Community Housing	10,105	53,730	0	0	10,105	53,730
Economic Development	232,096	324,232	0	0	232,096	324,232
Ambulance Services	312,684	246,531	0	0	312,684	246,531
Other Purposes	424,486	586,281	0	0	424,486	586,281
Unrestricted	637,850	104,371	618,321	511,375	1,256,171	615,746
<i>Total Net Assets</i>	<u>\$19,915,144</u>	<u>\$20,414,068</u>	<u>\$11,412,323</u>	<u>\$11,054,413</u>	<u>\$31,327,467</u>	<u>\$31,468,481</u>

Total net assets of the City, including both governmental and business-type activities, are \$31,327,467, which is a decrease of \$141,014 from last year. 85.84 percent of the City's net assets are investments in capital assets, such as machinery and equipment, buildings, improvements, infrastructure, and vehicles, less any debt issued to purchase or construct these assets. Debt service on the debt issued to acquire assets in the governmental-type activities is paid from income tax, property tax, gas tax, interest income, fees, licenses, permits and other various revenue sources. Net assets restricted for debt service for the City decreased by \$91,650 during 2008. In the business-type activities, user fees are the primary revenue source for the repayment of debt.

Net assets in the governmental activities decreased by \$498,924 or 2.44 percent. The most significant decreases occurred in capital assets, property tax receivable, and municipal income tax receivable. The decrease in net capital assets was due primarily to depreciation exceeding new asset acquisitions. A moderate increase in governmental liabilities of \$23,721 was due primarily to an increase in long-term liabilities, although current liabilities had a decrease of \$146,253 or 7.42 percent due to a reduction in accounts payable, contracts payable, and accrued interest payable in 2008.

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Business-Type activities experienced a \$357,910 increase in net assets, mainly due to an increase in cash and cash equivalents and construction in progress. Most of the decrease in total liabilities was due to the payment of OWDA loans and general obligation debt. Current liabilities had decreases in accrued interest payable and notes payable, which were offset by increases in accrued wages and intergovernmental payables, which resulted in a net decrease of \$12,963.

Further details of the changes in net assets can be observed in Table 2 that presents changes in net assets by way of the results of activities in 2008 compared to 2007.

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program Revenues						
Charges for Services	\$874,923	\$903,835	\$3,955,701	\$3,866,905	\$4,830,624	\$4,770,740
Operating Grants and Contributions	1,141,951	840,222	0	0	1,141,951	840,222
Capital Grants and Assessments	870,537	88,642	20,518	43,242	891,055	131,884
Total Program Revenues	2,887,411	1,832,699	3,976,219	3,910,147	6,863,630	5,742,846
General Revenues						
Property Taxes	1,189,859	1,383,923	0	0	1,189,859	1,383,923
Municipal Income Taxes	2,845,906	3,249,607	0	0	2,845,906	3,249,607
Grants and Entitlements not Restricted to Specific Programs	1,157,451	1,122,971	0	0	1,157,451	1,122,971
Investment Earnings	51,195	139,919	0	0	51,195	139,919
Gain on Sale of Capital Assets	7,953	7,303	0	239	7,953	7,542
Miscellaneous	20,401	56,620	2,467	10,887	22,868	67,507
Total General Revenues	5,272,765	5,960,343	2,467	11,126	5,275,232	5,971,469
Total Revenues	8,160,176	7,793,042	3,978,686	3,921,273	12,138,862	11,714,315
Program Expenses						
General Government	(1,254,299)	(1,308,725)	0	0	(1,254,299)	(1,308,725)
Security of Persons and Property	(3,888,488)	(3,527,501)	0	0	(3,888,488)	(3,527,501)
Public Health Services	(359,428)	(432,807)	0	0	(359,428)	(432,807)
Leisure Time Activities	(77,711)	(115,777)	0	0	(77,711)	(115,777)
Community Development	(501,093)	(294,546)	0	0	(501,093)	(294,546)
Basic Utility Services	(43,877)	(31,975)	0	0	(43,877)	(31,975)
Transportation	(2,376,287)	(2,420,821)	0	0	(2,376,287)	(2,420,821)
Interest and Fiscal Charges	(157,917)	(178,252)	0	0	(157,917)	(178,252)
Water	0	0	(1,755,161)	(1,763,839)	(1,755,161)	(1,763,839)
Sewer	0	0	(1,865,615)	(1,769,365)	(1,865,615)	(1,769,365)
Total Program Expenses	(8,659,100)	(8,310,404)	(3,620,776)	(3,533,204)	(12,279,876)	(11,843,608)
Increase (Decrease) in Net Assets	(498,924)	(517,362)	357,910	388,069	(141,014)	(129,293)
Net Assets Beginning of Year	20,414,068	20,931,430	11,054,413	10,666,354	31,468,481	31,597,784
Net Assets End of Year	\$19,915,144	\$20,414,068	\$11,412,323	\$11,054,423	\$31,327,467	\$31,468,491

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Governmental Activities

Funding for governmental activities is derived from several sources, the largest of which is the City's municipal income tax. Beginning January 1, 2006 the City's income tax rate is 1.80 percent, up from 1.65 percent in 2005. The tax generated \$2,845,906 in revenue for 2008, accounting for approximately 34.88 percent of governmental activities revenue. The revenue collected from the income tax was recorded into the following funds: 62.93 percent went to the general fund, 25.70 percent to the street construction maintenance and repair fund, 8.34 percent to the street improvement capital projects fund, 1.44 percent to the capital improvement capital projects fund, 0.94 percent to the street lighting fund, and 0.65 percent to the recreation fund. Overall, income tax revenue for 2008 was 12.42 percent lower than 2007.

Unrestricted grants and entitlements for 2008 were \$1,157,451 and represent about 14.18 percent of governmental activities revenue. Local government funding represents a large share of this revenue, approximately \$707,700, and it has remained stagnant for the past seven years. In prior years, the City could rely on annual increases of around 3 percent. However, due to a decline in the economy, State sales, income, and other taxes have decreased, which has negatively impacted our share of local government funds. Although changes in the sources and method of funding have been broadened in 2008 to provide more stability to this critical funding source, local government funds decreased from 2007 by \$10,300. The local fund distributions will be derived from a percentage of all State General Revenue Fund (GRF) tax sources. Local government funds are receipted into the City's general fund and are used to help pay for police, fire, administrative, and a wide variety of other programs and departments.

44.91 percent or \$3,888,488 of governmental activities expenses are allocated to the police and fire departments. The police department employs twenty officers, four full-time dispatchers, two full-time jailers, and several part-time employees. The fire department has twelve full-time positions and numerous part-time personnel. There are three fire stations within the City, one staffed by the full-time firefighters, while the other two stations are staffed by part-time or volunteer personnel. The City also operates its own ambulance service with an annual budget of around \$328,000 and five full-time employees.

The City's Public Works Department (transportation) accounted for 27.44 percent of the expenses in the governmental activities or \$2,376,287. The street department has seventeen employees, including three mechanics, twelve equipment operators, one manager, and one full-time administrative assistant. The public works department is responsible for maintaining 565 lane miles of roads, including the paving of local streets, as well as snow plowing, storm sewer and ditch maintenance, tree trimming/removal, park maintenance, litter pick up, recycling programs and various other duties.

Business-Type Activities

The City operates two business-type activities: the water and sewer treatment facilities. The water and sewer plants had operating revenues of \$1,953,085 and \$2,005,083 respectively, while operating expenses were \$1,705,791 and \$1,685,190, respectively. In 2008, the water plant provided water to approximately 4,900 customers. Approximately fifty million gallons of water and seventy four million gallons of wastewater are processed each month.

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

The City's Funds

Information about the City's governmental funds begins on page 16. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues of \$7,786,547 and expenditures of \$8,555,443. The funds are monitored consistently with adjustments made throughout the year in budgets to accommodate yearly revenues. The general fund had revenues of \$3,734,409, expenditures of \$4,228,151 and net other financing sources (uses) of \$3,715, which resulted in a net change in fund balance of (\$490,027). The main reasons for this decrease are decreased municipal income tax revenues and investment interest.

The street construction, maintenance and repair fund had revenues of \$1,329,138, expenditures of \$1,419,410 and net other financing sources (uses) of \$59,386 which resulted in a net change in fund balance of (\$30,886) during 2008. This decrease is due to a decrease in municipal income taxes revenue. The special assessment bond retirement funds accounts for assessment collections that are used to pay down the City's outstanding obligations. During 2008, the special assessment bond retirement fund balance decreased \$36,765, due to a decrease in special assessments collections.

Information about the proprietary funds starts on page 22. These funds are accounted for on an accrual basis. All business type funds had operating revenues of \$3,958,168 which exceeded operating expenses of \$3,390,981 by \$567,187 or 14.33 percent of operating revenues. These increases are due to increased rates for both water and sewer collections. The City is consistent with reviews of these funds, and the necessary adjustments are made to ensure strength in our enterprise funds.

General Fund Budgeting Highlights

Budgeting is prescribed by the Ohio Revised Code. Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the Ohio Revised Code. In 2008, estimated revenues were \$3,997,588 where as actual revenues received were \$3,850,307 which is \$147,281 less than estimated revenues. A large part of the difference was made from decreased property tax and municipal income tax collections. Additionally, members of council passed final appropriations of \$4,679,175. Actual expenditures were \$4,455,796 which is \$223,379 lower than final appropriations. This difference is made from the City becoming more conservative in spending due to the current economic conditions that entities are facing State-wide.

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Capital Assets and Debt Administration

Capital Assets

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

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$559,303	\$559,303	\$6,880	\$6,880	\$566,183	\$566,183
Construction in Progress	156,173	0	122,676	37,760	278,849	37,760
Buildings and Improvements	526,098	525,101	54,250	60,418	580,348	585,519
Equipment	467,148	554,952	1,727,733	1,816,814	2,194,881	2,371,766
Vehicles	357,673	389,816	281,651	289,342	639,324	679,158
Furniture and Fixtures	3,015	3,963	0	0	3,015	3,963
Infrastructure						
Traffic Signals	39,989	42,084	0	0	39,989	42,084
Roads	15,540,596	16,186,864	0	0	15,540,596	16,186,864
Storm Sewers	597,648	585,065	0	0	597,648	585,065
Water and Sewer Lines	0	0	14,505,905	14,849,501	14,505,905	14,849,501
Total	\$18,247,643	\$18,847,148	\$16,699,095	\$17,060,715	\$34,946,738	\$35,907,863

Total capital assets (net of depreciation) for the governmental activities were \$18,247,643 which was a \$599,505 decrease from the prior year. The decrease was due to depreciation exceeding the acquisition of new assets.

Total capital assets (net of depreciation) for the business activities were \$16,699,095 which was a decrease of \$361,620. The decrease was due to depreciation exceeding the acquisition of new assets. For more information about the City's capital assets, see Note 8 to the basic financial statements.

Long-term Obligations

The City had \$10,403,996 in outstanding obligations, which is \$414,573 less than last year. These obligations are comprised of general obligation bonds, OPWC and OWDA loans, notes payable, loans payable, capital leases and compensated absences.

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

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
General Obligation Bonds	\$1,350,000	\$1,555,000	\$671,141	\$741,264	\$2,021,141	\$2,296,264
OWDA Loans	1,115,517	1,226,509	4,700,557	5,143,931	5,816,074	6,370,440
OPWC Loans	26,092	27,673	384,536	423,995	410,628	451,668
Notes Payable	242,000	329,000	0	10,000	242,000	339,000
Loans Payable	500,000	0	0	0	500,000	0
Capital Leases	256,587	261,030	0	34,751	256,587	295,781
Compensated Absences	793,012	714,022	364,554	351,394	1,157,566	1,065,416
Total	\$4,283,208	\$4,113,234	\$6,120,788	\$6,705,335	\$10,403,996	\$10,818,569

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

The three general obligation bonds outstanding at the end of the year were the City Hall Annex at \$300,000 the Library at \$1,050,000, and the Water Phase III Improvement at \$671,141 (\$1,141 is outstanding premium). All of the interest and principal on these general obligation bonds are paid from real estate taxes, except for the Water III bond, which is paid from water user fees.

Special assessment loans consist of various sewer projects. The debt service on these loans is paid from real estate tax assessments on those property owners who benefited from the improvements.

In 2008, the City issued a \$500,000 industrial park loan to develop and construct an industrial park. This loan will be paid from the industrial park capital project fund from revenues generated from the sale, lease, or transfer of industrial park property.

There are five OPWC and eleven OWDA loans, all of which are being funded by special assessments and water and sewer user fees. Total principal outstanding on these loans is \$6,226,702.

The City entered into a capitalized lease obligation for four Ford Crown Victorias vehicles during 2008. The minimum lease payments required under the capital lease are being paid from the general fund and the street construction, maintenance and repair special revenue fund. Total principal outstanding at December 31, 2008 was \$256,587.

Compensated absences as of December 31, 2008 were \$1,157,566 up by \$92,150 from the prior year. This was due to a variety of factors including less vacation and sick time usage and an 11 percent increase in the termination percentage in the governmental funds. For more information about the City's long-term obligations, see Note 14 to the basic financial statements.

Current Financial Issues

Many of the financial issues that the City encountered in the last several years have worsened dramatically due to the nationwide recession. The City is facing many of the same issues as other communities, mainly decreasing revenue sources, rising operating costs and capital needs that cannot be funded.

The City's financial condition in 2008, primarily the general fund, deteriorated considerably as we have experienced a substantial decrease in income tax collections and investment income compared with prior years, while operating costs have steadily increased. The general fund unreserved fund balance has been declining over the past seven years. In 2001, the City's general fund unreserved fund balance was \$1,204,410, in contrast to the 2008 unencumbered ending fund balance of \$205,180. The unencumbered fund balance in 2008 represents a decrease of 70.39 percent of \$487,764 from the prior year. There has been a concerted effort by the City Manager and staff to curtail spending wherever possible without compromising City services. As part of the annual goals and objectives, the City continues to explore new ways to improve efficiency, cut costs and increase revenue.

As in most organizations, personnel costs dominate the City's major operating funds. The total personnel cost for 2008 was approximately \$6,500,000. All five of the City's unions negotiated three-year contracts which became effective on January 1, 2007 and expire on December 31, 2009. Proposed wage rate increases were 2.5 percent in 2007, 3 percent in 2008, and 3.5 percent in 2009. Estimated annual cost, with benefits, of the proposed increase from the 2006 base year is \$145,000 in 2007, \$178,000 in 2008, and \$214,000 in 2009. Due to the impact the recession has had on the City's finances, the administration made a proposal to all of the bargaining units to accept a voluntary wage freeze in an effort to save jobs. Even if the wage freeze is accepted by the various unions, it will still be necessary to layoff at least three full-time employees and all permanent part-time employees.

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Workers' compensation premiums paid in 2008, which were based on 2007 rates, increased by 22.47 percent. Rates for all employees, except for part-time and volunteer emergency personnel, increased from 2.43 percent to 2.79 percent or a 14.92 percent increase. Part-time and volunteer emergency personnel nominal rates increased from 21.29 percent to 28.95 percent or a 35.98 percent increase. Total cost for workers' compensation premiums increased from \$119,585 paid in 2007 to \$146,458 in 2008. In addition, the City belongs to the Ohio Rural Water Association's pooled workers' compensation group program. This program allows the City to realize savings in the workers compensation premium. However, due to the City's large increase in the individual rating in comparison to the group rating, the City had realized significantly more savings from the group program. As a result, the City had to contribute back to the pool approximately \$33,298. Therefore, total cost to the City for workers' compensation was \$179,756. Substantial increases in rates are expected next year which will continue to strain the City's budget.

Personal property tax collections in 2008 decreased to \$70,000, based upon a 2007 tax valuation of approximately \$12 million. With a personal property tax valuation of approximately \$1.4 million in 2008, compared with \$170,000 in collections and an assessed valuation for personal property of about \$21 million at its peak in tax year 2005, represents a 93 percent reduction in personal property tax valuation, primarily due to the passage of House Bill 66, which phased out the tax on tangible personal property of general business, telephone and telecommunications companies and railroads beginning in 2006. For the first five years of the phase out the City will be fully reimbursed for the lost revenue, however from years 2011-2017 the City will receive a declining percentage reimbursement from the 2005 base year. After 2017, the phase out will be complete. In preparing for this phase out of personal property tax, the City must begin to fund other revenue sources to replace this critical funding source.

While the City continues to be very aggressive in pursuing delinquent income taxpayers, a substantial amount of income tax due the City is delinquent. As of December 31, 2008, delinquent income tax outstanding totaled \$357,973 for various tax years, which is an increase of \$25,411 over last year. The income tax department utilizes a variety of methods to collect delinquent income taxes, including the City's municipal court and a collection agency. Revenues from delinquent collections average \$3,500 per month.

Health insurance costs rose about 8.71 percent over the prior year, and approximately twenty-four percent over a two year period. Funding these increases will continue to be a financial challenge, as the rate at which medical coverage continues to grow is faster than both the rate of inflation and the City's revenue growth. Although this increase was considered modest in comparison with other communities and nationwide averages, it is cause for concern. The cost of this plan for the City's 101 full-time employees is around \$1,165,000 per year. All of the City's unions have agreed that each of their members will pay 5 percent of the health insurance premium to help offset the increased cost to the City. Health care contributions by employees totaled approximately \$58,250. In an effort to slow the increase in health care costs, the administration is proposing a Health Savings Account (H.S.A.) offered through Anthem. In addition, the City is considering raising the employee health insurance buyout from \$200 per month to \$400 per month, in an effort encourage employees to enroll in their spouse's health insurance plan.

Contacting the City's Finance Department

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

Basic Financial Statements

City of Conneaut, Ohio

Statement of Net Assets

December 31, 2008

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and			
Cash Equivalents	\$2,414,737	\$579,949	\$2,994,686
Accounts Receivable	90,059	574,069	664,128
Intergovernmental Receivable	1,454,188	0	1,454,188
Materials and Supplies Inventory	80,631	106,368	186,999
Property Taxes Receivable	1,192,615	0	1,192,615
Municipal Income Taxes Receivable	841,309	0	841,309
Special Assessments Receivable	1,655,398	38,713	1,694,111
Loans Receivable	45,715	0	45,715
Nondepreciable Capital Assets	715,476	129,556	845,032
Depreciable Capital Assets, Net	17,532,167	16,569,539	34,101,706
<i>Total Assets</i>	<u>26,022,295</u>	<u>17,998,194</u>	<u>44,020,489</u>
Liabilities			
Accounts Payable	81,296	88,510	169,806
Contracts Payable	8,692	0	8,692
Accrued Wages	104,499	42,215	146,714
Intergovernmental Payable	247,741	81,839	329,580
Accrued Interest Payable	38,071	102,519	140,590
Deferred Revenue	1,068,644	0	1,068,644
Notes Payable	275,000	150,000	425,000
Long-Term Liabilities:			
Due Within One Year	708,918	667,802	1,376,720
Due In More Than One Year	3,574,290	5,452,986	9,027,276
<i>Total Liabilities</i>	<u>6,107,151</u>	<u>6,585,871</u>	<u>12,693,022</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	16,097,964	10,794,002	26,891,966
Restricted for:			
Capital Projects	1,086,874	0	1,086,874
Debt Service	784,246	0	784,246
Street Construction, Maintenance and Repair	328,839	0	328,839
Community Housing	10,105	0	10,105
Economic Development	232,096	0	232,096
Ambulance Services	312,684	0	312,684
Other Purposes	424,486	0	424,486
Unrestricted	637,850	618,321	1,256,171
<i>Total Net Assets</i>	<u>\$19,915,144</u>	<u>\$11,412,323</u>	<u>\$31,327,467</u>

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
Statement of Activities
For the Year Ended December 31, 2008

	Program Revenues			
	Expenses	Charges for Services and Assessments	Operating Grants and Contributions	Capital Grants
Governmental Activities:				
General Government	\$1,254,299	\$158,783	\$4,578	\$721,800
Security of Persons and Property	3,888,488	530,394	220,073	0
Public Health Services	359,428	34,644	1,385	0
Leisure Time Activities	77,711	49,113	4,395	0
Community Development	501,093	57,247	226,539	0
Basic Utility Services	43,877	0	0	0
Transportation	2,376,287	44,742	684,981	148,737
Interest and Fiscal Charges	157,917	0	0	0
<i>Total Governmental Activities</i>	<u>8,659,100</u>	<u>874,923</u>	<u>1,141,951</u>	<u>870,537</u>
Business-Type Activities:				
Water	1,755,161	1,951,756	0	4,040
Sewer	1,865,615	2,003,945	0	16,478
<i>Total Business-Type Activities</i>	<u>3,620,776</u>	<u>3,955,701</u>	<u>0</u>	<u>20,518</u>
<i>Total - Primary Government</i>	<u>\$12,279,876</u>	<u>\$4,830,624</u>	<u>\$1,141,951</u>	<u>\$891,055</u>

General Revenues

Property Taxes Levied for:

 General Purposes

 Debt Service

 Other Purposes

Municipal Income Taxes Levied for:

 General Purposes

 Capital Outlay

 Street Construction, Maintenance and Repair

 Other Purposes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Gain on Sale of Capital Assets

Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
(\$369,138)	\$0	(\$369,138)
(3,138,021)	0	(3,138,021)
(323,399)	0	(323,399)
(24,203)	0	(24,203)
(217,307)	0	(217,307)
(43,877)	0	(43,877)
(1,497,827)	0	(1,497,827)
(157,917)	0	(157,917)
(5,771,689)	0	(5,771,689)
0	200,635	200,635
0	154,808	154,808
0	355,443	355,443
(5,771,689)	355,443	(5,416,246)
327,807	0	327,807
226,055	0	226,055
635,997	0	635,997
1,791,008	0	1,791,008
278,447	0	278,447
731,338	0	731,338
45,113	0	45,113
1,157,451	0	1,157,451
51,195	0	51,195
7,953	0	7,953
20,401	2,467	22,868
5,272,765	2,467	5,275,232
(498,924)	357,910	(141,014)
20,414,068	11,054,413	31,468,481
\$19,915,144	\$11,412,323	\$31,327,467

City of Conneaut, Ohio

Balance Sheet

Governmental Funds

December 31, 2008

	General	Street Construction, Maintenance and Repair	Special Assessment Bond Retirement
Assets			
Equity in Pooled Cash and			
Cash Equivalents	\$108,742	\$90,390	\$164,390
Materials and Supplies Inventory	19,997	56,684	0
Accounts Receivable	39,275	0	0
Intergovernmental Receivable	409,717	220,891	0
Property Taxes Receivable	316,084	0	0
Municipal Income Taxes Receivable	535,874	208,623	0
Loans Receivable	0	0	0
Special Assessments Receivable	365,015	72,253	1,218,130
<i>Total Assets</i>	<u>\$1,794,704</u>	<u>\$648,841</u>	<u>\$1,382,520</u>
Liabilities			
Accounts Payable	\$35,255	\$11,336	\$0
Contracts Payable	3,210	0	0
Accrued Wages	78,400	22,546	0
Intergovernmental Payable	121,805	34,072	0
Accrued Interest Payable	3,305	409	0
Deferred Revenue	1,134,486	291,104	1,218,130
Notes Payable	203,000	22,000	0
<i>Total Liabilities</i>	<u>1,579,461</u>	<u>381,467</u>	<u>1,218,130</u>
Fund Balances			
Reserved for Encumbrances	10,063	11,087	0
Reserved for Loans Receivable	0	0	0
Unreserved			
Undesignated, Reported in:			
General Fund	205,180	0	0
Special Revenue Funds	0	256,287	0
Debt Service Funds	0	0	164,390
Capital Projects Funds	0	0	0
<i>Total Fund Balances</i>	<u>215,243</u>	<u>267,374</u>	<u>164,390</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,794,704</u>	<u>\$648,841</u>	<u>\$1,382,520</u>

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2008*

Other Governmental Funds	Total Governmental Funds	Total Governmental Funds Balances	\$2,762,829
		<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$2,051,215	\$2,414,737	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	18,247,643
3,950	80,631		
50,784	90,059		
823,580	1,454,188		
876,531	1,192,615	Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
96,812	841,309	Property Taxes	123,971
45,715	45,715	Municipal Income Taxes	313,822
0	1,655,398	Intergovernmental	1,081,922
		Special Assessments	1,655,398
		Charges for Services	45,938
\$3,948,587	\$7,774,652	Total	3,221,051
\$34,705	\$81,296	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(33,171)
5,482	8,692		
3,553	104,499	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
91,864	247,741	General Obligation Bonds	(1,350,000)
1,186	4,900	OWDA Loans Payable	(1,115,517)
1,645,975	4,289,695	OPWC Loans Payable	(26,092)
50,000	275,000	Loans Payable	(500,000)
		Notes Payable	(242,000)
1,832,765	5,011,823	Capital Lease Payable	(256,587)
		Compensated Absences	(793,012)
39,807	60,957	Total	(4,283,208)
6,577	6,577	<i>Net Assets of Governmental Activities</i>	\$19,915,144
0	205,180		
653,140	909,427		
511,302	675,692		
904,996	904,996		
2,115,822	2,762,829		
\$3,948,587	\$7,774,652		

City of Conneaut, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Street Construction, Maintenance and Repair	Special Assessment Bond Retirement
Revenues			
Property Taxes	\$332,705	\$0	\$0
Municipal Income Taxes	1,856,308	773,067	0
Special Assessments	11,258	18,588	126,478
Intergovernmental	1,141,733	523,955	0
Fees, Licenses and Permits	161,909	13,250	0
Fines and Forfeitures	152,958	0	0
Rentals	20,000	0	0
Charges for Services	0	0	0
Contributions and Donations	16,055	0	0
Interest	40,970	278	0
Other	513	0	0
<i>Total Revenues</i>	<u>3,734,409</u>	<u>1,329,138</u>	<u>126,478</u>
Expenditures			
Current:			
General Government	1,179,168	0	4,100
Security of Persons and Property	2,476,560	0	0
Public Health Services	334,167	0	0
Leisure Time Activities	31,214	0	0
Community Development	69,656	0	0
Basic Utility Services	0	0	0
Transportation	0	1,369,102	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	105,021	16,735	110,992
Principal Retirement - Current Refunding	15,000	22,000	0
Interest and Fiscal Charges	17,365	11,573	48,151
<i>Total Expenditures</i>	<u>4,228,151</u>	<u>1,419,410</u>	<u>163,243</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(493,742)</u>	<u>(90,272)</u>	<u>(36,765)</u>
Other Financing Sources (Uses)			
Sale of Capital Assets	29,066	9,386	0
General Obligation Notes Issued	0	185,000	0
Proceeds of Loans	0	0	0
Proceeds of Capital Lease	74,999	0	0
Current Refunding	0	(135,000)	0
Transfers In	0	0	0
Transfers Out	(100,350)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>3,715</u>	<u>59,386</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(490,027)</u>	<u>(30,886)</u>	<u>(36,765)</u>
<i>Fund Balances Beginning of Year</i>	<u>705,270</u>	<u>298,260</u>	<u>201,155</u>
<i>Fund Balances End of Year</i>	<u>\$215,243</u>	<u>\$267,374</u>	<u>\$164,390</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, 2008*

Other Governmental Funds	Total Governmental Funds		
		Net Change in Fund Balances - Total Governmental Funds	(\$104,458)
		<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
\$867,928	\$1,200,633	Governmental funds report capital outlays as expenditures.	
337,477	2,966,852	However, in the statement of activities, the cost of those	
0	156,324	assets is allocated over their estimated useful lives as	
899,164	2,564,852	depreciation expense. This is the amount by which depreciation	
29,764	204,923	exceeded capital outlay in the current period.	
51,030	203,988	Capital Outlay	598,298
33,985	53,985	Depreciation	<u>(1,165,976)</u>
327,059	327,059		
20,280	36,335		
9,947	51,195	Total	(567,678)
19,888	20,401		
<u>2,596,522</u>	<u>7,786,547</u>	Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(31,827)
6,389	1,189,657	Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
1,203,313	3,679,873	Property Taxes	(10,774)
0	334,167	Municipal Income Taxes	(120,946)
63,853	95,067	Intergovernmental	568,752
415,818	485,474	Special Assessments	(79,926)
43,877	43,877	Charges for Services	<u>8,570</u>
174,035	1,543,137		
482,922	482,922	Total	365,676
214,267	447,015	Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	669,015
50,000	87,000		
90,165	167,254	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	9,337
<u>2,744,639</u>	<u>8,555,443</u>	Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(78,990)
(148,117)	(768,896)	Other financing sources in the governmental funds that increase long-term liabilities in the statement of net assets are not reported as revenues in the statement of activities.	
987	39,439	Proceeds of Capital Lease	(74,999)
0	185,000	Proceeds of Loans	(500,000)
500,000	500,000	General Obligation Notes Issued	<u>(185,000)</u>
0	74,999		
0	(135,000)	Total	(759,999)
100,350	100,350		
0	(100,350)	<i>Change in Net Assets of Governmental Activities</i>	<u><u>(\$498,924)</u></u>
<u>601,337</u>	<u>664,438</u>		
453,220	(104,458)		
1,662,602	2,867,287		
<u>\$2,115,822</u>	<u>\$2,762,829</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$350,795	\$350,795	\$332,705	(\$18,090)
Municipal Income Taxes	2,075,280	2,075,280	1,920,265	(155,015)
Special Assessments	10,000	10,000	11,258	1,258
Intergovernmental	1,107,757	1,107,757	1,153,757	46,000
Fees, Licenses and Permits	152,099	152,099	198,924	46,825
Fines and Forfeitures	135,500	135,500	150,909	15,409
Rentals	20,000	20,000	20,000	0
Contributions and Donations	16,500	16,500	16,055	(445)
Interest	115,000	115,000	39,844	(75,156)
Other	14,657	14,657	6,590	(8,067)
<i>Total Revenues</i>	3,997,588	3,997,588	3,850,307	(147,281)
Expenditures				
Current:				
General Government	1,303,031	1,291,136	1,227,430	63,706
Security of Persons and Property	2,564,841	2,617,397	2,478,355	139,042
Public Health Services	356,639	358,311	346,463	11,848
Leisure Time Activities	34,428	38,628	34,943	3,685
Community Development	77,414	77,714	72,700	5,014
Debt Service:				
Principal Retirement	282,000	282,000	282,000	0
Interest and Fiscal Charges	13,989	13,989	13,905	84
<i>Total Expenditures</i>	4,632,342	4,679,175	4,455,796	223,379
<i>Excess of Revenues Under Expenditures</i>	(634,754)	(681,587)	(605,489)	76,098
Other Financing Sources (Uses)				
General Obligation Notes Issued	202,500	202,500	203,000	500
Proceeds of Capital Lease	75,000	75,000	74,999	(1)
Sale of Capital Assets	27,500	27,500	29,066	1,566
Advances In	57,670	57,670	57,670	0
Transfers Out	(99,750)	(100,350)	(100,350)	0
<i>Total Other Financing Sources (Uses)</i>	262,920	262,320	264,385	2,065
<i>Net Change in Fund Balance</i>	(371,834)	(419,267)	(341,104)	78,163
<i>Fund Balance Beginning of Year</i>	402,816	402,816	402,816	0
Prior Year Encumbrances Appropriated	25,494	25,494	25,494	0
<i>Fund Balances End of Year</i>	\$56,476	\$9,043	\$87,206	\$78,163

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, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$864,228	\$864,228	\$799,702	(\$64,526)
Special Assessments	20,000	20,000	18,588	(1,412)
Intergovernmental	480,000	480,000	528,179	48,179
Fees, Licenses and Permits	16,500	16,500	13,250	(3,250)
Interest	1,000	1,000	278	(722)
Other	17,614	17,614	0	(17,614)
<i>Total Revenues</i>	<u>1,399,342</u>	<u>1,399,342</u>	<u>1,359,997</u>	<u>(39,345)</u>
Expenditures				
Current:				
Transportation	1,451,159	1,512,409	1,403,313	109,096
Debt Service:				
Principal Retirement	698,736	698,736	497,515	201,221
Interest and Fiscal Charges	12,102	12,102	12,102	0
<i>Total Expenditures</i>	<u>2,161,997</u>	<u>2,223,247</u>	<u>1,912,930</u>	<u>310,317</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(762,655)</u>	<u>(823,905)</u>	<u>(552,933)</u>	<u>270,972</u>
Other Financing Sources				
Proceeds of Loans	500,000	500,000	298,780	(201,220)
General Obligation Notes Issued	157,000	232,000	207,000	(25,000)
Sale of Capital Assets	9,386	9,386	9,386	0
<i>Total Other Financing Sources</i>	<u>666,386</u>	<u>741,386</u>	<u>515,166</u>	<u>(226,220)</u>
<i>Net Change in Fund Balance</i>	(96,269)	(82,519)	(37,767)	44,752
<i>Fund Balance Beginning of Year</i>	92,496	92,496	92,496	0
Prior Year Encumbrances Appropriated	18,769	18,769	18,769	0
<i>Fund Balance End of Year</i>	<u>\$14,996</u>	<u>\$28,746</u>	<u>\$73,498</u>	<u>\$44,752</u>

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2008

	Business-Type Activities		
	Water	Sewer	Total
Assets			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$440,543	\$139,406	\$579,949
Materials and Supplies Inventory	69,918	36,450	106,368
<i>Receivables:</i>			
Accounts	287,080	286,989	574,069
Special Assessments	5,818	9,459	15,277
<i>Total Current Assets</i>	<u>803,359</u>	<u>472,304</u>	<u>1,275,663</u>
<i>Noncurrent Assets:</i>			
Special Assessment Receivable	17,570	5,866	23,436
<i>Capital Assets:</i>			
Nondepreciable Capital Assets	117,275	12,281	129,556
Depreciable Capital Assets, Net	6,492,640	10,076,899	16,569,539
<i>Total Noncurrent Assets</i>	<u>6,627,485</u>	<u>10,095,046</u>	<u>16,722,531</u>
<i>Total Assets</i>	<u>7,430,844</u>	<u>10,567,350</u>	<u>17,998,194</u>
Liabilities			
<i>Current Liabilities:</i>			
Accounts Payable	28,383	60,127	88,510
Accrued Wages	22,787	19,428	42,215
Intergovernmental Payable	43,184	38,655	81,839
Compensated Absences Payable	69,235	25,121	94,356
Accrued Interest Payable	9,039	93,480	102,519
General Obligation Bonds Payable	70,000	0	70,000
OPWC Loans Payable	25,174	14,285	39,459
OWDA Loans Payable	28,467	435,520	463,987
Notes Payable	0	150,000	150,000
<i>Total Current Liabilities</i>	<u>296,269</u>	<u>836,616</u>	<u>1,132,885</u>
<i>Long-Term Liabilities (net of current portion):</i>			
Compensated Absences Payable	113,430	156,768	270,198
General Obligation Bonds Payable	601,141	0	601,141
OPWC Loans Payable	304,314	40,763	345,077
OWDA Loans Payable	257,456	3,979,114	4,236,570
<i>Total Long-Term Liabilities</i>	<u>1,276,341</u>	<u>4,176,645</u>	<u>5,452,986</u>
<i>Total Liabilities</i>	<u>1,572,610</u>	<u>5,013,261</u>	<u>6,585,871</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	5,324,504	5,469,498	10,794,002
Unrestricted	533,730	84,591	618,321
<i>Total Net Assets</i>	<u>\$5,858,234</u>	<u>\$5,554,089</u>	<u>\$11,412,323</u>

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2008*

	Business-Type Activities		
	Water	Sewer	Total
Operating Revenues			
Charges for Services	\$1,933,486	\$1,992,793	\$3,926,279
Tap-In Fees	10,879	3,000	13,879
Special Assessments	3,191	8,152	11,343
Rentals	4,200	0	4,200
Other	1,329	1,138	2,467
<i>Total Operating Revenues</i>	<u>1,953,085</u>	<u>2,005,083</u>	<u>3,958,168</u>
Operating Expenses			
Personal Services	1,018,616	785,688	1,804,304
Purchased Services	271,949	434,706	706,655
Contractual Services	42,387	56,628	99,015
Materials and Supplies	169,178	99,915	269,093
Depreciation	201,194	308,253	509,447
Other	2,467	0	2,467
<i>Total Operating Expenses</i>	<u>1,705,791</u>	<u>1,685,190</u>	<u>3,390,981</u>
<i>Operating Income</i>	247,294	319,893	567,187
Non-Operating Expenses			
Interest and Fiscal Charges	(49,370)	(180,425)	(229,795)
<i>Income before Contributions</i>	197,924	139,468	337,392
Capital Contributions	4,040	16,478	20,518
<i>Change in Net Assets</i>	201,964	155,946	357,910
<i>Net Assets Beginning of Year</i>	<u>5,656,270</u>	<u>5,398,143</u>	<u>11,054,413</u>
<i>Net Assets End of Year</i>	<u><u>\$5,858,234</u></u>	<u><u>\$5,554,089</u></u>	<u><u>\$11,412,323</u></u>

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008

	Business-Type Activities		
	Water	Sewer	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Customers	\$1,924,428	\$1,979,835	\$3,904,263
Cash Received from Tap-In Fees	10,879	3,000	13,879
Cash Received from Special Assessments	4,773	8,708	13,481
Cash Received from Rentals	4,200	0	4,200
Other Cash Receipts	1,329	1,138	2,467
Cash Payments to Employees for Services	(1,011,923)	(762,190)	(1,774,113)
Cash Payments for Goods and Services	(458,909)	(568,856)	(1,027,765)
Other Cash Payments	(2,467)	0	(2,467)
<i>Net Cash Provided by Operating Activities</i>	<u>472,310</u>	<u>661,635</u>	<u>1,133,945</u>
Cash Flows from Capital and Related Financing Activities			
Related Financing Activities			
Capital Grants	4,040	16,478	20,518
Proceeds from General Obligation Notes	0	150,000	150,000
Principal Paid on OWDA Loans	(27,269)	(416,105)	(443,374)
Interest Paid on OWDA Loans	(14,872)	(195,289)	(210,161)
Principal Paid on OPWC Loans	(25,174)	(14,285)	(39,459)
Principal Paid on General Obligation Bond	(70,000)	0	(70,000)
Interest Paid on General Obligation Bond	(35,479)	0	(35,479)
Principal Paid on Long-term Notes	(10,000)	0	(10,000)
Principal Paid on Short-term Notes	0	(165,000)	(165,000)
Interest Paid on Short-term Notes	0	(4,820)	(4,820)
Principal Paid on Capital Lease	0	(34,751)	(34,751)
Interest Paid on Capital Lease	0	(1,125)	(1,125)
Payments for Capital Acquisitions	(142,973)	(31,240)	(174,213)
<i>Net Cash Used in Capital and Related Financing Activities</i>	<u>(321,727)</u>	<u>(696,137)</u>	<u>(1,017,864)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalent</i>	150,583	(34,502)	116,081
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>289,960</u>	<u>173,908</u>	<u>463,868</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$440,543</u>	<u>\$139,406</u>	<u>\$579,949</u>

(continued)

City of Conneaut, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2008

	Business-Type Activities		
	Water	Sewer	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$247,294	\$319,893	\$567,187
Adjustments:			
Depreciation	201,194	308,253	509,447
(Increase) Decrease in Assets:			
Accounts Receivable	(9,058)	(12,958)	(22,016)
Special Assessments Receivable	1,582	556	2,138
Materials and Supplies Inventory	13,410	529	13,939
Increase (Decrease) in Liabilities:			
Accounts Payable	(784)	17,109	16,325
Contracts Payable	(608)	(2,987)	(3,595)
Accrued Wages	6,494	4,507	11,001
Compensated Absences Payable	(3,575)	16,735	13,160
Intergovernmental Payable	16,361	9,998	26,359
<i>Total Adjustments</i>	<u>225,016</u>	<u>341,742</u>	<u>566,758</u>
<i>Net Cash Provided by Operating Activities</i>	<u>\$472,310</u>	<u>\$661,635</u>	<u>\$1,133,945</u>

See accompanying notes to the basic financial statements

City Of Conneaut, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2008

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$11,748
Cash and Cash Equivalents in Segregated Accounts	<u>12,680</u>
<i>Total Assets</i>	<u><u>\$24,428</u></u>
Liabilities	
Deposits Held and Due to Others	<u><u>\$24,428</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, 2008

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Conneaut, this includes the agencies and departments that provide the following services: police protection, fire fighting and prevention, street maintenance and repairs, building inspection, parks and recreation, water and wastewater. The operation of each of these activities is directly controlled by Council through the budgetary process.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The City has no component units.

The City is associated with the Ohio Rural Water Association Workers' Compensation Group Rating Plan, an insurance purchasing pool and the Conneaut Public Library, a related organization. These organizations are presented in Notes 19 and 20 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

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

B. Fund Accounting

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

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

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

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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

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

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

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The City has no internal service funds.

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

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

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

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

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

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

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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

D. Basis of Accounting

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2008, but which were levied to finance year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

E. Cash and Cash Equivalents

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

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

During 2008, investments were limited to Victory Federal Money Market Mutual Fund and STAROhio.

Investments are reported at fair value. The fair value of the mutual fund is determined by the fund's December 31, 2008 share price. Any increase or decrease in fair value is reported as a component of interest income.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2008.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2008 amount to \$40,970 which includes \$35,358 assigned from other City funds.

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

F. Inventory

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

G. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

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:

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

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

H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on the sick leave accumulated and employee's wage rates at December 31, taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for all employees after ten years of service.

I. Accrued Liabilities and Long-Term Obligations

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

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

J. Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances and loans receivable.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

K. Net Assets

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

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

L. Operating Revenues and Expenses

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

M. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

N. Bond Premium

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

O. Extraordinary and Special Items

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

P. Estimates

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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

Q. Budgetary Process

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

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

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

Note 3 - Change in Accounting Principles

For 2008, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations". GASB Statement No. 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effect of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of this Statement did not result in any change to the City's financial statements.

Note 4 - Budgetary Basis of Accounting

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

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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

4. Unreported cash represents amounts received but not included as revenue on the budgetary statements, but reported on the operating statements prepared using GAAP.
5. Proceeds from and principal payment on short-term note obligations are reported on the operating statement (budget) rather than on the balance sheet (GAAP).
6. Advances-In are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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

	Net Change in Fund Balances	
	General	Street Construction, Maintenance and Repair
GAAP Basis	(\$490,027)	(\$30,886)
Net Adjustment for Revenue Accruals	117,000	30,859
Net Adjustment for Expenditures Accruals	74,765	454,746
Beginning Unrecorded Cash	24	0
Ending Unrecorded Cash	(1,126)	0
Advances In	57,670	0
Proceeds of Notes	203,000	22,000
Principal Retirement	(282,000)	(497,515)
Encumbrances	(20,410)	(16,971)
Budget Basis	(\$341,104)	(\$37,767)

Note 5 - Accountability

The street lighting and the fire pension special revenue funds had deficit fund balances of \$7,379 and \$34,068, respectively, as of December 31, 2008. The fund deficits were caused by the recognition of expenditures on the modified accrual basis of accounting which are substantially greater than expenditures recognized on the cash basis. The general fund is liable for any deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

Note 6 - Deposits and Investments

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

Active 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.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

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

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

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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

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, \$942,265 of the City’s bank balance of \$1,226,526 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

Investments are reported at fair value. As of December 31, 2008, the City had the following investments:

	Fair Value	Average Maturity
Victory Federal Money Market Mutual Fund	\$321,577	Less than One Month
STAROhio	1,503,188	55 Days
Total	\$1,824,765	

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the City’s investment policy requires that operating funds be invested primarily in short-term investments maturing within two years from the date of purchase and that the City’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

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

Note 7 - Receivables

Receivables at December 31, 2008, consisted primarily of municipal income taxes, property taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, loans and accounts (billings for user charged services, including unbilled utility services).

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All 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.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

Special assessments expected to be collected in more than one year amount to \$1,084,087 in the special assessment bond retirement fund, \$17,570 in the water enterprise fund and \$5,866 in the sewer enterprise fund. At December 31, 2008, the amount of delinquent special assessments was \$462,037.

The loans receivable at December 31, 2008, are revolving loans made to private enterprises under the United States Department of Housing and Urban Development Community Development Block Grant Program. The loans are due on various dates with a large portion not due until the related property is sold or the debtor becomes deceased. Loans expected to be collected in more than one year amount to \$6,577.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2008 for real and public utility property taxes represents collections of the 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) are for 2008 taxes.

2008 real property taxes are levied after October 1, 2008, on the assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2008 public utility property taxes which became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2008 with real property taxes.

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

The full tax rate for all City operations for the year ended December 31, 2008, was \$7.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Residential/Agricultural	\$131,378,020
Other Real Estate	34,138,410
Tangible Personal Property	
Public Utility	5,451,860
General Tangible Personal Property	1,357,800
Total Assessed Values	\$172,326,090

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Conneaut. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes and public utility taxes and outstanding delinquencies which are measurable as of December 31, 2008 and for which there is an enforceable legal claim. In the general fund, the general obligation bond retirement fund, the fire and police levy funds and the police and fire pension special revenue funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2008 operations and the collections of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and a revenue while the remainder of the receivable is deferred.

B. Income Taxes

The City levies a municipal income tax of 1.80 percent on gross salaries, wages and other compensation, and net profits earned within the City, as well as 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.

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

Governmental Activities	Amounts
Formula Grant	\$421,397
Local Government	347,254
Gasoline Tax	199,845
Gateway Signal Grant	144,500
Personal Property Tax Reimbursement	91,726
Homestead and Rollback	85,131
Permissive Tax	64,902
Conneaut Port Authority	50,000
Auto License Tax	38,956
Ashtabula County Auditor	7,034
Motel Tax	3,443
Total	\$1,454,188

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

Note 8 - Capital Assets

Capital asset activity for the year ended December 31, 2008, was as follows:

Governmental Activities	Balance 12/31/2007	Additions	Deductions	Balance 12/31/2008
<i>Capital Assets not being Depreciated:</i>				
Land	\$559,303	\$0	\$0	\$559,303
Construction in Progress	0	156,173	0	156,173
<i>Total Capital Assets not being Depreciated</i>	<u>559,303</u>	<u>156,173</u>	<u>0</u>	<u>715,476</u>
<i>Capital Assets being Depreciated:</i>				
Buildings and Improvements	1,722,669	58,997	(7,861)	1,773,805
Equipment	1,679,787	24,840	(75,527)	1,629,100
Vehicles	3,863,828	71,078	(33,732)	3,901,174
Furniture and Fixtures	9,482	0	0	9,482
Infrastructure:				
Traffic Lights	93,320	0	0	93,320
Roads	21,510,188	251,498	0	21,761,686
Storm Sewers	1,533,115	35,712	0	1,568,827
<i>Total Capital Assets being Depreciated</i>	<u>30,412,389</u>	<u>442,125</u>	<u>(117,120)</u>	<u>30,737,394</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(1,197,568)	(50,990)	851	(1,247,707)
Equipment	(1,124,835)	(87,827)	50,710	(1,161,952)
Vehicles	(3,474,012)	(103,221)	33,732	(3,543,501)
Furniture and Fixtures	(5,519)	(948)	0	(6,467)
Infrastructure:				
Traffic Lights	(51,236)	(2,095)	0	(53,331)
Roads	(5,323,324)	(897,766)	0	(6,221,090)
Storm Sewers	(948,050)	(23,129)	0	(971,179)
<i>Total Accumulated Depreciation</i>	<u>(12,124,544)</u>	<u>(1,165,976) *</u>	<u>85,293</u>	<u>(13,205,227)</u>
Total Capital Assets being Depreciated, Net	<u>18,287,845</u>	<u>(723,851)</u>	<u>(31,827)</u>	<u>17,532,167</u>
Governmental Activities Capital Assets, Net	<u>\$18,847,148</u>	<u>(\$567,678)</u>	<u>(\$31,827)</u>	<u>\$18,247,643</u>

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

	Balance 12/31/2007	Additions	Deductions	Balance 12/31/2008
Business Type Activities:				
<i>Capital Assets not being Depreciated:</i>				
Land	\$6,880	\$0	\$0	\$6,880
Construction in Progress	37,760	84,916	0	122,676
<i>Total Capital Assets not being Depreciated</i>	<u>44,640</u>	<u>84,916</u>	<u>0</u>	<u>129,556</u>
<i>Capital Assets being Depreciated:</i>				
Buildings and Improvements	650,221	0	0	650,221
Equipment	3,824,674	47,426	0	3,872,100
Vehicles	563,844	3,500	0	567,344
Infrastructure:				
Water and Sewer Lines	18,397,532	0	0	18,397,532
<i>Total Capital Assets being Depreciated</i>	<u>23,436,271</u>	<u>50,926</u>	<u>0</u>	<u>23,487,197</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(589,803)	(6,168)	0	(595,971)
Equipment	(2,019,845)	(124,522)	0	(2,144,367)
Vehicles	(262,517)	(23,176)	0	(285,693)
Infrastructure:				
Water and Sewer Lines	(3,548,031)	(343,596)	0	(3,891,627)
<i>Total Accumulated Depreciation</i>	<u>(6,420,196)</u>	<u>(497,462)</u>	<u>0</u>	<u>(6,917,658)</u>
Total Capital Assets being Depreciated, Net	<u>17,016,075</u>	<u>(446,536)</u>	<u>0</u>	<u>16,569,539</u>
Business Type Activities Capital Assets, Net	<u>\$17,060,715</u>	<u>(\$361,620)</u>	<u>\$0</u>	<u>\$16,699,095</u>

* Depreciation expense was charged to governmental functions as follows:

General Government	\$36,237
Security of Persons and Property	137,621
Leisure Time Activities	23,871
Community Development	10,264
Transportation	957,983
Total Depreciation Expense	<u>\$1,165,976</u>

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

Note 9 – Loans Payable

Changes in the City’s loan activity for the year ended December 31, 2008, were as follows:

	<u>Outstanding 12/31/2007</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Outstanding 12/31/2008</u>
<i>Major Fund:</i>				
Street Construction, Maintenance and Repair Special Revenue Fund	\$0	\$298,780	(\$298,780)	\$0

In 2008, the City issued \$298,780 in State Infrastructure Bank loans to help finance the Parrish Road Overpass. This project has been completed by December 31, 2008 and the loan was retired before year end.

Note 10 - Notes Payable

Changes in the City’s note activity for the year ended December 31, 2008, were as follows:

	<u>Outstanding 12/31/2007</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Outstanding 12/31/2008</u>
<i>General Fund:</i>				
Prison Land, 2.99%	\$80,000	\$70,000	(\$80,000)	\$70,000
Madison Street Storm Sewer, 2.99%	130,000	125,000	(130,000)	125,000
Fire Truck, 2.64%	7,000	8,000	(7,000)	8,000
<i>Total General Fund</i>	<u>217,000</u>	<u>203,000</u>	<u>(217,000)</u>	<u>203,000</u>
<i>Special Revenue Fund:</i>				
Street Equipment, 2.64%	20,000	12,000	(20,000)	12,000
Street Equipment, 2.64%	5,000	5,000	(5,000)	5,000
Street Equipment, 3.34%	0	5,000	0	5,000
<i>Total Special Revenue Fund</i>	<u>25,000</u>	<u>22,000</u>	<u>(25,000)</u>	<u>22,000</u>
<i>Capital Projects Fund:</i>				
Conneaut Port Authority, 2.64%	50,000	50,000	(50,000)	50,000
<i>Total Governmental Activities</i>	<u>\$292,000</u>	<u>\$275,000</u>	<u>(\$292,000)</u>	<u>\$275,000</u>
<i>Enterprise Fund:</i>				
Waste Water Improvement, 2.99%	\$165,000	\$150,000	(\$165,000)	\$150,000

In 2008, the City issued \$70,000 and \$125,000 in various purpose improvement notes to help finance the purchase of land for the prison and to finance the Madison Street storm sewer project. These projects have been completed by December 31, 2008 and the notes mature on June 19, 2009.

In 2008, the City issued \$8,000, \$22,000 and \$50,000 in various purpose improvement notes for the purchase of a fire truck and street equipment and for the Conneaut Port Authority. These purchases have been made by December 31, 2008 and the notes mature on February 6, 2009.

In 2008, the City issued \$150,000 in various purpose improvement notes to finance the waste water improvement project. This project has been completed by December 31, 2008 and the note matures on June 19, 2009.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

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

Note 11 - Compensated Absences

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

Note 12 - Contingencies

A. Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2008.

B. Litigation

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

Note 13 – Interfund Transfers

The general fund transferred \$750 and \$99,600 to the tree commission and fire pension special revenue funds, respectively, to provide additional resources for current operations. The City had no transfers that either do not occur on a regular basis or were inconsistent with the purpose of the fund making the transfer.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

Note 14 - Long-Term Obligations

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

Debt Issue	Issue Date	Interest Rate	Issue Amount	Maturity
Governmental Activities				
<i>General Obligation Bonds:</i>				
City Hall Annex	1986	6.88%	\$1,500,000	2011
Library	1998	5.05	2,115,000	2018
<i>Special Assessment Loans:</i>				
East Conneaut Sewer Phase II	1996	4.16	746,716	2016
East/West Gateway	1993	4.80	554,029	2013
Gateway Phase II	1993	4.80	87,255	2014
I-90 Sewer	1998	3.98	167,329	2018
East Conneaut Sewer Phase III	1999	3.50	679,445	2020
<i>Industrial Park Loan:</i>				
Industrial Park	2008	0.00-3.25	500,000	N/A
<i>Ohio Public Works Commission Loan:</i>				
Under Ridge Road Culvert	2004	0.00	31,626	2025
<i>Notes:</i>				
Fire Truck	2008	2.64	8,000	2009
Street Equipment	2008	2.64	132,000	2009
Street Equipment	2008	2.64	50,000	2009
Street Equipment	2008	3.34	50,000	2009
Environmental Cleanup	2004	4.00	170,000	2009
Conneaut Port Authority	2008	2.64	100,000	2009

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

Debt Issue	Original Issue Date	Interest Rate	Original Issue Amount	Year of Maturity
Business-Type Activities				
<i>Special Assessment Loans:</i>				
East Conneaut Sewer Phase II	1996	4.16	\$215,671	2016
I-90 Sewer	1998	3.98	94,123	2020
East Conneaut Sewer Phase III	1999	3.50	132,997	2020
<i>Ohio Water Development Authority:</i>				
Wastewater Plant Improvement	1971	5.25	853,796	2013
Wastewater Plant Improvement	1987	9.06	557,110	2013
Wastewater	1988	4.80	2,580,000	2011
Water III	1995	4.35	543,845	2017
Dechlorination Project	1997	4.12	89,144	2017
Wastewater Improvement Loan	2006	3.25	3,156,805	2026
<i>Ohio Public Works Commission</i>				
Wastewater Treatment Plant	1992	0.00	123,926	2010
South Conneaut Water Tank	2000	0.00	385,000	2021
Liberty Water Line	2003	0.00	118,483	2023
Madison Sanitary Sewer	2004	0.00	37,833	2024
<i>Note:</i>				
Prison Water Line Improvement	1997	0.00	100,000	2008
<i>General Obligation Bond:</i>				
Water III	1998	5.05	1,370,000	2018

A schedule of changes in bonds and other long-term obligations of the City during 2008 follows:

	Outstanding 12/31/2007	Additions	Reductions	Outstanding 12/31/2008	Amount Due In one Year
Governmental Activities:					
<i>General Obligation Bonds</i>					
City Hall Annex	\$400,000	\$0	\$100,000	\$300,000	\$100,000
Library	1,155,000	0	105,000	1,050,000	105,000
Total General Obligation Bonds	<u>1,555,000</u>	<u>0</u>	<u>205,000</u>	<u>1,350,000</u>	<u>205,000</u>
<i>Special Assessment OWDA Loans with Governmental Commitment:</i>					
East Conneaut Sewer Phase II	371,417	0	34,805	336,612	36,268
East/West Gateway	223,956	0	33,042	190,914	34,647
Gateway Phase II	37,780	0	5,082	32,698	5,329
I-90 Sewer	107,935	0	7,995	99,940	8,317
East Conneaut Sewer Phase III	485,421	0	30,068	455,353	31,130
Total Special Assessment OWDA Loans	<u>1,226,509</u>	<u>0</u>	<u>110,992</u>	<u>1,115,517</u>	<u>115,691</u>
<i>Industrial Park Loan:</i>					
Industrial Park	0	500,000	0	500,000	0
<i>OPWC Loan:</i>					
Under Ridge Road Culvert	\$27,673	\$0	\$1,581	\$26,092	\$1,581

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

	Outstanding 12/31/2007	Additions	Reductions	Outstanding 12/31/2008	Amount Due In one Year
Governmental Activities (continued)					
<i>Long - Term Notes Payable:</i>					
Fire Truck	\$8,000	\$0	\$8,000	\$0	\$0
Street Equipment	112,000	100,000	112,000	100,000	0
Street Equipment	45,000	40,000	45,000	40,000	0
Street Equipment	0	45,000	0	45,000	0
Environmental Cleanup	114,000	0	57,000	57,000	57,000
Conneaut Port Authority	50,000	0	50,000	0	0
<i>Total Long - Term Notes Payable</i>	<u>329,000</u>	<u>185,000</u>	<u>272,000</u>	<u>242,000</u>	<u>57,000</u>
<i>Other Long-Term Liabilities</i>					
Capital Lease	261,030	74,999	79,442	256,587	98,241
Compensated Absences	714,022	357,011	278,021	793,012	231,405
<i>Total Other Long-Term Liabilities</i>	<u>975,052</u>	<u>432,010</u>	<u>357,463</u>	<u>1,049,599</u>	<u>329,646</u>
Total Governmental Activities					
Long-Term Obligations	<u><u>\$4,113,234</u></u>	<u><u>\$1,117,010</u></u>	<u><u>\$947,036</u></u>	<u><u>\$4,283,208</u></u>	<u><u>\$708,918</u></u>
Business-Type Activities:					
<i>Special Assessment OWDA Loans</i>					
<i>with Governmental Commitment:</i>					
East Conneaut Sewer Phase II	\$123,805	\$0	\$11,602	\$112,203	\$12,089
I-90 Sewer	60,714	0	4,497	56,217	4,678
East Conneaut Sewer Phase III	106,556	0	6,600	99,956	6,833
<i>Total Special Assessment OWDA Loans</i>	<u>291,075</u>	<u>0</u>	<u>22,699</u>	<u>268,376</u>	<u>23,600</u>
<i>OWDA Loans</i>					
Wastewater Plant Improvement	268,711	0	39,152	229,559	41,208
Wastewater Plant Improvement	255,200	0	33,872	221,328	36,941
Wastewater	776,508	0	180,541	595,967	189,311
Water III	313,192	0	27,269	285,923	28,466
Dechlorination Project	48,904	0	4,302	44,602	4,481
Wastewater Improvement Loan	3,190,341	0	135,539	3,054,802	139,980
<i>Total OWDA Loans</i>	<u>4,852,856</u>	<u>0</u>	<u>420,675</u>	<u>4,432,181</u>	<u>440,387</u>
<i>Total OWDA Obligations</i>	<u>5,143,931</u>	<u>0</u>	<u>443,374</u>	<u>4,700,557</u>	<u>463,987</u>
<i>OPWC Loans</i>					
Wastewater Treatment Plant	37,176	0	12,393	24,783	12,393
South Conneaut Water Tank	259,875	0	19,250	240,625	19,250
Liberty Water Line	94,787	0	5,924	88,863	5,924
Madison Sanitary Sewer	32,157	0	1,892	30,265	1,892
<i>Total OPWC Loans</i>	<u>423,995</u>	<u>0</u>	<u>39,459</u>	<u>384,536</u>	<u>39,459</u>
<i>Notes Payable</i>					
Prison Water Line Improvement	10,000	0	10,000	0	0
<i>General Obligation Bonds</i>					
Water III	740,000	0	70,000	670,000	70,000
Unamortized Premium	1,264	0	123	1,141	0
<i>Total Bonds</i>	<u>\$741,264</u>	<u>\$0</u>	<u>\$70,123</u>	<u>\$671,141</u>	<u>\$70,000</u>

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

	Outstanding 12/31/2007	Additions	Reductions	Outstanding 12/31/2008	Amount Due In one Year
Business-Type Activities (continued)					
<i>Other Long-Term Liabilities</i>					
Capital Lease	\$34,751	\$0	\$34,751	\$0	\$0
Compensated Absences	351,394	175,697	162,537	364,554	94,356
<i>Total Other Long-Term Liabilities</i>	<u>386,145</u>	<u>175,697</u>	<u>197,288</u>	<u>364,554</u>	<u>94,356</u>
<i>Total Business-Type Activities</i>					
<i>Long-Term Obligations</i>	<u>\$6,705,335</u>	<u>\$175,574</u>	<u>\$760,121</u>	<u>\$6,120,788</u>	<u>\$667,802</u>

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

A line of credit has been established with the Ohio Water Development Authority in the amount of \$3,200,000 for a Wastewater Improvement Loan for improvements to the Sewer system, however, since this loan is not finalized, the repayment schedule is not included in the schedule of debt service payments.

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

In 2008, the City issued \$185,000 and \$50,000 various purpose improvement notes for the purchase of street equipment and for the Conneaut Port Authority. These purchases have been made by December 31, 2008 and the notes mature on February 6, 2009. The short-term portion of these notes of \$22,000 and \$50,000 are presented in Note 10.

In 2004, the City issued a \$170,000 environmental cleanup note for various environmental improvement within the City. These purchases have been made by December 31, 2008 and the note matures on June 1, 2009.

The City's overall legal debt margin was \$15,524,913 with an unvoted debt margin of \$6,908,609 at December 31, 2008. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2008, are as follows:

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

	<i>Governmental Activities</i>						
	General Obligation Bonds		Special Assessment Loans		OPWC Loans	Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2009	\$205,000	\$73,650	\$115,691	\$43,454	\$1,582	\$242,000	\$8,398
2010	205,000	61,472	120,589	38,556	1,582	0	0
2011	205,000	49,295	125,700	33,443	1,582	0	0
2012	105,000	37,118	131,031	28,112	1,582	0	0
2013	105,000	31,815	136,601	22,542	1,582	0	0
2014-2018	525,000	79,539	396,266	51,889	7,910	0	0
2019-2023	0	0	89,639	3,956	7,910	0	0
2024-2026	0	0	0	0	2,362	0	0
Total	\$1,350,000	\$332,889	\$1,115,517	\$221,952	\$26,092	\$242,000	\$8,398

	<i>Business-Type Activities</i>						
	General Obligation Bonds		Special Assessment Loans		OWDA Loans		OPWC Loans
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2009	\$70,000	\$33,835	\$23,600	\$10,174	\$300,407	\$72,389	\$39,459
2010	70,000	30,300	24,539	9,237	316,554	56,244	39,457
2011	70,000	26,765	25,513	8,261	333,626	39,173	27,066
2012	70,000	23,230	26,527	7,247	133,419	23,707	27,066
2013	65,000	19,695	27,582	6,193	142,617	14,507	27,066
2014-2018	325,000	49,237	120,937	14,669	150,756	13,303	135,330
2019-2023	0	0	19,678	868	0	0	87,208
2024-2028	0	0	0	0	0	0	1,884
Total	\$670,000	\$183,062	\$268,376	\$56,649	\$1,377,379	\$219,323	\$384,536

Note 15 – Capital Lease

In 2008, the City entered into capitalized lease obligations for three new Ford Crown Victorias vehicles. The City had previously entered into capital leases for seven Ford Crown Victorias, one International dump truck, two cemetery mowers, and a sewer camera truck. These leases meet the criteria for a capital lease as defined by the Statement of Financial Accounting Standards No. 13 “Accounting for Lease” and have been recorded on the governmental-wide statements. The original amounts capitalized for the capital leases and the book value as of December 31, 2008 for governmental activities and business-type activities follows:

	<u>Governmental Activities</u>
Asset:	
Equipment	\$29,196
Vehicles	474,347
Total Capitalized	503,543
Less: Accumulated depreciation	177,050
Current Book Value	<u>\$326,493</u>

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

The following is a schedule of the future minimum leases payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2008.

	Governmental Activities
2009	\$108,970
2010	84,141
2011	46,780
2012	19,616
2013	19,618
Total Minimum Lease Payments	279,125
Less: Amount Representing Interest	(22,538)
Present Value of Minimum Lease Payments	\$256,587

Note 16 - Risk Management

A. Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2008, the City contracted with Love Insurance Company for various types of insurance as follows:

Type of Coverage	Coverage
Property/Boilers and Machinery	\$21,739,443
Inland Marine	1,711,264
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	50,900

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

B. Worker's Compensation

For fiscal year 2008, the City participated in the Ohio Rural Water Association Worker's Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating 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. Total savings are then calculated and each participant's individual performance is compared to the overall percentage of the GRP.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

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

Note 17 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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 the traditional pension plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional 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 writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10 percent of covered payroll and public safety and law enforcement members contributed 10.1 percent.

The City’s contribution rate for 2008 was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City’s contribution was 17.4 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City’s required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$209,321, \$265,010 and \$266,183 respectively; 87.68 percent has been contributed for 2008 and 100 percent for 2007 and 2006. There were no contributions to the member-directed plan for 2008.

B. Ohio Police and Fire Pension Fund

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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

Funding Policy – Plan members are required to contribute 10.0 percent of their annual covered salary to fund pension obligations. The City’s contribution was 19.5 percent for police officers and 24.0 percent for firefighters. Contribution rates are established by State statute. For 2008, a portion of the City’s contributions equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City’s contributions to OP&F for police and firefighters were \$109,338 and \$104,745 for the year ended December 31, 2008, \$115,113 and \$109,070 for the year ended December 31, 2007, and \$99,700 and \$98,109 for the year ended December 31, 2006. 72.68 percent has been contributed for police and 71.03 percent has been contributed for firefighters for 2008. The full amount has been contributed for 2007 and 2006.

Note 18 - Postemployment Benefits

A. Ohio Public Employees Retirement System

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, state and local government employers contributed 14 percent of covered payroll (17.4 percent for public safety and law enforcement). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. For 2008, the amount of the employer contributions which was allocated to fund post-employment health care was 7.0 percent of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$209,321, \$149,723 and \$130,198 respectively; 87.68 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

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

B. 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 healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long-term care for retirees, qualifying benefit recipients and their eligible dependents.

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

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

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

Funding Policy – OP&F's post-employment healthcare plan was established and it administered as an Internal Revenue Code 401(h) account within the defined pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, 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 Section 401(h).

The OP&F Board of Trustees is also 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 \$72,117 and \$49,955 for the year ended December 31, 2008, \$60,942 and \$42,680 for the year ended December 31, 2007, and \$65,759 and \$46,791 for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 72.68 percent has been contributed for police and 71.03 percent has been contributed for firefighters for 2008.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

Note 19 – Insurance Purchasing Pool

Ohio Rural Water Association Workers' Compensation Group Rating Plan – The City participates in the Ohio Rural Water Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Board of directors. The board is a self-appointing board that coordinates the program. Each year, the participating members pay an enrollment fee to the GRP to cover the costs of administering the program.

Note 20 – Related Organization

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

Note 21 – Subsequent Event

The City issued a \$130,000 in various purpose improvement notes at 2.01 percent on February 10, 2009. These notes mature on February 10, 2010 and were issued to refinance previous notes in which the City used to purchase a fire truck and street equipment. These notes are presented in Notes 10 and 14.

Combining and Individual Fund Statements and Schedules

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(continued)

Combining Statements – Nonmajor Governmental Funds (continued)

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

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

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

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

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

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

Nonmajor Debt Service Fund

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term and special assessment principal, interest, and related costs.

General Obligation Bond Retirement Fund The General Obligation Bond Retirement Fund accounts for resources used for the payment of principal and interest and fiscal charges on general obligation debt.

Nonmajor Capital Projects Funds

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

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

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

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

Gateway Signal Fund The Gateway Signal Fund accounts for monies received from grants and expenditures to install new light poles and traffic signals.

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

FEMA Grant Fund The FEMA Grant Fund accounts for monies received from the Federal Emergency Management Agency as a reimbursement of salaries and benefits of firefighters who volunteered to provide assistance in New Orleans after Hurricane Katrina.

(continued)

Combining Statements – Nonmajor Governmental Funds (continued)

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

Melak Park Fund The Melak Park Fund accounts for grants and expenditures related to the renovation and expansion of Melak Park.

Industrial Park Fund The Industrial Park Fund accounts for loan monies received and expenditures to develop the industrial park.

City of Conneaut, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2008

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$653,062	\$511,302	\$886,851	\$2,051,215
Materials and Supplies Inventory	3,950	0	0	3,950
Accounts Receivable	46,288	0	4,496	50,784
Intergovernmental Receivable	191,742	15,941	615,897	823,580
Property Taxes Receivable	672,665	203,866	0	876,531
Municipal Income Taxes Receivable	14,581	0	82,231	96,812
Loans Receivable	45,715	0	0	45,715
<i>Total Assets</i>	<u>\$1,628,003</u>	<u>\$731,109</u>	<u>\$1,589,475</u>	<u>\$3,948,587</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$33,290	\$0	\$1,415	\$34,705
Contracts Payable	5,482	0	0	5,482
Accrued Wages and Benefits	3,553	0	0	3,553
Intergovernmental Payable	91,864	0	0	91,864
Accrued Interest Payable	0	0	1,186	1,186
Deferred Revenue	829,598	219,807	596,570	1,645,975
Notes Payable	0	0	50,000	50,000
<i>Total Liabilities</i>	<u>963,787</u>	<u>219,807</u>	<u>649,171</u>	<u>1,832,765</u>
Fund Balances				
Reserved for Encumbrances	4,499	0	35,308	39,807
Reserved for Loans Receivable	6,577	0	0	6,577
Unreserved				
Undesignated, Reported in:				
Special Revenue Funds	653,140	0	0	653,140
Debt Service Fund	0	511,302	0	511,302
Capital Projects Funds	0	0	904,996	904,996
<i>Total Fund Balances</i>	<u>664,216</u>	<u>511,302</u>	<u>940,304</u>	<u>2,115,822</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,628,003</u>	<u>\$731,109</u>	<u>\$1,589,475</u>	<u>\$3,948,587</u>

City of Conneaut, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2008

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$637,269	\$230,659	\$0	\$867,928
Municipal Income Taxes	47,208	0	290,269	337,477
Intergovernmental	580,643	13,881	304,640	899,164
Fees, Licenses and Permits	29,764	0	0	29,764
Fines and Forfeitures	4,573	0	46,457	51,030
Rentals	33,985	0	0	33,985
Charges for Services	327,059	0	0	327,059
Contributions and Donations	20,280	0	0	20,280
Interest	5,291	0	4,656	9,947
Other	19,888	0	0	19,888
<i>Total Revenues</i>	<u>1,705,960</u>	<u>244,540</u>	<u>646,022</u>	<u>2,596,522</u>
Expenditures				
Current:				
General Government	0	6,389	0	6,389
Security of Persons and Property	1,203,313	0	0	1,203,313
Leisure Time Activities	63,853	0	0	63,853
Community Development	415,818	0	0	415,818
Basic Utility Services	43,877	0	0	43,877
Transportation	174,035	0	0	174,035
Capital Outlay	0	0	482,922	482,922
Debt Service:				
Principal Retirement	9,267	205,000	0	214,267
Principal Retirement - Current Refunding	0	0	50,000	50,000
Interest and Fiscal Charges	1,311	85,355	3,499	90,165
<i>Total Expenditures</i>	<u>1,911,474</u>	<u>296,744</u>	<u>536,421</u>	<u>2,744,639</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(205,514)</u>	<u>(52,204)</u>	<u>109,601</u>	<u>(148,117)</u>
Other Financing Sources				
Sale of Capital Assets	987	0	0	987
Proceeds of Loans	0	0	500,000	500,000
Transfers In	100,350	0	0	100,350
<i>Total Other Financing Sources</i>	<u>101,337</u>	<u>0</u>	<u>500,000</u>	<u>601,337</u>
<i>Net Change in Fund Balances</i>	<u>(104,177)</u>	<u>(52,204)</u>	<u>609,601</u>	<u>453,220</u>
<i>Fund Balances Beginning of Year</i>	<u>768,393</u>	<u>563,506</u>	<u>330,703</u>	<u>1,662,602</u>
<i>Fund Balances End of Year</i>	<u>\$664,216</u>	<u>\$511,302</u>	<u>\$940,304</u>	<u>\$2,115,822</u>

City of Conneaut, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2008

	Auto Permissive Tax	State Highway	Restaurant Vending	Marina
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$0	\$2,569	\$3,067	\$4,300
Materials and Supplies Inventory	0	0	0	0
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	64,902	17,910	0	0
Property Taxes Receivable	0	0	0	0
Municipal Income Taxes Receivable	0	0	0	0
Loans Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$64,902</u>	<u>\$20,479</u>	<u>\$3,067</u>	<u>\$4,300</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$0
Contracts Payable	0	0	0	0
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	0	0	392	0
Deferred Revenue	46,098	11,957	0	0
<i>Total Liabilities</i>	<u>46,098</u>	<u>11,957</u>	<u>392</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	0	270	0	0
Reserved for Loans Receivable	0	0	0	0
Unreserved, Undesignated (Deficit)	18,804	8,252	2,675	4,300
<i>Total Fund Balances (Deficit)</i>	<u>18,804</u>	<u>8,522</u>	<u>2,675</u>	<u>4,300</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$64,902</u>	<u>\$20,479</u>	<u>\$3,067</u>	<u>\$4,300</u>

Enforcement and Education	Indigent Drivers	Cemetery	Police Levy	Fire Levy	Litter Control	DARE Grant
\$1,328	\$41,476	\$41,502	\$223	\$86	\$7,015	\$15,232
0	0	0	0	0	0	0
120	230	0	0	0	0	0
0	0	0	47,557	23,773	0	0
0	0	0	276,705	138,352	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$1,448</u>	<u>\$41,706</u>	<u>\$41,502</u>	<u>\$324,485</u>	<u>\$162,211</u>	<u>\$7,015</u>	<u>\$15,232</u>
\$0	\$0	\$339	\$0	\$0	\$334	\$0
0	0	5,290	0	0	0	0
0	0	1,108	0	0	1,130	0
0	0	1,044	0	0	1,618	0
0	0	0	296,588	148,293	0	0
<u>0</u>	<u>0</u>	<u>7,781</u>	<u>296,588</u>	<u>148,293</u>	<u>3,082</u>	<u>0</u>
0	0	0	0	0	824	0
0	0	0	0	0	0	0
<u>1,448</u>	<u>41,706</u>	<u>33,721</u>	<u>27,897</u>	<u>13,918</u>	<u>3,109</u>	<u>15,232</u>
<u>1,448</u>	<u>41,706</u>	<u>33,721</u>	<u>27,897</u>	<u>13,918</u>	<u>3,933</u>	<u>15,232</u>
<u>\$1,448</u>	<u>\$41,706</u>	<u>\$41,502</u>	<u>\$324,485</u>	<u>\$162,211</u>	<u>\$7,015</u>	<u>\$15,232</u>

(continued)

City of Conneaut, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2008

	Street Lighting	Tree Commission	Demolition	Community Housing
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$0	\$811	\$255	\$11,194
Materials and Supplies Inventory	0	0	0	0
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	0	0	0
Property Taxes Receivable	0	0	0	0
Municipal Income Taxes Receivable	7,898	0	0	0
Loans Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$7,898</u>	<u>\$811</u>	<u>\$255</u>	<u>\$11,194</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$12,331	\$0	\$0	\$1,089
Contracts Payable	0	0	0	0
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	0	0	0	0
Deferred Revenue	2,946	0	0	0
<i>Total Liabilities</i>	<u>15,277</u>	<u>0</u>	<u>0</u>	<u>1,089</u>
Fund Balances				
Reserved for Encumbrances	0	0	0	0
Reserved for Loans Receivable	0	0	0	0
Unreserved, Undesignated (Deficit)	(7,379)	811	255	10,105
<i>Total Fund Balances (Deficit)</i>	<u>(7,379)</u>	<u>811</u>	<u>255</u>	<u>10,105</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$7,898</u>	<u>\$811</u>	<u>\$255</u>	<u>\$11,194</u>

<u>Economic Development</u>	<u>Ambulance</u>	<u>Recreation</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$186,381	\$286,408	\$16,380	\$34,377	\$458	\$653,062
0	3,950	0	0	0	3,950
0	45,938	0	0	0	46,288
0	0	0	26,737	10,863	191,742
0	0	0	188,069	69,539	672,665
0	0	6,683	0	0	14,581
45,715	0	0	0	0	45,715
<u>\$232,096</u>	<u>\$336,296</u>	<u>\$23,063</u>	<u>\$249,183</u>	<u>\$80,860</u>	<u>\$1,628,003</u>
\$0	\$17,487	\$1,710	\$0	\$0	\$33,290
0	192	0	0	0	5,482
0	1,041	274	0	0	3,553
0	648	780	46,765	40,617	91,864
0	45,938	2,493	200,974	74,311	829,598
<u>0</u>	<u>65,306</u>	<u>5,257</u>	<u>247,739</u>	<u>114,928</u>	<u>963,787</u>
0	2,762	643	0	0	4,499
6,577	0	0	0	0	6,577
225,519	268,228	17,163	1,444	(34,068)	653,140
<u>232,096</u>	<u>270,990</u>	<u>17,806</u>	<u>1,444</u>	<u>(34,068)</u>	<u>664,216</u>
<u>\$232,096</u>	<u>\$336,296</u>	<u>\$23,063</u>	<u>\$249,183</u>	<u>\$80,860</u>	<u>\$1,628,003</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, 2008

	Auto Permissive Tax	State Highway	Restaurant Vending	Marina
Revenues				
Property Taxes	\$0	\$0	\$0	\$0
Municipal Income Taxes	0	0	0	0
Intergovernmental	135,640	38,001	0	0
Fees, Licenses and Permits	0	0	17,274	585
Fines and Forfeitures	0	0	0	0
Rentals	0	0	0	0
Charges for Services	0	0	0	0
Contributions and Donations	0	0	0	0
Interest	295	152	0	0
Other	0	0	0	0
<i>Total Revenues</i>	<u>135,935</u>	<u>38,153</u>	<u>17,274</u>	<u>585</u>
Expenditures				
Current:				
Security of Persons and Property	0	0	0	0
Leisure Time Activities	0	0	0	407
Community Development	0	0	17,314	0
Basic Utility Services	0	0	0	0
Transportation	137,369	36,666	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Expenditures</i>	<u>137,369</u>	<u>36,666</u>	<u>17,314</u>	<u>407</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,434)</u>	<u>1,487</u>	<u>(40)</u>	<u>178</u>
Other Financing Sources				
Sale of Capital Assets	0	0	0	0
Transfers In	0	0	0	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(1,434)	1,487	(40)	178
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>20,238</u>	<u>7,035</u>	<u>2,715</u>	<u>4,122</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$18,804</u></u>	<u><u>\$8,522</u></u>	<u><u>\$2,675</u></u>	<u><u>\$4,300</u></u>

Enforcement and Education	Indigent Drivers	Cemetery	Police Levy	Fire Levy	Litter Control	DARE Grant
\$0	\$0	\$0	\$267,480	\$133,740	\$0	\$0
0	0	0	0	0	0	0
0	0	0	79,330	39,663	23,057	0
0	0	165	0	0	0	0
2,211	2,362	0	0	0	0	0
0	0	0	0	0	0	0
0	0	31,366	0	0	0	0
0	0	0	0	0	0	0
0	0	377	0	0	0	0
0	2,157	1,560	0	0	0	0
2,211	4,519	33,468	346,810	173,403	23,057	0
0	0	0	356,658	179,430	0	0
0	0	0	0	0	0	0
16,964	0	27,235	0	0	22,575	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	9,267	0	0	0	0
0	0	1,311	0	0	0	0
16,964	0	37,813	356,658	179,430	22,575	0
(14,753)	4,519	(4,345)	(9,848)	(6,027)	482	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
(14,753)	4,519	(4,345)	(9,848)	(6,027)	482	0
16,201	37,187	38,066	37,745	19,945	3,451	15,232
\$1,448	\$41,706	\$33,721	\$27,897	\$13,918	\$3,933	\$15,232

(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, 2008

	Street Lighting	Tree Commission	Demolition	Community Housing	Economic Development
Revenues					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Municipal Income Taxes	27,929	0	0	0	0
Intergovernmental	0	0	0	0	29,174
Fees, Licenses and Permits	0	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	7,126	0	0	0
Interest	0	0	0	504	3,963
Other	1,571	0	0	0	0
<i>Total Revenues</i>	<u>29,500</u>	<u>7,126</u>	<u>0</u>	<u>504</u>	<u>33,137</u>
Expenditures					
Current:					
Security of Persons and Property	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Development	0	11,816	0	44,129	125,273
Basic Utility Services	43,877	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>43,877</u>	<u>11,816</u>	<u>0</u>	<u>44,129</u>	<u>125,273</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(14,377)</u>	<u>(4,690)</u>	<u>0</u>	<u>(43,625)</u>	<u>(92,136)</u>
Other Financing Sources					
Sale of Capital Assets	0	987	0	0	0
Transfers In	0	750	0	0	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>1,737</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(14,377)</u>	<u>(2,953)</u>	<u>0</u>	<u>(43,625)</u>	<u>(92,136)</u>
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>6,998</u>	<u>3,764</u>	<u>255</u>	<u>53,730</u>	<u>324,232</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>(\$7,379)</u></u>	<u><u>\$811</u></u>	<u><u>\$255</u></u>	<u><u>\$10,105</u></u>	<u><u>\$232,096</u></u>

CHIPS	Ambulance	Recreation	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$172,329	\$63,720	\$637,269
0	0	19,279	0	0	47,208
166,915	0	4,190	46,431	18,242	580,643
0	0	11,740	0	0	29,764
0	0	0	0	0	4,573
0	0	33,985	0	0	33,985
0	295,693	0	0	0	327,059
0	13,069	85	0	0	20,280
0	0	0	0	0	5,291
0	5,059	9,541	0	0	19,888
<u>166,915</u>	<u>313,821</u>	<u>78,820</u>	<u>218,760</u>	<u>81,962</u>	<u>1,705,960</u>
0	262,662	0	222,700	181,863	1,203,313
0	0	63,446	0	0	63,853
150,512	0	0	0	0	415,818
0	0	0	0	0	43,877
0	0	0	0	0	174,035
0	0	0	0	0	9,267
0	0	0	0	0	1,311
<u>150,512</u>	<u>262,662</u>	<u>63,446</u>	<u>222,700</u>	<u>181,863</u>	<u>1,911,474</u>
<u>16,403</u>	<u>51,159</u>	<u>15,374</u>	<u>(3,940)</u>	<u>(99,901)</u>	<u>(205,514)</u>
0	0	0	0	0	987
0	0	0	0	99,600	100,350
0	0	0	0	99,600	101,337
16,403	51,159	15,374	(3,940)	(301)	(104,177)
<u>(16,403)</u>	<u>219,831</u>	<u>2,432</u>	<u>5,384</u>	<u>(33,767)</u>	<u>768,393</u>
<u>\$0</u>	<u>\$270,990</u>	<u>\$17,806</u>	<u>\$1,444</u>	<u>(\$34,068)</u>	<u>\$664,216</u>

City of Conneaut, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2008

	Street Improvement	Municipal Court Improvement	Gateway Signal
Assets			
Equity in Pooled Cash and			
Cash Equivalents	\$11,211	\$179,519	\$0
Accounts Receivable	0	4,496	0
Intergovernmental Receivable	50,000	0	144,500
Municipal Income Taxes Receivable	70,081	0	0
<i>Total Assets</i>	<u>\$131,292</u>	<u>\$184,015</u>	<u>\$144,500</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$690	\$725	\$0
Accrued Interest Payable	1,186	0	0
Deferred Revenue	26,141	0	144,500
Notes Payable	50,000	0	0
<i>Total Liabilities</i>	<u>78,017</u>	<u>725</u>	<u>144,500</u>
Fund Balances			
Reserved for Encumbrances	493	0	0
Unreserved, Undesignated	52,782	183,290	0
<i>Total Fund Balances</i>	<u>53,275</u>	<u>183,290</u>	<u>0</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$131,292</u>	<u>\$184,015</u>	<u>\$144,500</u>

Fiscal Year 2004 Formula	Capital Improvement	Industrial Park	Total Nonmajor Capital Projects Funds
\$0	\$65,465	\$630,656	\$886,851
0	0	0	4,496
421,397	0	0	615,897
0	12,150	0	82,231
<u>\$421,397</u>	<u>\$77,615</u>	<u>\$630,656</u>	<u>\$1,589,475</u>
\$0	\$0	\$0	\$1,415
0	0	0	1,186
421,397	4,532	0	596,570
0	0	0	50,000
<u>421,397</u>	<u>4,532</u>	<u>0</u>	<u>649,171</u>
0	34,815	0	35,308
0	38,268	630,656	904,996
0	73,083	630,656	940,304
<u>\$421,397</u>	<u>\$77,615</u>	<u>\$630,656</u>	<u>\$1,589,475</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, 2008

	Street Improvement	Community Development Block Grant	Municipal Court Improvement	Fiscal Year 2004 Formula
Revenues				
Municipal Income Taxes	\$247,490	\$0	\$0	\$0
Intergovernmental	4,237	0	0	17,600
Fines and Forfeitures	0	0	46,457	0
Interest	0	0	0	0
<i>Total Revenues</i>	<u>251,727</u>	<u>0</u>	<u>46,457</u>	<u>17,600</u>
Expenditures				
Current:				
Capital Outlay	252,307	2,051	37,291	31,180
Debt Service:				
Principal Retirement - Current Refunding	50,000	0	0	0
Interest and Fiscal Charges	3,499	0	0	0
<i>Total Expenditures</i>	<u>305,806</u>	<u>2,051</u>	<u>37,291</u>	<u>31,180</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(54,079)	(2,051)	9,166	(13,580)
Other Financing Sources				
Proceeds of Loans	0	0	0	0
<i>Net Change in Fund Balances</i>	(54,079)	(2,051)	9,166	(13,580)
<i>Fund Balances Beginning of Year</i>	<u>107,354</u>	<u>2,051</u>	<u>174,124</u>	<u>13,580</u>
<i>Fund Balances End of Year</i>	<u>\$53,275</u>	<u>\$0</u>	<u>\$183,290</u>	<u>\$0</u>

FEMA Grant	Capital Improvement	Malek Park	Industrial Park	Total Nonmajor Capital Projects Funds
\$0	\$42,779	\$0	\$0	\$290,269
111,303	16,500	29,000	126,000	304,640
0	0	0	0	46,457
0	0	0	4,656	4,656
111,303	59,279	29,000	130,656	646,022
111,303	19,790	29,000	0	482,922
0	0	0	0	50,000
0	0	0	0	3,499
111,303	19,790	29,000	0	536,421
0	39,489	0	130,656	109,601
0	0	0	500,000	500,000
0	39,489	0	630,656	609,601
0	33,594	0	0	330,703
\$0	\$73,083	\$0	\$630,656	\$940,304

Combining Statement – 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, 2008

	Beginning Balance 12/31/07	Additions	Deductions	Ending Balance 12/31/08
<i>Deposits Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$9,323	\$54,983	\$52,558	\$11,748
Cash and Cash Equivalents In Segregated Accounts	19,604	419,825	426,749	12,680
<i>Total Assets</i>	<u>\$28,927</u>	<u>\$474,808</u>	<u>\$479,307</u>	<u>\$24,428</u>
Liabilities				
Deposits Held and Due to Others	\$28,927	\$474,808	\$479,307	\$24,428

**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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$350,795	\$350,795	\$332,705	(\$18,090)
Municipal Income Taxes	2,075,280	2,075,280	1,920,265	(155,015)
Special Assessments	10,000	10,000	11,258	1,258
Intergovernmental	1,107,757	1,107,757	1,153,757	46,000
Fees, Licenses and Permits	152,099	152,099	198,924	46,825
Fines and Forfeitures	135,500	135,500	150,909	15,409
Rentals	20,000	20,000	20,000	0
Contributions and Donations	16,500	16,500	16,055	(445)
Interest	115,000	115,000	39,844	(75,156)
Other	14,657	14,657	6,590	(8,067)
<i>Total Revenues</i>	<u>3,997,588</u>	<u>3,997,588</u>	<u>3,850,307</u>	<u>(147,281)</u>
Expenditures				
Current:				
General Government:				
Council:				
Personal Services	51,647	51,647	51,516	131
Materials and Supplies	630	730	722	8
Contractual Services	4,352	4,352	3,964	388
Total Council	<u>56,629</u>	<u>56,729</u>	<u>56,202</u>	<u>527</u>
Clerk of Council				
Personal Services	7,047	7,047	7,028	19
City Manager				
Personal Services	98,285	99,010	86,616	12,394
Materials and Supplies	2,750	2,750	2,046	704
Contractual Services	3,454	3,454	3,168	286
Total City Manager	<u>104,489</u>	<u>105,214</u>	<u>91,830</u>	<u>13,384</u>
Finance Office				
Personal Services	180,350	175,150	171,385	3,765
Materials and Supplies	18,368	19,768	17,605	2,163
Contractual Services	4,086	4,086	3,418	668
Capital Outlay	500	70	70	0
Total Finance Office	<u>\$203,304</u>	<u>\$199,074</u>	<u>\$192,478</u>	<u>\$6,596</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, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Law Director				
Personal Services	\$176,145	\$180,129	\$171,926	\$8,203
Materials and Supplies	2,950	2,950	2,613	337
Contractual Services	7,760	7,560	6,345	1,215
Total Law Director	186,855	190,639	180,884	9,755
Civil Service				
Personal Services	5,470	5,470	5,414	56
Materials and Supplies	1,528	2,078	1,537	541
Contractual Services	1,300	1,300	1,300	0
Total Civil Service	8,298	8,848	8,251	597
Court				
Personal Services	359,056	358,156	346,352	11,804
Materials and Supplies	16,824	17,934	14,761	3,173
Contractual Services	23,650	23,650	20,605	3,045
Capital Outlay	2,000	890	890	0
Total Court	401,530	400,630	382,608	18,022
City Hall				
Personal Services	39,040	38,636	38,564	72
Materials and Supplies	17,919	17,919	17,200	719
Contractual Services	13,900	13,900	13,056	844
Capital Outlay	5,000	552	255	297
Total City Hall	75,859	71,007	69,075	1,932
Planning Commission				
Personal Services	5,200	5,200	4,496	704
Materials and Supplies	225	225	80	145
Other	400	400	166	234
Total Planning Commission	5,825	5,825	4,742	1,083
Reserve Fund				
Contractual Services	13,200	19,400	19,400	0
Purchased Services	105,095	103,895	102,718	1,177
Capital Outlay	12,000	7,000	6,886	114
Total Reserve Fund	\$130,295	\$130,295	\$129,004	\$1,291

(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, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
General Services				
Contractual Services	\$42,360	\$55,360	\$51,766	\$3,594
Capital Outlay	40,950	11,878	10,541	1,337
Other	39,590	48,590	43,021	5,569
Total General Services	<u>122,900</u>	<u>115,828</u>	<u>105,328</u>	<u>10,500</u>
Total General Government	<u>1,303,031</u>	<u>1,291,136</u>	<u>1,227,430</u>	<u>63,706</u>
Security of Persons and Property				
Police Department:				
Personal Services	1,272,220	1,246,945	1,199,825	47,120
Materials and Supplies	78,656	92,306	82,637	9,669
Contractual Services	34,661	34,661	29,020	5,641
Purchased Services	39,515	54,392	37,214	17,178
Capital Outlay	91,750	106,202	95,551	10,651
Other	1,000	500	0	500
Total Police Department	<u>1,517,802</u>	<u>1,535,006</u>	<u>1,444,247</u>	<u>90,759</u>
Jail				
Personal Services	100,650	103,719	98,875	4,844
Materials and Supplies	2,500	2,500	2,420	80
Purchased Services	17,071	17,071	15,634	1,437
Capital Outlay	6,000	6,900	6,899	1
Other	7,720	6,351	4,551	1,800
Total Jail	<u>133,941</u>	<u>136,541</u>	<u>128,379</u>	<u>8,162</u>
Fire Department:				
Fire Department #1				
Personal Services	707,200	736,952	718,363	18,589
Materials and Supplies	29,386	30,886	27,228	3,658
Contractual Services	15,144	15,144	12,341	2,803
Purchased Services	23,251	27,251	25,630	1,621
Capital Outlay	2,968	2,968	272	2,696
Total Fire Department #1	<u>777,949</u>	<u>813,201</u>	<u>783,834</u>	<u>29,367</u>
Fire Department #3				
Personal Services	46,000	41,037	39,812	1,225
Materials and Supplies	7,204	6,204	4,948	1,256
Contractual Services	2,500	2,500	685	1,815
Purchased Services	6,000	5,000	2,389	2,611
Capital Outlay	500	500	0	500
Total Fire Department #3	<u>\$62,204</u>	<u>\$55,241</u>	<u>\$47,834</u>	<u>\$7,407</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, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Fire Department #4				
Personal Services	\$37,900	\$43,731	\$43,299	\$432
Materials and Supplies	10,045	9,915	8,631	1,284
Contractual Services	2,000	1,450	1,450	0
Purchased Services	21,000	21,612	20,113	1,499
Capital Outlay	2,000	700	568	132
Total Fire Department #4	<u>72,945</u>	<u>77,408</u>	<u>74,061</u>	<u>3,347</u>
Total Security of Persons and Property	<u>2,564,841</u>	<u>2,617,397</u>	<u>2,478,355</u>	<u>139,042</u>
Public Health Services				
Street Lighting				
Purchased Services	101,000	101,000	101,000	0
Health Department				
Personal Services	198,740	207,214	201,016	6,198
Materials and Supplies	4,050	4,050	3,567	483
Contractual Services	39,437	32,635	27,899	4,736
Purchased Services	13,412	13,412	12,981	431
Total Health Department	<u>255,639</u>	<u>257,311</u>	<u>245,463</u>	<u>11,848</u>
Total Public Health Services	<u>356,639</u>	<u>358,311</u>	<u>346,463</u>	<u>11,848</u>
Leisure Time Activities:				
Museum Railroad				
Purchased Service	4,000	4,000	3,385	615
Bureau of Tourism				
Personal Services	2,000	4,100	1,955	2,145
Materials and Supplies	2,000	2,000	1,965	35
Contractual Services	2,000	2,000	2,000	0
Total Bureau of Tourism	<u>6,000</u>	<u>8,100</u>	<u>5,920</u>	<u>2,180</u>
Cable Advisory Board				
Personal Services	18,540	20,540	19,975	565
Materials and Supplies	538	538	466	72
Contractual Services	350	450	408	42
Capital Outlay	5,000	5,000	4,789	211
Total Cable Advisory Board	<u>24,428</u>	<u>26,528</u>	<u>25,638</u>	<u>890</u>
Total Leisure Time Activities	<u>\$34,428</u>	<u>\$38,628</u>	<u>\$34,943</u>	<u>\$3,685</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, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Community Development:				
Housing and Zoning:				
Personal Services	\$68,655	\$69,455	\$67,770	\$1,685
Materials and Supplies	3,300	3,300	773	2,527
Contractual Services	1,059	1,059	995	64
Purchased Services	4,400	3,900	3,162	738
Total Community Development	<u>77,414</u>	<u>77,714</u>	<u>72,700</u>	<u>5,014</u>
Debt Service				
Principal Retirement	282,000	282,000	282,000	0
Interest and Fiscal Charges	13,989	13,989	13,905	84
Total Debt Service	<u>295,989</u>	<u>295,989</u>	<u>295,905</u>	<u>84</u>
<i>Total Expenditures</i>	<u>4,632,342</u>	<u>4,679,175</u>	<u>4,455,796</u>	<u>223,379</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(634,754)</u>	<u>(681,587)</u>	<u>(605,489)</u>	<u>76,098</u>
Other Financing Sources (Uses)				
General Obligation Notes Issued	202,500	202,500	203,000	500
Proceeds of Capital Lease	75,000	75,000	74,999	(1)
Sale of Capital Assets	27,500	27,500	29,066	1,566
Advances In	57,670	57,670	57,670	0
Transfers Out	(99,750)	(100,350)	(100,350)	0
<i>Total Other Financing Sources (Uses)</i>	<u>262,920</u>	<u>262,320</u>	<u>264,385</u>	<u>2,065</u>
<i>Net Change in Fund Balance</i>	<u>(371,834)</u>	<u>(419,267)</u>	<u>(341,104)</u>	<u>78,163</u>
<i>Fund Balance Beginning of Year</i>	402,816	402,816	402,816	0
Prior Year Encumbrances Appropriated	<u>25,494</u>	<u>25,494</u>	<u>25,494</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$56,476</u></u>	<u><u>\$9,043</u></u>	<u><u>\$87,206</u></u>	<u><u>\$78,163</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$864,228	\$864,228	\$799,702	(\$64,526)
Special Assessments	20,000	20,000	18,588	(1,412)
Intergovernmental	480,000	480,000	528,179	48,179
Fees, Licenses and Permits	16,500	16,500	13,250	(3,250)
Interest	1,000	1,000	278	(722)
Other	17,614	17,614	0	(17,614)
<i>Total Revenues</i>	<u>1,399,342</u>	<u>1,399,342</u>	<u>1,359,997</u>	<u>(39,345)</u>
Expenditures				
Current:				
Transportation:				
Street Department				
Personal Services	1,057,040	1,050,976	987,875	63,101
Materials and Supplies	216,561	254,350	231,202	23,148
Purchased Services	138,904	111,304	96,547	14,757
Contractual Services	21,791	22,791	20,339	2,452
Capital Outlay	7,863	61,863	57,078	4,785
Other	9,000	11,125	10,272	853
Total Transportation	<u>1,451,159</u>	<u>1,512,409</u>	<u>1,403,313</u>	<u>109,096</u>
Debt Service:				
Principal Retirement	698,736	698,736	497,515	201,221
Interest and Fiscal Charges	12,102	12,102	12,102	0
Total Debt Service	<u>710,838</u>	<u>710,838</u>	<u>509,617</u>	<u>201,221</u>
<i>Total Expenditures</i>	<u>2,161,997</u>	<u>2,223,247</u>	<u>1,912,930</u>	<u>310,317</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(762,655)</u>	<u>(823,905)</u>	<u>(552,933)</u>	<u>270,972</u>
Other Financing Sources				
Proceeds of Loans	500,000	500,000	298,780	(201,220)
General Obligation Notes Issued	157,000	232,000	207,000	(25,000)
Sale of Capital Assets	9,386	9,386	9,386	0
<i>Total Other Financing Sources</i>	<u>666,386</u>	<u>741,386</u>	<u>515,166</u>	<u>(226,220)</u>
<i>Net Change in Fund Balance</i>	<u>(96,269)</u>	<u>(82,519)</u>	<u>(37,767)</u>	<u>44,752</u>
<i>Fund Balance Beginning of Year</i>	<u>92,496</u>	<u>92,496</u>	<u>92,496</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>18,769</u>	<u>18,769</u>	<u>18,769</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$14,996</u>	<u>\$28,746</u>	<u>\$73,498</u>	<u>\$44,752</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$132,000	\$132,000	\$126,478	(\$5,522)
Expenditures				
Current:				
General Government:				
Special Assessment Bond Retirement				
Other	5,510	5,510	4,100	1,410
Debt Service:				
Principal Retirement	112,035	112,035	110,992	1,043
Interest and Fiscal Charges	48,699	48,699	48,151	548
Total Debt Service	160,734	160,734	159,143	1,591
<i>Total Expenditures</i>	166,244	166,244	163,243	3,001
<i>Net Change in Fund Balance</i>	(34,244)	(34,244)	(36,765)	(2,521)
<i>Fund Balance Beginning of Year</i>	201,155	201,155	201,155	0
<i>Fund Balance End of Year</i>	\$166,911	\$166,911	\$164,390	(\$2,521)

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$2,020,561	\$2,020,561	\$1,924,428	(\$96,133)
Tap-In Fees	15,450	15,450	10,879	(4,571)
Special Assessments	4,120	4,120	4,773	653
Intergovernmental	48,946	48,946	4,040	(44,906)
Rentals	5,562	5,562	4,200	(1,362)
Proceeds of OPWC Loans	343,410	343,410	0	(343,410)
Other	2,060	2,060	1,329	(731)
<i>Total Revenues</i>	<u>2,440,109</u>	<u>2,440,109</u>	<u>1,949,649</u>	<u>(490,460)</u>
Expenses				
Personal Services	1,206,655	1,204,695	1,011,905	192,790
Purchased Services	410,073	404,073	350,983	53,090
Contractual Services	89,298	69,298	31,399	37,899
Materials and Supplies	174,158	195,958	168,728	27,230
Capital Outlay	361,930	403,930	181,776	222,154
Other	2,400	3,400	2,467	933
Debt Service:				
Principal Retirement	136,739	134,195	132,443	1,752
Interest and Fiscal Charges	49,207	50,351	50,351	0
<i>Total Expenses</i>	<u>2,430,460</u>	<u>2,465,900</u>	<u>1,930,052</u>	<u>535,848</u>
<i>Net Change in Fund Equity</i>	9,649	(25,791)	19,597	45,388
<i>Fund Equity Beginning of Year</i>	207,957	207,957	207,957	0
Prior Year Encumbrances Appropriated	<u>82,059</u>	<u>82,059</u>	<u>82,059</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$299,665</u>	<u>\$264,225</u>	<u>\$309,613</u>	<u>\$45,388</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$2,186,759	\$2,186,759	\$1,979,835	(\$206,924)
Tap-In Fees	7,210	7,210	3,000	(4,210)
Special Assessments	6,180	6,180	8,708	2,528
Intergovernmental	15,450	15,450	16,478	1,028
OWDA Loans Issued	120,950	120,950	0	(120,950)
General Obligation Notes Issued	150,000	150,000	150,000	0
Other	2,060	2,060	1,138	(922)
<i>Total Revenues</i>	<u>2,488,609</u>	<u>2,488,609</u>	<u>2,159,159</u>	<u>(329,450)</u>
Expenses				
Personal Services	813,455	816,210	762,121	54,089
Purchased Services	498,471	525,371	485,670	39,701
Contractual Services	41,762	41,762	34,587	7,175
Materials and Supplies	107,173	111,831	106,171	5,660
Capital Outlay	212,450	227,150	29,084	198,066
Other	4,250	4,250	2,907	1,343
Debt Service:				
Principal Retirement	630,730	630,730	630,141	589
Interest and Fiscal Charges	206,804	201,546	201,234	312
<i>Total Expenses</i>	<u>2,515,095</u>	<u>2,558,850</u>	<u>2,251,915</u>	<u>306,935</u>
<i>Net Change in Fund Equity</i>	(26,486)	(70,241)	(92,756)	(22,515)
<i>Fund Equity Beginning of Year</i>	114,793	114,793	114,793	0
Prior Year Encumbrances Appropriated	<u>59,106</u>	<u>59,106</u>	<u>59,106</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$147,413</u>	<u>\$103,658</u>	<u>\$81,143</u>	<u>(\$22,515)</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Auto Permissive Tax Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$144,000	\$144,000	\$137,074	(\$6,926)
Interest	1,000	1,000	295	(705)
<i>Total Revenues</i>	145,000	145,000	137,369	(7,631)
Expenditures				
Current:				
Transportation:				
Auto Permissive				
Personal Services	135,500	135,500	130,021	5,479
Materials and Supplies	9,500	9,500	7,348	2,152
<i>Total Expenditures</i>	145,000	145,000	137,369	7,631
<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
State Highway Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$39,500	\$39,500	\$38,344	(\$1,156)
Interest	0	0	152	152
<i>Total Revenues</i>	39,500	39,500	38,496	(1,004)
Expenditures				
Current:				
Transportation:				
State Highway				
Personal Services	35,500	35,500	32,937	2,563
Materials and Supplies	1,500	1,500	1,500	0
Capital Outlay	2,500	2,500	2,499	1
<i>Total Expenditures</i>	39,500	39,500	36,936	2,564
<i>Net Change in Fund Balance</i>	0	0	1,560	1,560
<i>Fund Balance Beginning of Year</i>	739	739	739	0
<i>Fund Balance End of Year</i>	\$739	\$739	\$2,299	\$1,560

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$17,760	\$17,760	\$17,274	(\$486)
Expenditures				
Current:				
Community Development:				
Restaurant Vending				
Personal Services	16,240	16,240	13,792	2,448
Materials and Supplies	200	200	0	200
Contractual Services	1,500	1,500	1,320	180
Purchased Services	2,350	2,350	2,240	110
<i>Total Expenditures</i>	20,290	20,290	17,352	2,938
<i>Net Change in Fund Balance</i>	(2,530)	(2,530)	(78)	2,452
<i>Fund Balance Beginning of Year</i>	3,145	3,145	3,145	0
<i>Fund Balance End of Year</i>	\$615	\$615	\$3,067	\$2,452

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$515	\$515	\$585	\$70
Expenditures				
Current:				
Leisure Time Activities:				
Marina				
Contractual Services	500	500	407	93
<i>Net Change in Fund Balance</i>	15	15	178	163
<i>Fund Balance Beginning of Year</i>	4,122	4,122	4,122	0
<i>Fund Balance End of Year</i>	\$4,137	\$4,137	\$4,300	\$163

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$1,545	\$1,545	\$2,211	\$666
Expenditures				
Current:				
Community Development:				
Enforcement and Education				
Contractual Services	17,000	17,000	16,964	36
<i>Net Change in Fund Balance</i>	(15,455)	(15,455)	(14,753)	702
<i>Fund Balance Beginning of Year</i>	16,081	16,081	16,081	0
<i>Fund Balance End of Year</i>	<u>\$626</u>	<u>\$626</u>	<u>\$1,328</u>	<u>\$702</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$1,957	\$1,957	\$2,357	\$400
Other	1,339	1,339	2,157	818
<i>Total Revenues</i>	3,296	3,296	4,514	1,218
Expenditures				
Current:				
Public Health Services:				
Indigent Drivers				
Contractual Services	7,000	7,000	0	7,000
<i>Net Change in Fund Balance</i>	(3,704)	(3,704)	4,514	8,218
<i>Fund Balance Beginning of Year</i>	36,962	36,962	36,962	0
<i>Fund Balance End of Year</i>	<u>\$33,258</u>	<u>\$33,258</u>	<u>\$41,476</u>	<u>\$8,218</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$50	\$50	\$165	\$115
Charges for Services	31,530	31,530	31,366	(164)
Interest	20	20	331	311
Other	2,000	2,000	1,560	(440)
<i>Total Revenues</i>	33,600	33,600	33,422	(178)
Expenditures				
Current:				
Community Development:				
Cemetery				
Personal Services	18,330	18,330	17,548	782
Materials and Supplies	3,000	3,000	3,000	0
Contractual Services	1,550	1,550	990	560
Purchased Services	7,000	7,000	5,738	1,262
<i>Total Community Development</i>	29,880	29,880	27,276	2,604
Debt Service:				
Principal Retirement	9,275	9,275	9,267	8
Interest and Fiscal Charges	1,320	1,320	1,311	9
<i>Total Debt Service</i>	10,595	10,595	10,578	17
<i>Total Expenditures</i>	40,475	40,475	37,854	2,621
<i>Net Change in Fund Balance</i>	(6,875)	(6,875)	(4,432)	2,443
<i>Fund Balance at Beginning of Year</i>	46,010	46,010	46,010	0
<i>Fund Balance End of Year</i>	\$39,135	\$39,135	\$41,578	\$2,443

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$319,000	\$319,000	\$267,480	(\$51,520)
Intergovernmental	39,500	39,500	71,567	32,067
<i>Total Revenues</i>	<u>358,500</u>	<u>358,500</u>	<u>339,047</u>	<u>(19,453)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police Levy				
Personal Services	301,800	301,800	291,000	10,800
Other	66,700	66,700	65,658	1,042
<i>Total Expenditures</i>	<u>368,500</u>	<u>368,500</u>	<u>356,658</u>	<u>11,842</u>
<i>Net Change in Fund Balance</i>	(10,000)	(10,000)	(17,611)	(7,611)
<i>Fund Balance Beginning of Year</i>	<u>17,834</u>	<u>17,834</u>	<u>17,834</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,834</u></u>	<u><u>\$7,834</u></u>	<u><u>\$223</u></u>	<u><u>(\$7,611)</u></u>

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$159,000	\$159,000	\$133,740	(\$25,260)
Intergovernmental	20,300	20,300	35,783	15,483
<i>Total Revenues</i>	179,300	179,300	169,523	(9,777)
Expenditures				
Current:				
Security of Persons and Property:				
Fire Levy				
Personal Services	183,000	183,000	176,400	6,600
Other	3,200	3,200	3,030	170
<i>Total Expenditures</i>	186,200	186,200	179,430	6,770
<i>Net Change in Fund Balance</i>	(6,900)	(6,900)	(9,907)	(3,007)
<i>Fund Balance Beginning of Year</i>	9,993	9,993	9,993	0
<i>Fund Balance End of Year</i>	\$3,093	\$3,093	\$86	(\$3,007)

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Litter Control Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$23,200	\$23,200	\$23,057	(\$143)
Expenditures				
Current:				
Community Development:				
Litter Control				
Personal Services	19,100	19,100	19,100	0
Materials and Supplies	8,547	8,547	3,755	4,792
Purchased Services	1,000	1,000	152	848
<i>Total Expenditures</i>	<i>28,647</i>	<i>28,647</i>	<i>23,007</i>	<i>5,640</i>
<i>Net Change in Fund Balance</i>	<i>(5,447)</i>	<i>(5,447)</i>	<i>50</i>	<i>5,497</i>
<i>Fund Balance Beginning of Year</i>	<i>2,982</i>	<i>2,982</i>	<i>2,982</i>	<i>0</i>
Prior Year Encumbrances Appropriated	3,047	3,047	3,047	0
<i>Fund Balance End of Year</i>	<i>\$582</i>	<i>\$582</i>	<i>\$6,079</i>	<i>\$5,497</i>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
DARE Grant Fund
For the Year Ended December 31, 2008

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

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Lighting Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$31,182	\$31,182	\$28,890	(\$2,292)
Other	1,700	1,700	1,571	(129)
<i>Total Revenues</i>	32,882	32,882	30,461	(2,421)
Expenditures				
Current:				
Basic Utility Services:				
Street Lighting				
Purchased Services	32,934	32,934	31,546	1,388
<i>Net Change in Fund Balance</i>	(52)	(52)	(1,085)	(1,033)
<i>Fund Balance Beginning of Year</i>	1,085	1,085	1,085	0
<i>Fund Balance End of Year</i>	<u>\$1,033</u>	<u>\$1,033</u>	<u>\$0</u>	<u>(\$1,033)</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Tree Commission Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$0	\$1,233	\$1,233	\$0
Contributions and Donations	500	7,279	7,126	(153)
<i>Total Revenues</i>	500	8,512	8,359	(153)
Expenditures				
Current:				
Community Development:				
Tree Commission				
Materials and Supplies	800	800	624	176
Other	2,397	11,897	11,192	705
<i>Total Expenditures</i>	3,197	12,697	11,816	881
<i>Excess of Revenues Under Expenditures</i>	(2,697)	(4,185)	(3,457)	728
Other Financing Sources				
Sale of Capital Assets	0	988	987	(1)
Transfers In	750	750	750	0
<i>Total Other Financing Sources</i>	750	1,738	1,737	(1)
<i>Net Change in Fund Balance</i>	(1,947)	(2,447)	(1,720)	727
<i>Fund Balance Beginning of Year</i>	584	584	584	0
Prior Year Encumbrances Appropriated	1,947	1,947	1,947	0
<i>Fund Balance End of Year</i>	\$584	\$84	\$811	\$727

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Demolition Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues	\$0	\$0	\$0	\$0
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>255</u>	<u>255</u>	<u>255</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$255</u></u>	<u><u>\$255</u></u>	<u><u>\$255</u></u>	<u><u>\$0</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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$12,000	\$12,000	\$0	(\$12,000)
Interest	4,000	4,000	504	(3,496)
<i>Total Revenues</i>	16,000	16,000	504	(15,496)
Expenditures				
Current:				
Community Development:				
Community Housing				
Contractual Services	23,200	23,200	23,200	0
Capital Outlay	46,300	46,300	35,382	10,918
<i>Total Expenditures</i>	69,500	69,500	58,582	10,918
<i>Net Change in Fund Balance</i>	(53,500)	(53,500)	(58,078)	(4,578)
<i>Fund Balance Beginning of Year</i>	56,267	56,267	56,267	0
Prior Year Encumbrances Appropriated	13,000	13,000	13,000	0
<i>Fund Balance End of Year</i>	\$15,767	\$15,767	\$11,189	(\$4,578)

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$25,045	\$25,045	\$31,010	\$5,965
Interest	5,000	5,000	3,963	(1,037)
<i>Total Revenues</i>	30,045	30,045	34,973	4,928
Expenditures				
Current:				
Community Development:				
Economic Development				
Contractual Services	214,859	214,859	107,295	107,564
<i>Net Change in Fund Balance</i>	(184,814)	(184,814)	(72,322)	112,492
<i>Fund Balance Beginning of Year</i>	236,752	236,752	236,752	0
Prior Year Encumbrances Appropriated	21,929	21,929	21,929	0
<i>Fund Balance End of Year</i>	<u>\$73,867</u>	<u>\$73,867</u>	<u>\$186,359</u>	<u>\$112,492</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
CHIPS Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$167,315	\$169,830	\$166,915	(\$2,915)
Expenditures				
Current:				
Community Development:				
CHIPS				
Contractual Services	167,315	170,740	170,740	0
<i>Net Change in Fund Balance</i>	0	(910)	(3,825)	(2,915)
<i>Fund Balance Beginning of Year</i>	3,825	3,825	3,825	0
<i>Fund Balance End of Year</i>	\$3,825	\$2,915	\$0	(\$2,915)

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Ambulance Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$264,000	\$264,000	\$295,693	\$31,693
Contributions and Donations	6,180	6,180	13,069	6,889
Other	4,000	4,000	5,059	1,059
<i>Total Revenues</i>	<u>274,180</u>	<u>274,180</u>	<u>313,821</u>	<u>39,641</u>
Expenditures				
Current:				
Security of Persons and Property:				
Ambulance				
Personal Services	144,600	149,600	127,174	22,426
Materials and Supplies	55,802	58,802	46,128	12,674
Contractual Services	101,279	101,279	74,460	26,819
Purchased Services	7,388	7,388	6,110	1,278
Capital Outlay	39,000	33,000	24,744	8,256
<i>Total Expenditures</i>	<u>348,069</u>	<u>350,069</u>	<u>278,616</u>	<u>71,453</u>
<i>Net Change in Fund Balance</i>	(73,889)	(75,889)	35,205	111,094
<i>Fund Balance Beginning of Year</i>	223,757	223,757	223,757	0
Prior Year Encumbrances Appropriated	<u>22,469</u>	<u>22,469</u>	<u>22,469</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$172,337</u></u>	<u><u>\$170,337</u></u>	<u><u>\$281,431</u></u>	<u><u>\$111,094</u></u>

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$26,385	\$26,385	\$24,282	(\$2,103)
Intergovernmental	3,500	28,500	0	(28,500)
Fees, Licenses and Permits	9,000	9,000	11,740	2,740
Charges for Services	150	150	0	(150)
Rentals	33,450	33,450	33,985	535
Contributions and Donations	1,000	1,000	85	(915)
Other	50	50	9,541	9,491
<i>Total Revenues</i>	<i>73,535</i>	<i>98,535</i>	<i>79,633</i>	<i>(18,902)</i>
Expenditures				
Current:				
Leisure Time Activities:				
Recreation				
Personal Services	11,948	15,948	13,995	1,953
Materials and Supplies	7,725	6,725	4,972	1,753
Contractual Services	268	268	218	50
Purchased Services	12,566	9,566	6,923	2,643
Total Recreation	32,507	32,507	26,108	6,399
Parks				
Personal Services	19,220	19,220	18,982	238
Materials and Supplies	6,600	6,600	5,432	1,168
Contractual Services	1,900	1,900	1,537	363
Purchased Services	10,200	10,200	9,965	235
Capital Outlay	0	7,075	2,429	4,646
Total Parks	37,920	44,995	38,345	6,650
<i>Total Expenditures</i>	<i>70,427</i>	<i>77,502</i>	<i>64,453</i>	<i>13,049</i>
<i>Net Change in Fund Balance</i>	<i>3,108</i>	<i>21,033</i>	<i>15,180</i>	<i>(5,853)</i>
<i>Fund Balance Beginning of Year</i>	<i>74</i>	<i>74</i>	<i>74</i>	<i>0</i>
<i>Fund Balance End of Year</i>	<i>\$3,182</i>	<i>\$21,107</i>	<i>\$15,254</i>	<i>(\$5,853)</i>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$196,900	\$196,900	\$172,329	(\$24,571)
Intergovernmental	22,054	22,054	42,551	20,497
<i>Total Revenues</i>	<u>218,954</u>	<u>218,954</u>	<u>214,880</u>	<u>(4,074)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police Pension				
Personal Services	245,000	245,000	220,336	24,664
Other	4,635	4,635	3,872	763
<i>Total Expenditures</i>	<u>249,635</u>	<u>249,635</u>	<u>224,208</u>	<u>25,427</u>
<i>Net Change in Fund Balance</i>	(30,681)	(30,681)	(9,328)	21,353
<i>Fund Balance Beginning of Year</i>	<u>43,705</u>	<u>43,705</u>	<u>43,705</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$13,024</u></u>	<u><u>\$13,024</u></u>	<u><u>\$34,377</u></u>	<u><u>\$21,353</u></u>

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$72,782	\$72,782	\$63,720	(\$9,062)
Intergovernmental	8,206	8,206	16,533	8,327
<i>Total Revenues</i>	<u>80,988</u>	<u>80,988</u>	<u>80,253</u>	<u>(735)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Fire Pension				
Personal Services	181,000	181,600	181,026	574
Other	1,494	1,434	1,432	2
<i>Total Expenditures</i>	<u>182,494</u>	<u>183,034</u>	<u>182,458</u>	<u>576</u>
<i>Excess of Revenues Under Expenditures</i>	(101,506)	(102,046)	(102,205)	(159)
Other Financing Sources				
Transfers In	99,000	99,000	99,600	600
<i>Net Change in Fund Balance</i>	(2,506)	(3,046)	(2,605)	441
<i>Fund Balance Beginning of Year</i>	<u>3,063</u>	<u>3,063</u>	<u>3,063</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$557</u>	<u>\$17</u>	<u>\$458</u>	<u>\$441</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$229,967	\$229,967	\$230,659	\$692
Intergovernmental	13,881	13,881	13,881	0
<i>Total Revenues</i>	<u>243,848</u>	<u>243,848</u>	<u>244,540</u>	<u>692</u>
Expenditures				
Current:				
General Government:				
General Obligation Bond Retirement				
Contractual Services	4,120	4,120	1,606	2,514
Other	8,240	8,240	4,783	3,457
Total General Government	<u>12,360</u>	<u>12,360</u>	<u>6,389</u>	<u>5,971</u>
Debt Service:				
Principal Retirement	205,000	205,000	205,000	0
Interest and Fiscal Charges	85,355	85,355	85,355	0
Total Debt Service	<u>290,355</u>	<u>290,355</u>	<u>290,355</u>	<u>0</u>
<i>Total Expenditures</i>	<u>302,715</u>	<u>302,715</u>	<u>296,744</u>	<u>5,971</u>
<i>Net Change in Fund Balance</i>	(58,867)	(58,867)	(52,204)	6,663
<i>Fund Balance Beginning of Year</i>	<u>563,506</u>	<u>563,506</u>	<u>563,506</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$504,639</u>	<u>\$504,639</u>	<u>\$511,302</u>	<u>\$6,663</u>

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$276,702	\$276,702	\$256,017	(\$20,685)
Intergovernmental	54,190	54,190	54,237	47
<i>Total Revenues</i>	<u>330,892</u>	<u>330,892</u>	<u>310,254</u>	<u>(20,638)</u>
Expenditures				
Capital Outlay:				
Street Improvement				
Capital Outlay	276,710	276,710	252,110	24,600
Debt Service:				
Principal Retirement	100,000	100,000	100,000	0
Interest and Fiscal Charges	4,190	4,190	4,190	0
Total Debt Service	<u>104,190</u>	<u>104,190</u>	<u>104,190</u>	<u>0</u>
<i>Total Expenditures</i>	<u>380,900</u>	<u>380,900</u>	<u>356,300</u>	<u>24,600</u>
<i>Excess of Revenues Under Expenditures</i>	(50,008)	(50,008)	(46,046)	3,962
Other Financing Sources				
General Obligation Notes Issued	50,000	50,000	50,000	0
<i>Net Change in Fund Balance</i>	(8)	(8)	3,954	3,962
<i>Fund Balance Beginning of Year</i>	<u>6,764</u>	<u>6,764</u>	<u>6,764</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$6,756</u>	<u>\$6,756</u>	<u>\$10,718</u>	<u>\$3,962</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Development Block Grant Fund
For the Year Ended December 31, 2008

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

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Court Improvement Fund
For the Year Ended December 31, 2008

	<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	\$51,500	\$51,500	\$44,192	(\$7,308)
Expenditures				
Capital Outlay:				
Municipal Court Improvement				
Capital Outlay	164,475	164,475	46,282	118,193
<i>Net Change in Fund Balance</i>	(112,975)	(112,975)	(2,090)	110,885
<i>Fund Balance Beginning of Year</i>	171,884	171,884	171,884	0
Prior Year Encumbrances Appropriated	9,475	9,475	9,475	0
<i>Fund Balance End of Year</i>	<u>\$68,384</u>	<u>\$68,384</u>	<u>\$179,269</u>	<u>\$110,885</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Gateway Signal Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$167,200	\$167,200	\$0	(\$167,200)
Expenditures				
Capital Outlay:				
Gateway Signal				
Capital Outlay	167,200	167,200	0	167,200
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fiscal Year 2004 Formula Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$142,000	\$142,000	\$89,600	(\$52,400)
Expenditures				
Capital Outlay:				
Fiscal Year 2004 Formula				
Capital Outlay	84,830	84,830	32,430	52,400
<i>Excess of Revenues Over Expenditures</i>	57,170	57,170	57,170	0
Other Financing Uses				
Advance Out	(57,670)	(57,670)	(57,670)	0
<i>Net Change in Fund Balance</i>	(500)	(500)	(500)	0
<i>Fund Balance Beginning of Year</i>	500	500	500	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
FEMA Grant Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$150,000	\$150,000	\$111,303	(\$38,697)
Expenditures				
Capital Outlay:				
FEMA Grant				
Capital Outlay	150,000	150,000	111,303	38,697
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of 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, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Municipal Income Taxes	\$47,973	\$47,973	\$44,257	(\$3,716)
Intergovernmental	0	0	16,500	16,500
<i>Total Revenues</i>	<u>47,973</u>	<u>47,973</u>	<u>60,757</u>	<u>12,784</u>
Expenditures				
Capital Outlay:				
Capital Improvement				
Capital Outlay	<u>66,258</u>	<u>66,258</u>	<u>55,842</u>	<u>10,416</u>
<i>Net Change in Fund Balance</i>	(18,285)	(18,285)	4,915	23,200
<i>Fund Balance Beginning of Year</i>	7,475	7,475	7,475	0
Prior Year Encumbrances Appropriated	<u>18,260</u>	<u>18,260</u>	<u>18,260</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,450</u></u>	<u><u>\$7,450</u></u>	<u><u>\$30,650</u></u>	<u><u>\$23,200</u></u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Melak Park Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$29,000	\$29,000	\$29,000	\$0
Expenditures				
Capital Outlay:				
Melak Park Arbor				
Capital Outlay	29,000	29,000	29,000	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
Industrial Park Fund
For the Year Ended December 31, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$125,000	\$125,000	\$126,000	\$1,000
Interest	0	0	3,725	3,725
<i>Total Revenues</i>	<u>125,000</u>	<u>125,000</u>	<u>129,725</u>	<u>4,725</u>
Expenditures				
Capital Outlay:				
Rural Industrial Park				
Capital Outlay	<u>625,000</u>	<u>625,000</u>	<u>0</u>	<u>625,000</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(500,000)	(500,000)	129,725	629,725
Other Financing Sources				
Proceeds of Loans	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	629,725	629,725
<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>\$0</u>	<u>\$0</u>	<u>\$629,725</u>	<u>\$629,725</u>

STATISTICAL SECTION

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Statistical Section

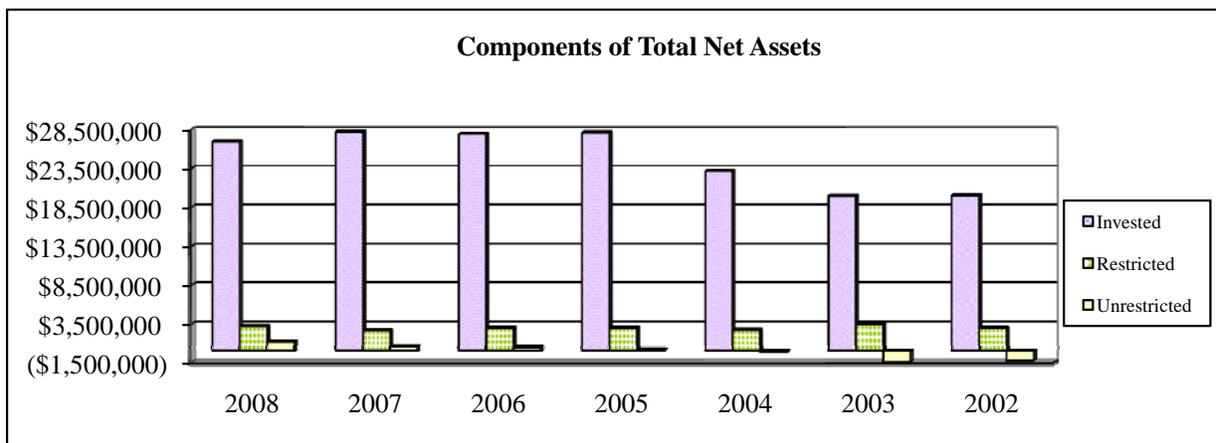
This part of the City of Conneaut, Ohio's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

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 – S29</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>S30 – S33</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>S34 – S43</i>
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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

	2008	2007	2006	2005
Governmental Activities				
Invested in Capital Assets	\$16,097,964	\$17,632,445	\$17,359,101	\$17,803,818
Restricted:				
Capital Projects	1,086,874	328,198	300,157	153,012
Debt Service	784,246	875,896	924,154	1,064,561
Street Construction, Maintenance and Repair	328,839	262,384	355,363	499,673
Community Housing	10,105	53,730	153,734	163,939
Economic Development	232,096	324,232	494,102	483,025
Ambulance Services	312,684	246,531	348,878	313,409
Other Purposes	424,486	586,281	456,124	352,894
Unrestricted (Deficit)	637,850	104,371	204,442	(108,071)
<i>Total Governmental Activities Net Assets</i>	<u>19,915,144</u>	<u>20,414,068</u>	<u>20,596,055</u>	<u>20,726,260</u>
Business Type - Activities				
Invested in Capital Assets, Net of Related Debt	10,794,002	10,543,038	10,515,764	10,235,723
Unrestricted (Deficit)	618,321	511,375	283,302	326,986
<i>Total Business-Type Activities Net Assets</i>	<u>11,412,323</u>	<u>11,054,413</u>	<u>10,799,066</u>	<u>10,562,709</u>
Primary Government				
Invested in Capital Assets, Net of Related Debt	26,891,966	28,175,483	27,874,865	28,039,541
Restricted	3,179,330	2,677,252	3,032,512	3,030,513
Unrestricted (Deficit)	1,256,171	615,746	487,744	218,915
<i>Total Primary Government Net Assets</i>	<u>\$31,327,467</u>	<u>\$31,468,481</u>	<u>\$31,395,121</u>	<u>\$31,288,969</u>



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

2004	2003	2002
\$13,885,124	\$14,369,780	\$14,187,443
165,563	440,452	389,896
978,890	1,723,937	1,259,673
427,146	0	0
102,376	0	0
476,127	0	0
288,155	0	0
279,820	1,336,163	1,295,364
(461,221)	(1,292,211)	(782,351)
<u>16,141,980</u>	<u>16,578,121</u>	<u>16,350,025</u>
9,226,252	5,527,010	5,787,226
347,250	(122,561)	(481,075)
<u>9,573,502</u>	<u>5,404,449</u>	<u>5,306,151</u>
23,111,376	19,896,790	19,974,669
2,718,077	3,500,552	2,944,933
(113,971)	(1,414,772)	(1,263,426)
<u>\$25,715,482</u>	<u>\$21,982,570</u>	<u>\$21,656,176</u>

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

	2008	2007	2006
Program Revenues			
Governmental Activities:			
Charges for Services:			
General Government	\$158,783	\$176,418	\$186,469
Security of Persons and Property	530,394	508,332	453,497
Public Health Services	34,644	38,655	37,551
Leisure Time Activities	49,113	47,501	43,313
Community Development	57,247	65,921	55,708
Transportation	44,742	67,008	4,300
Subtotal - Charges for Services	<u>874,923</u>	<u>903,835</u>	<u>780,838</u>
Operating Grants and Contributions:			
General Government	4,578	5,649	6,995
Security of Persons and Property	220,073	18,655	48,451
Public Health Services	1,385	4,716	16,231
Leisure Time Activities	4,395	1,878	13,941
Community Development	226,539	106,897	249,202
Transportation	684,981	702,427	657,215
Subtotal - Operating Grants and Contributions	<u>1,141,951</u>	<u>840,222</u>	<u>992,035</u>
Capital Grants and Assessments:			
General Government	721,800	82,883	159,621
Security of Persons and Property	0	0	25,319
Public Health Services	0	0	0
Leisure Time Activities	0	0	0
Community Development	0	0	0
Transportation (1)	148,737	5,759	5,800
Subtotal - Capital Grants and Assessments	<u>870,537</u>	<u>88,642</u>	<u>190,740</u>
<i>Total Governmental Activities Program Revenues</i>	<u>2,887,411</u>	<u>1,832,699</u>	<u>1,963,613</u>
Business-Type Activities:			
Charges for Services:			
Water	1,951,756	1,922,216	1,785,302
Sewer	2,003,945	1,944,689	1,879,332
Operating Grants and Contributions			
Sewer	0	0	0
Capital Grants and Assessments			
Water	4,040	13,383	30,075
Sewer	16,478	29,859	10,615
<i>Total Business-Type Activities Program Revenues</i>	<u>3,976,219</u>	<u>3,910,147</u>	<u>3,705,324</u>
<i>Total Primary Government Program Revenues</i>	<u>\$6,863,630</u>	<u>\$5,742,846</u>	<u>\$5,668,937</u>

2005	2004	2003
\$177,001	\$219,503	\$173,490
442,365	420,384	419,527
41,523	38,628	27,573
39,984	38,274	38,016
59,353	58,627	54,662
0	0	3,817
760,226	775,416	717,085
6,721	7,216	10,310
21,894	29,577	19,143
60,738	47,785	27,494
54,191	331	1,608
326,568	388,570	237,914
693,931	625,609	573,917
1,164,043	1,099,088	870,386
98,004	0	5,803
141,361	0	0
23,767	0	0
596	0	0
8,830	156,358	215,639
4,614,458	3,843,114	1,792
4,887,016	3,999,472	223,234
6,811,285	5,873,976	1,810,705
1,802,540	1,842,561	1,604,060
1,847,344	1,706,244	1,500,517
0	10,003	0
0	0	9,938
504,342	0	137,903
4,154,226	3,558,808	3,252,418
\$10,965,511	\$9,432,784	\$5,063,123

(continued)

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

	2008	2007	2006
Expenses			
Governmental Activities:			
General Government	\$1,254,299	\$1,308,725	\$1,406,409
Security of Persons and Property	3,888,488	3,527,501	3,387,785
Public Health Services	359,428	432,807	374,896
Leisure Time Activities	77,711	115,777	94,657
Community Development	501,093	294,546	467,034
Basic Utility Services	43,877	31,975	32,500
Transportation	2,376,287	2,420,821	2,449,845
Interest and Fiscal Charges	157,917	178,252	195,947
<i>Total Governmental Activities Expenses</i>	<u>8,659,100</u>	<u>8,310,404</u>	<u>8,409,073</u>
Business-Type Activities			
Water	1,755,161	1,763,839	1,711,495
Sewer	1,865,615	1,769,365	1,802,037
<i>Total Business-Type Activities Expenses</i>	<u>3,620,776</u>	<u>3,533,204</u>	<u>3,513,532</u>
<i>Total Primary Government Program Expenses</i>	<u>12,279,876</u>	<u>11,843,608</u>	<u>11,922,605</u>
Net (Expense)/Revenue			
Governmental Activities	(5,771,689)	(6,477,705)	(6,445,460)
Business-Type Activities	355,443	376,943	191,792
<i>Total Primary Government Net Expense</i>	<u><u>(\$5,416,246)</u></u>	<u><u>(\$6,100,762)</u></u>	<u><u>(\$6,253,668)</u></u>

2005	2004	2003
\$1,183,087	\$1,463,838	\$998,850
3,299,875	3,039,526	3,097,076
355,171	320,256	353,790
94,950	92,522	100,480
411,062	583,977	437,292
32,500	32,500	0
2,232,242	2,265,269	1,677,028
191,188	229,363	259,709
<u>7,800,075</u>	<u>8,027,251</u>	<u>6,924,225</u>
1,653,560	1,627,086	1,560,300
1,517,578	1,400,021	1,622,502
<u>3,171,138</u>	<u>3,027,107</u>	<u>3,182,802</u>
<u>10,971,213</u>	<u>11,054,358</u>	<u>10,107,027</u>
(988,790)	(2,153,275)	(5,113,520)
983,088	531,701	69,616
<u>(\$5,702)</u>	<u>(\$1,621,574)</u>	<u>(\$5,043,904)</u>

(continued)

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

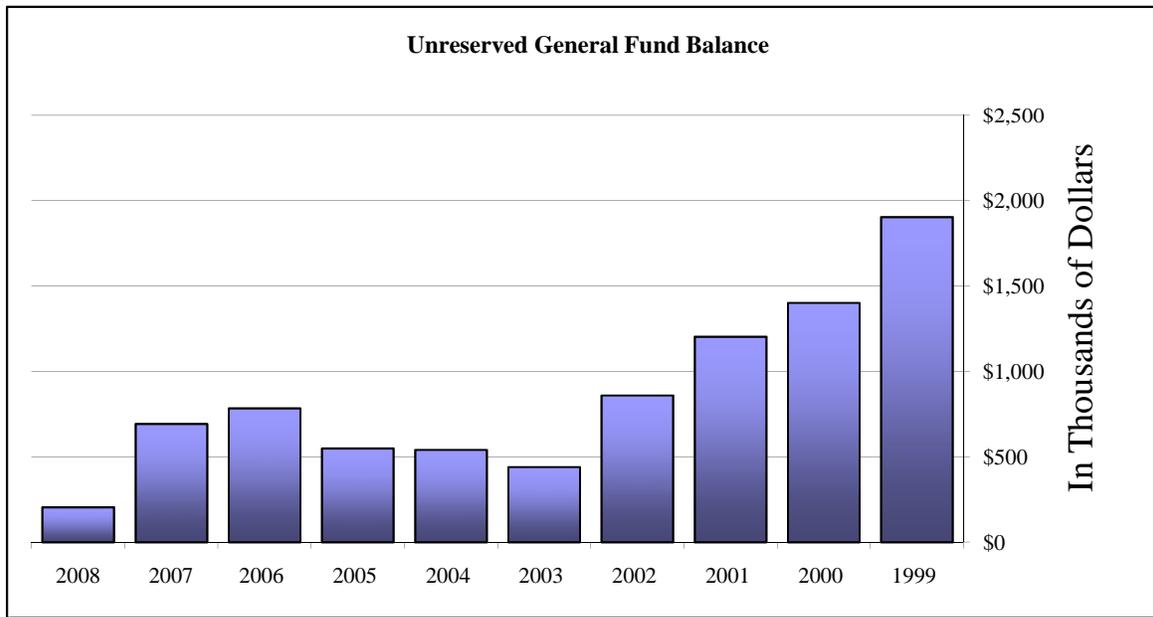
	2008	2007	2006
General Revenues and Other Changes in Net Assets			
Governmental Activities			
Taxes:			
Property Taxes Levied For:			
General Purposes	\$327,807	\$401,371	\$419,938
Debt Service	226,055	275,546	316,107
Other Purposes	635,997	707,006	721,649
Municipal Income Taxes levied for:			
General Purposes	1,791,008	2,030,350	2,015,340
Capital Outlay	278,447	317,487	309,969
Street Construction, Maintenance and Repair	731,338	845,549	839,298
Other Purposes	45,113	56,221	55,850
Grants and Entitlements not Restricted to			
Specific Programs	1,157,451	1,122,971	1,196,117
Investment Earnings	51,195	139,919	147,560
Gain on Sale of Capital Assets	7,953	7,303	0
Miscellaneous	20,401	56,620	293,427
Transfers	0	0	0
<i>Total Governmental Activities</i>	<u>5,272,765</u>	<u>5,960,343</u>	<u>6,315,255</u>
Business-Type Activities			
Miscellaneous	2,467	10,877	44,565
Gain on Sale of Capital Assets	0	239	0
Transfers	0	0	0
<i>Total Business-Type Activities</i>	<u>2,467</u>	<u>11,116</u>	<u>44,565</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>5,275,232</u>	<u>5,971,459</u>	<u>6,359,820</u>
Change in Net Assets			
Governmental Activities	(498,924)	(517,362)	(130,205)
Business-Type Activities	357,910	388,059	236,357
<i>Total Primary Government Change in Net Assets</i>	<u>(\$141,014)</u>	<u>(\$129,303)</u>	<u>\$106,152</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.

2005	2004	2003
\$390,798	\$311,222	\$279,872
312,684	309,290	564,949
666,808	719,660	552,003
2,035,114	1,960,666	1,948,508
47,183	45,457	45,174
847,493	816,488	0
56,441	54,374	862,927
1,045,596	937,225	1,015,299
73,016	25,400	20,472
3,593	0	8,277
94,344	170,568	55,158
0	0	(11,023)
<u>5,573,070</u>	<u>5,350,350</u>	<u>5,341,616</u>
6,119	4,136	17,659
0	0	0
0	0	11,023
<u>6,119</u>	<u>4,136</u>	<u>28,682</u>
<u>5,579,189</u>	<u>5,354,486</u>	<u>5,370,298</u>
4,584,280	3,197,075	228,096
989,207	535,837	98,298
<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)

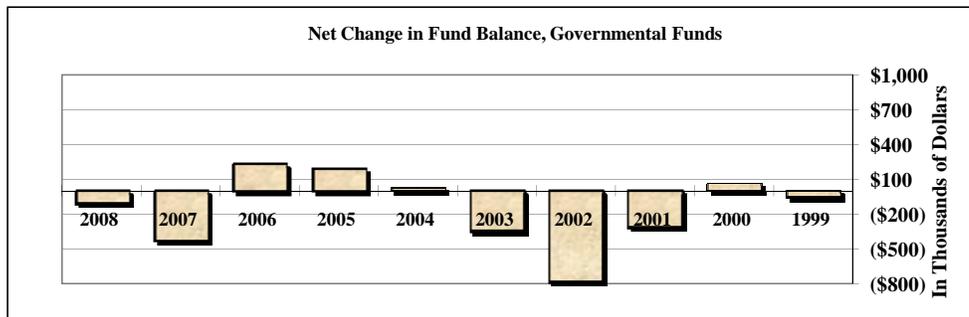
	2008	2007	2006	2005
General Fund				
Reserved	\$10,063	\$12,326	\$31,333	\$37,837
Unreserved	205,180	692,944	783,991	549,024
Total General Fund	<u>215,243</u>	<u>705,270</u>	<u>815,324</u>	<u>586,861</u>
All Other Governmental Funds				
Reserved	57,471	111,035	347,586	335,390
Unreserved, Undesignated, Reported in:				
Special Revenue funds	909,427	972,650	1,216,277	1,122,472
Debt Service funds	675,692	764,661	799,830	812,744
Capital Projects funds	904,996	313,671	254,831	347,238
Total All Other Governmental Funds	<u>2,547,586</u>	<u>2,162,017</u>	<u>2,618,524</u>	<u>2,617,844</u>
Total Governmental Funds	<u><u>\$2,762,829</u></u>	<u><u>\$2,867,287</u></u>	<u><u>\$3,433,848</u></u>	<u><u>\$3,204,705</u></u>



2004	2003	2002	2001	2000	1999
\$18,093	\$37,759	\$55,890	\$105,632	\$192,067	\$78,899
541,313	440,468	860,023	1,204,410	1,402,455	1,905,115
559,406	478,227	915,913	1,310,042	1,594,522	1,984,014
318,871	357,704	397,945	328,576	369,855	370,873
880,223	697,461	1,190,000	1,333,532	1,395,282	1,340,603
823,267	1,019,542	987,926	1,116,240	942,616	564,217
430,440	432,388	(160,321)	22,804	117,330	97,052
2,452,801	2,507,095	2,415,550	2,801,152	2,825,083	2,372,745
\$3,012,207	\$2,985,322	\$3,331,463	\$4,111,194	\$4,419,605	\$4,356,759

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

	2008	2007	2006	2005
Revenues				
Property Taxes	\$1,200,633	\$1,374,642	\$1,428,751	\$1,363,150
Municipal Income Taxes	2,966,852	3,264,412	3,134,220	2,943,847
Special Assessments	156,324	160,405	166,702	189,379
Intergovernmental	2,564,852	2,024,833	2,340,638	2,216,747
Fees, Licenses and Permits	204,923	342,916	240,568	220,080
Fines and Forfeitures	203,988	209,448	228,014	242,279
Rentals	53,985	53,525	49,750	50,300
Charges for Services	327,059	288,911	271,371	271,404
Contributions and Donations	36,335	34,114	46,641	31,183
Interest	51,195	139,919	147,560	73,016
Other	20,401	56,620	293,427	94,344
Total Revenues	7,786,547	7,949,745	8,347,642	7,695,729
Expenditures				
Current:				
General Government	1,189,657	1,187,788	1,279,596	1,151,220
Security of Persons and Property	3,679,873	3,680,658	3,330,567	3,237,997
Public Health Services	334,167	429,521	368,283	353,791
Leisure Time Activities	95,067	141,403	93,265	123,314
Community Development	485,474	318,168	473,387	405,487
Basic Utilities Services	43,877	31,975	32,500	32,500
Transportation	1,543,137	1,592,808	1,714,041	1,390,496
Capital Outlay	482,922	418,959	445,600	81,983
Debt Service:				
Principal Retirement	447,015	412,952	315,870	434,866
Principal Retirement - Current Refunding	87,000	82,000	90,500	0
Interest and Fiscal Charges	167,254	189,969	193,157	199,533
Total Expenditures	8,555,443	8,486,201	8,336,766	7,411,187
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(768,896)</i>	<i>(536,456)</i>	<i>10,876</i>	<i>284,542</i>
Other Financing Sources (Uses)				
Proceeds from Loans	500,000	0	0	0
General Obligation Bonds Issued	0	0	0	0
General Obligation Notes Issued	185,000	203,500	297,000	387,500
Sale of Capital Assets	39,439	7,303	10,000	13,456
OPWC Loans Issued	0	0	0	0
OWDA Loans Issued	0	0	0	0
Inception of Capital Lease	74,999	103,764	208,267	0
Current Refunding	(135,000)	(203,500)	(297,000)	(493,000)
Transfers In	100,350	116,750	104,750	143,406
Transfers Out	(100,350)	(116,750)	(104,750)	(143,406)
Total Other Financing Sources (Uses)	664,438	111,067	218,267	(92,044)
Net Change in Fund Balances	(\$104,458)	(\$425,389)	\$229,143	\$192,498
Debt Service as a Percentage of Noncapital Expenditures	8.8%	8.9%	8.0%	9.5%



2004	2003	2002	2001	2000	1999
\$1,337,280	\$1,384,418	\$1,167,642	\$1,505,844	\$1,748,186	\$1,536,820
2,923,195	2,853,586	2,915,116	2,478,260	2,825,034	2,779,711
180,452	192,303	193,627	281,762	116,085	114,308
2,229,617	2,061,404	2,382,224	2,097,717	2,090,096	2,005,315
215,398	203,354	160,328	255,063	151,922	76,188
266,244	205,562	316,122	300,675	293,085	328,439
48,175	50,650	53,700	55,450	85,575	40,200
206,512	215,756	299,190	231,127	236,494	257,771
31,101	21,796	15,693	0	0	0
25,400	20,472	49,366	184,173	304,892	216,299
170,568	55,158	125,119	349,235	170,625	168,331
<u>7,633,942</u>	<u>7,264,459</u>	<u>7,678,127</u>	<u>7,739,306</u>	<u>8,021,994</u>	<u>7,523,382</u>
1,327,360	933,160	1,229,947	1,030,226	911,328	788,472
2,956,531	2,893,422	3,157,782	3,007,278	2,855,072	2,780,219
316,299	345,026	309,837	208,721	187,764	168,570
73,907	81,764	89,930	82,593	75,854	55,688
526,196	419,650	435,169	609,272	201,486	513,106
32,500	0	0	137,159	115,150	123,259
1,496,163	1,486,627	1,634,703	1,591,213	1,524,804	1,663,097
291,904	706,298	856,052	559,806	1,491,760	416,543
1,180,444	1,226,119	461,268	493,541	610,537	596,901
0	0	0	0	0	0
225,379	246,288	283,170	345,733	326,766	442,676
<u>8,426,683</u>	<u>8,338,354</u>	<u>8,457,858</u>	<u>8,065,542</u>	<u>8,300,521</u>	<u>7,548,531</u>
<u>(792,741)</u>	<u>(1,073,895)</u>	<u>(779,731)</u>	<u>(326,236)</u>	<u>(278,527)</u>	<u>(25,149)</u>
0	0	0	0	0	0
0	0	0	0	0	0
788,000	730,500	0	0	0	0
0	8,277	0	1,825	49,275	16,052
31,626	0	0	0	0	0
0	0	0	16,000	295,090	0
0	0	0	0	0	0
0	0	0	0	0	0
279,950	312,411	314,800	455,906	473,326	410,645
<u>(279,950)</u>	<u>(323,434)</u>	<u>(314,800)</u>	<u>(455,906)</u>	<u>(476,318)</u>	<u>(455,396)</u>
<u>819,626</u>	<u>727,754</u>	<u>0</u>	<u>17,825</u>	<u>341,373</u>	<u>(28,699)</u>
<u>\$26,885</u>	<u>(\$346,141)</u>	<u>(\$779,731)</u>	<u>(\$308,411)</u>	<u>\$62,846</u>	<u>(\$53,848)</u>
20.9%	23.9%	10.9%	12.6%	16.0%	17.1%

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
2008	\$131,378,020	\$34,138,410	\$472,904,086	\$5,451,860	\$6,195,295
2007	124,585,680	31,434,560	445,772,114	5,487,170	6,235,420
2006	123,245,560	31,401,020	441,847,371	9,571,180	10,876,341
2005	122,461,990	32,194,020	441,874,314	9,628,160	10,941,091
2004	109,856,550	29,606,730	398,466,514	10,951,410	12,444,784
2003	109,067,100	29,429,220	395,703,771	11,255,570	12,790,420
2002	108,672,030	29,298,090	394,200,343	11,317,330	12,860,602
2001	89,226,340	24,606,000	325,235,257	9,291,890	10,558,966
2000	88,265,910	24,088,920	321,013,800	11,449,120	13,010,364
1999	87,248,500	22,271,210	312,913,457	12,173,790	13,833,852

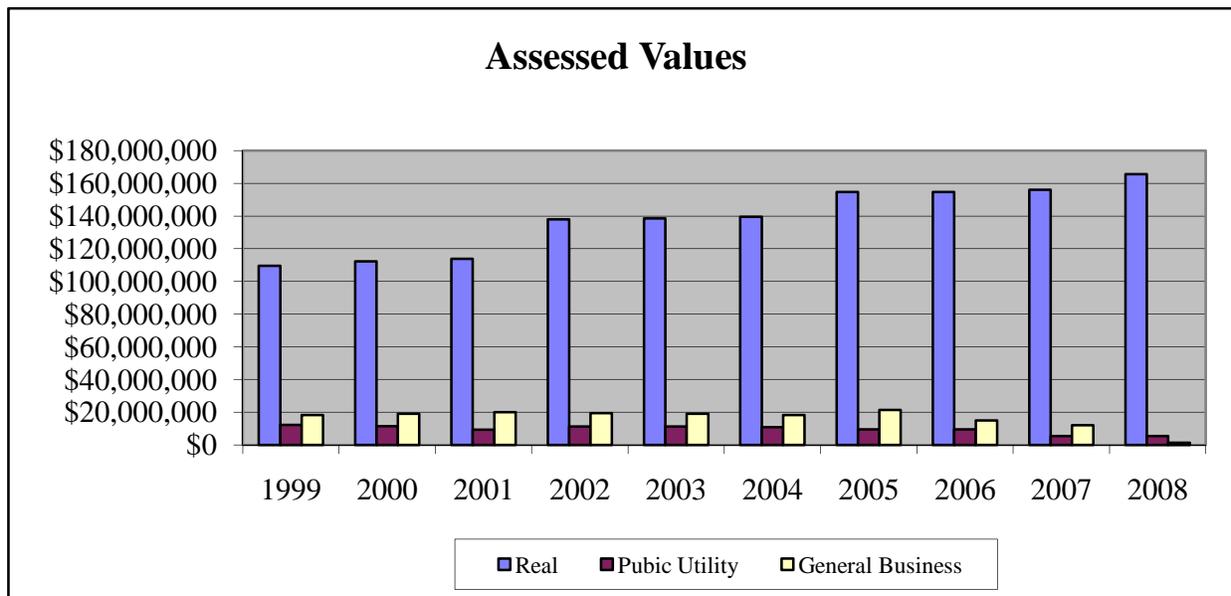
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

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

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

Source: Ashtabula County, Ohio; County Auditor

Tangible Personal Property					Weighted Average Tax Rate (per \$1,000 of Assessed Value)
General Business		Total			
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$1,357,800	\$21,724,800	\$172,326,090	\$500,824,181	34.41%	\$7.22
12,120,220	96,961,760	173,627,630	548,969,295	31.63	7.62
15,050,190	60,200,760	179,267,950	512,924,472	34.95	8.07
21,491,570	85,966,280	185,775,740	538,781,685	34.48	9.37
18,222,780	72,891,120	168,637,470	483,802,418	34.86	9.37
19,020,650	76,082,600	168,772,540	484,576,791	34.83	9.48
19,503,980	78,015,920	168,791,430	485,076,865	34.80	9.49
20,105,970	80,423,880	143,230,200	416,218,103	34.41	11.99
18,973,930	75,895,720	142,777,880	409,919,884	34.83	11.91
18,300,360	73,201,440	139,993,860	399,948,749	35.00	13.35



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

	2008	2007	2006	2005	2004
Unvoted Millage					
Operating	\$2.00000	\$2.00000	\$2.19000	\$2.19000	\$1.79000
Fire Pension	0.44000	0.44000	0.44000	0.44000	0.44000
Police Pension	1.19000	1.19000	1.00000	1.00000	1.40000
Bond Sinking Fund	0.00000	0.00000	0.00000	0.00000	0.00000
Parks	0.00000	0.00000	0.00000	0.00000	0.00000
<i>Total Unvoted Millage</i>	<u>3.63000</u>	<u>3.63000</u>	<u>3.63000</u>	<u>3.63000</u>	<u>3.63000</u>
Voted Millage - by levy					
1977 Bond	0.0000	0.0000	0.0000	0.0000	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	0.4400	0.6400	0.7400	0.9500	0.9500
1987 Park District					
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000
1994 Fire					
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000
1995 Library Bond	0.8300	0.8300	0.9300	1.0900	1.0900
1996 Fire					
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000
1997 Park District					
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000
2000 Fire					
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.8273	0.8273
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.8491	0.8488
General Business and Public Utility Personal	0.0000	0.0000	0.0000	1.0000	1.0000
2003 Police Operating					
Residential/Agricultural Real	1.72360	1.80750	1.80700	2.00000	2.00000
Commercial/Industrial and Public Utility Real	1.76060	1.91140	1.90750	2.00000	2.00000
General Business and Public Utility Personal	2.00000	2.00000	2.00000	2.00000	2.00000

2003	2002	2001	2000	1999
\$1.59000	\$1.59000	\$1.59000	\$1.59000	\$1.59000
0.44000	0.44000	0.44000	0.44000	0.44000
1.40000	1.40000	1.40000	1.40000	1.40000
0.20000	0.20000	0.20000	0.20000	0.20000
0.00000	0.00000	0.15000	0.15000	0.15000
3.63000	3.63000	3.78000	3.78000	3.78000
1.0500	1.0500	1.3700	1.7000	1.7000
0.6137	0.6137	0.7419	0.7416	0.8490
0.7790	0.7790	0.9194	0.9185	0.9185
2.0000	2.0000	2.0000	2.0000	2.0000
1.0500	1.0500	1.4000	1.8000	1.8000
0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	1.1668
0.0000	0.0000	0.0000	0.0000	1.2903
0.0000	0.0000	0.0000	0.0000	1.5000
1.2400	1.2400	1.5700	2.0000	2.0000
0.0000	0.0000	0.0000	0.6794	0.7779
0.0000	0.0000	0.0000	0.8601	0.8602
0.0000	0.0000	0.0000	1.0000	1.0000
0.0000	0.0000	0.8651	0.8647	0.9900
0.0000	0.0000	0.9900	0.9899	0.9900
0.0000	0.0000	0.9900	0.9900	0.9900
0.8270	0.8270	1.0000	0.0000	0.0000
0.8472	0.8472	1.0000	0.0000	0.0000
1.0000	1.0000	1.0000	0.0000	0.0000
0.00000	0.00000	0.00000	0.00000	0.00000
0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000

(continued)

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

	2008	2007	2006	2005	2004
2005 Fire					
Residential/Agricultural Real	\$0.8618	\$0.9038	\$0.9035	\$0.8273	\$0.8273
Commercial/Industrial and Public Utility Real	0.8803	0.9557	0.9538	0.8491	0.8488
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	3.85540	4.18130	4.38050	5.69460	5.69460
Commercial/Industrial and Public Utility Real	3.91090	4.33710	4.53130	5.73820	5.73760
General Business and Public Utility Personal	4.27000	4.47000	4.67000	6.04000	6.04000
<i>Total Millage by Type of Property</i>					
Residential/Agricultural Real	\$7.48540	\$7.81130	\$8.01050	\$9.32460	\$9.32460
Commercial/Industrial and Public Utility Real	7.54090	7.96710	8.16130	9.36820	9.36760
General Business and Public Utility Personal	7.90000	8.10000	8.30000	9.67000	9.67000

Overlapping Rates by Taxing District

Conneaut City School District					
Residential/Agricultural Real	\$24.4579	\$24.5244	\$24.5371	\$26.0001	\$25.9999
Commercial/Industrial and Public Utility Real	24.5311	24.7382	24.6535	28.3117	28.3061
General Business and Public Utility Personal	37.6300	37.6300	37.6300	45.8300	45.8300
Ashtabula County					
Residential/Agricultural Real	8.5375	8.9780	8.4057	9.0059	9.0043
Commercial/Industrial and Public Utility Real	9.2655	9.7795	9.4488	9.8486	9.8242
General Business and Public Utility Personal	11.0300	11.0300	11.0300	11.0300	11.0300
Special Taxing Districts (1)					
Residential/Agricultural Real	3.2207	3.7273	3.4773	3.6199	3.6197
Commercial/Industrial and Public Utility Real	3.2461	3.8383	3.6471	3.8448	3.8353
General Business and Public Utility Personal	5.2500	5.7500	5.7500	5.7500	5.7500

Source: Ashtabula County Auditor

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

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

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

(1) Park District, Joint Vocational School

2003	2002	2001	2000	1999
\$0.8270	\$0.8270	\$1.0000	\$0.0000	\$0.0000
0.8472	0.8472	1.0000	0.0000	0.0000
1.0000	1.0000	1.0000	0.0000	0.0000
5.60770	5.60770	7.94700	7.78570	9.28370
5.81340	5.81340	8.24940	8.26850	9.55900
7.34000	7.34000	9.33000	9.49000	10.99000
\$9.23770	\$9.23770	\$11.72700	\$11.56570	\$13.06370
9.44340	9.44340	12.02940	12.04850	13.33900
10.97000	10.97000	13.11000	13.27000	14.77000
\$25.9940	\$25.9940	\$27.1228	\$23.8502	\$26.2983
28.2686	28.2686	31.0717	27.9141	27.9154
45.8300	45.8300	45.8300	42.8400	42.8400
7.6712	7.6712	8.5833	7.5805	7.8252
8.4814	8.4814	9.4864	8.4853	8.2625
9.7000	9.7000	9.7000	8.7000	8.7000
3.1184	3.1184	2.1762	2.1760	2.3839
3.3287	3.3287	2.7205	2.7176	2.7180
5.2500	5.2500	4.1100	4.1100	4.1100

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

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections (1)
2008	\$1,366,449	\$1,250,191	91.49 %	\$56,280	\$1,306,471
2007	1,487,924	1,473,441	99.03	76,271	1,549,712
2006	1,584,667	1,404,523	88.63 %	87,005	1,491,528
2005	1,462,087	1,431,518	97.91	56,018	1,487,536
2004	1,463,258	1,401,487	95.78	58,205	1,459,692
2003	1,682,851	1,437,095	85.40	60,626	1,497,721
2002	1,428,005	1,241,322	86.93	56,236	1,297,558
2001	1,566,273	1,395,931	89.12	42,731	1,438,662
2000	1,698,126	1,491,712	87.84	52,627	1,544,339
1999	1,728,564	1,519,218	87.89	50,769	1,569,987

Source: Ashtabula County, Ohio; County Auditor

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

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

<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
95.61 %	\$123,970	9.07 %
104.15	134,745	9.06
94.12	138,160	8.72
101.74	106,404	7.28
99.76	130,407	8.91
89.00	88,892	5.28
90.87	85,187	5.97
91.85	75,630	4.83
90.94	77,706	4.58
90.83	35,380	2.05

City of Conneaut, Ohio
Principal Real Property Taxpayers
 2008 and 1999

<i>2008</i>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Real Assessed Valuation
Cleveland Electric Illuminating Company	\$4,213,290	2.55 %
Millwork Properties	1,698,810	1.03
Navigroup Venture I	1,563,140	0.93
CSP of Ohio	1,418,280	0.86
Emster XV, LLC	1,256,900	0.76
Highland Place	1,061,840	0.64
Mobile Grove Limited	964,160	0.58
Inn Conn Health	952,850	0.58
Union Railroad	828,250	0.50
Lukjan Metal	756,040	0.46
Total	\$14,713,560	8.89 %
Total Real Assessed Valuation	\$165,516,430	

<i>1999</i>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Real Assessed Valuation
Cleveland Electric Illuminating Company	\$5,761,460	5.25 %
Conneaut Telephone	2,635,550	2.41
Cascade Ohio , Inc	1,383,720	1.26
Theresa Talarico	1,232,250	1.13
East Ohio Gas	1,193,830	1.09
Director of Development	1,032,150	0.94
Norfolk Southern Rail Road	993,300	0.91
Highland Place	980,560	0.90
Bessemer and Lake Erie Railroad	877,350	0.80
Consolidated Rail Corporation	867,080	0.79
Total	\$16,957,250	15.48 %
Total Real Assessed Valuation	\$109,519,710	

Source: Ashtabula County Auditor

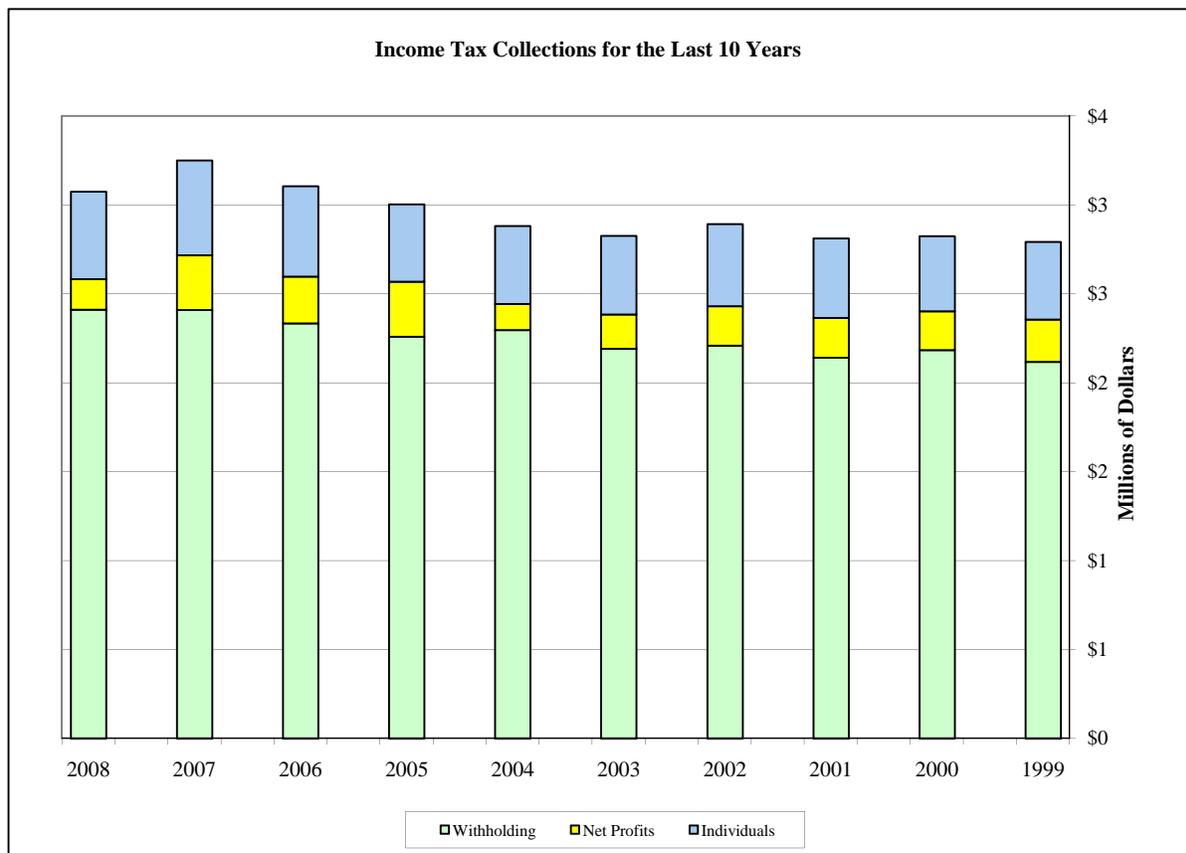
City of Conneaut, Ohio
Income Tax Revenue Base and Collections
Last Ten Years

Tax Year	Tax Rate	Total Tax Collected (1)	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2008	1.80%	\$3,073,413	\$2,410,323	78.42%	\$172,210	5.60%	\$490,880	15.97%
2007	1.80	3,248,649	2,408,804	74.15	307,928	9.48	531,917	16.37
2006	1.80	3,103,824	2,333,543	0.75	263,019	0.08	507,252	16.34
2005	1.65	3,002,703	2,258,747	75.22	308,814	10.28	435,241	14.49
2004	1.65	2,881,056	2,296,181	79.70	145,282	5.04	439,593	15.26
2003	1.65	2,825,316	2,190,711	77.54	193,293	6.84	441,312	15.62
2002	1.65	2,891,951	2,207,448	76.33	221,900	7.67	462,603	16.00
2001	1.65	2,811,397	2,140,404	76.13	223,122	7.94	447,871	15.93
2000	1.65	2,823,337	2,183,448	77.34	216,967	7.68	422,922	14.98
1999	1.65	2,790,121	2,117,190	75.88	236,660	8.48	436,271	15.64

(1) Cash Basis of Accounting

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	Special Assessment Bonds	OWDA Loans	OPWC Loans	Bond Anticipation Notes	Capital Leases	Industrial Park Loans
2008	\$1,350,000	\$0	\$1,115,517	\$26,092	\$242,000	\$256,587	\$500,000
2007	1,555,000	0	1,226,509	27,673	329,000	261,030	0
2006	1,760,000	0	1,332,998	29,254	467,000	201,148	0
2005	1,965,000	0	1,435,168	30,835	557,500	0	0
2004	2,170,000	0	1,539,243	31,626	788,000	0	0
2003	2,525,000	0	1,634,187	0	730,500	0	0
2002	2,880,000	0	1,713,717	0	0	0	0
2001	3,235,000	22,000	1,797,985	0	0	0	0
2000	3,595,000	43,000	1,960,356	0	0	0	0
1999	4,115,000	63,000	1,732,310	0	0	0	0

(1) Personal Income and Population Data are located on S32.

Source: City Financial Records

Business-Type Activities

General Obligation Bonds	OWDA Loans	OPWC Loans	Bond Anticipation Notes	Capital Leases	Total Debt	Percentage of Personal Income (1)	Per Capita (1)
\$671,141	\$4,700,557	\$384,536	\$0	\$0	\$9,246,430	5.04%	\$740.60
741,264	5,143,931	423,995	10,000	34,751	9,753,153	5.31	781.19
811,387	5,402,913	464,225	20,000	68,570	10,557,495	5.75	845.61
880,000	5,030,125	504,456	20,000	0	10,423,084	5.67	834.85
950,000	2,788,046	528,865	30,000	0	8,825,780	4.81	706.91
1,020,000	3,039,770	530,142	40,000	0	9,519,599	5.19	762.48
1,090,000	3,262,042	451,445	50,000	0	9,447,204	5.15	756.68
1,160,000	3,487,830	491,232	60,000	0	10,254,047	5.59	821.31
1,230,000	3,652,728	539,623	60,000	0	11,080,707	6.04	887.52
1,300,000	3,497,857	61,243	70,000	0	10,839,410	7.97	818.62

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*

<u>Year</u>	<u>Population (1)</u>		<u>Estimated True Values of Taxable Property (2)</u>	<u>Gross Bonded Debt</u>	<u>Ratio of Bonded Debt to Estimated True Values of Taxable Property</u>	<u>Bonded Debt Per Capital</u>
2008	12,485	b	\$500,824,181	\$1,350,000	0.27%	\$108.13
2007	12,485	b	548,969,294	1,555,000	0.28	124.55
2006	12,485	b	512,924,472	1,760,000	0.34	140.97
2005	12,485	b	538,781,685	1,965,000	0.36	157.39
2004	12,485	b	483,802,418	2,170,000	0.45	173.81
2003	12,485	b	484,576,791	2,525,000	0.52	202.24
2002	12,485	b	485,076,865	2,880,000	0.59	230.68
2001	12,485	b	416,218,103	3,235,000	0.78	259.11
2000	12,485	b	409,919,884	3,595,000	0.88	287.95
1999	13,241	a	399,948,749	4,115,000	1.03	310.78

Sources:

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

(a) 1990 Federal Census

(b) 2000 Federal Census

(2) Ashtabula County Auditor

City of Conneaut, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2008

Jurisdiction	Governmental Activities Debt	Percentage Applicable to City (1)	Amount Applicable to City of Conneaut
Direct			
General Obligation Bonds	\$1,350,000	100.00 %	\$1,350,000
Bond Anticipation Notes	242,000	100.00	242,000
OPWC Loans	26,092	100.00	26,092
Industrial Park Loan	500,000	100.00	500,000
OWDA Loans	1,115,517	100.00	1,115,517
Capital Leases	256,587	100.00	256,587
<i>Total Direct Debt</i>	<u>3,490,196</u>		<u>3,490,196</u>
Overlapping			
Ashtabula County			
General Obligation Bonds	4,470,767	9.83	439,476
OPWC Loans	110,000	9.83	10,813
Notes Payable	108,015	9.83	10,618
Private Activity Bond	86,992	9.83	8,551
Capital Leases	240,375	9.83	23,629
Conneaut City School District			
General Obligation Bonds	5,321,958	88.27	4,697,692
<i>Total Overlapping Debt</i>	<u>10,338,107</u>		<u>5,190,780</u>
Total	<u><u>\$13,828,303</u></u>		<u><u>\$8,680,976</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 Nine Years (1)

	2008	2007	2006	2005
Total Assessed Property Value	<u>\$172,326,090</u>	<u>\$173,627,630</u>	<u>\$179,267,950</u>	<u>\$185,775,740</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$2,020,000	\$2,295,000	\$2,570,000	\$2,845,000
Special Assessment Bonds	0	0	0	0
Bond Anticipation Notes	667,000	796,000	1,007,500	1,168,000
OPWC Loans	410,628	451,668	493,479	535,291
Industrial Park Loan	500,000	0	0	0
OWDA Loans	<u>5,816,074</u>	<u>6,370,440</u>	<u>6,735,911</u>	<u>6,465,293</u>
Total Gross Indebtedness	9,413,702	9,913,108	10,806,890	11,013,584
Less:				
Bond Anticipation Notes	(517,000)	(621,000)	(857,500)	(1,168,000)
Special Assessment Bonds	0	0	0	0
OWDA Loans	(5,816,074)	(6,370,440)	(6,735,911)	(6,465,293)
General Obligation Bond Retirement Fund Balance	<u>(511,302)</u>	<u>(563,506)</u>	<u>(568,788)</u>	<u>(548,375)</u>
Total Net Debt Applicable to Debt Limit	<u>2,569,326</u>	<u>2,358,162</u>	<u>2,644,691</u>	<u>2,831,916</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>18,094,239</u>	<u>18,230,901</u>	<u>18,823,135</u>	<u>19,506,453</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$15,524,913</u>	<u>\$15,872,739</u>	<u>\$16,178,444</u>	<u>\$16,674,537</u>
Legal Debt Margin as a Percentage of the Debt Limit	85.80%	87.07%	85.95%	85.48%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	<u>\$9,477,935</u>	<u>\$9,549,520</u>	<u>\$9,859,737</u>	<u>\$10,217,666</u>
Total Gross Indebtedness	9,413,702	9,913,108	10,806,890	11,013,584
Less:				
Bond Anticipation Notes	(517,000)	(621,000)	(857,500)	(1,168,000)
Special Assessment Bonds	0	0	0	0
OWDA Loans	(5,816,074)	(6,370,440)	(6,735,911)	(6,465,293)
General Obligation Bond Retirement Fund Balance	<u>(511,302)</u>	<u>(563,506)</u>	<u>(568,788)</u>	<u>(548,375)</u>
Net Debt Within 5 ½ % Limitations	<u>2,569,326</u>	<u>2,358,162</u>	<u>2,644,691</u>	<u>2,831,916</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$6,908,609</u>	<u>\$7,191,358</u>	<u>\$7,215,046</u>	<u>\$7,385,750</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	72.89%	75.31%	73.18%	72.28%

Source: City Financial Records

(1) Information prior to 2000 was not available

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

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

2008

Employer	Employees	Percentage of Total City Employment
Conneaut Schools	428	8.22%
University Heights Hospital System	323	6.20
General Aluminum	311	5.97
Cascade Ohio	299	5.74
Management Training Corporation	229	4.40
City of Conneaut	206	3.95
CSP	188	3.61
Ashtabula County	186	3.57
Lukjan Metal Products	158	3.03
Sunshine Health	109	2.09
Total	2,437	46.78%
Total Employment within the City	5,209	

1999

Employer	Employees	Percentage of Total City Employment
Conneaut Schools	460	10.02%
General Aluminum	390	8.49
Venture Holdings	370	8.06
Cascade Ohio	366	7.97
Brown Memorial Hospital	288	6.26
City of Conneaut	214	4.66
General Electric	180	3.92
Lukjan Metal Products	157	3.42
P & C Dock	130	2.83
Sunshine Health	109	2.37
Total	2,664	58.00%
Total Employment within the City	4,593	

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

Year	Population (1)	Total Personal Income (3)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2008	12,485	\$183,566,955	\$14,703	\$31,717	38
2007	12,485	183,566,955	14,703	31,717	38
2006	12,485	183,566,955	14,703	31,717	38
2005	12,485	183,566,955	14,703	31,717	38
2004	12,485	183,566,955	14,703	31,717	38
2003	12,485	183,566,955	14,703	31,717	38
2002	12,485	183,566,955	14,703	31,717	38
2001	12,485	183,566,955	14,703	31,717	38
2000	12,485	183,566,955	14,703	31,717	38
1999	13,241	136,064,516	10,276	21,144	N/A

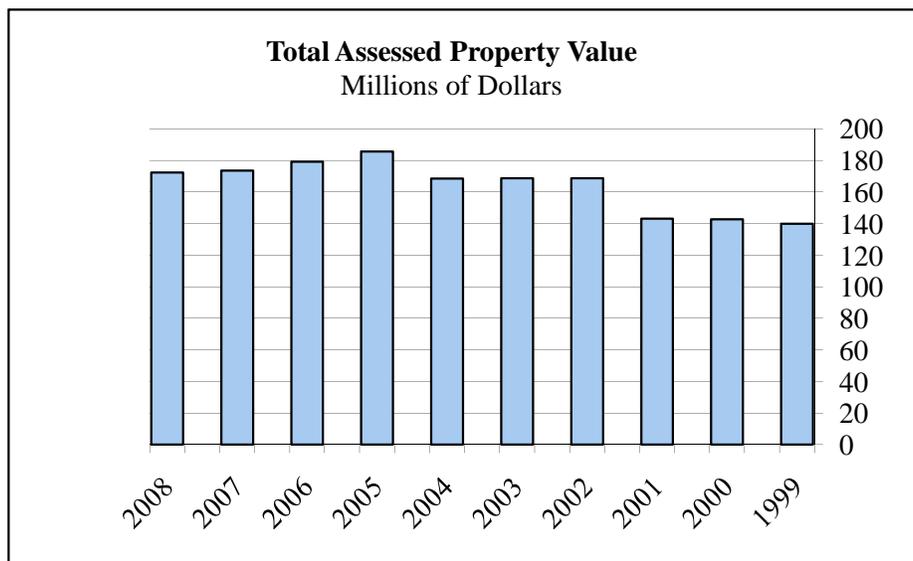
(1) Source: U. S. Census

(a) Years 2000 through 2008 - 2000 Federal Census

(b) Years 1996 through 1999 - 1990 Federal Census

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

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



Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Ashtabula County Unemployment Rate	Average Sales Price of Residential Property	Total Assessed Property Value
9.9%	2,316	10.4%	\$70,800	\$172,326,090
9.9	2,332	6.4	75,442	173,627,630
9.9	2,462	6.6	67,929	179,267,950
9.9	2,508	7.2	72,549	185,775,740
9.9	2,547	7.3	69,336	168,637,470
9.9	2,547	8.1	74,034	168,772,540
9.9	2,528	8.1	64,925	168,791,430
9.9	2,585	7.2	69,060	143,230,200
9.9	2,608	5.5	61,341	142,777,880
6.4	2,607	5.7	55,095	139,993,860



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

Function/Program	2008	2007	2006
General Government			
Council	7.00	7.00	7.00
Clerk of Council	1.00	1.00	1.00
City Manager	2.00	2.00	2.00
Finance	4.00	4.00	4.00
Law	2.50	2.50	2.50
Court	6.00	6.00	6.00
Public Building	1.00	1.00	1.00
Security of Persons and Property			
Police	20.00	20.00	20.00
Police - Dispatchers	4.00	4.00	4.00
Police - Jailers	2.00	2.00	2.00
Fire	12.00	12.00	12.00
Ambulance	5.00	5.00	5.00
Public Health Services			
Health	4.00	4.00	4.00
Cemetery	1.00	1.00	1.00
Leisure Time Activities			
Recreation	1.50	1.50	1.50
Community Environment			
Litter Control/Recycling	1.00	1.00	1.00
Housing/Zoning	1.00	1.00	1.00
Transportation			
Street/Public Works	17.00	18.00	19.00
Basic Utility Services			
Water	16.00	16.00	16.00
Sewer	12.00	12.00	12.00
Totals:	120.00	121.00	122.00

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

(1) Information prior to 2003 is not available

Source: City Financial Records

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

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

Function/Program	2008	2007	2006
General Government			
<i>Council and Clerk</i>			
Number of Ordinances Passed	109	137	119
Number of Resolutions Passed	11	11	11
<i>Finance Department</i>			
Number of checks/vouchers issued	4,185	4,151	4,180
Amount of checks written	\$13,537,185	\$13,307,015	\$13,826,892
Interest earnings for fiscal year (cash basis)	\$39,844	\$137,706	\$147,999
Number of Receipts issued	557	601	625
Number of Budget Adjustments issued	10	8	199
Agency Ratings - Moody's Financial Services	Aaa	Aaa	Aaa
Health Insurance Costs vs General Fund Expenditures %	14.47%	11.69%	12.09%
General Fund Receipts (cash basis)	\$4,094,106	\$4,013,767	\$4,121,658
General Fund Expenditures (cash basis)	\$4,406,869	\$4,377,923	\$4,162,789
General Fund Cash Balances	\$108,742	\$428,286	\$634,371
<i>Income Tax Department</i>			
Number of Individual Returns	4,239	4,525	4,420
Number of Business Returns	406	459	442
Number of business withholding accounts	433	498	461
Amount of Penalties and Interest Collected	\$25,959	\$28,968	\$28,833
Annual number of Corporate withholding forms processed	1,914	2,201	2,036
Annual number of balance due statements forms processed	734	537	533
Annual number of estimated payment forms processed	1,441	1,446	134
Annual number of reconciliations of withholdings processed	433	498	461
<i>Engineer Contracted Services</i>			
Dollar amount of Construction overseen by Engineer	\$241,089	\$231,566	\$672,773
<i>Municipal Court</i>			
Number of Civil Cases	413	352	245
Number of Criminal cases	915	1,143	1,051
<i>Vital Statistics</i>			
Certificates Filed			
Number of Births	2	1	0
Number of Deaths	144	133	140
Certificates Issued			
Number of Births	652	754	754
Number of Deaths	857	578	673
Burial Permits Issued	151	146	170
<i>Civil Service</i>			
Number of police entry tests administered	0	0	0
Number of fire entry tests administered	1	1	0
Number of police promotional tests administered	0	1	0
Number of fire promotional tests administered	0	0	0
Number of hires of Police Officers from certified lists	0	2	0
Number of promotions from police certified lists	0	1	2
Number of promotions from fire certified lists	0	0	0

2005	2004	2003	2002
103	113	71	107
14	15	25	14
4,028	4,057	4,261	4,349
\$14,585,601	\$12,809,304	\$12,324,078	\$12,784,149
\$72,406	\$25,819	\$21,034	\$46,589
605	647	690	632
228	153	104	176
Aaa	Aaa	Aaa	Aaa
27.08%	22.24%	15.81%	17.09%
\$4,285,854	\$4,359,963	\$4,147,920	\$3,831,131
\$4,220,797	\$4,548,212	\$4,218,236	\$4,348,569
\$475,564	\$410,507	\$598,756	\$612,777
4,690	4,502	4,408	4,500
549	527	516	528
402	411	390	394
\$13,628	\$17,483	\$16,724	\$20,403
2,188	2,214	2,228	2,228
560	543	527	511
130	126	122	119
402	411	390	394
\$3,101,284	\$216,293	\$220,197	\$438,302
377	323	357	356
648	638	559	493
2	148	357	204
129	109	559	137
641	854	768	853
643	662	505	611
163	161	166	180
1	0	1	0
0	1	0	1
0	0	0	0
0	1	0	0
0	0	0	0
0	0	0	0
0	1	0	0

(continued)

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

Function/Program	2008	2007	2006
<i>Building Department Indicators</i>			
Construction Permits			
Estimated Value of Construction	\$1,470,693	\$541,353	\$4,786,353
Number of permits issued	126	171	222
Amount of Revenue generated from permits	\$4,523	\$8,074	\$10,395
Security of Persons and Property			
<i>Police</i>			
Total Calls for Services	25,976	26,233	28,480
911 Calls Answered	7,093	5,784	4,700
Arrests/Citations	2,058	223	2,539
Community Policing Hours	7,100	5,950	6,042
DARE Graduates	0	0	0
Investigations	3,332	3,284	3,384
Jail Inmates	337	331	339
Vehicle Crashes	345	329	415
Prisoner costs	\$14,191	\$13,591	\$14,314
Gasoline costs of fleet	\$50,417	\$38,313	\$34,977
<i>Fire</i>			
EMS Calls	1,728	1,744	1,504
Fire Calls	78	89	130
Fires with Loss	36	33	34
Fires with Losses exceeding \$10K	3	11	9
Fire Losses \$	\$613,695	\$613,695	\$338,450
Fire Safety Inspections	35	170	190
Number of times Mutual Aid given to Fire and EMS	18	32	16
Number of times Mutual Aid received for Fire and EMS	12	30	30
Public Health Services			
Cemetery burials	56	69	59
Cemetery sale of lots	14	24	16
Cemetery receipts	\$31,531	\$38,278	\$29,180
Leisure Time Activities			
<i>Recreation</i>			
City Tax	\$24,282	\$25,665	\$25,375
Softball Fees	8,010	7,200	6,538
Facilities rentals	9,985	33,525	32,600
Total Recreation Department receipts	<u>\$42,277</u>	<u>\$66,390</u>	<u>\$64,513</u>

2005	2004	2003	2002
\$5,670,500	\$12,043,897	\$32,931,058	\$15,212,407
174	203	245	264
\$12,012	\$12,572	\$16,061	\$20,174
20,700	19,542	19,315	19,875
4,000	3,315	3,300	3,250
2,558	2,525	2,440	2,907
4,872	5,875	6,371	4,822
250	225	275	280
3,709	3,301	3,549	4,623
404	459	552	618
343	337	340	365
\$12,190	\$10,631	\$11,352	\$10,152
\$30,705	\$23,548	\$24,147	\$19,709
2,228	1,930	1,901	2,222
120	136	92	104
22	35	25	23
6	5	7	9
\$325,300	\$167,105	\$546,150	\$500,005
90	105	110	130
5	12	16	20
10	10	12	15
50	52	44	54
27	22	26	26
\$32,552	\$32,449	\$30,333	\$34,496
\$26,123	\$25,065	\$24,581	\$25,160
830	900	450	900
33,300	31,175	32,400	34,300
<u>\$60,253</u>	<u>\$57,140</u>	<u>\$57,431</u>	<u>\$60,360</u>

(continued)

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

Function/Program	2008	2007	2006
Transportation			
Street Improvements - asphalt overlay (linear feet)	13,800	23,800	23,940
Crackseal Coating Program (Miles)	6	5	18
Street Repair (Curbs, aprons, berms, asphalt) (hours)	1,032	1,780	1,360
Paint Striping (hours)	350	400	400
Street Sweeper (hours)	156	640	520
Cold Patch (hours)	554	1,100	880
Snow and Ice Removal regular hours	7,960	8,950	8,320
Snow and Ice Removal overtime hours	737	732	705
Storm Sewer Calls for Service - Sewer Jet Regular Hours	2,080	2,080	2,080
Sewer Crew (hours)	707	1,700	1,500
Landscaping Stump-Chipper service (hours)	100	150	120
Leaf collection (hours)	96	3,200	3,400
Holiday lights setup (hours)	16	16	16
Street/Traffic Signs (Hours)	394	240	240
Equipment repair/body shop (hours)	6,240	6,240	6,240
Number of Trees Planted per year	0	0	450
Tons of snow melting salt purchased (Nov-Mar)	1,100	1,450	1,475
Cost of salt purchased	\$43,115	\$48,560	\$54,058
Water Department			
Water Rates per 1st 2,000 gallons of water	\$16.29	\$15.84	\$14.94
Avg. number of water accounts billed monthly (Cubic Feet)	4,900	4,900	4,880
Total Water Collections Annually (Including Principal and Interest)	\$1,947,755	\$1,904,311	\$1,831,609
Wastewater Department			
Wastewater Rates per 1st 300 Cubic feet of water used	\$16.74	\$15.82	\$15.22
Total flow of wastewater treatment plant (Billions of Gallons)	0.992	0.876	0.918
Average daily flow (Millions of gallons per day)	2.713	2.402	2.516
Tons of dry sludge removed	299.30	197.46	295.78

(1) Information prior to 2002 is not available

Source: City Financial Records and Departments

2005	2004	2003	2002
55,940	3,700	21,950	39,750
20	20	15	10
864	768	672	576
400	400	400	400
480	490	450	370
900	1,020	1,180	1,120
9,600	10,240	10,880	11,520
641	580	670	502
2,080	2,080	2,080	2,080
1,500	1,500	1,500	1,500
130	90	120	100
3,100	3,400	3,500	3,800
16	16	16	16
240	240	240	240
6,240	6,240	6,240	6,240
0	400	0	0
1,000	1,350	1,400	1,700
\$44,304	\$42,655	\$36,291	\$54,152
\$14.37	\$13.82	\$13.82	\$11.18
4,880	4,880	4,875	4,862
\$1,754,163	\$1,734,988	\$1,690,796	\$1,445,843
\$13.98	\$12.84	\$12.47	\$11.64
0.916	0.927	0.954	0.750
2.515	2.539	2.608	2.476
599.16	452.42	364.00	250.82

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

Function/Program	2008	2007	2006	2005
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	3	3	3	3
Square Footage Occupied	14,880	14,880	14,880	14,880
Vehicles	10	10	10	10
Recreation				
Number of Parks	5	5	5	5
Number of Tennis Courts	2	2	2	2
Number of Skateboarding Areas	1	1	1	1
Number of Baseball Diamonds	2	2	2	2
Square Footage Occupied	1,790	1,790	1,790	1,790
Vehicles	2	2	2	2
Other Public Works				
Streets (lane miles)	565	565	565	565
Service Vehicles	22	22	22	22
Wastewater				
Sanitary Sewers (miles)	60.00	60.00	60.00	60.00
Storm Sewers (miles)	35.00	35.00	35.00	35.00
Water Department				
Water Lines (miles)	91	91	91	91
Vehicles	9	9	9	9

Source: City Financial Records

2004	2003	2002	2001	2000	1999
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
22	19	21	20	20	19
3	3	3	3	3	3
14,880	14,880	14,880	14,880	14,880	14,880
10	10	10	10	11	9
5	5	5	5	5	5
2	2	2	2	2	2
1	1	1	1	1	1
2	2	2	2	2	2
1,790	1,790	1,790	1,790	1,790	1,790
2	2	2	2	2	2
565	564	564	564	564	564
23	23	23	22	22	21
60.00	60.00	60.00	60.00	57.50	57.50
35.00	35.00	35.00	35.00	35.00	35.00
91	91	91	91	91	91
9	9	10	10	10	10



Mary Taylor, CPA
Auditor of State

CITY OF CONNEAUT

ASHTABULA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 7, 2009**