



**CITY OF ASHTABULA
ASHTABULA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2012



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Ashtabula, Ashtabula County, prepared by Canter & Associates, for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Ashtabula is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 11, 2013

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CITY OF ASHTABULA
Ashtabula County

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CITY OF ASHTABULA
ASHTABULA COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2012

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
<i>Passed Through Ohio Department of Development:</i>			
<i>CDBG -State Administered Small Cities Program Cluster:</i>			
Community Development Block Grant - 2011 Formula Grant	A-F-11-2AD-1	14.228	\$134,908
Community Housing Improvement Program (CHIP)	A-C-11-2AD-1	14.228	112,068
Subtotal CDBG - Formula Grants and CHIP Program			246,976
<i>Passed through Ashtabula County:</i>			
Neighborhood Stabilization Program	B-Z-08-004-1	14.228	146,770
Total - CDBG State Administered Small Cities Program Cluster			393,746
Home Investment Partnership Program - (CHIP)	A-C-11-2AD-2	14.239	58,878
Total U.S. Department of Housing and Urban Development			452,624
U.S. ENVIROMENTAL PROTECTION AGENCY:			
<i>Direct Program:</i>			
Brownfield Assessment and Cleanup Cooperative Agreements	n/a	66.818	1,706
U.S. DEPARTMENT OF JUSTICE:			
<i>Direct Program:</i>			
COPS Hiring Recovery Program	n/a	16.710	144,097
U.S. DEPARTMENT OF HOMELAND SECURITY:			
<i>Passed Through the Ohio Department of Highway Safety/ Passed Through Ashtabula County Sheriff's Department:</i>			
Border Interoperability Demonstration Project - Marine Patrol	0000016623	97.120	32,945
<i>Passed Through the Ohio Department of Highway Safety/ Passed Through the City of Cleveland, Public Safety:</i>			
Law Enforcement Terrorism Prevention - Bullet Proof Vest Program	0000016623	97.067	10,310
Law Enforcement Terrorism Prevention - ALPRS	0000016623	97.067	40,000
Law Enforcement Terrorism Prevention - Mobile Data Terminals	0000016623	97.067	89,399
Total Law Enforcement Terrorism Prevention Grant 97.067			139,709
EXECUTIVE OFFICE OF THE PRESIDENT:			
<i>Passed Through the Ohio Department of Highway Safety/ Passed Through the City of Shaker Heights:</i>			
High Intensity Drug Trafficking Areas Program	19OH0001A	95.001	623
U.S. DEPARTMENT OF HOMELAND SECURITY:			
<i>Passed Through the Federal Emergency Management Agency: Direct Program:</i>			
Assistance to Firefighters Grant	EMW-2010-FO-0214;	97.044	2,500
U.S DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<i>Passed Through the Ohio Department of Health/Passed Through Ashtabula County General Health District:</i>			
Public Health Emergency Preparedness Grant (PHEP)	00410012PH0212	93.069	3,000
Public Health Emergency Response Grant (PHER)	00410012PH0212	93.069	4,500
<i>Passed Through the City of Cleveland - Cuyahoga County:</i>			
Cities Readiness Initiative Grant	01820012PH0112	93.069	3,091
Total Public Health Grants 93.069			10,591
<i>Passed through Ashtabula County General Health District:</i>			
Maternal and Child Health Services Block Grant to States (CFHS)	00410011MC0412	93.994	7,125
Total U.S. Department of Health and Human Services			17,716
TOTAL FEDERAL ASSISTANCE			\$791,920

The accompanying notes are an integral part of this schedule.

**CITY OF ASHTABULA
ASHTABULA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2012**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The City has a revolving loan fund (RLF) program to provide low-interest loans to businesses to create jobs for low to moderate income persons and also to lend money to eligible persons to rehabilitate homes. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the City, passed through the Ohio Department of Development. The initial loan of this money is reported as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property by Uniform Commercial Code and inventory.

Activity in the CDBG revolving loan fund during 2012 is as follows:

Beginning Loan Receivable Balance as of January 1, 2012	\$93,146.86
Loans Made	0
Loan Principal Repaid	\$12,737.45
Ending Loans Receivable Balance as of December 31, 2012	<u>\$81,074.41</u>
Cash Balance on Hand in the Revolving Loan Fund as of December 31, 2012	\$ 160,452.62
Administrative Costs Expended During 2012	\$ 65,500.00**

**Required for 2011 Formula Grant

NOTE C – MATCHING REQUIREMENTS

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



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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ashtabula, Ashtabula County, (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 27, 2013, wherein we noted the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and other deficiencies in internal control over financial reporting we consider to a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevented or detect and timely correct a material misstatement of the City's financial statements. We consider finding 2012-03 in the accompanying schedule of findings to be a material weakness.

A significant deficiency is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2012-01 and 2012-02 described in the accompanying schedule of findings to be significant deficiencies.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2012-02 and 2012-03.

Entity's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the City's responses and accordingly, we express no opinion on them.

Purpose of this Report

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



Canter & Associates
Poland, Ohio

June 27, 2013



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND THE FEDERAL
AWARDS EXPENDITURE SCHEDULE**

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

To the City Council:

Report on Compliance for Each Major Federal Program

We have audited the City of Ashtabula (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the City of Ashtabula's major federal programs for the year ended December 31, 2012. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City's major federal programs.

Management's Responsibility

The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the City's compliance for each of the City's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the City's major programs. However, our audit does not provide a legal determination on the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Ashtabula complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have also audited the financial statements of the governmental activities, the business-type activities, the discretely-presented component unit, each major fund and the aggregate remaining fund information of the City of Ashtabula (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated June 27, 2013. Our opinion also explained that the City adopted *Governmental Accounting Standards Board Statements No. 63 and No. 65* during the year. We conducted our audit to opine on the City's basic financial statements. The accompanying federal awards expenditures schedule presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements.

City of Ashtabula
Ashtabula County
Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Federal Program and on Internal Control over Compliance in
Accordance with OMB Circular A-133 and the Federal Awards Expenditure Schedule
Page 3

The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Canter & Associates
Poland, Ohio

June 27, 2013

**CITY OF ASHTABULA
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2012**

1. SUMMARY OF AUDITOR'S RESULTS
--

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

**CITY OF ASHTABULA
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2012**

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

FINDING NUMBER 2012-01

Significant Deficiency

Intergovernmental Revenue and Expenditures

The City is the recipient of various federal and state grants that in most instances require that the receipts and expenditures of said monies be readily identifiable on the records of the City. Some federal grant requirements require the creation of separate funds to account for all the transaction of that specific grant. Grant monies should be separated as either federal or state.

The federal awards expenditures schedule filed with the City's annual report, lists the federal expenditures per grant that the City received in 2012. The majority of these grant monies are within the General Fund of the City. The revenues are identified by a cost center for each grant per City department, but the expenditures are commingled within the expenditures of that department.

The lack of either separate funds or costs centers for federal monies received and expended could result in the City not being in compliance with federal regulations in regards to reporting and documenting the support for federal expenditures. Without proper record keeping, future federal assistance could be denied, or monies having to be repaid.

In order for the City to determine that all federal grant monies are being properly accounted for, the City should require:

1. Each department that receives federal grant monies, whether directly from a Federal agency, passed through from a State agency, or received via another local government, should notify the City Finance department of the grant award and its purpose. Copies of the awards should also be forwarded to the Finance office.
2. The Grant Agreement should be read to determine if a separate fund is required to be established for the grant, such as the COPS grant. If no separate fund is required, than costs centers for the revenues and the expenditures of the grants should be created to properly identify all activity that relates specifically to each individual grant award received.
3. The City, being a Single Audit, is required to compile a federal schedule of its federal assistance. In order to have that information audited, each department that receives federal assistance, at the end of each year, should provide to the City Finance Office, the name of the federal grant, the award amount, the amount received and expended in that year per award amount, the Catalog of Federal Domestic Assistance (CFDA) number, the originating federal agency of the monies and any corresponding pass through agencies and the pass through numbers that are applicable for each grant.
4. Individual files for each grant should be maintained by each department, containing all pertinent information and paperwork, such as the grant agreement and supporting documentation on the monies received and expended, including purchase orders and invoices.
5. The City at times is also the recipient of on-behalf of grant monies, whereas another entity pays for the goods or services that are truly the City of Ashtabula's receipts and expenditures. The City should be aware of these on-behalf monies, and record the transactions on the City records with memo receipts and expenditures for accountability.

CITY OF ASHTABULA
ASHTABULA COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2012

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

FINDING NUMBER 2012-01

Significant Deficiency

Intergovernmental Revenue and Expenditures (Continued)

6. If any of the above information is not readily provided to the department that is the recipient of the grant, than the department should request that information from its contact person from the agency that they receive the funding from.

Officials' Response: The Official's Response is included in the accompanying Corrective Action Plan

FINDING NUMBER 2012-02

Noncompliance Citation and Significant Deficiency

Appropriations exceeding Total Estimated Resources

Ohio Revised Code § 5705.39 - provides in part that total appropriations from each fund shall not exceed the total estimated resources.

The Self-Insurance Fund had appropriations exceed total estimated resources by \$332,500 as of December 31, 2012. This could result in spending more money than is available.

We recommend that Council monitors its actual cash flow to their estimated resources throughout the year to ensure that actual monies available are within the amounts appropriated. We further recommend, in conjunction with filing amended appropriations and estimated resources, the City obtain a certificate from the County Budget Commission indicating whether appropriations exceed resources.

Officials Response: The Official's Response is included in the accompanying Corrective Action Plan.

FINDING NUMBER 2012-03

Noncompliance Citation and Material Weakness

Negative Fund Balances

Ohio Revised Code § 5705.10(H) – provides that money paid into a fund must be used only for the purposes for which such fund was established. The Self-Insurance Fund had a negative fund balance of \$323,172 as of December 31, 2012. This deficit balance indicates monies from other funds were used to cover expenditures of this fund, contrary to Ohio law.

Failure to monitor budgetary activity can result in overspending and negative fund balances. Council throughout the year should stay abreast of all budgetary related activity, including if their original budget estimates of resources and related appropriations are in line with actual cash flows and expenditures occurring in each fund.

Officials Response: The Official's Response is included in the accompanying Corrective Action Plan.

**CITY OF ASHTABULA
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED DECEMBER 31, 2012**

3. FINDINGS FOR FEDERAL AWARDS

None

**CITY OF ASHTABULA
ASHTABULA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-01	Properly identifying Federal and State grant activity on the City's accounting system	No	Repeated as Significant Deficiency Finding # 2012-01
2011-02	Appropriations exceeded Total Estimated Resources in the Self-Insurance fund	No	Repeated as a Noncompliance citation and Significant Deficiency Finding # 2012-02
2011-03	The Self-Insurance Fund and Waste Water fund both had a negative fund balances at year end	No	Repeated as a Noncompliance citation and Material Weakness Finding # 2012-03 for the Self-Insurance fund only.
2011-04	Federal Reporting Violation accounting for on-behalf grant monies for the City from ODOT.	Yes	

**CITY OF ASHTABULA
ASHTABULA COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
DECEMBER 31, 2012**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2012-01	The City will implement procedures to assure that all federal and state grants are properly reported and accounted for on the accounting records of the City.	12/31/2013	Dana Pinkert –City Auditor
2012-02	Appropriations exceeded Total Certified Resources - The City will comply with budgetary laws.	12/31/2013	Dana Pinkert –City Auditor
2012-03	Negative Fund balance – The City will monitor budgetary activity to compare if estimated revenues and appropriations are in line with actual receipts and expenditures.	12/31/2013	Dana Pinkert –City Auditor

City of Ashtabula, Ohio



Comprehensive Annual Financial Report

For The Year Ended
December 31, 2012

Prepared by the Offices of Auditor and Treasurer

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INTRODUCTORY SECTION

City of Ashtabula, Ohio

Comprehensive Annual Financial Report

For The Year Ended December 31, 2012

Prepared by:
The Offices of Auditor and Treasurer

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

Office of the City Auditor

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Dana D. Pinkert
City Auditor



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June 27, 2013

Members of Ashtabula City Council,
City Manager, James M Timonere and
The Citizens of Ashtabula, Ohio

I am pleased to present the City of Ashtabula's (the City) Comprehensive Annual Financial Report (CAFR). This CAFR represents the City of Ashtabula's operations and financial position for the calendar year ended December 31, 2012, and accurately details the status of City finances to Ashtabula residents and elected officials, investment banks and underwriters, rating agencies and all other interested parties. This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file an un-audited annual report with the Auditor of State within one hundred and fifty days of fiscal year end.

In preparing this report, the City Auditor and the City Treasurer stress the ongoing commitment of the City of Ashtabula to follow nationally recognized standards of excellence in financial reporting, a commitment shared by a growing number of governmental entities in Ohio. Management assumes full responsibility for the information contained in this report based upon a comprehensive frame-work of internal control that has been established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free from any material misstatements. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. We have included all disclosures necessary to enable the reader to gain an understanding of the City's financial activities.

In accordance with Ohio law, regular audits are required to be performed on all financial related operations of the City. These audits may be done by either the State Auditor's Office or, if the State Auditor permits, an independent public accounting firm. Canter & Associates has issued an unmodified ("clean") opinion on the City of Ashtabula's financial statements for the year ended December 31, 2012. The independent auditor's report is located at the front of the financial section of this report.

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

History of Ashtabula and Form of Government

The City of Ashtabula is located on the south shore of Lake Erie, fifty-six miles east of Cleveland, Ohio. On April 6, 1891, the village of Ashtabula was incorporated into a city under the laws of the State of Ohio. Ashtabula was named by the Indians. The word was originally pronounced "Hash - Ta La," and its name, meaning "River of Many Fish," was first applied to what is now the Ashtabula River. Those who decided to settle on the west bank of the Ashtabula River Gulf in the early 1800's faced the challenge of clearing forest land with crude tools, raising and storing food, and building shelters to protect themselves from the elements. Although the task was formidable, a small number of settlers responded to the challenge and helped the area become a borough, a village, and eventually, a city.

The City's area is 7.6 square miles with other areas considering annexation into the City corporation limits. The City of Ashtabula is five hundred ninety feet above sea level. According to the 2010 census, the City's population was 19,680. The Ashtabula County area population is now estimated at approximately 100,767.

The City of Ashtabula is a home rule municipal corporation established under the laws of the State of Ohio and operated under its own charter. The current charter, which provides for a City Manager - City Council form of government, was adopted on January 1, 1916. The City Manager and the City Solicitor are elected by a vote of the people and serve for four-year terms. To provide necessary services to its citizens, the City of Ashtabula is divided into departments and financial management and control systems. Services provided include police and fire protection, garbage and rubbish disposal, street maintenance, construction and repair, cultural, parks and recreational facilities, a municipal court, and a staff to provide support (i.e., payroll processing and accounts payable) to the service providers. The operation and control of these activities are provided by the City Council through the budgetary process and by the City Manager through administrative and managerial requirements and procedures. All are responsible to the citizens of Ashtabula and are included as part of the reporting entity.

Legislative authority is vested in a seven-member Council consisting of five ward and two at-large representatives, and is elected to serve for four-year terms. The at-large candidate receiving the most votes becomes the council president, and the other at-large candidate becomes the vice president. City Council holds its regular bi-monthly council meetings on the first and third Mondays of each month. The Council appoints the Clerk of Council, City Auditor and City Treasurer. Good government is reflected in the City's low property tax rate of \$9.31 per \$1,000 of assessed valuation.

The Division of Police enforces local, State, and Federal laws in addition to protecting citizens and their property. Service to the community through an aggressive, proactive updated law enforcement approach is the main concern of the division. The department, which is headed by the Chief of Police, consists of jail operations, auxiliary police, as well as a staff of lieutenants, patrol officers, and K-9 units. Administrative services consist of the chief's secretary and a records officer. The police department is located at 110 West 44th Street.

The Division of Fire provides fire protection and emergency medical services to City of Ashtabula citizens, as well as placing strong emphasis on community involvement and education. Staff training, planning and equipment maintenance activities remain high priorities. A Chief leads the department which is composed of firefighters, an engineer, a lieutenant and captain personnel. The fire station is located at 4326 Main Avenue.

The Service Department is comprised of several divisions/departments administered by the Superintendent of Public Services; the division of Public Works, division of Sanitation, and Motor Maintenance. The division of Public Works is responsible for the non-contractual maintenance of the City's roadways, leaf collection, and snow removal in the winter. They take care of the parks and playgrounds within the City. Traffic signalization repairs and maintenance is also handled by Public Works.

The Sanitation department is responsible for the City-wide collection and removal of trash, both residential and commercial. They have a state-of-the-art recycling center which handles all types of recyclables.

Motor Maintenance performs routine maintenance and repairs to City vehicles; major repairs are outsourced as needed.

The Division of Wastewater Treatment is headed by the Superintendent who holds a Class IV certification. The plant is running twenty-four hours a day, seven days a week with three shifts. They treat the City's sanitary sewage and that of some of the surrounding townships. The plant is located at 303 Woodland Avenue.

The Health Department personnel provide essential public health services and information. They issue birth and death certificates. The nursing staff administers immunization and vaccinations to children and adults. The Environment Officer protects the public against environmental hazards.

The Planning and Community Development Department was created in 2012 by putting the City's housing, engineering, zoning, code enforcement, grant administration and revolving loan administration functions in one department. The department issues permits and conducts site inspections. Code Enforcement oversees the residential rental stock in the City. These homes are inspected and landlords pay a rental fee, to ensure their rentals are in compliance with the City's building codes. In addition, the Department is responsible for writing grants for major projects and the City's CDBG programs. The department works with qualifying residents to improve their housing through CDBG housing grant programs. These programs provide funding for the purchase of homes and repairs to owner occupied homes.

Building Maintenance personnel keep all City buildings clean and safe for employees as well as the public who visit our offices.

The Manager's Department is the administrative arm of the City. The Manager is the elected official responsible for the Police, Fire, Service, Sanitation, Wastewater Treatment, Planning and Community Development and Building Maintenance Departments. The administrative offices are at 4717 Main Avenue.

The Solicitor's Department advises the City Council, the City Manager and all departments on legal matters concerning the City. The department prepares all contract, legislation and legal documents. The Solicitor is the City's Prosecutor and has an assistant solicitor as well as an administrative secretary. Their offices are located in the Annex Building at 110 West 44th Street.

The Municipal Court is the judicial branch of the City and is headed by the Honorable Municipal Judge elected by the citizens. Civil and criminal cases, including traffic, are handled by the Court. Probation obligations are handled in co-operation with the court.

The City Council is the legislative branch of the City. All legislative matters of the City are brought to the Council for their approval. The Council as a whole oversees the Clerk of Council, the Treasurer and the Auditor's departments.

The Clerk keeps a permanent record of all proceedings and legislation passed by Council. All offices are located in the KeyBank building at 4717 Main Avenue, 2nd floor, Ashtabula, Ohio.

The Treasurer is appointed by Council. The Treasurer is the custodian of all monies of the City. All money received by the City is paid in by the Treasurer. Only checks issued by the Auditor may be paid out by the Treasurer. All cash balances are monitored to maintain sufficient balances to meet obligations. The Treasurer works with the Auditor to prepare the Comprehensive Annual Financial Report.

The Auditor is responsible for the accurate recording of all receipts and disbursements. The department issues accounts payable checks, bi-weekly payrolls, monitors debt payments, and maintains a capital asset system. The department bills all City residents for trash pickup and for sewage usage. Some township residents are also billed for sewer usage as they are connected to our Wastewater Treatment Plant.

The department prepares the Comprehensive Annual Financial Report. The Auditor advises the City Council and City Manager on financial matters.

Income Tax Department is responsible for the collection of municipal income tax from 6,600 resident returns, 1,400 business net profits returns and the collection from 650 withholding accounts from businesses within the City. The department offers free preparation in house service for the municipal income tax returns. The department is under the general direction of the City Auditor.

Accounting Systems and Budgetary Control

Development of the City's accounting system includes consideration of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived from its implementation and (2) the valuation of costs and benefits requires estimates and judgments by management.

Under State law, all funds, with the exception of agency funds, are legally required to be budgeted and appropriated. The legal level of control has been established by Council at the personal services and other object level within each fund. Modifications or amendments to control levels in the Appropriation Ordinance require Council approval; internal City financial policies permit fund transfers within control levels with approval by the Manager, Auditor and Finance Committee chairperson.

Budgetary control is maintained by an encumbrance of purchase amounts prior to the release of purchase orders to vendors. Purchase orders are not issued when an insufficient unencumbered appropriation balance is available.

The City Auditor reviews the purchase order first to check for availability of funds. Then the City Manager, who is also the Purchasing Agent by City Charter, approves and issues the purchase order. Copies of all approved purchase orders are returned to the department head pending receipt of the goods and invoice. Once the goods or services and the invoice are received, the department head signs his/her copy of the purchase order as verification that all goods or services were received and are in acceptable condition. Each department head is furnished a monthly report showing the status of the budget accounts for which he/she is responsible. The reports detail monthly transactions and summarize the available balances.

Economic Conditions and Outlook

The City of Ashtabula is committed to the revitalization of existing resources and the search for new ways to improve the economic outlook of the community. Several enterprise zones have been established by the City of Ashtabula. City Council will execute agreements with certain businesses for the purpose of establishing, expanding, renovating or occupying facilities, hiring new employees and preserving jobs within the zone, in exchange for specified local tax incentives granted by the City. The City's first enterprise zone has grown very rapidly as every piece of property within this zone is occupied by a local small business. The City Port Authority's next enterprise zone is fifty acres of land at the end of State Route 11, within the City boundaries. The development of the business park has been completed.

Using Federal funds, the City of Ashtabula has established a revolving loan program. The program provides direct, low-interest construction loans to small businesses and industries to encourage their success and future growth and to create and retain permanent jobs for low and moderate income City residents. The City

Department of Planning and Community Development and a five-member Loan Review Committee serve as an independent administrative board and are responsible for administering the revolving loan fund. Since the program's inception over twenty years ago, twenty-four viable inquiries have been made, thirteen full applications have been received and eight applicants were approved for funding.

The City of Ashtabula also has one of the finest harbors on the Great Lakes. In terms of tonnage shipped in and out, Ashtabula is one of the largest coal and iron ore ports on the Great Lakes. The facility uses a coal loader, which is the newest and best of its kind on the Lakes. The Port of Ashtabula generally receives more iron ore and rubber than any other lake port and ships out tremendous quantities of coal. The entire harbor is dredged and canalized to the highest Great Lakes' standards, enabling the docks to serve vessels of any size.

The Port of Ashtabula has also become a fisherman's paradise. The walleye-fishing boom out of Ashtabula has exceeded all expectations. Walleye fishing has been the best the City has seen since the late 1980's. The Port of Ashtabula is one of the area's most valuable assets. A river restoration project was started to enhance the fish habitat in hopes of establishing new spawning grounds for the Rainbow Trout and other species that utilize the Ashtabula River. A dredging project that was completed in late fall of 2008 has provided a twelve-foot deep river and removed all remaining toxins in the river soils. With the growth of recreational boating on the river and on Lake Erie, the number of boats docked at marinas on the river has grown from 150, nine years ago, to over 1,000 today. Most marinas' dock space is filled to capacity. The dredging of the Ashtabula River resulted in more available dock space for this growing recreational activity. Another asset of the project is to once again allow the coal and iron freighters to load to capacity making the Port of Ashtabula more attractive to all vessels wanting to use our port.

The Ashtabula Harbor area is host to the Beach Glass Festival held in June, Wine and Walleye Festival held in August of each year as well as Bands at the Beach all summer long. There is a fishing tournament which has over 100 boats participate, a wine tasting event, and foods of many varieties including perch and walleye being deep fried right outdoors. The crowds are huge and many people enjoy the festivals.

In July of 2011, the Ashtabula Downtown Development Association (ADDA) hosted the first Multi-Cultural Festival to celebrate the diversity of Ashtabula's residents. Complete with an ethnic parade, music, exhibits and food from the various cultures, the day was filled many new experiences. This event was so well received by the community that the 2012 event was expanded to two days.

The City maintains ten public parks; two are located on the lakefront and are popular bathing and amusement resorts during the summer season. Lake Shore Park offers a picnic pavilion, a swimming area, new boat launching ramps, and new beach facilities. Walnut Beach Bathhouse, a brick structure that houses spacious dressing rooms equipped with showers, is free to the public. Food and soft drinks are served at a modern lunch counter and are available during the summer. The extensive facilities with sandy beaches make this resort one of the most attractive swimming and recreation areas on Lake Erie.

The Walnut Beach area comprises approximately twenty-two acres with one thousand feet of Lake Erie frontage. This area is important to the City as a prime site for recreation, accommodating over a thousand boats yearly from the Ashtabula River and adjacent marinas. A roped-off swimming area, with anchor docking, does make Walnut Beach attractive to the fast growing boating population. To enhance the area, a revitalization program to clean the beach area continues. Improvements to the existing bathhouse, the building of more pavilions, the construction of a public docking facility, repairs to the boardwalk and additional lighting continue to be implemented. The City has approval to use revolving loan funds for the concession building rehabilitation.

Private donations are accepted to help accelerate the planned improvements. These improvements will result in extended boating and swimming hours and a longer season for tourists and the citizens of Ashtabula to enjoy Walnut Beach, a beautiful natural resource. Bands on the Beach events draw many residents and visitors to the beach during the summer.

The largest employer in the City is the Ashtabula County Medical Center (ACMC), an affiliate of Cleveland Clinic. With over 1,000 employees it is by far the largest medical facility in the county and surrounding area. In a recent study by HealthGrades, a leading healthcare ratings group, ACMC's emergency medicine care is in the top five percent in the nation.

The chief industries of the City and surrounding territory are manufacturing, agriculture, dairying, coal, iron ore, rubber and transportation, including shipping. Industries such as Molded Fiber Glass, which began in 1948, today produce compression molded parts with over 300 employees at two Ashtabula plants. The "sandwich" of plastic, resin, glass, resin and plastic is about 30 times stronger than normal plastic. MFG Body Company was the original molder of the Corvette (in 1953), but today automotive is only one part of its business. In 2012, Chromaflo Technologies Corporation the largest independent global colorant provider to the Coatings and Thermoset Plastics markets, created by the integration of Colortrend and Plasticolors a business already located in the City announced the location of their headquarters in the City.

City residents purchase water service from the Aqua Ohio Water Company. The daily average water pumpage is 6,525,000 gallons. The FirstEnergy/Illuminating Company provides electricity. The newest electrical generating facility available to FirstEnergy is the Perry Nuclear Power Plant, which is located approximately twenty-five miles from Ashtabula. Natural gas is supplied by the Dominion East Ohio Gas Company, which has over eight hundred miles of gas lines in the City. Windstream Western Reserve provides local telephone service, and Time Warner provides cable television services.

Major Initiatives

Street resurfacing and repair on some of Ashtabula's streets took place during 2012 as well as sidewalk replacement along Lake Avenue Phase II of the rehabilitation of the existing West Avenue overpass which spans the main CSX railroad lines will commence in 2013. The City's share of the cost is \$457,000 with the total project cost in excess of 2 million dollars; the balance funded by federal funds.

The Wastewater Treatment Plant's Chemical Feed building repairs were completed in 2012; costing approximately \$400,000. The Chemical Feed Building rehab was funded through Ohio Public Works Commission grant/loan programs. Sewer improvement projects continue with the West 9th Street Tributary Project at a cost of \$495,700. The Ohio Public Works Commission will fund 50 percent of the project with a local match of 50 percent or \$247,850.

With the use of Community Development Block Grant funds, the Division of Housing and Community Development continued its efforts to rehabilitate the existing housing inventory in the City. Through the Comprehensive Neighborhood Revitalization Program, houses are demolished after each structure is determined to be functionally deteriorated to the degree that rehabilitation was not financially feasible; the houses are dangerous to the public and produce an extreme blight to the community. These activities contribute to the health and safety of the community through rehabilitation and code enforcement efforts. The programs offered and administered by the Division of Planning and Community Development demonstrates the City's commitment to safe, decent and sanitary housing within the community.

The Fire Department answered 1,733 alarms in 2012, a slight increase from 1,447 in 2011. These are attributed to EMS calls. There were 45 structure fires in 2012, down 11 from 2010. The Fire Division became a full partner in the City's EMS system, responding to over 700 ambulance calls, transporting over 560 patients and collecting over \$114,000.

The Sanitation Department services approximately 7,000 households and 160 commercial accounts per week. Pick-up is mandatory for all residents, and businesses have the option of City pick-up or a private hauler. The City contracted with Waste Management for landfill costs of \$594,000 for the rubbish collected by our trucks and the rubbish collected at our transfer station.

The City constructed a state-of-the-art-recycling center with grant monies from the Ashtabula County Solid Waste District. This center will handle all types of recyclables. The goal for the recycling center is to reduce the tonnage that is hauled to the landfill and reduce the amount of Waste Management landfill fees paid during the year. In 2012, the City utilized a tire recycling grant to offer a tire amnesty day.

The Police Department, in conjunction with a Homeland Security grant, received a boat to be able to assist the US Coast Guard in patrolling our coastline. The grant also provided for salary reimbursement of our officers. In 2012, the Police Department purchased 14 mobile data transmitters for the police cars with a federally funded grant. Crime and drug related offenses in our City are a top priority for the administration. The department is diligent in finding available grant funding for equipment and personnel annually. Any increased funding allows more officers on the streets, all the time.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ashtabula, Ohio, for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2011. This was the City of Ashtabula's twenty-fifth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

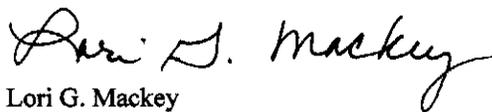
The preparation of this report depends on the contributions of many dedicated employees. Our gratitude of those primarily responsible for its completion is extended to all contributors, especially the employees in the Auditor's office who have spent their time and energy on various parts of the project and to the Local Government Services Section of Auditor of State's office for their assistance in the organization and final review of our 2012 Comprehensive Annual Financial Report. A sincere thank you to former Deputy City Auditor Karen Jury; her efforts prior to retirement ensured the timely and successful completion of the 2012 CAFR.

In addition, we would like to thank the members of City Council and to the Administration whose continued support is necessary for the City of Ashtabula to conform to reporting requirements established for municipal governments. We would also like to thank the residents and taxpayers of the City of Ashtabula for entrusting us with the administration of their local government.

Respectfully submitted,



Dana D. Pinkert
Ashtabula City Auditor



Lori G. Mackey
Ashtabula City Treasurer

City of Ashtabula, Ohio

List of Principal Officials

December 31, 2012

City Council

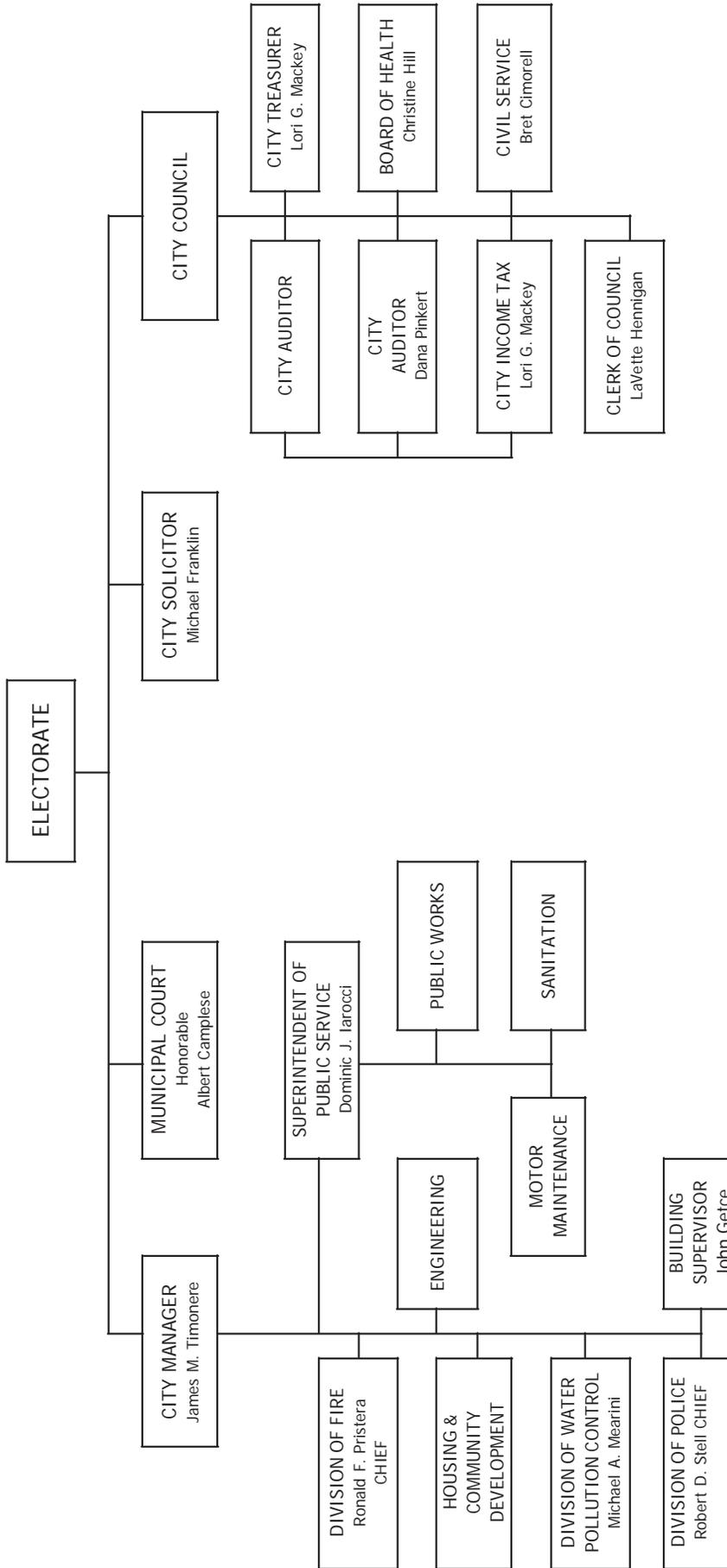
J P Ducro..... President
Christopher McClure Vice President
Richard F. Balog..... Ward I
August Pugliese Ward II
Ann Stranman Ward III
Julie Lattimer Ward IV
James Trisket Ward V
LaVette E. Hennigan..... Clerk of Council

City Officials

Albert S. Camplese Municipal Court Judge
James M Timonere..... City Manager
Michael Franklin..... City Solicitor
Dominic J. Iarocci..... Superintendent of Public Works and Sanitation
Dana Pinkert..... City Auditor
Lori G. Mackey..... City Treasurer
Michael A. Mearini..... Superintendent of Wastewater Treatment Plant
Ronald F. Pristera Chief of Fire
Robert D. Stell Chief of Police

CITY OF ASHTABULA, OHIO
 ORGANIZATIONAL CHART

December 31, 2012



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Ashtabula
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Moynell

President

Jeffrey R. Egan

Executive Director

FINANCIAL SECTION



6400 Olde Stone Crossing
Poland, Ohio 44514
Ph: 330.707.9035
Fax: 888.516.1186

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

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

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

Opinion

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

Emphasis of Matter

As described in Note 3 to the financial statements, during 2012, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No.63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The financial section's combining statements, individual fund statements and schedules, are management's responsibility, and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Canter & Associates
Poland, Ohio

June 27, 2013

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City of Ashtabula, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

The discussion and analysis of The City of Ashtabula's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2012. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, and the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

- ◆ During 2012, the City purchased 14 mobile data transmitters for the police cruisers and completed facility improvements to the public works building and dispatch center. In addition, several street improvements were completed throughout the City.
- ◆ During 2012, the City received formula grant funds to complete a sidewalk project along Lake Avenue. In addition, the City demolished 12 houses with funding from Neighborhood Stabilization Grant money.
- ◆ Chromaflo Technologies Corporation, the largest independent global colorant and provider to the Coatings and Thermoset Plastics markets, was created by the integration of Colortrend and Plasticolor. This business already located in the City, announced moving the location of their headquarters to the City of Ashtabula.
- ◆ The City is committed to providing the Citizens of Ashtabula with the highest quality of services while maintaining efficiency and cost effectiveness. The City is not immune to the current economic conditions and continues to work diligently to operate within the limitations of the annual budget.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of Ashtabula as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

Reporting the City of Ashtabula as a Whole

Statement of Net Position and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and ask the question, "Is the City as a whole better off or worse off as a result of the year's activities during 2012?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector companies. The accrual basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

City of Ashtabula, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

These two statements report the City's net position and the changes in that position. This change in net position is important because it tells the reader whether the City as a whole and its financial position has improved or diminished. However, in evaluating the overall net position of the City, non financial information such as changes in the City's tax base and the condition of City capital assets will also need to be evaluated.

In the Statement of Net Position and the Statement of Activities, the City is divided into three kinds of activities:

- ◆ **Governmental Activities** - Most of the City's services are reported here including police, fire, administration, and all departments with the exception of our Wastewater Treatment Plant and the Sanitation Facility.
- ◆ **Business-Type Activities** - These services have a charge based upon usage. The City charges fees to recoup the cost of the entire operations of our Wastewater Treatment Plant as well as all capital expenses associated with the facility. The City also charges a fee for residential and commercial trash pickup. The Sanitation facility's operations are covered by these fees.
- ◆ **Component Unit** - The City includes the Ashtabula Port Authority in its report. Although legally separate, this component unit is important because it is fiscally dependent on the City.

Reporting the City of Ashtabula's Most Significant Funds

Fund Financial Statements

The analysis of the City's major funds begins on page 10. Fund financial reports provide detailed information about the City's major funds. Based on restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Ashtabula, our major funds are the general, community development block grant, street maintenance and repair, debt service, and permanent improvement.

Governmental Funds Most of the City's activities are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our residents. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. Internal service funds are used to report activities that provide services to the City's other funds and departments.

City of Ashtabula, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

The City of Ashtabula as a Whole

Recall that the Statement of Net Position looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2012 compared to 2011.

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and Other Assets	\$7,884,748	\$8,427,256	\$3,150,208	\$2,872,829	\$11,034,956	\$11,300,085
Capital Assets	26,465,709	27,550,052	13,986,171	14,137,741	40,451,880	41,687,793
<i>Total Assets</i>	<u>34,350,457</u>	<u>35,977,308</u>	<u>17,136,379</u>	<u>17,010,570</u>	<u>51,486,836</u>	<u>52,987,878</u>
Liabilities						
Current and Other Liabilities	609,268	473,018	150,324	246,306	759,592	719,324
Long-Term Liabilities						
Due Within One Year	1,221,722	1,430,660	673,921	664,960	1,895,643	2,095,620
Due in More Than One Year	1,818,603	2,004,665	2,235,492	2,790,572	4,054,095	4,795,237
<i>Total Liabilities</i>	<u>3,649,593</u>	<u>3,908,343</u>	<u>3,059,737</u>	<u>3,701,838</u>	<u>6,709,330</u>	<u>7,610,181</u>
Deferred Inflows of Resources	<u>1,738,895</u>	<u>1,664,994</u>	<u>0</u>	<u>0</u>	<u>1,738,895</u>	<u>1,664,994</u>
Net Position						
Invested in Capital Assets, Net of Related Debt	26,144,204	27,040,775	11,545,705	11,224,236	37,689,909	38,265,011
Restricted for:						
Capital Projects	1,038,535	996,559	0	0	1,038,535	996,559
Debt Service	103,521	108,509	0	0	103,521	108,509
Community Development	768,002	546,108	0	0	768,002	546,108
Street Maintenance and Repair	180,727	154,647	0	0	180,727	154,647
Public Safety	230,784	389,697	0	0	230,784	389,697
Municipal Court	84,473	102,650	0	0	84,473	102,650
Other Purposes	19,915	102,874	0	0	19,915	102,874
Unrestricted	391,808	962,152	2,530,937	2,084,496	2,922,745	3,046,648
<i>Total Net Position</i>	<u>\$28,961,969</u>	<u>\$30,403,971</u>	<u>\$14,076,642</u>	<u>\$13,308,732</u>	<u>\$43,038,611</u>	<u>\$43,712,703</u>

Net position for governmental activities saw a decrease in 2012. Current liabilities increased due to wage increases with new union contract agreements. The City's capital assets in the governmental activities decreased during 2012. These capital assets however reflect major street improvements, the purchase of 14 mobile data transmitters and facility improvements. Current liabilities decreased as the City continued to pay down loans and employee retirements as well as reducing the amount of compensated absences.

The net position of the City's business type activities increased in 2012. Current assets increased as cash increased due to collecting accounts receivable carried over from 2011. With the usage rates generating revenue which reasonably matches operating expenses and most capital expenditures annually, the financial condition of the business type activities is relatively constant.

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

(Table 2)
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues						
Charges for Services	\$1,875,273	\$1,695,250	\$5,092,657	\$4,856,636	\$6,967,930	\$6,551,886
Operating Grants, Contributions and Interest	2,029,824	1,123,440	0	0	2,029,824	1,123,440
Capital Grants and Contributions	13,250	3,758,972	630,308	40,000	643,558	3,798,972
Total Program Revenues	3,918,347	6,577,662	5,722,965	4,896,636	9,641,312	11,474,298
General Revenues						
Property Taxes	1,665,209	1,959,443	0	0	1,665,209	1,959,443
Income Taxes	5,704,019	6,567,461	0	0	5,704,019	6,567,461
Grants and Entitlements	811,927	1,127,596	0	0	811,927	1,127,596
Investment Earnings	190	144	0	0	190	144
Franchise Fees	252,342	273,773	0	0	252,342	273,773
Gain on Sale of Capital Assets	0	22,500	0	0	0	22,500
Other	113,856	62,855	9,975	0	123,831	62,855
Total General Revenues	8,547,543	10,013,772	9,975	0	8,557,518	10,013,772
Total Revenues	12,465,890	16,591,434	5,732,940	4,896,636	18,198,830	21,488,070
Program Expenses						
General Government						
Legislative and Executive	2,821,885	2,792,923	0	0	2,821,885	2,792,923
Judicial System	995,974	1,084,083	0	0	995,974	1,084,083
Security of Persons and Property						
Police	3,372,417	3,548,942	0	0	3,372,417	3,548,942
Fire	2,687,460	2,874,864	0	0	2,687,460	2,874,864
Public Health Services	334,693	328,577	0	0	334,693	328,577
Street Maintenance and Repairs	2,529,822	4,237,406	0	0	2,529,822	4,237,406
Housing and Community						
Development	1,012,690	1,002,021	0	0	1,012,690	1,002,021
Sanitation Services	38,831	116,525	0	0	38,831	116,525
Leisure Time Activities	68,873	24,655	0	0	68,873	24,655
Interest and Fiscal Charges	5,972	23,355	0	0	5,972	23,355
Sanitation	0	0	1,943,508	1,788,036	1,943,508	1,788,036
Wastewater Treatment	0	0	3,060,797	3,664,845	3,060,797	3,664,845
Total Expenses	\$13,868,617	\$16,033,351	\$5,004,305	\$5,452,881	\$18,872,922	\$21,486,232

City of Ashtabula, Ohio
Management's Discussion and Analysis
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Unaudited

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<i>Increase (Decrease) in Net Assets</i>						
<i>Before Special Item and Transfers</i>	(\$1,402,727)	\$558,083	\$728,635	(\$556,245)	(\$674,092)	\$1,838
Special Item - Capital Contribution	0	7,922,279	0	0	0	7,922,279
Transfers	(39,275)	0	39,275	0	0	0
<i>Total Special Item and Transfers</i>	<u>(39,275)</u>	<u>7,922,279</u>	<u>39,275</u>	<u>0</u>	<u>0</u>	<u>7,922,279</u>
<i>Change in Net Assets</i>	(1,442,002)	8,480,362	767,910	(556,245)	(674,092)	7,924,117
<i>Net Position Beginning of Year -</i>						
<i>Restated (See Note 3)</i>	<u>30,403,971</u>	<u>21,923,609</u>	<u>13,308,732</u>	<u>13,864,977</u>	<u>43,712,703</u>	<u>35,788,586</u>
<i>Net Position End of Year</i>	<u>\$28,961,969</u>	<u>\$30,403,971</u>	<u>\$14,076,642</u>	<u>\$13,308,732</u>	<u>\$43,038,611</u>	<u>\$43,712,703</u>

Governmental Activities

Several revenue sources fund our Governmental Activities with the City income tax being the biggest contributor at 45 percent of program and general revenues. The income tax rate of 1.8 percent was renewed by a vote of our citizens in May of 2007 and renewed once again in May of 2010. The renewal will be in effect thru December 31, 2013. In April of 2012, the voter approved reduction of the income tax credit to a 50 percent tax credit for residents working outside the City went into effect; residents previously received a 100 percent credit against their tax liability to the City. This is significant as the City income tax funds approximately 58 percent of all expenses in the Governmental Activities.

Income taxes received during the year decreased primarily due to the to the City's efforts in 2011 to collect delinquent taxes. The City saw the income tax collections decrease by \$863,442 or approximately 13 percent in 2012. There was also a decrease in general revenue grants and entitlements as the City's share of local government funds was reduced by the State of Ohio. The charges for services increased in 2012 as a result of implementing charges for emergency management services and street lighting.

Business-Type Activities

The City's business-type activities include the Wastewater Treatment Facility and the Sanitation Facility. The Wastewater Treatment Facility receives no support from tax revenues. This plant treats sewage from the City of Ashtabula and surrounding townships. This facility generated charges for service revenues of \$3,142,336 and had expenses of \$3,060,797 during 2012. The City continues looking at ways to improve cash flow by reducing costs of operation. The City doesn't have the option of discontinuing sewer service for nonpayment; the water is provided by a privately owned company. Delinquent sewer bills are certified to the County Auditor for assessment as part of the property tax bill. The City has been able to keep sewer rates low because of increased revenues from additional flow from new construction of businesses and homes in our area.

The Sanitation Facility receives charges for service revenue from residential rubbish pickup, commercial containers and from individuals dumping at the transfer station. In 2012, the facility generated revenues of \$1,950,321 and expenses of \$1,943,508. The cost of landfill fees was in excess of \$500,000 for 2012; recycling is encouraged as an effort to keep such landfill costs low. Delinquent trash bills are certified to the County Auditor for assessment on the property tax bill. Build up of trash creates a health hazard and blight to the neighborhoods therefore the residential trash collection service is not discontinued for lack of payment.

City of Ashtabula, Ohio
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For the Year Ended December 31, 2012
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The City's Funds

As of December 31, 2012, the City's governmental funds reported a combined fund balance of \$2,352,071. Of that amount, \$490,784 represents unassigned fund balances, which is available for spending at the City's discretion and \$126,857 is nonspendable because it has already been allocated to liquidate contracts and purchases of the prior period. The remaining \$1,734,430 fund balance is reported as restricted, committed or assigned to indicate that it is not available for new spending because it has already been restricted, committed or assigned to a specified purpose or it cannot be used to liquidate future liabilities because it will not be in a spendable form in the next year. Information about the City's major governmental funds begins on page 18. These funds are accounted for using the modified accrual basis of accounting.

The City's major governmental funds are the general fund, two special revenue funds; community development block grant and street maintenance and repair as well as the debt service fund and the permanent improvement capital projects fund. The general fund realized an increase in fund balance during the year with revenues exceeding expenditures by \$391,385 in 2012. This is largely due to the City closely monitoring their spending as well as implementing cost saving measures.

The community development block grant revenues exceeded expenditures by \$143,107 in 2012. Primarily due to unspent grant funds to be used for future projects. Grant money was used to demolish a number of homes throughout the City in 2012 and will continue throughout 2013. The street maintenance and repair fund saw a decrease in fund balance during the year due to increased operating expenses while the permanent improvement capital projects fund increased by \$427,868 due to leveraging City fund's against grant funds for capital improvements. The debt service fund saw a slight increase in fund balance during the year while still being able to pay down long term obligations.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. During 2012, the City amended its general fund budget several times, none significant.

All recommendations for a budget change come from the City Auditor to the Finance and Ordinance committee of Council for review before going to the whole council for ordinance enactment on the change. The City does allow small intra-fund budget changes that modify line items within departments within the same fund. With the general fund supporting many of our major activities such as our police and fire departments as well as most legislative and executive activities the general fund is monitored closely looking for possible revenue shortfalls or over spending by individual departments.

City of Ashtabula, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Capital Assets and Debt Administration

Capital Assets

Table 3
 Capital Assets at December 31, 2012

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Capital Assets, Non Depreciable						
Land	\$1,972,568	\$1,972,568	\$86,863	\$86,863	\$2,059,431	\$2,059,431
Construction in Progress	75,542	223,494	37,988	372,548	113,530	596,042
Total Capital Assets, Non Depreciable	2,048,110	2,196,062	124,851	459,411	2,172,961	2,655,473
Capital Assets, Being Depreciated						
Buildings and Improvements	10,802,212	10,752,782	8,047,439	7,610,405	18,849,651	18,363,187
Equipment	2,582,637	2,584,021	2,404,191	2,365,127	4,986,828	4,949,148
Vehicles	2,977,315	3,094,492	1,308,125	1,415,975	4,285,440	4,510,467
Furniture and Fixtures	5,200	5,200	0	0	5,200	5,200
Infrastructure						
Bridges	15,069,086	15,069,086	0	0	15,069,086	15,069,086
Roads	11,485,066	11,318,170	0	0	11,485,066	11,318,170
Storm Sewers	2,543,996	2,533,404	0	0	2,543,996	2,533,404
Traffic Lights	551,036	563,138	0	0	551,036	563,138
Sanitary Sewers	0	0	14,700,324	14,444,633	14,700,324	14,444,633
Total Capital Assets, being Depreciated	46,016,548	45,920,293	26,460,079	25,836,140	72,476,627	71,756,433
Accumulated Depreciation	(21,598,949)	(20,566,303)	(12,598,759)	(12,157,810)	(34,197,708)	(32,724,113)
Total Capital Assets, Depreciable, Net	24,417,599	25,353,990	13,861,320	13,678,330	38,278,919	39,032,320
Total Capital Assets	\$26,465,709	\$27,550,052	\$13,986,171	\$14,137,741	\$40,451,880	\$41,687,793

The primary increases in governmental capital assets occurred in infrastructure improvements. These improvements were part of the City's long-term goal of completely rebuilding the infrastructure of our City from our roads and bridges through storm and sanitary sewers. The City of Ashtabula aggressively seeks grant dollars and leverages dollars designated for permanent improvements for matching funds.

The major projects during 2012 were our street paving and improvements projects, which cost approximately \$349,394, and replacement of the Public Works building roof for \$37,800. In addition, the City received a grant for \$90,000 to purchase mobile data transmitters for the police cruisers. The City demonstrates a strong commitment to recreation with continued work on Smith Field, Walnut Beach and other playgrounds in the City.

The increase in capital assets in business-type activities was primarily in the Wastewater Treatment Department. As part of the City's plan to renovate and upgrade the entire plant within ten years, the rehabilitation of the chemical feed building was completed; the air conditioning unit was replaced and a rubber roof system was installed. In addition, approximately \$30,000 was expended for sewer system collection repairs.

See Note 13 for additional information about the City's capital assets.

City of Ashtabula, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Debt

Table 4
 Outstanding Long-term Liabilities at Year End

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General Obligation Bonds	\$160,944	\$319,257	\$0	\$0	\$160,944	\$319,257
Special Assessments:						
OPWC Loan - Harbor Heights	73,369	83,151	0	0	73,369	83,151
Claims Payable	403,706	478,903	0	0	403,706	478,903
Capital Leases Payable	87,192	106,869	141,391	173,149	228,583	280,018
Compensated Absences	2,315,114	2,447,145	468,947	542,027	2,784,061	2,989,172
OPWC Loans:						
Morton Drive Siphon	0	0	174,476	183,659	174,476	183,659
Michigan Avenue/EQ Basin	0	0	400,000	425,000	400,000	425,000
Phase II Chemical Feed Building	0	0	30,828	0	30,828	0
KeyCorp Loan	0	0	50,000	100,000	50,000	100,000
OWDA Loan	0	0	519,076	653,580	519,076	653,580
EQ Basin Loan	0	0	1,124,695	1,378,117	1,124,695	1,378,117
Total Outstanding Debt	\$3,040,325	\$3,435,325	\$2,909,413	\$3,455,532	\$5,949,738	\$6,890,857

The OPWC Loan – Harbor Heights is secured by future collections of special assessments. The Harbor Heights residents have agreed to be assessed on their property taxes for a 20 year period commencing January 1, 1999 and ending July 2018. In the event that the benefited property owner would fail to pay the assessment, payment would be made by the City.

The amount due to the Ohio Public Works Commission and the Ohio Water Development Authority as well as the EQ Basin Loan are paid by sewer revenues collected from the users as part of their normal sewer bill.

The City's overall legal debt margin was \$23,110,789 at December 31, 2012. See Note 15 for additional information about the City's long-term debt.

Current Related Financial Activities

The City of Ashtabula has continued to maintain the highest standards of services to the Citizens of Ashtabula while diligently planning expenses, to stay within the City's revenues. As with all cities in the State of Ohio, State funding issues are constantly monitored to determine the impact on the City. As the preceding information shows, the City is heavily reliant on income and property taxpayers. Additional revenues must not be treated as a windfall to expand programs but as an opportunity to extend the time horizon of the life of the levies. All of the City's financial abilities will be needed to meet the challenges of the future.

The City of Ashtabula is in a period posing both significant challenges and opportunities. Management is committed to working with all stakeholders to craft solutions that will most effectively use the available resources to continue to provide excellent services to the residents of the City.

City of Ashtabula, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Dana Pinkert, Ashtabula City Auditor, 4717 Main Avenue, Ashtabula, Ohio 44004, telephone 440-992-7107, or e-mail at auditor@cityofashtabula.com.

Basic Financial Statements

City Of Ashtabula, Ohio

Statement of Net Position

December 31, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,151,143	\$192,638	\$2,343,781	\$0
Cash and Cash Equivalents in Segregated Accounts	85,777	0	85,777	353,374
Accounts Receivable	389,666	2,910,363	3,300,029	0
Accrued Interest	0	0	0	3,593
Intergovernmental Receivable	1,447,352	0	1,447,352	39,697
Materials and Supplies Inventory	36,155	30,540	66,695	0
Prepaid Items	71,212	16,667	87,879	0
Due from Component Unit	66,883	0	66,883	0
Loans Receivable	13,825	0	13,825	0
Property Taxes Receivable	2,243,202	0	2,243,202	0
Income Taxes Receivable	1,320,054	0	1,320,054	0
Special Assessments Receivable	59,479	0	59,479	0
Capital Assets, Nondepreciable	2,048,110	124,851	2,172,961	1,890,222
Capital Assets, Depreciable, Net	24,417,599	13,861,320	38,278,919	259,356
<i>Total Assets</i>	<u>34,350,457</u>	<u>17,136,379</u>	<u>51,486,836</u>	<u>2,546,242</u>
Liabilities				
Accounts Payable	141,458	19,003	160,461	0
Contracts Payable	27,455	35,687	63,142	0
Accrued Wages	146,296	41,511	187,807	378
Intergovernmental Payable	284,682	0	284,682	110,000
Deposits Held and Due to Others	2,463	23,802	26,265	0
Accrued Interest Payable	6,914	30,321	37,235	0
Due to Primary Government	0	0	0	66,883
Long-Term Liabilities:				
Due Within One Year	1,221,722	673,921	1,895,643	62,804
Due Within More Than One Year	1,818,603	2,235,492	4,054,095	448,543
<i>Total Liabilities</i>	<u>3,649,593</u>	<u>3,059,737</u>	<u>6,709,330</u>	<u>688,608</u>
Deferred Inflows of Resources				
Property Tax	1,738,895	0	1,738,895	0
Net Position				
Net Investment in Capital Assets	26,144,204	11,545,705	37,689,909	1,598,318
Restricted for:				0
Capital Projects	1,038,535	0	1,038,535	0
Debt Service	103,521	0	103,521	0
Community Development	768,002	0	768,002	0
Street Maintenance and Repair	180,727	0	180,727	0
Public Safety	230,784	0	230,784	0
Municipal Court	84,473	0	84,473	0
Other Purposes	19,915	0	19,915	0
Unrestricted	391,808	2,530,937	2,922,745	259,316
<i>Total Net Position</i>	<u>\$28,961,969</u>	<u>\$14,076,642</u>	<u>\$43,038,611</u>	<u>\$1,857,634</u>

See accompanying notes to the basic financial statements

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

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities				
General Government:				
Legislative and Executive	\$2,821,885	\$414,538	\$0	\$13,250
Judicial System	995,974	258,606	0	0
Security of Persons and Property:				
Police	3,372,417	468,505	206,181	0
Fire	2,687,460	358,161	30,367	0
Public Health Services	334,693	102,777	12,508	0
Street Maintenance and Repairs	2,529,822	27,539	817,848	0
Housing and Community Development	1,012,690	243,585	962,920	0
Sanitation Services	38,831	0	0	0
Leisure Time Activities	68,873	1,562	0	0
Interest and Fiscal Charges	5,972	0	0	0
<i>Total Governmental Activities</i>	<u>13,868,617</u>	<u>1,875,273</u>	<u>2,029,824</u>	<u>13,250</u>
Business-Type Activities				
Sanitation	1,943,508	1,950,321	0	5,000
Wastewater Treatment	3,060,797	3,142,336	0	625,308
<i>Total Business-Type Activities</i>	<u>5,004,305</u>	<u>5,092,657</u>	<u>0</u>	<u>630,308</u>
<i>Total Primary Government</i>	<u>\$18,872,922</u>	<u>\$6,967,930</u>	<u>\$2,029,824</u>	<u>\$643,558</u>
Component Unit				
Ashtabula Port Authority	<u>\$165,309</u>	<u>\$23,272</u>	<u>\$26,466</u>	<u>\$32,089</u>

General Revenues

Property Taxes Levied for:

General Purposes

Fire and Police Pension

Capital Outlay

Income Taxes Levied for:

General Purposes

Capital Outlay

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Franchise Taxes

Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

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

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Unit
(\$2,394,097)	\$0	(\$2,394,097)	\$0
(737,368)	0	(737,368)	0
(2,697,731)	0	(2,697,731)	0
(2,298,932)	0	(2,298,932)	0
(219,408)	0	(219,408)	0
(1,684,435)	0	(1,684,435)	0
193,815	0	193,815	0
(38,831)	0	(38,831)	0
(67,311)	0	(67,311)	0
(5,972)	0	(5,972)	0
<u>(9,950,270)</u>	<u>0</u>	<u>(9,950,270)</u>	<u>0</u>
0	11,813	11,813	0
<u>0</u>	<u>706,847</u>	<u>706,847</u>	<u>0</u>
<u>0</u>	<u>718,660</u>	<u>718,660</u>	<u>0</u>
<u>(\$9,950,270)</u>	<u>\$718,660</u>	<u>(\$9,231,610)</u>	<u>\$0</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>(83,482)</u>
825,015	0	825,015	0
489,993	0	489,993	0
350,201	0	350,201	0
5,137,126	0	5,137,126	0
566,893	0	566,893	0
811,927	0	811,927	0
190	0	190	213
252,342	0	252,342	0
113,856	9,975	123,831	0
8,547,543	9,975	8,557,518	213
<u>(39,275)</u>	<u>39,275</u>	<u>0</u>	<u>0</u>
<u>8,508,268</u>	<u>49,250</u>	<u>8,557,518</u>	<u>213</u>
(1,442,002)	767,910	(674,092)	(83,269)
<u>30,403,971</u>	<u>13,308,732</u>	<u>43,712,703</u>	<u>1,940,903</u>
<u>\$28,961,969</u>	<u>\$14,076,642</u>	<u>\$43,038,611</u>	<u>\$1,857,634</u>

City of Ashtabula, Ohio

Balance Sheet

Governmental Funds

December 31, 2012

	General	Community Development Block Grant	Street Maintenance and Repair	Debt Service
Assets				
Equity in Pooled Cash and Cash Equivalents	\$313,184	\$288,678	\$8,728	\$50,285
Cash and Cash Equivalents In Segregated Accounts	75,784	0	0	0
Receivables:				
Property Taxes	1,129,406	0	0	0
Income Taxes	1,188,049	0	0	0
Accounts	140,335	74,959	93,487	0
Special Assessments	0	0	0	59,479
Intergovernmental Receivable	639,778	408,703	290,951	0
Materials and Supplies Inventory	13,431	0	19,644	0
Prepaid Items	49,526	0	2,521	0
Due from Component Unit		66,883	0	0
Loans Receivable		13,825	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	19,915	0	0	0
<i>Total Assets</i>	<u>\$3,569,408</u>	<u>\$853,048</u>	<u>\$415,331</u>	<u>\$109,764</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$59,134	\$71,627	\$4,332	\$0
Contracts Payable	27,455	0	0	0
Accrued Wages	128,161	1,707	15,316	0
Intergovernmental Payable	74,611	239	8,330	0
Interfund Payable	225,000	0	0	0
Deposits Held and Due to Others	0	0	0	0
<i>Total Liabilities</i>	<u>514,361</u>	<u>73,573</u>	<u>27,978</u>	<u>0</u>
Deferred Inflows of Resources				
Property Tax	875,437	0	0	0
Unavailable Revenue	1,534,820	376,385	287,454	59,479
<i>Total Deferred Inflows of Resources</i>	<u>2,410,257</u>	<u>376,385</u>	<u>287,454</u>	<u>59,479</u>
Fund Balances				
Nonspendable	82,872	0	22,165	0
Restricted	0	403,090	77,734	50,285
Committed	0	0	0	0
Assigned	70,852	0	0	0
Unassigned	491,066	0	0	0
<i>Total Fund Balances</i>	<u>644,790</u>	<u>403,090</u>	<u>99,899</u>	<u>50,285</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$3,569,408</u>	<u>\$853,048</u>	<u>\$415,331</u>	<u>\$109,764</u>

See accompanying notes to the basic financial statements

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

Permanent Improvement	Other Governmental Funds	Total Governmental Funds		
			Total Governmental Funds Balances	\$2,352,071
			<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$719,843	\$378,683	\$1,759,401	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	26,465,709
0	9,993	85,777		
484,258	629,538	2,243,202	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:	
132,005	0	1,320,054	Delinquent Property Taxes	\$504,307
7,178	73,707	389,666	Municipal Income Taxes	969,271
0	0	59,479	Intergovernmental	999,140
26,671	81,249	1,447,352	Fees, Licenses and Permits	23,152
0	3,080	36,155	Special Assessments	59,479
18,479	261	70,787	Charges for Services	168,445
0	0	66,883	Total	2,723,794
0	0	13,825		
0	0	19,915	Two internal service funds are used by management to charge the costs of insurance and workers' compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	
<u>\$1,388,434</u>	<u>\$1,176,511</u>	<u>\$7,512,496</u>	Net Assets	63,928
			Claims Payable	403,706
			Total	467,634
\$5,483	\$282	\$140,858	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(6,914)
0	0	27,455		
0	1,112	146,296	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	
0	72,484	155,664	General Obligation Bonds	(160,944)
0	0	225,000	Special Assessments	(73,369)
0	2,463	2,463	Capital Lease	(87,192)
5,483	76,341	697,736	Compensated Absences	(2,315,114)
			Claims Payable	(403,706)
375,416	488,042	1,738,895	Total	(3,040,325)
232,440	233,216	2,723,794		
607,856	721,258	4,462,689	<i>Net Assets of Governmental Activities</i>	<u><u>\$28,961,969</u></u>
18,479	3,341	126,857		
756,616	187,757	1,475,482		
0	188,096	188,096		
0	0	70,852		
0	(282)	490,784		
775,095	378,912	2,352,071		
<u>\$1,388,434</u>	<u>\$1,176,511</u>	<u>\$7,512,496</u>		

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

	General	Community Development Block Grant	Street Maintenance and Repair	Debt Service
Revenues				
Property Taxes	\$865,814	\$0	\$0	\$0
Municipal Income Tax	5,448,549	0	0	0
Charges for Services	594,662	0	6,506	0
Licenses and Permits	58,450	0	0	0
Fines and Forfeitures	617,619	0	0	0
Intergovernmental	1,334,699	949,143	779,606	0
Special Assessments	0	0	0	9,843
Interest	175	0	15	0
Rentals	169,002	0	0	0
Franchise Taxes	257,048	0	0	0
Other	92,400	1,212	0	0
<i>Total Revenues</i>	<u>9,438,418</u>	<u>950,355</u>	<u>786,127</u>	<u>9,843</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	2,575,824	0	0	296
Judicial System	923,611	0	0	0
Security of Persons and Property:				
Police	2,931,024	0	0	0
Fire	2,218,522	0	0	0
Public Health Services	175,169	0	0	0
Street Maintenance and Repairs	186,270	0	1,075,351	0
Housing and Community Development	4,781	807,248	0	0
Sanitation Services	12,000	0	0	0
Leisure Time Activities	0	0	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	19,677	0	0	168,095
Interest and Fiscal Charges	155	0	0	8,995
<i>Total Expenditures</i>	<u>9,047,033</u>	<u>807,248</u>	<u>1,075,351</u>	<u>177,386</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>391,385</u>	<u>143,107</u>	<u>(289,224)</u>	<u>(167,543)</u>
Other Financing Sources (Uses)				
Transfers In	85,000	0	319,000	169,500
Transfers Out	(258,500)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(173,500)</u>	<u>0</u>	<u>319,000</u>	<u>169,500</u>
<i>Net Change in Fund Balances</i>	217,885	143,107	29,776	1,957
<i>Fund Balances Beginning of Year</i>	<u>426,905</u>	<u>259,983</u>	<u>70,123</u>	<u>48,328</u>
<i>Fund Balances End of Year</i>	<u>\$644,790</u>	<u>\$403,090</u>	<u>\$99,899</u>	<u>\$50,285</u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$963,750	\$963,750	\$865,814	(\$97,936)
Municipal Income Tax	5,331,868	5,349,448	5,308,046	(41,402)
Charges for Services	644,600	646,100	538,044	(108,056)
Licenses and Permits	55,100	56,850	30,175	(26,675)
Fines and Forfeitures	756,830	779,830	619,870	(159,960)
Intergovernmental	1,069,017	1,098,617	1,245,190	146,573
Interest	100	100	175	75
Rentals	157,200	157,200	169,002	11,802
Francise Fees	195,000	195,000	206,116	11,116
Other	112,600	139,100	79,912	(59,188)
<i>Total Revenues</i>	<u>9,286,065</u>	<u>9,385,995</u>	<u>9,062,344</u>	<u>(323,651)</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	2,592,975	2,709,873	2,592,943	116,930
Judicial System	1,077,498	960,072	916,057	44,015
Security of Persons and Property:				
Police	2,830,418	2,956,303	2,905,843	50,460
Fire	2,269,564	2,312,871	2,211,058	101,813
Public Health Services	185,676	186,189	174,507	11,682
Street Maintenance and Repairs	207,591	207,663	186,270	21,393
Sanitation Services	46,066	16,529	12,000	4,529
<i>Total Expenditures</i>	<u>9,209,788</u>	<u>9,349,500</u>	<u>8,998,678</u>	<u>350,822</u>
<i>Excess of Revenues Over Expenditures</i>	<u>76,277</u>	<u>36,495</u>	<u>63,666</u>	<u>27,171</u>
Other Financing Sources (Uses)				
Advances Out	(25,000)	(25,000)	(25,000)	0
Transfers In	60,000	60,000	85,000	25,000
Transfers Out	(131,000)	(242,500)	(258,500)	(16,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(96,000)</u>	<u>(207,500)</u>	<u>(198,500)</u>	<u>9,000</u>
<i>Net Change in Fund Balance</i>	(19,723)	(171,005)	(134,834)	36,171
<i>Fund Balance Beginning of Year</i>	363,998	363,998	363,998	0
Prior Year Encumbrances Appropriated	49,260	49,260	49,260	0
<i>Fund Balance End of Year</i>	<u>\$393,535</u>	<u>\$242,253</u>	<u>\$278,424</u>	<u>\$36,171</u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Development Block Grant Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$1,230,967	\$1,305,967	\$979,295	(\$326,672)
Other	0	0	1,353	1,353
<i>Total Revenues</i>	1,230,967	1,305,967	980,648	(325,319)
Expenditures				
Current:				
Housing and Community Development	1,217,593	1,296,299	919,181	377,118
<i>Net Change in Fund Balance</i>	13,374	9,668	61,467	51,799
<i>Fund Balance Beginning of Year</i>	40,796	40,796	40,796	0
Prior Year Encumbrances Appropriated	2,585	2,585	2,585	0
<i>Fund Balance End of Year</i>	<u>\$56,755</u>	<u>\$53,049</u>	<u>\$104,848</u>	<u>\$51,799</u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Maintenance and Repair Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$8,927	\$21,250	\$8,106	(\$13,144)
Intergovernmental	759,000	759,000	732,495	(26,505)
Interest	0	0	15	15
<i>Total Revenues</i>	<i>767,927</i>	<i>780,250</i>	<i>740,616</i>	<i>(39,634)</i>
Expenditures				
Current:				
Street Maintenance and Repairs:				
Public Works	944,432	1,086,570	1,073,243	13,327
<i>Excess of Revenues Under Expenditures</i>	<i>(176,505)</i>	<i>(306,320)</i>	<i>(332,627)</i>	<i>(26,307)</i>
Other Financing Sources				
Transfers In	158,000	303,000	319,000	16,000
<i>Net Change in Fund Balance</i>	<i>(18,505)</i>	<i>(3,320)</i>	<i>(13,627)</i>	<i>(10,307)</i>
<i>Fund Balance Beginning of Year</i>	<i>12,697</i>	<i>12,697</i>	<i>12,697</i>	<i>0</i>
Prior Year Encumbrances Appropriated	5,997	5,997	5,997	0
<i>Fund Balance End of Year</i>	<i>\$189</i>	<i>\$15,374</i>	<i>\$5,067</i>	<i>(\$10,307)</i>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2012

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Enterprise Funds			
	Sanitation	Wastewater Treatment	Total	
Assets				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$162,039	\$30,599	\$192,638	\$371,827
Accounts Receivable	1,065,121	1,845,242	2,910,363	0
Interfund Receivable	0	0	0	548,172
Materials and Supplies Inventory	29,776	764	30,540	0
Prepaid Items	0	16,667	16,667	425
<i>Total Current Assets</i>	<u>1,256,936</u>	<u>1,893,272</u>	<u>3,150,208</u>	<u>920,424</u>
<i>Noncurrent Assets:</i>				
<i>Capital Assets:</i>				
Capital Assets, Nondepreciable	29,100	95,751	124,851	0
Capital Assets, Depreciable, Net	656,681	13,204,639	13,861,320	0
<i>Total Noncurrent Assets</i>	<u>685,781</u>	<u>13,300,390</u>	<u>13,986,171</u>	<u>0</u>
<i>Total Assets</i>	<u>1,942,717</u>	<u>15,193,662</u>	<u>17,136,379</u>	<u>920,424</u>
Liabilities				
<i>Current Liabilities:</i>				
Accounts Payable	1,224	17,779	19,003	600
Contracts Payable	0	35,687	35,687	0
Accrued Wages	16,415	25,096	41,511	0
Compensated Absences Payable	62,888	120,597	183,485	0
Intergovernmental Payable	8,549	15,253	23,802	129,018
Interfund Payable	0	0	0	323,172
Accrued Interest Payable	9,079	21,242	30,321	0
Claims Payable	0	0	0	253,706
Capital Leases Payable	33,133	0	33,133	0
Loans Payable	0	457,303	457,303	0
<i>Total Current Liabilities</i>	<u>131,288</u>	<u>692,957</u>	<u>824,245</u>	<u>706,496</u>
<i>Long-Term Liabilities (net of current portion):</i>				
Compensated Absences Payable	160,403	125,059	285,462	0
Claims Payable	0	0	0	150,000
Capital Leases Payable	108,258	0	108,258	0
Loans Payable	0	1,841,772	1,841,772	0
<i>Total Long-Term Liabilities</i>	<u>268,661</u>	<u>1,966,831</u>	<u>2,235,492</u>	<u>150,000</u>
<i>Total Liabilities</i>	<u>399,949</u>	<u>2,659,788</u>	<u>3,059,737</u>	<u>856,496</u>
Net Position				
Net Investment in Capital Assets	544,390	11,001,315	11,545,705	0
Unrestricted	998,378	1,532,559	2,530,937	63,928
<i>Total Net Position</i>	<u>\$1,542,768</u>	<u>\$12,533,874</u>	<u>\$14,076,642</u>	<u>\$63,928</u>

See accompanying notes to the basic financial statements

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

	Business-Type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Wastewater		Total	
	Sanitation	Treatment		
Operating Revenues				
Charges for Services	\$1,950,321	\$3,138,736	\$5,089,057	\$2,147,780
Tap-In Fees	0	3,600	3,600	0
Miscellaneous	4,121	5,854	9,975	4,364
<i>Total Revenues</i>	<u>1,954,442</u>	<u>3,148,190</u>	<u>5,102,632</u>	<u>2,152,144</u>
Operating Expenses				
Personal Services	1,319,002	1,590,110	2,909,112	0
Contractual Services	383,844	467,389	851,233	169,704
Materials and Supplies	157,179	421,551	578,730	0
Depreciation	71,905	502,033	573,938	0
Claims	0	0	0	2,096,474
<i>Total Operating Expenses</i>	<u>1,931,930</u>	<u>2,981,083</u>	<u>4,913,013</u>	<u>2,266,178</u>
<i>Operating Income (Loss)</i>	22,512	167,107	189,619	(114,034)
Non Operating Expenses				
Interest and Fiscal Charges	(11,578)	(79,714)	(91,292)	0
<i>Income (Loss) Before Capital Contributions and Transfers</i>	10,934	87,393	98,327	(114,034)
Capital Contributions	5,000	625,308	630,308	0
Transfers In	39,275	0	39,275	0
<i>Change in Net Position</i>	55,209	712,701	767,910	(114,034)
<i>Net Position Beginning of Year</i>	<u>1,487,559</u>	<u>11,821,173</u>	<u>13,308,732</u>	<u>177,962</u>
<i>Net Position End of Year</i>	<u>\$1,542,768</u>	<u>\$12,533,874</u>	<u>\$14,076,642</u>	<u>\$63,928</u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Enterprise Funds			
	Sanitation	Wastewater Treatment	Total	
<i>Increase (Decrease) In Cash and Cash Equivalents</i>				
Cash Flows from Operating Activities				
Cash Received from Customers	\$1,895,797	\$3,280,140	\$5,175,937	\$0
Cash Received from Tap-In Fees	0	3,600	3,600	0
Cash Received from Other Funds	0	0	0	2,159,300
Cash Payments Received from Other Operating Sources	4,121	5,854	9,975	4,364
Cash Payments for Employee Services and Benefits	(1,052,983)	(1,649,415)	(2,702,398)	0
Cash Payments to Suppliers for Goods and Services	(812,681)	(929,564)	(1,742,245)	(169,097)
Cash Payments for Claims	0	0	0	(2,171,671)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>34,254</u>	<u>710,615</u>	<u>744,869</u>	<u>(177,104)</u>
Cash Flows from Noncapital Financing Activities				
Financing Activities:				
Advances In	0	0	0	108,738
Advances Out	0	(333,449)	(333,449)	(83,738)
Transfers In	39,275	0	39,275	0
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	<u>39,275</u>	<u>(333,449)</u>	<u>(294,174)</u>	<u>25,000</u>
Cash Flows from Capital and Related Financing Activities				
Capital Grants	5,000	625,308	630,308	0
Proceeds of OPWC Loan	0	30,828	30,828	0
Principal Paid on OWDA Loans	0	(134,504)	(134,504)	0
Principal Paid on EQ Basin Loan	0	(253,422)	(253,422)	0
Principal Paid OPWC Loans	0	(34,183)	(34,183)	0
Principal Paid Key Loan	0	(50,000)	(50,000)	0
Interest Paid on OWDA Loan	0	(26,984)	(26,984)	0
Interest Paid on EQ Basin Loan	0	(57,882)	(57,882)	0
Interest Paid on Key Loan	0	(3,660)	(3,660)	0
Principal Paid on Capital Lease	(31,758)	0	(31,758)	0
Interest Paid on Capital Lease	(7,497)	0	(7,497)	0
Payments for Capital Acquisitions	(17,764)	(442,068)	(459,832)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(52,019)</u>	<u>(346,567)</u>	<u>(398,586)</u>	<u>0</u>
<i>Net Increase (Decrease) In Cash and Cash Equivalents</i>	21,510	30,599	52,109	(152,104)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>140,529</u>	<u>0</u>	<u>140,529</u>	<u>523,931</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$162,039</u></u>	<u><u>\$30,599</u></u>	<u><u>\$192,638</u></u>	<u><u>\$371,827</u></u>

(continued)

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

	Business-Type Activities			Governmental Activities - Internal Service Funds
	Enterprise Funds			
	Sanitation	Wastewater Treatment	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
<i>Operating Income (Loss)</i>	\$22,512	\$167,107	\$189,619	(\$114,034)
Adjustments:				
Depreciation	71,905	502,033	573,938	0
(Increase)/ Decrease in Assets:				
Accounts Receivable	(54,524)	26,792	(27,732)	11,520
Materials and Supplies Inventory	(5,372)	167	(5,205)	0
Prepaid Items	2,250	25,980	28,230	(425)
Increase/ (Decrease) in Liabilities:				
Accounts Payable	(4,172)	(71,801)	(75,973)	(1,400)
Contracts Payable	0	148,074	148,074	0
Accrued Wages	6,318	(57,649)	(51,331)	0
Compensated Absences Payable	(6,273)	(26,683)	(32,956)	0
Intergovernmental Payable	1,610	(3,405)	(1,795)	2,432
Claims Payable	0	0	0	(75,197)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$34,254</u>	<u>\$710,615</u>	<u>\$744,869</u>	<u>(\$177,104)</u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2012

Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$51,011</u>
 Liabilities	
Intergovernmental Payable	\$8,169
Deposits Held and Due to Others	<u>42,842</u>
 <i>Total Liabilities</i>	 <u>\$51,011</u>

See accompanying notes to the basic financial statements

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

Note 1 - Description of the City and Reporting Entity

The City of Ashtabula (the “City”) is a home rule municipal corporation incorporated as a city in 1891 under the laws of the State of Ohio. The City operates under its own charter approved by the voters on November 3, 1914. The charter provides for an elected City Manager-Council form of government, which was adopted on January 1, 1950. Elected officials are the city manager, members of council, and the city solicitor. All serve four-year terms.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Ashtabula, this includes police and fire, street maintenance and repairs, parks and recreation, public improvements, community development (planning and zoning), health services, wastewater, sanitation, and general administrative and legislative services. The operation of each of these activities is directly controlled by Council through the budgetary process.

Component units are legally separate organizations for which the City is financially accountable (See Note 19). The City is financially accountable for an organization if the City appoints a voting majority of the organization’s governing board; and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization’s resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organizations. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget.

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

Ashtabula City Port Authority The Ashtabula City Port Authority is a legally separate entity, statutorily created under Section 4582.02 of the Ohio Revised Code, served by a seven-member board of directors appointed by the City Manager with the approval of City Council. Charged with the responsibility of industrial development and the improvement of Ashtabula's interconnecting waterways, the Port Authority is empowered with the ability to carry out the actions they consider necessary to achieve these responsibilities. The Port Authority is fiscally dependent on the City and is therefore presented as a component unit of the City. On November 1, 1999, the Port Authority borrowed \$150,000 from the City’s Revolving Loan Fund to finance the construction of a new housing facility for the United States Coast Guard Station located within the City limits. The Coast Guard signed a twenty year lease with the Port Authority. The City of Ashtabula was the co-signer on a fifteen year, \$375,000 Rural Industrial Park loan, taken out by the Port Authority for the infrastructure installation in the new 38 acre Industrial Park located at the end of State Route 11. The loan was through the Ohio Department of Development. The Port Authority is planning on selling the lots to businesses and applying the proceeds on repayment of the loan. The loan has no interest, principal, or service fee payments for the first sixty months. Thereafter the Port Authority will pay interest at the rate of 3 percent plus a .25 percent service fee per annum. Financial statements can be obtained from J. A. Valentic & Company Inc., 517 West Prospect Road, Ashtabula, Ohio.

Information in the following notes to the basic financial statements is applicable to the primary government. Information relative to the Ashtabula City Port Authority is presented in Note 20.

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

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City of Ashtabula have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The more significant of the City's accounting policies are described below.

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service funds is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

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

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 deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balances.

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

The following are the City's major governmental funds:

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

Community Development Block Grant Special Revenue Fund The community development block grant special revenue fund is used to account for and report restricted monies received from the State under the federal Community Development Block Grant and Rental Rehabilitation programs and expended under the guidelines of those programs.

Street Maintenance and Repair Special Revenue Fund The street maintenance and repair special revenue fund accounts for and reports the portion of the gasoline tax and motor vehicle registration fees restricted for maintenance and repair of dedicated streets within the City.

Debt Service Fund The debt service fund is used to account for and report the restricted property and other taxes collected and special assessments for, and the payment of, general long-term debt principal, interest and related costs.

Permanent Improvement Capital Projects Fund The permanent improvement capital projects fund accounts for and reports restricted property and other taxes, municipal income tax and intergovernmental revenues to be used for the acquisition, construction, or improvement of major capital facilities other than those financed by proprietary funds.

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

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

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

Sanitation Fund The sanitation fund accounts for and reports fees charged for residential and commercial trash services provided to City residents.

Wastewater Treatment Fund The wastewater treatment fund accounts for and reports fees charged for residential and commercial wastewater services provided to City residents.

Internal Service Funds Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service funds report on self-insurance programs for employee medical benefits and workers' compensation.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs.

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

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's only fiduciary funds are agency funds to account for assets held by the City for fire deposits, the law library, marina and street deposits.

Measurement Focus

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

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

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

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 outflows/inflows of resources and in the presentation of expenses versus expenditures.

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 10). 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 a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any deferred outflows for the current year.

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

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

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

Budgets

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2012.

The appropriation ordinance 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 ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

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

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 interest-bearing depository accounts are presented on the statement of net position as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the City's treasury. The cash of the recreation department, Municipal Court and the Ashtabula Port Authority component unit are included in this line item.

The City of Ashtabula has invested in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2011. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold at December 31, 2012.

Interest is distributed to the general fund and certain special revenue funds of the City. Interest revenue credited to the general fund during 2012 amounted to \$175, which includes \$144 assigned from other City funds.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Any increase or decrease in fair value is reported as a component of interest income. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

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.

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted net position in the general fund represent unclaimed monies.

Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the enterprise fund are expensed when used.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2012, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which it was consumed.

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

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

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

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	5 - 50 years	5 - 50 years
Equipment	3 - 25 years	3 - 25 years
Vehicles	3 - 7 years	3 - 7 years
Furniture and Fixtures	7 - 10 years	7 - 10 years
Infrastructure	10 - 99 years	25 - 99 years

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

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Receivables and payables resulting from transactions between the primary government and the component unit for services provided or goods received are classified as "Due to Primary Government" or "Due from Component Unit" on the fund financial statements.

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 accumulated unused vacation time when earned for all employees with more than one year of service.

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at fiscal year-end taking into consideration any limits specified in the City's termination policy.

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance

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

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

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City Charter or ordinance, or by State Statute. State statute authorizes the City Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. City Council assigned fund balance to cover a gap between estimated revenue and appropriations in year 2013's appropriated budget

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for public health services.

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

Operating Revenues and Expenses

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

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Extraordinary and Special Items

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

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

Interfund Activity

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

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

Estimates

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

Note 3 – Changes in Accounting Principles and Restatement of Prior Year’s Net Position

Changed in Accounting Principles

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

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

GASB Statement No. 62 incorporates into GASB’s authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the City’s 2012 financial statements.

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

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

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

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

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

Restatement of Prior Year's Net Position

During 2012, it was determined that the prior year's capital assets were undervalued. As a result, this restatement increased net position at December 31, 2011 by \$3,172,805 from \$27,231,166 to \$30,403,971.

Note 4 – Fund Balances

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

Fund Balances	General	Community Development Block Grant	Street Maintenance and Repair	Debt Service	Permanent Improvement	Nonmajor Governmental Funds	Total
<i>Nonspendable</i>							
Prepays	\$49,526	\$0	\$2,521	\$0	\$18,479	\$261	\$70,787
Inventory	13,431	0	19,644	0	0	3,080	36,155
Unclaimed Monies	19,915	0	0	0	0	0	19,915
<i>Total Nonspendable</i>	82,872	0	22,165	0	18,479	3,341	126,857
<i>Restricted for</i>							
Road Improvements	0	0	77,734	0	0	17,668	95,402
Public Safety	0	0	0	0	0	96,062	96,062
Police and Fire Pension	0	0	0	0	0	43,027	43,027
Economic Development	0	403,090	0	0	0	0	403,090
Debt Service Payments	0	0	0	50,285	0	0	50,285
Capital Improvement	0	0	0	0	756,616	3,311	759,927
Municipal Court Projects	0	0	0	0	0	27,689	27,689
<i>Total Restricted</i>	0	403,090	77,734	50,285	756,616	187,757	1,475,482
<i>Committed to</i>							
Recreation	0	0	0	0	0	75,591	75,591
Code Enforcement	0	0	0	0	0	84,785	84,785
Public Health Nursing	0	0	0	0	0	27,720	27,720
<i>Total Committed</i>	0	0	0	0	0	188,096	188,096
<i>Assigned to</i>							
Purchases on Order	70,852	0	0	0	0	0	70,852
<i>Unassigned (Deficit)</i>	491,066	0	0	0	0	(282)	490,784
<i>Total Fund Balances</i>	\$644,790	\$403,090	\$99,899	\$50,285	\$775,095	\$378,912	\$2,352,071

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

Note 5 - Budgetary Basis of Accounting

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general and each major special revenue fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned fund balance (GAAP).
4. Unreported cash represents amounts received but not included as revenue on the budgetary statements, but reported on the operating statements prepared using GAAP.
5. Advances-out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and for the major special revenue funds.

	Net Change in Fund Balance		
	General	Community Development Block Grant	Street Maintenance And Repair
GAAP Basis	\$217,885	\$143,107	\$29,776
Net Adjustment for Revenue Accruals	(462,400)	30,293	(45,511)
Beginning Unrecorded Cash	96,881	0	0
Ending Unrecorded Cash	(10,555)	0	0
Net Adjustment for Expenditure Accruals	92,475	71,897	5,769
Advances	(25,000)	0	0
Encumbrances	(44,120)	(183,830)	(3,661)
Budget Basis	<u>(\$134,834)</u>	<u>\$61,467</u>	<u>(\$13,627)</u>

Note 6 - Accountability and Compliance

Accountability

The food service special revenue fund and self insurance internal service fund had deficit fund balance/net position as of December 31, 2012 in the amount of \$21 and \$375,687, respectively. The food service fund deficit is caused by revenues being insufficient to cover expenditures on a modified accrual basis of accounting. The general fund is liable for any deficit in the fund and provides transfers when cash is required, not when accruals occur. The City Auditor currently monitors the self insurance fund to ensure that expenses are covered each month. The City is also working with its employees to use health care programs to keep the cost of insurance down.

City of Ashtabula, Ohio
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Compliance

The City had negative cash fund balance in the self insurance internal service fund in the amount of \$323,172. This indicates that revenue from other sources was used to pay obligations of this fund contrary to Ohio Revised Code Section 5705.10(H).

The community development block grant personal services special revenue fund had expenditures plus encumbrances in excess of appropriations in the amount of \$20,129, contrary to Ohio Revised Code Section 5705.41.

The self insurance internal service fund had final appropriations in excess of estimated resources and carryover balances as reported on the Official Certificate of Estimated Resources in the amount of \$281,910, contrary to Ohio Revised Code Section 5705.39.

Although these budgetary violations and cash deficits were not corrected by year end, management has indicated that appropriations and cash will be closely monitored to prevent future violations.

Note 7 – Interfund Transfers and Balances

Interfund Transfers

Interfund transfers for the year ended December 31, 2012, consisted of the following:

Transfers To	Transfers From			Total
	General	Permanent Improvement	Other Governmental Funds	
Major Funds:				
General	\$0	\$0	\$85,000	\$85,000
Street Maintenance and Repair	231,000	0	88,000	319,000
Debt Service	0	169,500	0	169,500
Sanitation	0	39,275	0	39,275
Total Major Funds	231,000	208,775	173,000	612,775
Other Governmental Funds:				
Food Service	27,500	0	0	27,500
Total Transfers	\$258,500	\$208,775	\$173,000	\$640,275

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to provide additional resources for current operations; to segregate money for anticipated capital projects; and to return money to the fund from which it was originally provided once a project is completed.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
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Interfund Balances

Interfund balances at December 31, 2012, consisted of a \$225,000 advance made from the workers' compensation fund to the general fund due to an overall decrease in revenues in the general fund. The general fund will repay the advance back to the workers' compensation fund in \$25,000 increments over 10 years beginning in 2012.

Note 8 - Deposits and Investments

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

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

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentality;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
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6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that instruments in securities described in this division are made only through eligible institutions; and
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available.

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

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.

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

Investments in stripped principal or interest obligations and reverse repurchase agreement and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the City treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that, in the event of the failure of the counterparty, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,827,409 of the City's bank balance of \$2,779,092 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.

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

Investments

At December 31, 2012, the City had \$100,292 invested in STAR Ohio with an average maturity of 55.4 days.

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. To date, no investments have been purchased with a life greater than five years.

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

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with investment custodial credit risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the City Treasurer or qualified trustee.

Note 9 - Contingent Liabilities

Litigation

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

Federal and State Grants

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantor or their representatives. Any liability for reimbursement, which may arise as the result of these audits, is not believed to be material.

Note 10 - Receivables

Receivables at December 31, 2012, consisted primarily of taxes, accounts (billings for utility service), special assessments, accrued interest on investments, amounts due from other governments and loans receivable. Loans receivable represent low interest loans for development projects and home improvements granted to eligible City residents and businesses under the Federal Community Development Block Grant program. The loans bear interest at annual rates ranging between three and seven percent. The loans are to be repaid over periods ranging from five to fifteen years. The City has also loaned money to the Ashtabula Port Authority (component unit). The loan has an interest rate of 4.5 percent and is to be repaid over twenty years. No allowances for doubtful accounts have been recorded. All receivables, except property taxes, loans and special assessments are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

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

Loans expected to be collected in more than one year amount to \$9,255 and \$58,330 due from the component unit.

Special assessments expected to be collected in more than one year amount to \$59,479 in the debt service fund. At December 31, 2012, the amount of delinquent special assessments was \$186. Collections expected in 2013 amount to \$9,782.

Property Taxes

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

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

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

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2012 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2012, was \$9.31 per \$1,000 of assessed value. The assessed values of real property and public utility property upon which 2012 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Estate	
Residential/Agricultural	\$132,789,880
Other Real Estate	66,360,130
Public Utility Property	22,006,640
Total Assessed Values	<u><u>\$221,156,650</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which are measurable as of December 31, 2012 and for which there is an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2012 operations is offset to deferred inflows of resources – property taxes. On the accrual basis, collective delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Income Taxes

An income tax of 1.8 percent is levied on substantially all income earned within the City. In addition, the residents of the City are required to pay City income taxes on income earned outside the City; however, credit is allowed for income taxes paid to other municipalities up to one hundred percent of the City's current tax rate.

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

The City's income tax ordinance requires ten percent of the income tax revenues to be used to finance capital projects or acquire capital assets. As a result, this portion of the revenue is placed in the permanent improvement capital projects fund. The remaining ninety percent is unrestricted and is credited to the City's general fund.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

In accordance with the City Charter, any income tax ordinance must be approved by a majority vote at a City election prior to the ordinance becoming effective. The current income tax levy has been renewed through December 2013.

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

	Amounts
Governmental Activities	
Grants	\$503,013
Local Government	336,915
Gasoline and Excise Tax	277,230
Estate and Lodging Taxes	149,355
Homestead and Rollback Taxes	123,552
Permissive Tax	51,764
Liquor Licenses	5,523
Total	\$1,447,352

Note 11 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2012, the City contracted with Argonaut Insurance Company for various types of insurance as follows:

Type of Coverage	Coverage Amounts	Deductible
General Liability	\$3,000,000	\$10,000
Law Enforcement Liability	1,000,000	25,000
Business Auto - Comprehensive	1,000,000	500
Business Auto - Collision	Actual cash value	1,000
Public Officials' Liability	1,000,000	25,000

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

The City provides hospital/medical, dental, drug and vision benefits for its employees through a self-insured program. A third party administrator processes and the City pays the claims. The City is paying self-insurance claims and administrative costs from its insurance internal service fund. An excess coverage insurance (stop loss) policy covers claims in excess of \$50,000 per member. During 2012, a total of \$2,059,782 was expensed in benefits and administrative costs. The liability for unpaid claims cost of \$52,940, reported in the self insurance internal

City of Ashtabula, Ohio
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service fund at December 31, 2012, is based on the requirements of Governmental Accounting Standards Board Statement 30. Statement 30 requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liability was determined by reviewing invoices for claims paid in January and February 2013 which were incurred in 2012.

The City participates in the State Workers' Compensation retrospective rating and payment system. This plan involves the payment of a minimum premium for administrative services and stop-loss coverage plus the actual claim costs for employees injured. Incurred but not reported claims of \$350,766 have been accrued as a liability in the workers' compensation internal service fund at December 31, 2012 based on an estimate by the Acting City Auditor.

The estimates for the internal services funds were not affected by incremental claim adjustment expenses and do not include other allocated claim adjustment expenses.

Changes in the internal services funds' claims liability amounts in the last two years is as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2011	\$409,016	\$2,344,242	(\$2,274,355)	\$478,903
2012	478,903	2,096,474	(2,171,671)	403,706

Note 12 - Compensated Absences

All full-time employees of the City earn vacation and sick leave at varying rates depending on length of service. Two-weeks of vacation is awarded on the one-year anniversary date. Vacation is then awarded January 1 of each succeeding year. Vacation is paid as used by employees or paid upon separation from the City.

Sick leave is accrued at the rate of 10 hours per month for employees working an 8-hour work shift. Police employees working a 12-hour work day receive 12 hours of sick leave per month. Fire employees working a 24-hour work shift earn 14 hours of sick leave per month.

Part-time employees earn prorated sick and vacation time proportional to hours worked. A snapshot is taken the first 90-days of employment to determine the first year's accruals. The previous year is used as the snapshot for the succeeding year.

Beginning in 2012 a sick time buyout option was offered to AFSCME employee members. Employees with ten or more years of service and at least 960 hours of accumulated sick time are eligible for a cash payment or contribution to Deferred Compensation of up to 160 hours of their accumulated sick time. The hours converted to cash are deducted from the amount of terminal benefit due upon retirement.

Upon retirement employees may receive payment for unused sick leave according to years of service. Existing employees having at least 19 years of service as of May 1, 2012, are entitled to receive 100 percent payment of up to 960 hours and 50 percent of hours in excess of 960. Existing employees having at least 14 years of service with the City as of May 1, 2012, are entitled to receive up to 90 percent of 960 hours and 40 percent of hour excess of 960. Existing employees with at least 9 years of service as of May 1, 2012 are entitled to receive payment of up to 60 percent of up to 960 hours and 40 percent of hours in excess of 960. Employees hired after May 1, 2012 are entitled to be paid 25 percent of up to 960 hours of their accumulated sick leave as of the effective retirement date.

City of Ashtabula, Ohio
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Employees declaring their pending retirement by September 1 for the following year are entitled to receive an additional five percent sick leave payment, known as a Commitment Incentive Program (CIP). The five percent is based on the lump sum dollar amount of prorated sick leave payment upon retirement.

Note 13 - Capital Assets

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

	Restated Balance 12/31/2011	Additions	Deductions	Balance 12/31/2012
Governmental Activities:				
Capital Assets, Non-depreciable:				
Land	\$1,972,568	\$0	\$0	\$1,972,568
Construction in Progress	223,494	29,681	(177,633)	75,542
Total Capital Assets, Non-depreciable	<u>2,196,062</u>	<u>29,681</u>	<u>(177,633)</u>	<u>2,048,110</u>
Capital Assets, Depreciable:				
Buildings and Improvements	10,752,782	59,280	(9,850)	10,802,212
Equipment	2,584,021	113,925	(115,309)	2,582,637
Vehicles	3,094,492	0	(117,177)	2,977,315
Furniture and Fixtures	5,200	0	0	5,200
Infrastructure:				
Bridges	15,069,086	0	0	15,069,086
Roads	11,318,170	349,394	(182,498)	11,485,066
Storm Sewers	2,533,404	10,592	0	2,543,996
Traffic Lights	563,138	22,898	(35,000)	551,036
Total Capital Assets, Depreciable	<u>45,920,293</u>	<u>556,089</u>	<u>(459,834)</u>	<u>46,016,548</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(5,842,198)	(375,301)	1,478	(6,216,021)
Equipment	(2,078,575)	(150,344)	112,895	(2,116,024)
Vehicles	(2,392,714)	(144,076)	117,177	(2,419,613)
Furniture and Fixtures	(5,200)	0	0	(5,200)
Infrastructure:				
Bridges	(1,440,381)	(154,883)	0	(1,595,264)
Roads	(7,497,347)	(561,950)	148,726	(7,910,571)
Storm Sewers	(1,207,030)	(25,254)	0	(1,232,284)
Traffic Lights	(102,858)	(5,562)	4,448	(103,972)
Total Accumulated Depreciation	<u>(20,566,303)</u>	<u>(1,417,370)</u>	<u>384,724</u>	<u>(21,598,949)</u>
Total Capital Assets, Depreciable, net	<u>25,353,990</u>	<u>(861,281)</u>	<u>(75,110)</u>	<u>24,417,599</u>
Governmental Activities Capital Assets, Net	<u><u>\$27,550,052</u></u>	<u><u>(\$831,600)</u></u>	<u><u>(\$252,743)</u></u>	<u><u>\$26,465,709</u></u>

City of Ashtabula, Ohio
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	Balance 12/31/2011	Additions	Deductions	Balance 12/31/2012
Business-Type Activities:				
Capital Assets, Non-depreciable:				
Land	\$86,863	\$0	\$0	\$86,863
Construction in Progress	372,548	37,988	(372,548)	37,988
Total Capital Assets, Non-depreciable	<u>459,411</u>	<u>37,988</u>	<u>(372,548)</u>	<u>124,851</u>
Capital Assets, Depreciable:				
Buildings and Improvements	7,610,405	437,034	0	8,047,439
Equipment	2,365,127	71,164	(32,100)	2,404,191
Vehicles	1,415,975	0	(107,850)	1,308,125
Infrastructure:				
Sanitary Sewer System	14,444,633	255,691	0	14,700,324
Total Capital Assets, Depreciable	<u>25,836,140</u>	<u>763,889</u>	<u>(139,950)</u>	<u>26,460,079</u>
Less Accumulated Depreciation				
Buildings and Improvements	(4,429,296)	(205,749)	0	(4,635,045)
Equipment	(1,903,063)	(134,927)	25,139	(2,012,851)
Vehicles	(1,111,480)	(53,660)	107,850	(1,057,290)
Infrastructure:				
Sanitary Sewer System	(4,713,971)	(179,602)	0	(4,893,573)
Total Accumulated Depreciation	<u>(12,157,810)</u>	<u>(573,938)</u>	<u>132,989</u>	<u>(12,598,759)</u>
Total Capital Assets, Depreciable, net	<u>13,678,330</u>	<u>189,951</u>	<u>(6,961)</u>	<u>13,861,320</u>
Business-type Activities, Capital Assets, Net	<u>\$14,137,741</u>	<u>\$227,939</u>	<u>(\$379,509)</u>	<u>\$13,986,171</u>

* Depreciation expense was charged to governmental functions as follows:

General Government	
Legislative and Executive	\$225,506
Judicial	56,589
Security of Persons and Property	
Police	165,199
Fire	127,947
Public Health Services	3,186
Street Maintenance and Repair	798,965
Leisure Time Activities	39,978
Total Depreciation Expense	<u>\$1,417,370</u>

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
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Note 14 – Construction and Other Significant Commitments

Contractual Commitments

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

Project	Contract Amount	Amount Paid	Remaining Contract
EQ Water Basin	\$3,000,000	\$1,475,306	\$1,524,694
Chemical Feed Building	30,828	0	30,828
Total	<u>\$3,030,828</u>	<u>\$1,475,306</u>	<u>\$1,555,522</u>

Encumbrances

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

General Fund	\$44,120
Community Development	
Block Grant	183,830
Street, Construction,	
Maintenance and Repair Fund	3,661
Permanent Improvement	61,385
Nonmajor Funds	<u>63,914</u>
Total	<u>\$356,910</u>

Note 15 - Long-Term Debt

The original issue date, interest rate and original issuance amount for each of the City’s debt issues follows:

Debt Issue	Original Issue Date	Interest Rate	Original Issue	Year of Maturity
Governmental Activities				
<i>General Obligation Bonds:</i>				
KeyCorp - Road Improvements	2009	3.60 %	\$250,000	2013
US Bank - Bridge Improvements	2010	2.43	325,000	2013
<i>Special Assessment Bonds:</i>				
OPWC Loan - Harbor Heights	2000	0.00	195,647	2020
Business-Type Activities				
OWDA Loan - Wastewater Plant Renovation	1999	4.35	1,964,178	2015
Equalization Basin	2007	4.20	2,500,000	2015
OPWC - Morton Drive				
Siphon Improvement	2008	0.00	183,659	2029
OPWC - Michigan Avenue - EQ Basin	2008	0.00	500,000	2029
OPWC - Chemical Feed Building	2012	0.00	42,961	2033
KeyCorp - Sewer Improvements	2009	3.60	250,000	2013

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

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

	Principal Outstanding 12/31/2011	Additions	Deletions	Principal Outstanding 12/31/2012	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds					
3.60% Road Improvements	\$100,000	\$0	\$50,000	\$50,000	\$50,000
2.43% Bridge Improvements	219,257	0	108,313	110,944	110,944
Total General Obligation Bonds	319,257	0	158,313	160,944	160,944
Special Assessments					
0% OPWC Loan - Harbor Heights	83,151	0	9,782	73,369	9,782
Claims Payable	478,903	2,266,178	2,341,375	403,706	253,706
Capital Leases Payable	106,869	0	19,677	87,192	20,306
Compensated Absences	2,447,145	781,951	913,982	2,315,114	776,984
Total Governmental Activities	<u>\$3,435,325</u>	<u>\$3,048,129</u>	<u>\$3,443,129</u>	<u>\$3,040,325</u>	<u>\$1,221,722</u>
Business-type Activities					
OWDA Loan					
4.35% Wastewater Plant Renovation	\$653,580	\$0	\$134,504	\$519,076	\$128,838
EQ Basin Loan					
4.20% Equalization Basin	1,378,117	0	253,422	1,124,695	243,208
OPWC 0% Loan					
Morton Drive Siphon Improvement	183,659	0	9,183	174,476	9,183
OPWC 0% Loan					
Michigan Avenue - EQ Basin	425,000	0	25,000	400,000	25,000
OPWC 0% Loan					
Chemical Feed Building	0	30,828	0	30,828	1,074
KeyCorp					
3.60% Sewer Improvements	100,000	0	50,000	50,000	50,000
Total Loans	2,740,356	30,828	472,109	2,299,075	457,303
Capital Leases Payable	173,149	0	31,758	141,391	33,133
Compensated Absences	542,027	103,894	176,974	468,947	183,485
Total Business-type Activities	<u>\$3,455,532</u>	<u>\$134,722</u>	<u>\$680,841</u>	<u>\$2,909,413</u>	<u>\$673,921</u>

All bonds are secured by the full faith and credit of the City. General obligation bonds are direct obligations of the City and will be repaid from general property taxes levied on all taxable property located within the City. The OPWC loan is secured by the future collection of special assessments. In the event that the benefited property owner would fail to pay the assessment, payment would be made by the City. The amounts due to the Ohio Water Development Authority, Ohio Public Works Commission loans, the EQ Basin loan and the KeyCorp Sewer Improvement loan are payable solely from sewer revenues.

The City has pledged future wastewater treatment revenues to repay the OWDA, EQ Basin, OPWC and KeyCorp loans. The loans are payable solely from net revenues and are payable through 2031. Annual principal and interest payments on the loans are expected to require 1.19 percent of net revenues. The total principal and interest remaining to be paid on the loans is \$1,862,247. Principal and interest paid for the current year and total net revenues were \$560,635 and \$669,140 respectively.

Compensated absences will be paid from the general fund, the code enforcement, community development block grant, food service, sanitation, street maintenance and repair, special revenue funds and wastewater treatment fund. Claims payable will be paid from the internal service funds (See Note 11).

City of Ashtabula, Ohio
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The City's overall legal debt margin was \$23,110,789 at December 31, 2012. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2012, are as follows:

Governmental Activities

	General Obligation Bonds				OPWC
	Road Improvements		Bridge Improvements		Loan
	Principal	Interest	Principal	Interest	Harbor Heights
2013	\$50,000	\$1,825	\$110,944	\$2,696	\$9,782
2014	0	0	0	0	9,783
2015	0	0	0	0	9,783
2016	0	0	0	0	9,782
2017	0	0	0	0	9,782
2018 - 2020	0	0	0	0	24,457
Total	<u>\$50,000</u>	<u>\$1,825</u>	<u>\$110,944</u>	<u>\$2,696</u>	<u>\$73,369</u>

Business-type Activities

	OWDA Loan		Equalization Basin Loan		Sewer Improvements		OPWC
	Principal	Interest	Principal	Interest	Principal	Interest	Loans
2013	\$128,838	\$21,069	\$243,208	\$47,237	\$50,000	\$1,825	\$35,257
2014	146,592	14,895	296,017	36,146	0	0	36,331
2015	164,621	8,448	286,714	24,590	0	0	36,331
2016	79,025	1,719	298,756	12,548	0	0	36,331
2017	0	0	0	0	0	0	36,331
2018 - 2022	0	0	0	0	0	0	181,655
2023 - 2027	0	0	0	0	0	0	181,337
2028 - 2031	0	0	0	0	0	0	61,731
Total	<u>\$519,076</u>	<u>\$46,131</u>	<u>\$1,124,695</u>	<u>\$120,521</u>	<u>\$50,000</u>	<u>\$1,825</u>	<u>\$605,304</u>

Note 16 - Leases

Capital Leases

During 2012, the City entered into capitalized leases for one ambulance and one sanitation truck. These leases meet the criteria for a capital lease and have been recorded on the governmental-wide and business-type statements. The original amount capitalized for the capital lease and the book value as of December 31, 2012 for governmental and business-type activities follows:

	Governmental Activities	Business-Type Activities
Vehicles	\$104,870	\$168,097
Less: Accumulated Depreciation	(10,486)	(16,106)
Leased property, net of depreciation	<u>\$94,384</u>	<u>\$151,991</u>

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

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2012.

	Governmental Activities	Business-Type Activities
2013	\$22,751	\$39,255
2014	22,751	39,255
2015	22,751	39,255
2016	22,750	39,255
Total minimum lease payments	91,003	157,020
Less: amount representing interest	(3,811)	(15,629)
Present value of minimum lease payments	<u>\$87,192</u>	<u>\$141,391</u>

Operating Leases

The City, as a lessor, has entered into an agreement to assume the former Dairy Queen Inc. lease by Czup Fowler Limited, dba Hoffman's Pharmacy. The building, owned by the City was razed. The land is being leased to Czup Fowler Ltd for 30 years with five 10-year options to extend the lease. The City is also a lessor of thirteen and one half percent of a building to Keybank National Corporation. The lease with Keybank is for ten years with a five-year extension at Keybank's option, which was exercised in 2008. The following schedule provides an analysis of the leased property at December 31, 2012:

	Czup Fowler Limited, dba Hoffman's Pharmacy	Keybank National Corporation
Land	\$3,415	\$0
Buildings	0	99,201
Leased property, total value	3,415	99,201
Less: Accumulated Depreciation	0	(29,162)
Leased property, net of depreciation	<u>\$3,415</u>	<u>\$70,039</u>

The following is a schedule by years of minimum future rentals on the operating leases as of December 31, 2012:

	Hoffman's Pharmacy	Keybank National
2013	\$8,400	\$154,172
2014	8,400	154,172
2015	8,400	173,443
2016	8,400	177,297
2017	8,400	177,297
2018 - 2022	48,000	961,838
2023 - 2027	54,000	1,106,114
2028 - 2032	60,000	508,032
2033 - 2037	66,000	0
Total minimum lease payments	<u>\$270,000</u>	<u>\$3,412,365</u>

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

Note 17 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2012, members in state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11.5 percent and 12.1 percent, respectively. Effective January 1, 2013, the member contribution rates for public safety and law enforcement increased to 12 percent and 12.6 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2012, member and employer contribution rates were consistent across all three plans.

The City's 2012 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 18.1 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were \$319,999, \$295,148, and \$298,348, respectively. For 2012, 90 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010. Contributions to the Member-Directed Plan for 2012 were \$6,199 made by the City and \$4,428 made by plan members.

Social Security

As of December 31, 2012, two council members are covered by Social Security rather than OPERS. The employees' liability is 6.2 percent of wages paid.

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

Ohio Police and Fire Pension Fund

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

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

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters were \$208,627 and \$220,689 for the year ended December 31, 2012, \$237,025 and \$254,730 for the year ended December 31, 2011, and \$232,607 and \$249,495 for the year ended December 31, 2010, respectively. For 2012, 88.2 percent for police and 88.9 percent for firefighters has been contributed with the balance for both police and firefighters being reported as an intergovernmental payable. The full amount has been contributed in for 2011 and 2010.

Note 18 – Postemployment Benefits

Ohio Public Employees Retirement System

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

City of Ashtabula, Ohio
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For the Year Ended December 31, 2012

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary.

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$248,238, \$277,040, and \$239,186, respectively. For 2012, 90 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

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

Ohio Police and Fire Pension Fund

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

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

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

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2012, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$110,450 and \$86,357 for the year ended December 31, 2012, \$125,484 and \$99,677 for the year ended December 31, 2011, and \$123,145 and \$97,628 for the year ended December 31, 2010, respectively. For 2012, 88.2 percent has been contributed for police and 88.9 percent has been contributed for firefighters with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Note 19 - Related Party Transactions

The Ashtabula Port Authority, a discretely presented component unit of the City of Ashtabula, receives contributions from the City for salaries for the administration, implementation and supervision of its projects. In 2012, these contributions totaled \$9,950. The City of Ashtabula cosigns for debt that the Ashtabula Port Authority issues and also appoints the board of the Ashtabula Port Authority.

Note 20 - Ashtabula City Port Authority

Description of Reporting Entity

The Ashtabula City Port Authority is a legally separate entity, statutorily created under Section 4582.02 of the Ohio Revised Code, served by a seven-member board of directors appointed by the City Manager with the approval of City Council. Charged with the responsibility of industrial development and the improvement of Ashtabula's interconnecting waterways, the Port Authority is empowered with the ability to carry out the actions they consider necessary to achieve these responsibilities. The Ashtabula City Port Authority is fiscally dependent on the City and is therefore presented as a component unit of the City (See Note 1).

Summary of Significant Accounting Policies

The Ashtabula Port Authority's financial information is presented on the statement of net position and statement of activities using the full accrual basis of accounting and the economic resources measurement focus.

Due to Primary Government

Payables resulting from transactions between the Ashtabula Port Authority and the primary government are classified as "due to primary government" on the financial statements.

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

Property, Plant, Equipment and Depreciation

Capital assets at the Ashtabula Port Authority are capitalized. All capital assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year.

Donated capital assets are recorded at their fair market values as of the date donated. The Ashtabula Port Authority has established a capitalization threshold for capital assets at \$1,000 with the exception of land, as all land is listed regardless of cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Depreciation for the Ashtabula Port Authority is computed over either ten or thirty nine years.

Deposits and Investments

The Ashtabula Port Authority follows the same statutory requirements for deposits and investments as the primary government (See Note 8).

At year-end, the carrying amount of the Ashtabula Port Authority's deposits was \$353,374. The entire balance was covered by federal depository insurance.

During 2012, investments for the Ashtabula Port Authority were limited to \$101,410 held in non-negotiable certificates of deposit at year-end.

Capital Assets

A summary of the Ashtabula City Port Authority's capital assets at December 31, 2012 follows:

	Balance 12/31/2011	Additions	Deductions	Balance 12/31/2012
Governmental Activites				
Capital Assets, Non-depreciable				
Land	\$1,890,222	\$0	\$0	\$1,890,222
Capital Assets, Depreciable				
Improvements	591,151	0	0	591,151
Less Accumulated Depreciation				
Improvements	(301,681)	(30,114)	0	(331,795)
Total Assets, Depreciable, Net	289,470	(30,114)	0	259,356
Governmental Activites				
Capital Assets, Net	\$2,179,692	(\$30,114)	\$0	\$2,149,578

Long-term Debt

On August 30, 2008 Ohio Water Development Authority approved a loan that will enable the Ashtabula City Port Authority to install the waterlines at the City's Industrial Park. The loan is for \$284,000 with an interest rate of 3 percent and semi-annual payments of \$16,542 for ten years. In 2006 the Ashtabula City Port Authority received a State of Ohio Rural Industrial Park loan from the Ohio Department of Development for the City's Industrial Park, in the amount of \$375,000. This loan bears no interest for years one through five with no payments due. Years six

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

through fifteen bear interest at three percent. The City has loaned the Ashtabula City Port Authority money in the amount of \$150,000. As of December 31, 2012, \$83,117 of the City's loan has been repaid leaving a balance of \$66,883.

A schedule of changes in long-term obligations of the Port Authority during 2012 follows:

	Principal Outstanding <u>12/31/2011</u>	<u>Additions</u>	<u>Deletions</u>	Principal Outstanding <u>12/31/2012</u>	Amounts Due in One Year
Due to Primary Government:					
City of Ashtabula - Loan	\$75,060	\$0	\$8,177	\$66,883	\$9,283
Other Long-Term Debt:					
Industrial Park Loan	353,343	0	33,308	320,035	34,321
OWDA Rural Industrial Park	198,268	0	13,926	184,342	28,483
<i>Total Other Long-Term Debt</i>	<u>551,611</u>	<u>0</u>	<u>47,234</u>	<u>504,377</u>	<u>62,804</u>
<i>Total Component Unit Debt</i>	<u>\$626,671</u>	<u>\$0</u>	<u>\$55,411</u>	<u>\$571,260</u>	<u>\$72,087</u>

Principal and interest requirements to retire City of Ashtabula loan, Industrial Park loan and OWDA loan are as follows:

	City of Ashtabula - Loan		Industrial Park Loan		Ohio Water Development Authority Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$9,283	\$2,803	\$34,321	\$9,131	\$28,483	\$5,318
2014	8,946	2,442	35,364	8,088	29,344	4,457
2015	9,357	2,031	36,440	7,012	30,231	3,570
2016	9,787	1,601	37,549	5,904	31,144	2,657
2017	10,236	1,152	38,691	4,762	32,085	1,715
2018-2021	19,274	1,602	137,670	7,170	33,055	746
Total	<u>\$66,883</u>	<u>\$11,631</u>	<u>\$320,035</u>	<u>\$42,067</u>	<u>\$184,342</u>	<u>\$18,463</u>

Combining and Individual Fund Statements and Schedules

Fund Descriptions – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

Code Enforcement Fund - To account for and report rental unit inspection fees collected, committed to ensuring each unit meets minimum standards for health and safety.

Fire Pension Fund - To account for and report restricted property taxes levied for the payment of the current and accrued liability for fire disability and pension benefits.

Food Service Fund - To account for and report committed food service establishment inspection and license and permit fees collected by the City.

Indigent Alcohol Fund - To account for and report restricted fees collected by the municipal court from persons' whose driver's license or permit was suspended for driving under the influence of alcohol.

Law Enforcement Trust Fund - To account for and report the custody of restricted proceeds and property subject to seizure/receipt/expenditure from court ordered forfeiture of criminal assets and mandatory drug fines.

Motor Vehicle License Tax Fund - To account for and report restricted resources received as a result of the County's levied motor vehicle license tax.

Municipal Probation Services Fund - To account for and report restricted fines received from municipal probation.

Police Pension Fund - To account for and report restricted property tax levies for the payment of the current and accrued liability for police disability and pension benefits.

Public Health Nursing Fund - To account for and report committed fees received from residents who utilize the services of the home nursing program sponsored by the Department of Health of the City.

State Highway Fund - To account for and report the portion of the State gasoline tax and motor vehicle registration fees restricted for maintenance of State highways within the City.

Walnut Beach Fund - To account for and report committed franchise fees received from concession stand operations.

Nonmajor Capital Projects Funds

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

Municipal Court Special Projects - To account for and report restricted fines and forfeitures to be used for capital upgrades to the courts.

Construction Fund - To account for and report restricted bond proceeds used for the acquisition and construction of the new Municipal building.

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

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Fund	Total Nonmajor Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$347,683	\$31,000	\$378,683
Cash and Cash Equivalents:			
In Segregated Accounts	9,993	0	9,993
Receivables:			
Property Taxes	629,538	0	629,538
Accounts	73,707	0	73,707
Intergovernmental Receivable	81,249	0	81,249
Materials and Supplies Inventory	3,080	0	3,080
Prepaid Items	261	0	261
<i>Total Assets</i>	<u>\$1,145,511</u>	<u>\$31,000</u>	<u>\$1,176,511</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$282	\$0	\$282
Accrued Wages	1,112	0	1,112
Intergovernmental Payable	72,484	0	72,484
Deposits Held and Due to Others	2,463	0	2,463
<i>Total Liabilities</i>	<u>76,341</u>	<u>0</u>	<u>76,341</u>
Deferred Inflows of Resources			
Property Tax	488,042	0	488,042
Unavailable Revenue	233,216	0	233,216
<i>Total Deferred Inflows of Resources</i>	<u>721,258</u>	<u>0</u>	<u>721,258</u>
Fund Balances			
Nonspendable	3,341	0	3,341
Restricted	156,757	31,000	187,757
Committed	188,096	0	188,096
Unassigned (Deficit)	(282)	0	(282)
<i>Total Fund Balances (Deficit)</i>	<u>347,912</u>	<u>31,000</u>	<u>378,912</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$1,145,511</u>	<u>\$31,000</u>	<u>\$1,176,511</u>

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

	Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues			
Property Taxes	\$513,315	\$0	\$513,315
Charges for Services	30,312	0	30,312
Licenses and Permits	216,194	0	216,194
Fines and Forfeitures	80,938	39,889	120,827
Intergovernmental	174,711	0	174,711
Franchise Fees	45,836	0	45,836
Other	357	0	357
<i>Total Revenues</i>	<u>1,061,663</u>	<u>39,889</u>	<u>1,101,552</u>
Expenditures			
Current:			
General Government:			
Judicial System	38,194	0	38,194
Security of Persons and Property:			
Police	370,384	0	370,384
Fire	354,412	0	354,412
Public Health Services	148,232	0	148,232
Street Maintenance and Repairs	5,375	0	5,375
Housing and Community Development	201,342	0	201,342
Sanitation Services	0	0	0
Leisure Time Activities	28,895	0	28,895
Capital Outlay	0	12,200	12,200
<i>Total Expenditures</i>	<u>1,146,834</u>	<u>12,200</u>	<u>1,159,034</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(85,171)</u>	<u>27,689</u>	<u>(57,482)</u>
Other Financing Sources (Uses)			
Transfers In	27,500	0	27,500
Transfers Out	(173,000)	0	(173,000)
<i>Total Other Financing Sources and Uses</i>	<u>(145,500)</u>	<u>0</u>	<u>(145,500)</u>
<i>Net Change in Fund Balances</i>	(230,671)	27,689	(202,982)
<i>Fund Balances Beginning of Year</i>	<u>578,583</u>	<u>3,311</u>	<u>581,894</u>
<i>Fund Balances End of Year</i>	<u>\$347,912</u>	<u>\$31,000</u>	<u>\$378,912</u>

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

	Code Enforcement	Fire Pension	Food Service	Indigent Alcohol
Assets				
Equity in Pooled Cash and Cash Equivalents	\$76,685	\$58,811	\$1,231	\$33,469
Cash and Cash Equivalents:				
In Segregated Accounts	0	0	0	3,474
Receivables:				
Property Taxes	0	314,769	0	0
Accounts	31,252	0	0	0
Intergovernmental Receivable	0	17,336	0	0
Materials and Supplies Inventory	0	0	0	0
Prepaid Items	0	0	261	0
<i>Total Assets</i>	<u>\$107,937</u>	<u>\$390,916</u>	<u>\$1,492</u>	<u>\$36,943</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$125	\$0
Accrued Wages	0	0	851	0
Intergovernmental Payable	0	34,006	537	0
Deposits Held and Due to Others	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>34,006</u>	<u>1,513</u>	<u>0</u>
Deferred Inflows of Resources				
Property Tax	0	244,021	0	0
Unavailable Revenue	23,152	88,084	0	0
<i>Total Deferred Inflows of Resources</i>	<u>23,152</u>	<u>332,105</u>	<u>0</u>	<u>0</u>
Fund Balances				
Nonspendable	0	0	261	0
Restricted	0	24,805	0	36,943
Committed	84,785	0	0	0
Unassigned (Deficit)	0	0	(282)	0
<i>Total Fund Balances (Deficit)</i>	<u>84,785</u>	<u>24,805</u>	<u>(21)</u>	<u>36,943</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)</i>	<u>\$107,937</u>	<u>\$390,916</u>	<u>\$1,492</u>	<u>\$36,943</u>

Law Enforcement Trust	Motor Vehicle License Tax	Municipal Probation Services	Police Pension
\$5,514	\$1,852	\$43,522	\$55,977
48	0	6,471	0
0	0	0	314,769
6,027	0	0	0
0	17,250	0	17,336
0	0	0	0
0	0	0	0
<u>\$11,589</u>	<u>\$19,102</u>	<u>\$49,993</u>	<u>\$388,082</u>
\$0	\$0	\$0	\$0
0	0	0	0
0	0	0	37,755
0	0	2,463	0
<u>0</u>	<u>0</u>	<u>2,463</u>	<u>37,755</u>
0	0	0	244,021
0	11,500	0	88,084
<u>0</u>	<u>11,500</u>	<u>0</u>	<u>332,105</u>
0	0	0	0
11,589	7,602	47,530	18,222
0	0	0	0
0	0	0	0
<u>11,589</u>	<u>7,602</u>	<u>47,530</u>	<u>18,222</u>
<u>\$11,589</u>	<u>\$19,102</u>	<u>\$49,993</u>	<u>\$388,082</u>

(continued)

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

	Public Health Nursing	State Highway	Walnut Beach	Total Nonmajor Special Revenue Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$24,866	\$3,135	\$42,621	\$347,683
Cash and Cash Equivalents:				
In Segregated Accounts	0	0	0	9,993
Receivables:				
Property Taxes	0	0	0	629,538
Accounts	3,320	0	33,108	73,707
Intergovernmental Receivable	8,534	20,793	0	81,249
Materials and Supplies Inventory	3,080	0	0	3,080
Prepaid Items	0	0	0	261
<i>Total Assets</i>	<u>\$39,800</u>	<u>\$23,928</u>	<u>\$75,729</u>	<u>\$1,145,511</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$19	\$0	\$138	\$282
Accrued Wages	261	0	0	1,112
Intergovernmental Payable	186	0	0	72,484
Deposits Held and Due to Others	0	0	0	2,463
<i>Total Liabilities</i>	<u>466</u>	<u>0</u>	<u>138</u>	<u>76,341</u>
Deferred Inflows of Resources				
Property Tax	0	0	0	488,042
Unavailable Revenue	8,534	13,862	0	233,216
<i>Total Deferred Inflows of Resources</i>	<u>8,534</u>	<u>13,862</u>	<u>0</u>	<u>721,258</u>
Fund Balances				
Nonspendable	3,080	0	0	3,341
Restricted	0	10,066	0	156,757
Committed	27,720	0	75,591	188,096
Unassigned (Deficit)	0	0	0	(282)
<i>Total Fund Balances (Deficit)</i>	<u>30,800</u>	<u>10,066</u>	<u>75,591</u>	<u>347,912</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficit)</i>	<u>\$39,800</u>	<u>\$23,928</u>	<u>\$75,729</u>	<u>\$1,145,511</u>

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

	Code			Indigent
	Enforcement	Fire Pension	Food Service	Alcohol
Revenues				
Property Taxes	\$0	\$270,269	\$0	\$0
Charges for Services	0	0	0	0
Licenses and Permits	172,713	0	43,481	0
Fines and Forfeitures	0	0	0	15,394
Intergovernmental	0	34,672	375	0
Interest	0	0	0	0
Franchise Fees	0	0	0	0
Other	0	0	0	0
<i>Total Revenues</i>	<u>172,713</u>	<u>304,941</u>	<u>43,856</u>	<u>15,394</u>
Expenditures				
Current:				
General Government:				
Judicial System	0	0	0	11,060
Security of Persons and Property:				
Police	0	0	0	0
Fire	0	354,412	0	0
Public Health Services	0	0	71,600	0
Street Maintenance and Repairs	0	0	0	0
Housing and Community Development	201,342	0	0	0
Leisure Time Activities	0	0	0	0
<i>Total Expenditures</i>	<u>201,342</u>	<u>354,412</u>	<u>71,600</u>	<u>11,060</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(28,629)</u>	<u>(49,471)</u>	<u>(27,744)</u>	<u>4,334</u>
Other Financing Sources (Uses)				
Transfers In	0	0	27,500	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources and Uses</i>	<u>0</u>	<u>0</u>	<u>27,500</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(28,629)	(49,471)	(244)	4,334
<i>Fund Balances Beginning of Year</i>	<u>113,414</u>	<u>74,276</u>	<u>223</u>	<u>32,609</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$84,785</u></u>	<u><u>\$24,805</u></u>	<u><u>(\$21)</u></u>	<u><u>\$36,943</u></u>

Law Enforcement Trust	Motor Vehicle License Tax	Municipal Probation Services	Police Pension	Public Health Nursing
\$0	\$0	\$0	\$243,046	\$0
0	0	0	0	28,750
0	0	0	0	0
8,530	0	57,014	0	0
0	40,814	0	34,672	7,585
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>8,530</u>	<u>40,814</u>	<u>57,014</u>	<u>277,718</u>	<u>36,335</u>
0	0	27,134	0	0
3,567	0	0	366,817	0
0	0	0	0	0
0	0	0	0	76,632
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>3,567</u>	<u>0</u>	<u>27,134</u>	<u>366,817</u>	<u>76,632</u>
<u>4,963</u>	<u>40,814</u>	<u>29,880</u>	<u>(89,099)</u>	<u>(40,297)</u>
0	0	0	0	0
0	(40,000)	(85,000)	0	0
<u>0</u>	<u>(40,000)</u>	<u>(85,000)</u>	<u>0</u>	<u>0</u>
4,963	814	(55,120)	(89,099)	(40,297)
<u>6,626</u>	<u>6,788</u>	<u>102,650</u>	<u>107,321</u>	<u>71,097</u>
<u>\$11,589</u>	<u>\$7,602</u>	<u>\$47,530</u>	<u>\$18,222</u>	<u>\$30,800</u>

(continued)

City of Ashtabula, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2012

	State Highway	Walnut Beach	Total Nonmajor Special Revenue Funds
Revenues			
Property Taxes	\$0	\$0	\$513,315
Charges for Services	0	1,562	30,312
Licenses and Permits	0	0	216,194
Fines and Forfeitures	0	0	80,938
Intergovernmental	56,593	0	174,711
Interest	0	0	0
Franchise Fees	0	45,836	45,836
Other	0	357	357
<i>Total Revenues</i>	<u>56,593</u>	<u>47,755</u>	<u>1,061,663</u>
Expenditures			
Current:			
General Government:			
Judicial System	0	0	38,194
Security of Persons and Property:			
Police	0	0	370,384
Fire	0	0	354,412
Public Health Services	0	0	148,232
Street Maintenance and Repairs	5,375	0	5,375
Housing and Community Development	0	0	201,342
Leisure Time Activities	0	28,895	28,895
<i>Total Expenditures</i>	<u>5,375</u>	<u>28,895</u>	<u>1,146,834</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>51,218</u>	<u>18,860</u>	<u>(85,171)</u>
Other Financing Sources (Uses)			
Transfers In	0	0	27,500
Transfers Out	(48,000)	0	(173,000)
<i>Total Other Financing Sources and Uses</i>	<u>(48,000)</u>	<u>0</u>	<u>(145,500)</u>
<i>Net Change in Fund Balances</i>	3,218	18,860	(230,671)
<i>Fund Balances Beginning of Year</i>	<u>6,848</u>	<u>56,731</u>	<u>578,583</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$10,066</u>	<u>\$75,591</u>	<u>\$347,912</u>

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

	Municipal Court Special Projects	Construction Fund	Total Nonmajor Capital Projects Fund
Assets			
Equity in Pooled Cash and Cash Equivalents	\$27,689	\$3,311	\$31,000
Liabilities	\$0	\$0	\$0
Deferred Inflows of Resources	0	0	0
Fund Balances			
Restricted	27,689	3,311	31,000
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	\$27,689	\$3,311	\$31,000

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

	Municipal Court Special Projects	Construction Capital Projects Fund	Total Nonmajor Capital Projects Funds
Revenues			
Fines and Forfeitures	\$39,889	\$0	\$39,889
Expenditures			
Capital Outlay	12,200	0	12,200
<i>Net Change in Fund Balances</i>	27,689	0	27,689
<i>Fund Balances Beginning of Year</i>	0	3,311	3,311
<i>Fund Balances End of Year</i>	\$27,689	\$3,311	\$31,000

Combining Statements – Internal Service Funds

Internal service funds are established to account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

Self Insurance Fund - To account for a medical benefit self insurance program for employees of the City. Monthly fees are paid and any balance on hand is held until used.

Workers' Compensation Fund - To account for the revenues used for the purpose of providing workers' compensation benefits to employees.

City of Ashtabula, Ohio
Combining Statement of Fund Net Position
Internal Service Funds
December 31, 2012

	Self Insurance	Workers' Compensation	Total
Assets			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$0	\$371,827	\$371,827
Interfund Receivable	0	548,172	548,172
Prepaid Items	425	0	425
<i>Total Assets</i>	425	919,999	920,424
Liabilities			
<i>Current Liabilities</i>			
Accounts Payable	0	600	600
Intergovernmental Payable	0	129,018	129,018
Interfund Payable	323,172	0	323,172
Claims Payable	52,940	200,766	253,706
<i>Total Current Liabilities</i>	376,112	330,384	706,496
<i>Long-Term Liabilities (net of current portion)</i>			
Claims Payable	0	150,000	150,000
<i>Total Liabilities</i>	376,112	480,384	856,496
Net Position			
Unrestricted (Deficit)	(\$375,687)	\$439,615	\$63,928

City of Ashtabula, Ohio
*Combining Statement of Revenues, Expenses
and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2012*

	Self Insurance	Workers' Compensation	Total
Revenues			
Charges for Services	\$2,131,530	\$16,250	\$2,147,780
Miscellaneous	0	4,364	4,364
<i>Total Revenues</i>	<u>2,131,530</u>	<u>20,614</u>	<u>2,152,144</u>
Operating Expenses			
Contractual Services	143,704	26,000	169,704
Claims	1,916,078	180,396	2,096,474
<i>Total Operating Expenses</i>	<u>2,059,782</u>	<u>206,396</u>	<u>2,266,178</u>
<i>Change in Net Position</i>	71,748	(185,782)	(114,034)
<i>Net Position (Deficit) Beginning of Year</i>	<u>(447,435)</u>	<u>625,397</u>	<u>177,962</u>
<i>Net Position (Deficit) End of Year</i>	<u><u>(\$375,687)</u></u>	<u><u>\$439,615</u></u>	<u><u>\$63,928</u></u>

City of Ashtabula, Ohio
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2012

	Self Insurance	Workers' Compensation	Total
<i>Increase (Decrease) In Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Other Funds	\$2,143,050	\$16,250	\$2,159,300
Cash Payments Received from Other Operating Sources	0	4,364	4,364
Cash Payments to Suppliers for Goods and Services	(146,129)	(22,968)	(169,097)
Cash Payments for Claims	(1,913,183)	(258,488)	(2,171,671)
<i>Net Cash Provided by (Used for) Operating Activities</i>	83,738	(260,842)	(177,104)
Cash Flows from Noncapital Financing Activities			
Advances In	0	108,738	108,738
Advances Out	(83,738)	0	(83,738)
<i>Net Cash Provided by (Used for) Noncapital Financing Activities</i>	(83,738)	108,738	25,000
<i>Net Decrease In Cash and Cash Equivalents</i>	0	(152,104)	(152,104)
<i>Cash and Cash Equivalents Beginning of Year</i>	0	523,931	523,931
<i>Cash and Cash Equivalents End of Year</i>	\$0	\$371,827	\$371,827
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities			
<i>Operating Income (Loss)</i>	\$71,748	(\$185,782)	(\$114,034)
(Increase) Decrease in Assets:			
Accounts Receivable	11,520	0	11,520
Prepaid Items	(425)	0	(425)
Increase (Decrease) in Liabilities:			
Accounts Payable	(2,000)	600	(1,400)
Intergovernmental Payable	0	2,432	2,432
Claims Payable	2,895	(78,092)	(75,197)
<i>Net Cash Provided by (Used for) Operating Activities</i>	\$83,738	(\$260,842)	(\$177,104)

Combining Statements – 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. The City does not have any trust funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

Fire Deposits Fund - To account for deposits made by property owners or insurance companies to ensure that fire damaged buildings are restored or razed in compliance with the City building code.

Law Library - To accumulate monies collected from State patrol fines that are then distributed to the County law library.

Marina Fund – To account for monies received from permits and licenses issued in connection with the operation of marinas that are then distributed to the City Port Authority.

Street Deposits Fund - To account for deposits from contractors or vendors held by the City to ensure compliance with various City ordinances regarding development within the City.

City of Ashtabula, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2012

	Balance 12/31/2011	Additions	Reductions	Balance 12/31/2012
<i>Fire Deposits</i>				
Assets				
Equity Pooled in Cash and Cash Equivalents	\$126,073	\$93,098	\$176,884	\$42,287
Liabilities				
Deposits Held and Due to Others	\$126,073	\$93,098	\$176,884	\$42,287
<i>Law Library</i>				
Assets				
Equity Pooled in Cash and Cash Equivalents	\$2,045	\$33,916	\$34,222	\$1,739
Liabilities				
Intergovernmental Payable	\$2,045	\$33,916	\$34,222	\$1,739
<i>Marina</i>				
Assets				
Equity Pooled in Cash and Cash Equivalents	\$6,430	\$9,950	\$9,950	\$6,430
Liabilities				
Intergovernmental Payable	\$6,430	\$9,950	\$9,950	\$6,430
<i>Street Deposits</i>				
Assets				
Equity Pooled in Cash and Cash Equivalents	\$555	\$0	\$0	\$555
Liabilities				
Deposits Held and Due to Others	\$555	\$0	\$0	\$555
<i>Total Agency</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$135,103	\$136,964	\$221,056	\$51,011
Liabilities				
Intergovernmental Payable	\$8,475	\$43,866	\$44,172	\$8,169
Deposits Held and Due to Others	126,628	93,098	176,884	42,842
Total Liabilities	\$135,103	\$136,964	\$221,056	\$51,011

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Property Taxes	\$963,750	\$963,750	\$865,814	(\$97,936)
Municipal Income Tax	5,331,868	5,349,448	5,308,046	(41,402)
Charges for Services	644,600	646,100	538,044	(108,056)
Licenses and Permits	55,100	56,850	30,175	(26,675)
Fines and Forfeitures	756,830	779,830	619,870	(159,960)
Intergovernmental	1,069,017	1,098,617	1,245,190	146,573
Interest	100	100	175	75
Rentals	157,200	157,200	169,002	11,802
Franchise Fees	195,000	195,000	206,116	11,116
Other	112,600	139,100	79,912	(59,188)
<i>Total Revenues</i>	<u>9,286,065</u>	<u>9,385,995</u>	<u>9,062,344</u>	<u>(323,651)</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Council:				
Personal Services	174,075	188,610	176,326	12,284
Materials and Supplies	1,232	1,332	1,251	81
Contractual Services	7,000	7,000	6,946	54
Total Council	<u>182,307</u>	<u>196,942</u>	<u>184,523</u>	<u>12,419</u>
Administration:				
Personal Services	149,352	155,567	151,030	4,537
Materials and Supplies	2,500	2,500	1,139	1,361
Total Administration	<u>151,852</u>	<u>158,067</u>	<u>152,169</u>	<u>5,898</u>
Auditor:				
Personal Services	157,803	204,208	198,997	5,211
Materials and Supplies	7,000	10,267	10,051	216
Contractual Services	0	11,660	11,660	0
Total Auditor	<u>164,803</u>	<u>226,135</u>	<u>220,709</u>	<u>5,426</u>
Treasurer:				
Personal Services	42,203	39,049	37,345	1,704
Materials and Supplies	1,907	1,907	1,792	115
Total Treasurer	<u>\$44,110</u>	<u>\$40,956</u>	<u>\$39,137</u>	<u>\$1,819</u>

(continued)

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
City Income Tax:				
Personal Services	\$120,362	\$129,461	\$127,912	\$1,549
Materials and Supplies	25,529	24,329	19,870	4,459
Total City Income Tax	145,891	153,790	147,782	6,008
Solicitor:				
Personal Services	273,213	246,863	237,420	9,443
Materials and Supplies	3,500	3,500	2,589	911
Total Solicitor	276,713	250,363	240,009	10,354
Motor Maintenance:				
Personal Services	113,232	116,845	112,709	4,136
Materials and Supplies	3,500	3,500	3,496	4
Total Motor Maintenance	116,732	120,345	116,205	4,140
Engineering & PCD:				
Personal Services	173,514	75,545	71,177	4,368
Materials and Supplies	6,577	7,056	6,135	921
Total Engineering & PCD	180,091	82,601	77,312	5,289
Affirmative Action:				
Personal Services	2,633	2,655	2,602	53
County Auditor Deductions:				
Contractual Services	115,239	109,414	108,702	712
General Services:				
Contractual Services	0	2,390	1,637	753
Occupancy Health and Unemployment	18,515	0	0	0
Street and Viaduct Lighting	445,225	443,605	433,416	10,189
Legal Advertising	3,000	3,000	3,000	0
Photocopy Machine	1,465	2,365	2,330	35
Bus Subsidy	31,000	31,000	31,000	0
Indigent Burials	0	500	0	500
Settlement of Claims	156,250	291,148	289,006	2,142
Visitors Guide	1,025	6,525	6,471	54
Traffic Camera Fees	15,000	11,750	11,746	4
Bank Fees	1,000	1,005	1,005	1
Total General Services	\$672,480	\$793,288	\$779,611	\$13,678

(continued)

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Civil Service:				
Personal Services	\$11,898	\$11,999	\$11,980	\$19
Materials and Supplies	500	435	435	0
Total Civil Service	12,398	12,434	12,415	19
Lands and Buildings:				
Personal Services	134,070	191,338	185,102	6,236
Materials and Supplies	68,265	66,515	64,934	1,581
Contractual Services	261,501	247,098	216,480	30,618
Total Lands and Buildings	463,836	504,951	466,516	38,435
Systems Analyst:				
Personal Services	13,333	4,353	3,016	1,337
Materials and Supplies	5,000	3,000	1,155	1,845
Contractual Services	44,000	49,000	39,594	9,406
Total Systems Analyst	62,333	56,353	43,765	12,588
Water Pollution				
Personal Services	1,557	1,579	1,486	93
Total Legislative and Executive	2,592,975	2,709,873	2,592,943	116,930
Judicial System:				
Municipal Court/Probation:				
Personal Services	844,885	732,435	711,461	20,974
Materials and Supplies	228,113	223,137	200,841	22,296
Contractual Services	4,500	4,500	3,755	745
Total Judicial System	1,077,498	960,072	916,057	44,015
Total General Government	3,670,473	3,669,945	3,509,000	160,945
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	2,607,142	2,639,332	2,598,275	41,057
Materials and Supplies	186,677	299,372	291,766	7,606
Contractual Services	36,599	17,599	15,802	1,797
Total Police	\$2,830,418	\$2,956,303	\$2,905,843	\$50,460

(continued)

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Fire:				
Fire Prevention:				
Personal Services	\$2,117,639	\$2,153,236	\$2,075,748	\$77,488
Materials and Supplies	73,178	76,678	65,769	10,909
Contractual Services	55,747	59,957	46,789	13,168
Other	23,000	23,000	22,751	249
Total Fire	<u>2,269,564</u>	<u>2,312,871</u>	<u>2,211,058</u>	<u>101,813</u>
Total Security of Persons and Property	<u>5,099,982</u>	<u>5,269,174</u>	<u>5,116,901</u>	<u>152,273</u>
Public Health Services:				
Health:				
Personal Services	136,259	135,352	126,979	8,374
Materials and Supplies	4,124	5,544	5,244	301
Contractual Services	45,293	45,293	42,285	3,008
Total Public Health Services	<u>185,676</u>	<u>186,189</u>	<u>174,507</u>	<u>11,682</u>
Street Maintenance and Repairs:				
Street:				
Personal Services	207,591	207,663	186,270	21,393
Sanitation Services:				
Sanitation:				
Personal Services	46,066	16,529	12,000	4,529
<i>Total Expenditures</i>	<u>9,209,788</u>	<u>9,349,500</u>	<u>8,998,678</u>	<u>350,822</u>
<i>Excess of Revenues Over Expenditures</i>	<u>76,277</u>	<u>36,495</u>	<u>63,666</u>	<u>27,171</u>
Other Financing Sources (Uses)				
Advances Out	(25,000)	(25,000)	(25,000)	0
Transfers In	60,000	60,000	85,000	25,000
Transfers Out	(131,000)	(242,500)	(258,500)	(16,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(96,000)</u>	<u>(207,500)</u>	<u>(198,500)</u>	<u>9,000</u>
<i>Net Change in Fund Balance</i>	(19,723)	(171,005)	(134,834)	36,171
<i>Fund Balance Beginning of Year</i>	363,998	363,998	363,998	0
Prior Year Encumbrances Appropriated	<u>49,260</u>	<u>49,260</u>	<u>49,260</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$393,535</u>	<u>\$242,253</u>	<u>\$278,424</u>	<u>\$36,171</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Development Block Grant Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$1,230,967	\$1,305,967	\$979,295	(\$326,672)
Other	0	0	1,353	1,353
<i>Total Revenues</i>	<u>1,230,967</u>	<u>1,305,967</u>	<u>980,648</u>	<u>(325,319)</u>
Expenditures				
Current:				
Housing and Community Development:				
Community Development Block Grant:				
Personal Services	134,200	146,200	166,329	(20,129)
Materials and Supplies	10,000	10,000	8,373	1,627
Contractual Services	1,073,393	1,140,099	744,479	395,620
<i>Total Expenditures</i>	<u>1,217,593</u>	<u>1,296,299</u>	<u>919,181</u>	<u>377,118</u>
<i>Net Change in Fund Balance</i>	13,374	9,668	61,467	51,799
<i>Fund Balance Beginning of Year</i>	40,796	40,796	40,796	0
Prior Year Encumbrances Appropriated	<u>2,585</u>	<u>2,585</u>	<u>2,585</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$56,755</u></u>	<u><u>\$53,049</u></u>	<u><u>\$104,848</u></u>	<u><u>\$51,799</u></u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Maintenance and Repair Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$8,927	\$21,250	\$8,106	(\$13,144)
Intergovernmental	759,000	759,000	732,495	(26,505)
Interest	0	0	15	15
<i>Total Revenues</i>	<i>767,927</i>	<i>780,250</i>	<i>740,616</i>	<i>(39,634)</i>
Expenditures				
Current:				
Street Maintenance and Repairs:				
Public Works:				
Personal Services	689,156	753,627	744,460	9,167
Materials and Supplies	255,276	332,943	328,783	4,160
<i>Total Expenditures</i>	<i>944,432</i>	<i>1,086,570</i>	<i>1,073,243</i>	<i>13,327</i>
<i>Excess of Revenues Under Expenditures</i>	<i>(176,505)</i>	<i>(306,320)</i>	<i>(332,627)</i>	<i>(26,307)</i>
Other Financing Sources				
Transfers In	158,000	303,000	319,000	16,000
<i>Net Change in Fund Balance</i>	<i>(18,505)</i>	<i>(3,320)</i>	<i>(13,627)</i>	<i>(10,307)</i>
<i>Fund Balance Beginning of Year</i>	<i>12,697</i>	<i>12,697</i>	<i>12,697</i>	<i>0</i>
Prior Year Encumbrances Appropriated	5,997	5,997	5,997	0
<i>Fund Balance End of Year</i>	<i>\$189</i>	<i>\$15,374</i>	<i>\$5,067</i>	<i>(\$10,307)</i>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Debt Service Fund
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Special Assessments	\$10,500	\$10,500	\$9,843	(\$657)
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Bond Retirement:				
Contractual Services	500	500	296	204
Debt Service:				
Principal Retirement	170,000	170,000	168,095	1,905
Interest and Fiscal Charges	9,500	9,500	8,995	505
Total Debt Service	179,500	179,500	177,090	2,410
<i>Total Expenditures</i>	180,000	180,000	177,386	2,614
<i>Excess of Revenues Under Expenditures</i>	(169,500)	(169,500)	(167,543)	1,957
Other Financing Sources				
Transfers In	169,500	169,500	169,500	0
<i>Net Change in Fund Balance</i>	0	0	1,957	1,957
<i>Fund Balance Beginning of Year</i>	48,328	48,328	48,328	0
<i>Fund Balance End of Year</i>	<u>\$48,328</u>	<u>\$48,328</u>	<u>\$50,285</u>	<u>\$1,957</u>

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$520,000	\$489,560	\$585,885	\$96,325
Municipal Income Tax	403,900	403,900	368,142	(35,758)
Intergovernmental	355,500	207,399	314,911	107,512
Other	0	0	11,165	11,165
<i>Total Revenues</i>	<u>1,279,400</u>	<u>1,100,859</u>	<u>1,280,104</u>	<u>179,245</u>
Expenditures				
Capital Outlay:				
Contractual Services	23,000	23,000	20,890	2,110
Capital Outlay	1,068,395	1,245,154	842,887	402,267
<i>Total Expenditures</i>	<u>1,091,395</u>	<u>1,268,154</u>	<u>863,777</u>	<u>404,377</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	188,005	(167,295)	416,327	583,622
Other Financing Uses				
Transfers Out	(208,775)	(208,775)	(208,775)	0
<i>Net Change in Fund Balance</i>	(20,770)	(376,070)	207,552	583,622
<i>Fund Balance Beginning of Year</i>	401,679	401,679	401,679	0
Prior Year Encumbrances Appropriated	49,227	49,227	49,227	0
<i>Fund Balance End of Year</i>	<u>\$430,136</u>	<u>\$74,836</u>	<u>\$658,458</u>	<u>\$583,622</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$1,758,900	\$1,868,900	\$1,895,797	\$26,897
Intergovernmental	60,000	40,000	5,000	(35,000)
Other Operating Revenues	35	35	4,121	4,086
<i>Total Revenues</i>	<u>1,818,935</u>	<u>1,908,935</u>	<u>1,904,918</u>	<u>(4,017)</u>
Expenses				
Personal Services	1,098,452	1,101,890	1,077,447	24,443
Contractual Services	559,500	660,000	655,122	4,878
Materials and Supplies	170,747	175,747	162,573	13,174
Debt Service:				
Principal Retirement	32,000	31,760	31,758	2
Interest and Fiscal Charges	7,500	7,500	7,497	3
<i>Total Expenses</i>	<u>1,868,199</u>	<u>1,976,897</u>	<u>1,934,397</u>	<u>42,500</u>
<i>Excess of Revenues Under Expenses</i>	(49,264)	(67,962)	(29,479)	38,483
Other Financing Sources				
Transfers In	39,275	39,275	39,275	0
<i>Net Change in Fund Equity</i>	(9,989)	(28,687)	9,796	38,483
<i>Fund Equity Beginning of Year</i>	130,465	130,465	130,465	0
Prior Year Encumbrances Appropriated	10,064	10,064	10,064	0
<i>Fund Equity End of Year</i>	<u>\$130,540</u>	<u>\$111,842</u>	<u>\$150,325</u>	<u>\$38,483</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Wastewater Treatment Fund
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$3,360,000	\$3,568,450	\$3,280,140	(\$288,310)
Tap-In Fees	15,000	15,000	3,600	(11,400)
Intergovernmental	350,000	594,700	625,308	30,608
Other Operating Revenues	10,500	10,500	5,854	(4,646)
<i>Total Revenues</i>	<u>3,735,500</u>	<u>4,188,650</u>	<u>3,914,902</u>	<u>(273,748)</u>
Expenses				
Personal Services	1,931,399	1,722,207	1,668,490	53,717
Contractual Services	519,250	576,800	460,679	116,121
Materials and Supplies	375,091	458,591	423,182	35,409
Capital Outlay	478,225	569,210	604,287	(35,077)
Debt Service:				
Principal Retirement	462,050	472,130	472,109	21
Interest and Fiscal Charges	104,746	90,366	88,526	1,840
<i>Total Expenses</i>	<u>3,870,761</u>	<u>3,889,303</u>	<u>3,717,273</u>	<u>172,030</u>
<i>Excess of Revenues Over (Under) Expenses</i>	<u>(135,261)</u>	<u>299,347</u>	<u>197,629</u>	<u>(101,718)</u>
Other Financing Sources				
OPWC Loan Proceeds	0	31,285	30,828	(457)
Transfers In	0	20,000	0	(20,000)
<i>Total Other Financing Sources</i>	<u>0</u>	<u>51,285</u>	<u>30,828</u>	<u>(20,457)</u>
<i>Net Change in Fund Equity</i>	(135,261)	350,632	228,457	(122,175)
<i>Fund Equity (Deficit) Beginning of Year</i>	(469,040)	(469,040)	(469,040)	0
Prior Year Encumbrances Appropriated	135,591	135,591	135,591	0
<i>Fund Equity (Deficit) End of Year</i>	<u>(\$468,710)</u>	<u>\$17,183</u>	<u>(\$104,992)</u>	<u>(\$122,175)</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Code Enforcement Fund
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and Permits	\$265,000	\$165,000	\$169,713	\$4,713
Other	984	984	0	(984)
<i>Total Revenues</i>	<u>265,984</u>	<u>165,984</u>	<u>169,713</u>	<u>3,729</u>
Expenditures				
Current:				
Housing and Community Development:				
Code Enforcement:				
Personal Services	262,490	262,190	197,894	64,296
Materials and Supplies	3,000	3,330	3,288	42
Contractual Services	734	734	160	574
<i>Total Expenditures</i>	<u>266,224</u>	<u>266,254</u>	<u>201,342</u>	<u>64,912</u>
<i>Net Change in Fund Balance</i>	(240)	(100,270)	(31,629)	68,641
<i>Fund Balance Beginning of Year</i>	108,044	108,044	108,044	0
Prior Year Encumbrances Appropriated	270	270	270	0
<i>Fund Balance End of Year</i>	<u>\$108,074</u>	<u>\$8,044</u>	<u>\$76,685</u>	<u>\$68,641</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$273,500	\$273,500	\$270,269	(\$3,231)
Intergovernmental	91,750	36,750	34,672	(2,078)
<i>Total Revenues</i>	<u>365,250</u>	<u>310,250</u>	<u>304,941</u>	<u>(5,309)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Fire:				
Fire Prevention:				
Personal Services	384,399	386,461	347,518	38,943
Contractual Services	6,000	6,000	5,672	328
<i>Total Expenditures</i>	<u>390,399</u>	<u>392,461</u>	<u>353,190</u>	<u>39,271</u>
<i>Net Change in Fund Balance</i>	(25,149)	(82,211)	(48,249)	33,962
<i>Fund Balance Beginning of Year</i>	79,849	79,849	79,849	0
Prior Year Encumbrances Appropriated	25,149	25,149	25,149	0
<i>Fund Balance End of Year</i>	<u>\$79,849</u>	<u>\$22,787</u>	<u>\$56,749</u>	<u>\$33,962</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Food Service Fund
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Licenses and Permits	\$45,000	\$45,000	\$43,481	(\$1,519)
Intergovernmental	4,125	1,125	375	(750)
Total Revenues	<u>49,125</u>	<u>46,125</u>	<u>43,856</u>	<u>(2,269)</u>
Expenditures				
Current:				
Public Health Services:				
Board of Health:				
Personal Services	66,329	65,453	63,882	1,571
Materials and Supplies	3,706	3,656	3,610	46
Contractual Services	4,713	4,713	4,250	463
Total Expenditures	<u>74,748</u>	<u>73,822</u>	<u>71,742</u>	<u>2,080</u>
Excess of Revenues Under Expenditures	(25,623)	(27,697)	(27,886)	(189)
Other Financing Sources				
Transfers In	25,000	27,500	27,500	0
Net Change in Fund Balance	(623)	(197)	(386)	(189)
Fund Balance Beginning of Year	529	529	529	0
Prior Year Encumbrances Appropriated	623	623	623	0
Fund Balance End of Year	<u>\$529</u>	<u>\$955</u>	<u>\$766</u>	<u>(\$189)</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Indigent Alcohol Fund
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$10,000	\$10,000	\$16,498	\$6,498
Intergovernmental	<u>10,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	20,000	10,000	16,498	6,498
Expenditures				
Current:				
General Government:				
Judicial System:				
Indigent Alcohol:				
Materials and Supplies	<u>15,000</u>	<u>15,000</u>	<u>11,060</u>	<u>3,940</u>
<i>Net Change in Fund Balance</i>	5,000	(5,000)	5,438	10,438
<i>Fund Balance Beginning of Year</i>	<u>28,032</u>	<u>28,032</u>	<u>28,032</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$33,032</u></u>	<u><u>\$23,032</u></u>	<u><u>\$33,470</u></u>	<u><u>\$10,438</u></u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$20,000	\$20,000	\$2,630	(\$17,370)
Expenditures				
Current:				
Security of Persons and Property				
Police:				
Law Enforcement Trust:				
Materials and Supplies	<u>20,000</u>	<u>20,000</u>	<u>3,567</u>	<u>16,433</u>
<i>Net Change in Fund Balance</i>	0	0	(937)	(937)
<i>Fund Balance Beginning of Year</i>	<u>6,451</u>	<u>6,451</u>	<u>6,451</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$6,451</u></u>	<u><u>\$6,451</u></u>	<u><u>\$5,514</u></u>	<u><u>(\$937)</u></u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Motor Vehicle License Tax Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$40,000	\$40,000	\$38,039	(\$1,961)
Expenditures	0	0	0	0
<i>Excess of Revenues Over Expenditures</i>	40,000	40,000	38,039	(1,961)
Other Financing Uses				
Transfers Out	(40,000)	(40,000)	(40,000)	0
<i>Net Change in Fund Balance</i>	0	0	(1,961)	(1,961)
<i>Fund Balance Beginning of Year</i>	3,813	3,813	3,813	0
<i>Fund Balance End of Year</i>	\$3,813	\$3,813	\$1,852	(\$1,961)

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Probation Services Fund
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$45,000	\$45,000	\$56,674	\$11,674
Intergovernmental	75,000	0	0	0
Total Revenues	120,000	45,000	56,674	11,674
Expenditures				
Current:				
General Government:				
Judicial System:				
Municipal Probation Services:				
Personal Services	55,000	25,000	25,000	0
Materials and Supplies	5,000	25,000	2,134	22,866
<i>Excess of Revenues Over (Under) Expenditures</i>	60,000	(5,000)	29,540	34,540
Other Financing Uses				
Transfers Out	(60,000)	(90,000)	(85,000)	5,000
<i>Net Change in Fund Balance</i>	0	(95,000)	(55,460)	39,540
<i>Fund Balance Beginning of Year</i>	98,982	98,982	98,982	0
<i>Fund Balance End of Year</i>	<u>\$98,982</u>	<u>\$3,982</u>	<u>\$43,522</u>	<u>\$39,540</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$273,500	\$273,500	\$243,046	(\$30,454)
Intergovernmental	111,750	36,750	34,672	(2,078)
<i>Total Revenues</i>	<u>385,250</u>	<u>310,250</u>	<u>277,718</u>	<u>(32,532)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	408,617	383,278	382,894	384
Contractual Services	6,000	6,000	5,672	328
<i>Total Expenditures</i>	<u>414,617</u>	<u>389,278</u>	<u>388,566</u>	<u>712</u>
<i>Net Change in Fund Balance</i>	(29,367)	(79,028)	(110,848)	(31,820)
<i>Fund Balance Beginning of Year</i>	112,921	112,921	112,921	0
Prior Year Encumbrances Appropriated	29,637	29,637	29,637	0
<i>Fund Balance End of Year</i>	<u>\$113,191</u>	<u>\$63,530</u>	<u>\$31,710</u>	<u>(\$31,820)</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Public Health Nursing Fund
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$40,000	\$40,000	\$29,015	(\$10,985)
Intergovernmental	38,500	13,000	12,335	(665)
Total Revenues	78,500	53,000	41,350	(11,650)
Expenditures				
Current:				
Public Health Services:				
Public Health Nursing:				
Personal Services	46,353	47,236	46,843	393
Materials and Supplies	26,170	30,670	30,477	193
<i>Total Expenditures</i>	<u>72,523</u>	<u>77,906</u>	<u>77,320</u>	<u>586</u>
<i>Net Change in Fund Balance</i>	5,977	(24,906)	(35,970)	(11,064)
<i>Fund Balance Beginning of Year</i>	59,840	59,840	59,840	0
Prior Year Encumbrances Appropriated	498	498	498	0
<i>Fund Balance End of Year</i>	<u>\$66,315</u>	<u>\$35,432</u>	<u>\$24,368</u>	<u>(\$11,064)</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$61,250	\$61,250	\$53,223	(\$8,027)
Expenditures				
Current:				
Street Maintenance and Repairs:				
Public Works:				
Personal Services	12,900	5,375	5,375	0
<i>Excess of Revenues Over Expenditures</i>	48,350	55,875	47,848	(8,027)
Other Financing Uses				
Transfers Out	(48,000)	(48,000)	(48,000)	0
<i>Net Change in Fund Balance</i>	350	7,875	(152)	(8,027)
<i>Fund Balance Beginning of Year</i>	3,287	3,287	3,287	0
<i>Fund Balance End of Year</i>	<u>\$3,637</u>	<u>\$11,162</u>	<u>\$3,135</u>	<u>(\$8,027)</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Walnut Beach Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$750	\$750	\$1,562	\$812
Intergovernmental	10,000	0	0	0
Franchise Fees	42,000	42,000	44,732	2,732
Other	0	0	357	357
<i>Total Revenues</i>	<i>52,750</i>	<i>42,750</i>	<i>46,650</i>	<i>3,900</i>
Expenditures				
Current:				
Leisure Time Activities:				
Walnut Beach:				
Materials and Supplies	32,750	32,750	8,799	23,951
Contractual Services	20,000	20,000	20,000	0
<i>Total Expenditures</i>	<i>52,750</i>	<i>52,750</i>	<i>28,799</i>	<i>23,951</i>
<i>Net Change in Fund Balance</i>	<i>0</i>	<i>(10,000)</i>	<i>17,851</i>	<i>27,851</i>
<i>Fund Balance Beginning of Year</i>	<i>24,770</i>	<i>24,770</i>	<i>24,770</i>	<i>0</i>
<i>Fund Balance End of Year</i>	<i>\$24,770</i>	<i>\$14,770</i>	<i>\$42,621</i>	<i>\$27,851</i>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Court Special Projects
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$40,000	\$40,000	\$37,986	(\$2,014)
Expenditures				
Capital Outlay:				
Materials and Supplies	40,000	40,000	12,200	27,800
<i>Net Change in Fund Balance</i>	0	0	25,786	25,786
<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>\$25,786</u>	<u>\$25,786</u>

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</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>3,311</u>	<u>3,311</u>	<u>3,311</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,311</u></u>	<u><u>\$3,311</u></u>	<u><u>\$3,311</u></u>	<u><u>\$0</u></u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Self Insurance Fund
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$2,358,000	\$2,358,000	\$2,143,050	(\$214,950)
Expenses				
Contractual Services	146,130	146,130	146,129	1
Claims	2,220,460	2,086,870	1,913,183	173,687
<i>Total Expenses</i>	<u>2,366,590</u>	<u>2,233,000</u>	<u>2,059,312</u>	<u>173,688</u>
<i>Net Change in Fund Equity</i>	(8,590)	125,000	83,738	(41,262)
<i>Fund Equity (Deficit) Beginning of Year</i>	(415,500)	(415,500)	(415,500)	0
Prior Year Encumbrances Appropriated	<u>8,590</u>	<u>8,590</u>	<u>8,590</u>	<u>0</u>
<i>Fund Equity (Deficit) End of Year</i>	<u>(\$415,500)</u>	<u>(\$281,910)</u>	<u>(\$323,172)</u>	<u>(\$41,262)</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Workers' Compensation Fund
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$60,000	\$1,250	\$16,250	\$15,000
Other	<u>520,000</u>	<u>20,000</u>	<u>4,364</u>	<u>(15,636)</u>
Total Revenues	<u>580,000</u>	<u>21,250</u>	<u>20,614</u>	<u>(636)</u>
Expenses				
Contractual Services	17,983	25,483	25,158	325
Claims	<u>213,135</u>	<u>263,135</u>	<u>261,373</u>	<u>1,762</u>
Total Expenses	<u>231,118</u>	<u>288,618</u>	<u>286,531</u>	<u>2,087</u>
<i>Excess of Revenues Over (Under) Expenses</i>	348,883	(267,368)	(265,917)	1,451
Other Financing Sources				
Advances In	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>0</u>
<i>Net Change in Fund Equity</i>	373,883	(242,368)	(240,917)	1,451
<i>Fund Equity Beginning of Year</i>	929,878	929,878	929,878	0
Prior Year Encumbrances Appropriated	<u>963</u>	<u>963</u>	<u>963</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$1,304,724</u>	<u>\$688,473</u>	<u>\$689,924</u>	<u>\$1,451</u>

STATISTICAL SECTION

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Statistical Section

This part of the City of Ashtabula, 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 – S21</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>S22 – 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 – S32</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 – S45</i>
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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

	2012	2011	2010	2009
Governmental Activities				
Net Investment in Capital Assets	\$26,144,204	\$27,040,775	\$18,695,971	\$19,304,462
Restricted:				
Capital Projects	1,038,535	996,559	519,091	616,317
Debt Service	103,521	108,509	125,280	212,116
Community Development	768,002	546,108	1,330,094	2,266,481
Sanitation	0	0	0	883,394
Street Maintenance and Repair	180,727	154,647	151,130	140,771
Public Safety	230,784	389,697	436,726	N/A
Municipal Court	84,473	102,650	134,952	N/A
Other Purposes	19,915	102,874	369,503	791,656
Unrestricted	391,808	962,152	160,862	841,775
<i>Total Governmental Activities Net Position</i>	<u>28,961,969</u>	<u>30,403,971</u>	<u>21,923,609</u>	<u>25,056,972</u>
Business Type - Activities				
Net Investment in Capital Assets	11,545,705	11,224,236	10,615,079	10,339,668
Unrestricted	2,530,937	2,084,496	3,249,898	1,701,294
<i>Total Business-Type Activities Net Position</i>	<u>14,076,642</u>	<u>13,308,732</u>	<u>13,864,977</u>	<u>12,040,962</u>
Primary Government				
Net Investment in Capital Assets	37,689,909	38,265,011	29,311,050	29,644,130
Restricted	2,425,957	2,401,044	3,066,776	4,910,735
Unrestricted	2,922,745	3,046,648	3,410,760	2,543,069
<i>Total Primary Government Net Position</i>	<u>\$43,038,611</u>	<u>\$43,712,703</u>	<u>\$35,788,586</u>	<u>\$37,097,934</u>

2008	2007	2006	2005	2004	2003
\$19,022,629	\$17,985,793	\$17,179,586	\$16,519,641	\$16,072,672	\$14,824,413
917,675	992,414	1,257,245	768,188	704,115	1,041,588
141,267	927,528	842,539	617,568	926,146	776,956
1,073,682	1,466,762	755,325	795,158	N/A	N/A
719,258	648,455	743,242	696,513	N/A	N/A
97,528	138,087	293,245	327,342	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
797,701	880,874	912,937	635,520	2,200,932	2,230,814
1,312,330	1,871,948	2,283,621	2,971,359	2,721,642	2,535,254
24,082,070	24,911,861	24,267,740	23,331,289	22,625,507	21,409,025
10,343,268	8,637,769	9,968,685	9,632,357	8,753,780	8,759,633
2,143,693	3,632,203	1,340,098	1,487,653	1,690,631	1,225,137
12,486,961	12,269,972	11,308,783	11,120,010	10,444,411	9,984,770
29,365,897	26,623,562	27,148,271	26,151,998	24,826,452	23,584,046
3,747,111	5,054,120	4,804,533	3,840,289	3,831,193	4,049,358
3,456,023	5,504,151	3,623,719	4,459,012	4,412,273	3,760,391
\$36,569,031	\$37,181,833	\$35,576,523	\$34,451,299	\$33,069,918	\$31,393,795

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

	2012	2011	2010	2009
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government:				
Legislative and Executive	\$414,538	\$236,006	\$299,400	\$265,773
Judicial System	258,606	645,600	210,280	759,859
Security of Persons and Property:				
Police	468,505	387,791	404,073	44,108
Fire	358,161	76,175	277,242	51,658
Public Health Services	102,777	168,489	117,408	174,062
Street Maintenance and Repairs	27,539	12,176	59,080	40,554
Housing and Community Development	243,585	137,636	280,833	295,469
Sanitation Services	0	28,372	2,734	1,801,553
Leisure Time Activities	1,562	3,005	15,794	13,830
Subtotal - Charges for Services	<u>1,875,273</u>	<u>1,695,250</u>	<u>1,666,844</u>	<u>3,446,866</u>
Operating Grants and Contributions:				
General Government:				
Legislative and Executive	0	0	0	0
Judicial System	0	15,708	15,708	87,818
Security of Persons and Property:				
Police	206,181	187,228	100,718	381,438
Fire	30,367	42,961	77,269	36,438
Public Health Services	12,508	9,522	111,983	207,053
Street Maintenance and Repairs	817,848	868,021	779,720	94,120
Housing and Community Development	962,920	0	108,985	233,330
Sanitation Services	0	0	0	40,000
Leisure Time Activities	0	0	0	0
Subtotal - Operating Grants and Contributions	<u>2,029,824</u>	<u>1,123,440</u>	<u>1,194,383</u>	<u>1,080,197</u>
Capital Grants and Contributions:				
General Government:				
Legislative and Executive	13,250	1,956,961	184,138	97,318
Judicial System	0	0	0	0
Security of Persons and Property:				
Police	0	0	0	0
Fire	0	0	0	0
Public Health Services	0	0	0	0
Street Maintenance and Repairs	0	1,802,011	0	407,687
Housing and Community Development	0	0	0	173,444
Sanitation Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Subtotal - Capital Grants and Contributions	<u>13,250</u>	<u>3,758,972</u>	<u>184,138</u>	<u>678,449</u>
<i>Total Governmental Activities Program Revenues</i>	<u>\$3,918,347</u>	<u>\$6,577,662</u>	<u>\$3,045,365</u>	<u>\$5,205,512</u>

2008	2007	2006	2005	2004	2003
\$175,970	\$209,086	\$197,913	\$408,108	\$215,617	\$68,975
804,117	773,601	676,782	632,431	605,898	732,927
88,807	60,398	23,140	18,126	73,923	3,967
55,518	53,790	47,862	42,679	67,511	0
187,267	201,688	196,130	180,368	148,884	65,937
15,694	25,485	42,047	11,958	3,073	4,188
221,622	252,889	133,221	127,042	86,289	85,366
1,799,928	1,656,815	1,353,756	1,335,405	1,304,215	1,184,414
14,280	14,455	15,392	15,837	13,650	13,650
<u>3,363,203</u>	<u>3,248,207</u>	<u>2,686,243</u>	<u>2,771,954</u>	<u>2,519,060</u>	<u>2,159,424</u>
15,251	0	0	0	0	0
15,687	15,189	0	0	0	0
49,140	4,110	14,963	28,038	14,789	125,104
35,966	0	1,000	12,081	11,000	42,943
25,483	34,604	17,677	4,125	32,504	10,712
317,571	97,960	99,012	99,130	106,575	96,616
59,900	86,300	25,946	133,135	461,510	484,623
46,536	43,513	39,000	44,765	74,596	36,781
0	0	0	0	0	0
<u>565,534</u>	<u>281,676</u>	<u>197,598</u>	<u>321,274</u>	<u>700,974</u>	<u>796,779</u>
139,058	0	633,000	0	0	0
34,295	36,140	30,632	0	21,565	28,793
0	0	664	59,040	0	0
0	0	28,368	0	0	8,640
0	0	0	814,152	61,089	3,831
0	875,500	402,400	1,012,062	0	0
453,831	840,080	113,343	50,000	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>627,184</u>	<u>1,751,720</u>	<u>1,208,407</u>	<u>1,935,254</u>	<u>82,654</u>	<u>41,264</u>
<u>\$4,555,921</u>	<u>\$5,281,603</u>	<u>\$4,092,248</u>	<u>\$5,028,482</u>	<u>\$3,302,688</u>	<u>\$2,997,467</u>

(continued)

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

	2012	2011	2010	2009
Business-Type Activities:				
Charges for Services:				
Sanitation	\$1,950,321	\$1,576,051	\$1,863,359	\$0
Wastewater Treatment	3,142,336	3,280,585	3,645,979	3,601,213
Capital Grants and Contributions				
Sanitation	5,000	40,000	40,000	0
Wastewater Treatment	625,308	0	147,860	231,298
<i>Total Business-Type Activities Program Revenues</i>	<u>5,722,965</u>	<u>4,896,636</u>	<u>5,697,198</u>	<u>3,832,511</u>
<i>Total Primary Government Program Revenues</i>	<u>9,641,312</u>	<u>11,474,298</u>	<u>8,742,563</u>	<u>9,038,023</u>
Expenses				
Governmental Activities:				
General Government:				
Legislative and Executive	2,821,885	2,792,923	2,721,988	3,227,472
Judicial System	995,974	1,084,083	1,149,058	1,183,400
Security of Persons and Property:				
Police	3,372,417	3,548,942	3,704,992	3,686,839
Fire	2,687,460	2,874,864	2,776,175	3,021,851
Public Health Services	334,693	328,577	404,670	365,246
Street Maintenance and Repairs	2,529,822	4,237,406	1,612,921	1,922,571
Housing and Community Development	1,012,690	1,002,021	1,312,203	601,846
Sanitation Services	38,831	116,525	160,453	1,928,179
Leisure Time Activities	68,873	24,655	75,811	79,793
Interest and Fiscal Charges	5,972	23,355	14,669	31,026
<i>Total Governmental Activities Expenses</i>	<u>13,868,617</u>	<u>16,033,351</u>	<u>13,932,940</u>	<u>16,048,223</u>
Business-Type Activities				
Sanitation	1,943,508	1,788,036	1,776,030	0
Wastewater Treatment	3,060,797	3,664,845	3,641,968	4,230,206
<i>Total Primary Government Program Expenses</i>	<u>18,872,922</u>	<u>21,486,232</u>	<u>17,574,908</u>	<u>20,278,429</u>
Net (Expense)/Revenue				
Governmental Activities	(9,950,270)	(9,455,689)	(10,887,575)	(10,842,711)
Business-Type Activities	718,660	(556,245)	2,055,230	(397,695)
<i>Total Primary Government Net Expense</i>	<u>(\$9,231,610)</u>	<u>(\$10,011,934)</u>	<u>(\$8,832,345)</u>	<u>(\$11,240,406)</u>

2008	2007	2006	2005	2004	2003
\$0	\$0	\$0	\$0	\$0	\$0
3,871,973	3,770,834	3,092,660	3,051,895	2,879,182	2,871,360
0	0	0	0	0	0
950,371	470,322	276,649	523,003	618,318	697,293
4,822,344	4,241,156	3,369,309	3,574,898	3,497,500	3,568,653
9,378,265	9,522,759	7,461,557	8,603,380	6,800,188	6,566,120
3,586,747	4,135,051	3,174,447	3,049,175	3,025,729	3,037,163
1,151,790	1,090,892	1,030,659	977,279	912,233	963,286
3,887,527	3,882,495	3,677,304	3,527,950	3,253,101	3,666,800
3,047,444	2,987,810	2,936,033	2,581,467	2,688,346	2,750,698
370,326	357,245	331,826	306,416	289,136	285,124
2,231,818	1,986,728	2,015,378	3,201,483	1,296,150	1,472,369
983,231	486,457	376,820	680,192	649,653	617,274
2,004,214	1,839,276	1,861,734	1,567,216	1,263,037	1,383,682
106,271	86,083	110,002	90,413	137,588	134,896
39,292	56,083	54,634	68,093	99,458	128,486
17,408,660	16,908,120	15,568,837	16,049,684	13,614,431	14,439,778
0	0	0	0	0	0
4,596,123	3,160,731	3,130,536	3,174,442	2,989,254	3,130,885
22,004,783	20,068,851	18,699,373	19,224,126	16,603,685	17,570,663
(12,852,739)	(11,626,517)	(11,476,589)	(11,021,202)	(10,311,743)	(11,442,311)
226,221	1,080,425	238,773	400,456	508,246	437,768
(\$12,626,518)	(\$10,546,092)	(\$11,237,816)	(\$10,620,746)	(\$9,803,497)	(\$11,004,543)

(continued)

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

	2012	2011	2010	2009
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Taxes:				
Property Taxes Levied For:				
General Purposes	\$825,015	\$967,282	\$1,020,451	\$1,116,701
Fire and Police Pension	489,993	579,508	571,202	618,918
Debt Service	0	0	0	0
Capital Outlay	350,201	412,653	438,820	476,191
Income Taxes Levied for:				
General Purposes	5,137,126	5,902,284	4,814,382	5,508,718
Capital Outlay	566,893	665,177	548,618	622,236
Grants and Entitlements not Restricted to				
Specific Programs	811,927	1,127,596	1,628,612	3,135,994
Investment Earnings	190	144	5,450	11,572
Franchise Taxes	252,342	273,773	242,362	0
Gain on Sale of Capital Assets	0	22,500	15,415	0
Other	113,856	62,855	7,345	250,783
Special Item - Capital Contribution	0	7,922,279	0	0
Transfers	(39,275)	0	0	76,500
<i>Total Governmental Activities</i>	<u>8,508,268</u>	<u>17,936,051</u>	<u>9,292,657</u>	<u>11,817,613</u>
Business-Type Activities				
Investment Earnings	0	0	0	0
Other	9,975	0	12,600	28,196
Transfers	39,275	0	0	(76,500)
<i>Total Business-Type Activities Expenses</i>	<u>49,250</u>	<u>0</u>	<u>12,600</u>	<u>(48,304)</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>8,557,518</u>	<u>17,936,051</u>	<u>9,305,257</u>	<u>11,769,309</u>
Change in Net Assets				
Governmental Activities	(1,442,002)	8,480,362	(1,594,918)	974,902
Business-Type Activities	767,910	(556,245)	2,067,830	(445,999)
<i>Total Primary Government Change in Net Assets</i>	<u>(\$674,092)</u>	<u>\$7,924,117</u>	<u>\$472,912</u>	<u>\$528,903</u>

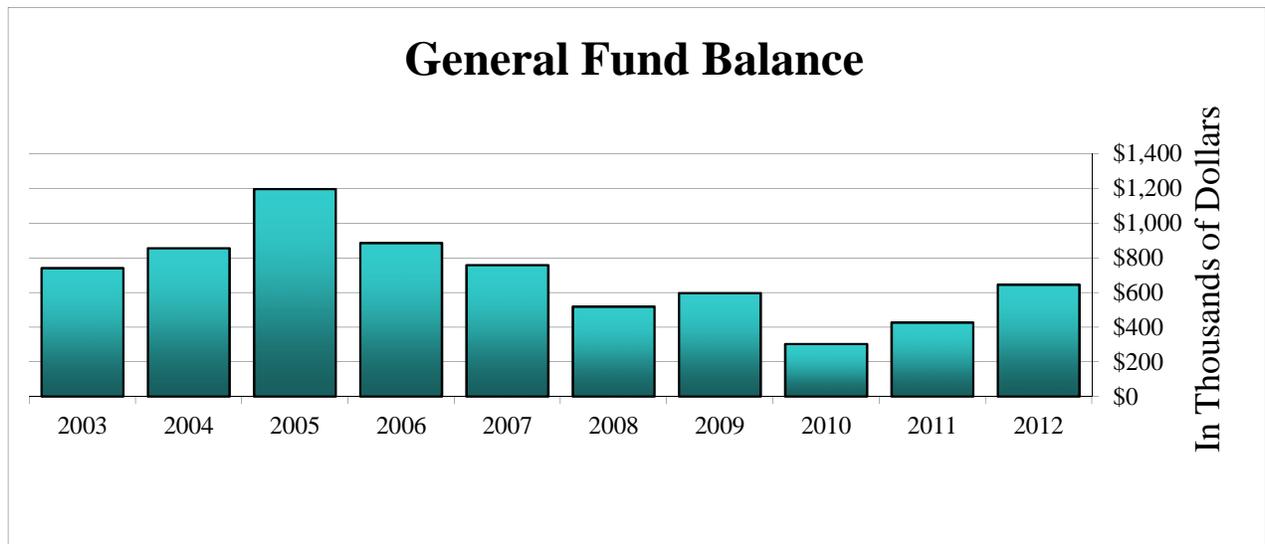
2008	2007	2006	2005	2004	2003
\$1,064,331	\$1,062,359	\$1,109,720	\$989,460	\$1,118,036	\$1,131,816
588,302	631,644	616,830	548,288	356,657	529,950
1,421	346,265	409,341	374,170	537,367	458,839
452,535	486,482	473,334	418,575	392,721	407,987
6,105,678	6,191,921	5,662,945	6,034,703	5,537,537	5,270,568
667,685	684,045	622,457	662,464	610,803	589,127
2,217,714	2,484,064	2,660,157	2,741,453	2,608,872	2,828,530
152,306	325,184	339,503	212,687	82,469	128,801
0	0	0	0	0	0
0	0	0	0	0	0
404,117	214,713	268,753	20,327	233,763	241,484
0	0	0	0	0	0
162,820	50,000	50,000	(275,143)	50,000	(515,478)
<u>11,816,909</u>	<u>12,476,677</u>	<u>12,213,040</u>	<u>11,726,984</u>	<u>11,528,225</u>	<u>11,071,624</u>
0	84,352	0	0	0	0
0	0	0	0	1,395	0
<u>(162,820)</u>	<u>(50,000)</u>	<u>(50,000)</u>	<u>275,143</u>	<u>(50,000)</u>	<u>515,478</u>
<u>(162,820)</u>	<u>34,352</u>	<u>(50,000)</u>	<u>275,143</u>	<u>(48,605)</u>	<u>515,478</u>
<u>11,654,089</u>	<u>12,511,029</u>	<u>12,163,040</u>	<u>12,002,127</u>	<u>11,479,620</u>	<u>11,587,102</u>
(1,035,830)	850,160	736,451	705,782	1,216,482	(370,687)
<u>63,401</u>	<u>1,114,777</u>	<u>188,773</u>	<u>675,599</u>	<u>459,641</u>	<u>953,246</u>
<u>(\$972,429)</u>	<u>\$1,964,937</u>	<u>\$925,224</u>	<u>\$1,381,381</u>	<u>\$1,676,123</u>	<u>\$582,559</u>

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

	2012	2011	2010	2009
General Fund				
Nonspendable	\$82,872	\$107,285	\$106,906	N/A
Restricted	0	0	0	N/A
Committed	0	0	0	N/A
Assigned	70,852	40,815	31,608	N/A
Unassigned	491,066	278,805	164,368	N/A
Reserved	N/A	N/A	N/A	25,373
Unreserved	N/A	N/A	N/A	571,410
Total General Fund	644,790	426,905	302,882	596,783
All Other Governmental Funds				
Nonspendable	\$43,985	\$44,391	\$55,179	N/A
Restricted	1,475,482	1,233,854	1,075,408	N/A
Committed	188,096	238,162	224,464	N/A
Unassigned (Deficit)	(282)	(77)	(962)	N/A
Reserved	N/A	N/A	N/A	978,996
Unreserved, Designated	N/A	N/A	N/A	136,120
Unreserved, Undesignated, Reported in:				
Special Revenue funds	N/A	N/A	N/A	592,875
Debt Service funds	N/A	N/A	N/A	122,947
Capital Projects funds	N/A	N/A	N/A	3,311
Total All Other Governmental Funds	1,707,281	1,516,330	1,354,089	1,834,249
Total Governmental Funds	\$2,352,071	\$1,943,235	\$1,656,971	\$2,431,032

Note: This City implemented GASB 54 during 2011.

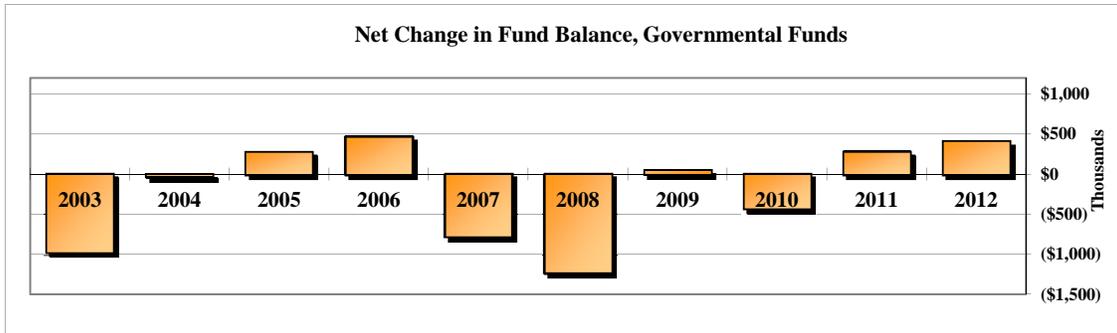
N/A - Information not available.



2008	2007	2006	2005	2004	2003
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
55,255	66,842	73,709	33,338	60,258	66,593
462,844	690,776	811,664	1,163,327	795,266	674,111
<u>518,099</u>	<u>757,618</u>	<u>885,373</u>	<u>1,196,665</u>	<u>855,524</u>	<u>740,704</u>
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
1,015,236	615,157	721,549	912,667	786,323	682,950
251,888	412,000	212,000	212,000	212,000	212,000
537,689	681,268	1,069,536	1,127,787	1,063,429	1,288,284
36,696	785,817	571,960	347,597	590,065	408,641
3,311	345,375	943,790	115,636	125,109	548,257
<u>1,844,820</u>	<u>2,839,617</u>	<u>3,518,835</u>	<u>2,715,687</u>	<u>2,776,926</u>	<u>3,140,132</u>
<u>\$2,362,919</u>	<u>\$3,597,235</u>	<u>\$4,404,208</u>	<u>\$3,912,352</u>	<u>\$3,632,450</u>	<u>\$3,880,836</u>

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

	2012	2011	2010	2009
Revenues				
Property Taxes	\$1,747,271	\$1,934,311	\$1,819,144	\$2,151,450
Municipal Income Taxes	6,050,045	6,029,632	5,640,581	6,254,545
Charges for Services	631,480	264,357	2,153,776	2,013,439
Licenses and Permits	274,644	251,638	316,038	295,278
Fines and Forfeitures	738,446	1,063,308	765,130	838,037
Intergovernmental	3,403,671	4,988,304	4,119,247	3,344,447
Special Assessments	9,843	10,151	10,334	35,975
Interest	190	144	5,450	11,572
Rentals	169,002	161,372	161,196	152,434
Franchise Taxes	302,884	271,836	245,454	0
Other	109,492	60,690	6,888	245,540
<i>Total Revenues</i>	<u>13,436,968</u>	<u>15,035,743</u>	<u>15,243,238</u>	<u>15,342,717</u>
Expenditures				
Current:				
General Government				
Legislative and Executive	2,576,120	2,516,841	2,401,156	2,610,914
Judicial System	961,805	1,111,726	1,105,350	1,021,185
Security of Persons and Property:				
Police	3,301,408	3,357,299	3,482,742	3,338,973
Fire	2,572,934	2,844,417	2,750,100	2,626,619
Public Health Services	323,401	312,972	401,284	347,872
Street Maintenance and Repairs	1,266,996	1,034,253	1,067,277	1,172,826
Housing and Community Development	1,013,371	1,002,686	1,318,340	556,125
Sanitation Services	12,000	21,122	1,740,323	1,690,724
Leisure Time Activities	28,895	24,655	36,108	38,838
Capital Outlay	735,005	2,474,089	1,482,536	1,953,177
Debt Service:				
Principal Retirement	187,772	165,525	210,308	234,736
Interest and Fiscal Charges	9,150	13,263	14,669	27,440
<i>Total Expenditures</i>	<u>12,988,857</u>	<u>14,878,848</u>	<u>16,010,193</u>	<u>15,619,429</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>448,111</u>	<u>156,895</u>	<u>(766,955)</u>	<u>(276,712)</u>
Other Financing Sources (Uses)				
General Obligation Bonds Issued	0	0	325,000	250,000
Inception of Capital Lease	0	106,869	0	0
Sale of Capital Assets	0	22,500	15,415	3,975
Proceeds of Loan	0	0	0	699
Transfers In	601,000	487,400	430,800	724,200
Transfers Out	(640,275)	(487,400)	(430,800)	(647,700)
<i>Total Other Financing Sources (Uses)</i>	<u>(39,275)</u>	<u>129,369</u>	<u>340,415</u>	<u>331,174</u>
<i>Net Change in Fund Balances</i>	<u>\$408,836</u>	<u>\$286,264</u>	<u>(\$426,540)</u>	<u>\$54,462</u>
Debt Service as a Percentage of Noncapital Expenditures	1.6%	1.4%	1.9%	5.8%



2008	2007	2006	2005	2004	2003
\$2,109,613	\$2,480,053	\$2,577,355	\$2,320,850	\$2,414,271	\$2,504,284
6,757,873	6,775,495	6,445,095	6,532,764	6,067,735	5,872,015
1,886,125	1,810,849	1,568,521	1,515,901	1,486,186	1,218,014
328,673	282,135	228,358	178,677	204,762	168,752
883,633	818,035	726,855	650,045	577,652	656,719
3,870,165	3,684,953	4,155,912	5,008,052	3,290,131	3,572,612
37,417	36,476	35,490	56,489	56,100	22,493
152,306	325,184	339,503	212,687	82,469	128,801
130,090	139,462	136,002	149,115	117,563	127,279
0	0	0	0	0	0
459,464	239,657	268,753	223,645	233,763	241,484
16,615,359	16,592,299	16,481,844	16,848,225	14,530,632	14,512,453
3,015,334	3,047,990	2,914,379	2,653,576	2,653,009	2,604,032
1,036,477	967,152	919,440	858,153	843,475	850,465
3,628,559	3,622,601	3,448,319	3,292,317	3,257,335	3,504,702
2,823,288	2,739,876	2,807,075	2,520,738	2,509,403	2,469,614
383,486	369,150	324,010	303,789	282,206	275,209
1,553,013	1,424,511	1,920,884	1,141,728	1,091,528	1,070,944
1,179,875	483,606	436,879	1,145,514	645,029	982,658
1,846,737	1,638,743	1,582,296	1,419,457	1,291,793	1,309,650
44,637	36,076	40,385	35,203	63,520	68,120
1,557,584	2,547,869	2,398,576	2,266,481	1,437,938	877,867
861,691	503,837	435,167	906,514	447,489	1,356,140
78,797	43,237	38,842	72,703	103,418	159,274
18,009,478	17,424,648	17,266,252	16,616,173	14,626,143	15,528,675
(1,394,119)	(832,349)	(784,408)	232,052	(95,511)	(1,016,222)
0	0	0	0	0	0
0	0	0	0	0	0
5,400	4,500	6,800	0	6,639	0
0	0	1,200,000	0	0	0
1,706,720	720,829	813,500	877,986	641,986	934,881
(1,543,900)	(670,829)	(763,500)	(827,986)	(591,986)	(885,494)
168,220	54,500	1,256,800	50,000	56,639	49,387
(\$1,225,899)	(\$777,849)	\$472,392	\$282,052	(\$38,872)	(\$966,835)
5.8%	3.4%	3.2%	6.8%	4.4%	11.5%

City of Ashtabula, Ohio
Assessed Valuation and Estimated Actual Values of Taxable Property
Last Ten Years

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial/ Industrial		Assessed Value	Estimated Actual Value
2012	\$132,789,880	\$66,360,130	\$569,000,029	\$22,006,640	\$25,007,545
2011	131,582,310	61,439,920	551,492,086	18,236,510	20,723,307
2010	147,859,010	60,686,260	595,843,629	18,910,200	21,488,864
2009	147,855,920	60,329,050	594,814,200	18,409,090	20,919,420
2008	145,229,490	57,272,280	578,576,486	19,626,430	22,302,761
2007	145,005,660	55,991,290	574,277,000	20,032,840	22,764,591
2006	143,492,870	54,692,450	566,243,771	20,029,930	22,761,284
2005	146,829,390	51,818,020	567,564,029	20,403,000	23,185,227
2004	130,673,080	51,290,690	519,896,486	19,956,700	22,678,068
2003	129,384,880	51,654,980	517,256,743	20,640,590	23,455,216

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

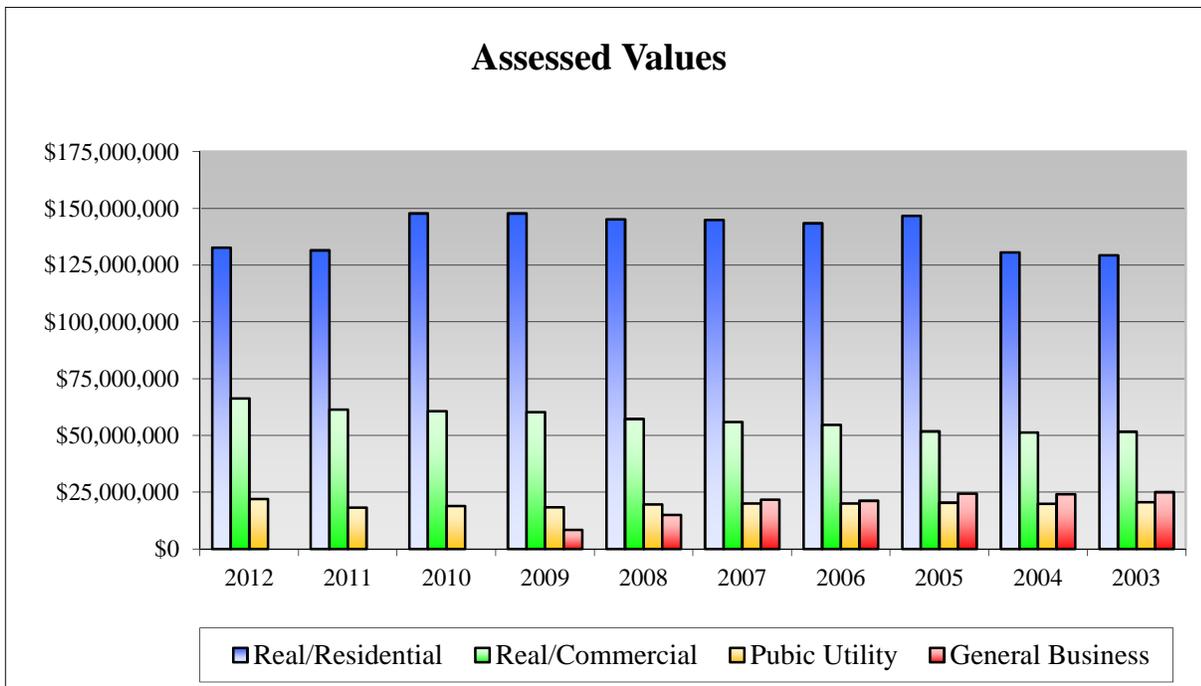
The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax was phased out beginning in 2006. Both types of general business tangible personal property were assessed at 12.5 for 2007, 6.25 percent for 2008 and zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes were levied or collected in 2010 from general business taxpayers (except telephone companies whose last year to pay tangible personal property tax is 2010). The City, however, received no tangible personal property tax revenue from telephone companies.

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

Source: Ashtabula County, Ohio; County Auditor

Tangible Personal Property

General Business		Total			Total Direct Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$0	\$0	\$221,156,650	\$594,007,574	37.23 %	\$9.31
0	0	211,258,740	572,215,393	36.92	9.31
0	0	227,455,470	617,332,492	36.84	9.31
8,407,070	67,256,560	235,001,130	682,990,180	34.41	9.31
14,967,220	119,737,760	237,095,420	720,617,007	32.90	9.31
21,710,950	173,687,600	242,740,740	770,729,191	31.49	9.31
21,268,940	113,434,347	239,484,190	702,439,402	34.09	11.11
24,410,140	97,640,560	243,460,550	688,389,816	35.37	11.11
24,088,000	96,352,000	226,008,470	638,926,554	35.37	11.11
25,041,220	104,338,417	226,721,670	645,050,375	35.15	N/A



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

	2012	2011	2010	2009
Unvoted Millage				
Operating	\$0.2700	\$0.2700	\$0.2700	\$0.2700
Fire Pension	1.3000	1.3000	1.3000	1.3000
Police Pension	1.3000	1.3000	1.3000	1.3000
<i>Total Unvoted Millage</i>	<u>2.8700</u>	<u>2.8700</u>	<u>2.8700</u>	<u>2.8700</u>
Charter Millage				
General Fund	4.1400	4.1400	4.1400	4.1400
Permanent Improvement Fund	2.0000	2.0000	2.0000	2.0000
Justice Center (Debt Service)	0.0000	0.0000	0.0000	0.0000
Senior Citizens	0.3000	0.3000	0.3000	0.3000
<i>Total Charter Millage</i>	<u>6.4400</u>	<u>6.4400</u>	<u>6.4400</u>	<u>6.4400</u>
Total Millage	<u><u>\$9.3100</u></u>	<u><u>\$9.3100</u></u>	<u><u>\$9.3100</u></u>	<u><u>\$9.3100</u></u>

Overlapping Rates by Taxing District

Ashtabula Area City Schools				
Residential/Agricultural Real	\$32.2056	\$33.3330	\$31.1325	\$31.4467
Commerical/Industrial and Public Utility Real	35.8310	37.7939	36.8580	37.0858
General Business and Public Utility Personal	50.8500	52.0000	52.0000	52.5000
Ashtabula County Commissioner				
Residential/Agricultural Real	8.9962	8.9922	8.5409	8.5336
Commerical/Industrial and Public Utility Real	9.9304	9.9223	9.4041	9.2995
General Business and Public Utility Personal	11.0200	11.0200	11.0200	11.0200
Ashtabula Township Park				
Residential/Agricultural Real	1.1800	1.1800	1.1697	1.1073
Commerical/Industrial and Public Utility Real	1.1704	1.1800	1.1799	1.1151
General Business and Public Utility Personal	1.1800	1.1800	1.1800	1.1800

Source: Ashtabula County Auditor

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

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

Charter millage is consistently applied to all types of property as opposed to the voted levies of the overlapping taxing districts.

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

(1) Information prior to 2004 is not available

2008	2007	2006	2005	2004
\$0.2700	\$0.2700	\$0.2700	\$0.2700	\$0.2700
1.3000	1.3000	1.3000	1.3000	1.3000
1.3000	1.3000	1.3000	1.3000	1.3000
2.8700	2.8700	2.8700	2.8700	2.8700
4.1400	4.1400	4.1400	4.1400	4.1400
2.0000	2.0000	2.0000	2.0000	2.0000
0.0000	0.0000	1.8000	1.8000	1.8000
0.3000	0.3000	0.3000	0.3000	0.3000
6.4400	6.4400	8.2400	8.2400	8.2400
\$9.3100	\$9.3100	\$11.1100	\$11.1100	\$11.1100

\$31.4015	\$32.4762	\$32.5174	\$32.0119	\$33.8579
36.9317	37.8697	37.7254	37.1955	38.6735
52.5000	52.5000	52.5000	52.0000	52.0000

8.5375	8.9779	8.4057	8.4062	9.0059
9.2656	9.0000	9.4487	9.4450	9.8485
11.0300	11.0300	11.0300	11.0300	11.0300

1.1063	1.0790	1.0769	1.0767	1.1040
1.1126	1.1229	1.1307	1.1304	1.1393
1.1800	1.1800	1.1800	1.1800	1.1800

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

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections (1)
2012	\$1,860,753	\$1,659,952	89.21 %	\$118,655	\$1,778,607
2011	2,144,612	1,823,971	85.05	107,520	1,931,491
2010	2,182,331	1,974,489	90.48	100,370	2,074,859
2009	2,122,541	1,998,790	94.17	123,751	2,122,541
2008	2,081,658	1,962,658	94.28	118,999	2,081,657
2007	2,479,512	2,340,288	94.38	131,671	2,471,959
2006	2,457,892	2,312,705	94.09	131,820	2,444,525
2005	3,180,491	3,043,735	95.70	143,695	3,187,430
2004	3,233,136	3,014,061	93.22	44,238	3,058,299
2003	2,956,252	2,804,509	94.87	99,856	2,904,365

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.

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

<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
95.59 %	\$303,506	16.31 %
90.06	265,728	12.39
95.08	415,173	19.02
100.00	164,557	7.75
100.00	132,806	6.38
99.69	270,956	10.92
99.46	245,861	10.00
100.22	220,549	6.93
94.59	327,785	10.14
98.24	273,875	9.26

City of Ashtabula, Ohio
Principal Real Property Taxpayers
 2012 and 2003

<i>2012</i>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Assessed Valuation
Pinney Dock	\$14,647,220	6.62 %
Norfolk Southern Combined	4,673,029	2.11
Molded Fiber Glass	1,338,050	0.60
Ashtabula Care Center	1,166,590	0.53
Ohio American Water	1,165,370	0.53
Ash-L Associates	1,130,020	0.51
Ashtabula Towers	956,770	0.43
Country Club Center III	900,980	0.41
Willo Arms of Ashtabula	815,330	0.37
Hughes Roller	789,580	0.36
Total	\$27,582,939	12.47 %
Total Assessed Valuation	\$221,156,650	
<i>2003</i>		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Assessed Valuation
Ohio American Water	\$7,969,820	3.51 %
Western Reserve Telephone	5,032,840	2.22
Cleveland Electric Illuminating	4,679,030	2.06
Norfolk Southern Railroad	3,390,430	1.50
Pinney Dock	2,708,980	1.19
Ashtabula Care Center	1,332,100	0.59
Ash-L Associates	1,172,220	0.52
Molded Fiber Glass	1,167,010	0.51
Ashtabula Towers	1,092,840	0.48
Iten - Hupco	973,270	0.43
Total	\$29,518,540	13.02 %
Total Assessed Valuation	\$226,721,670	

Source: Ashtabula County Auditor

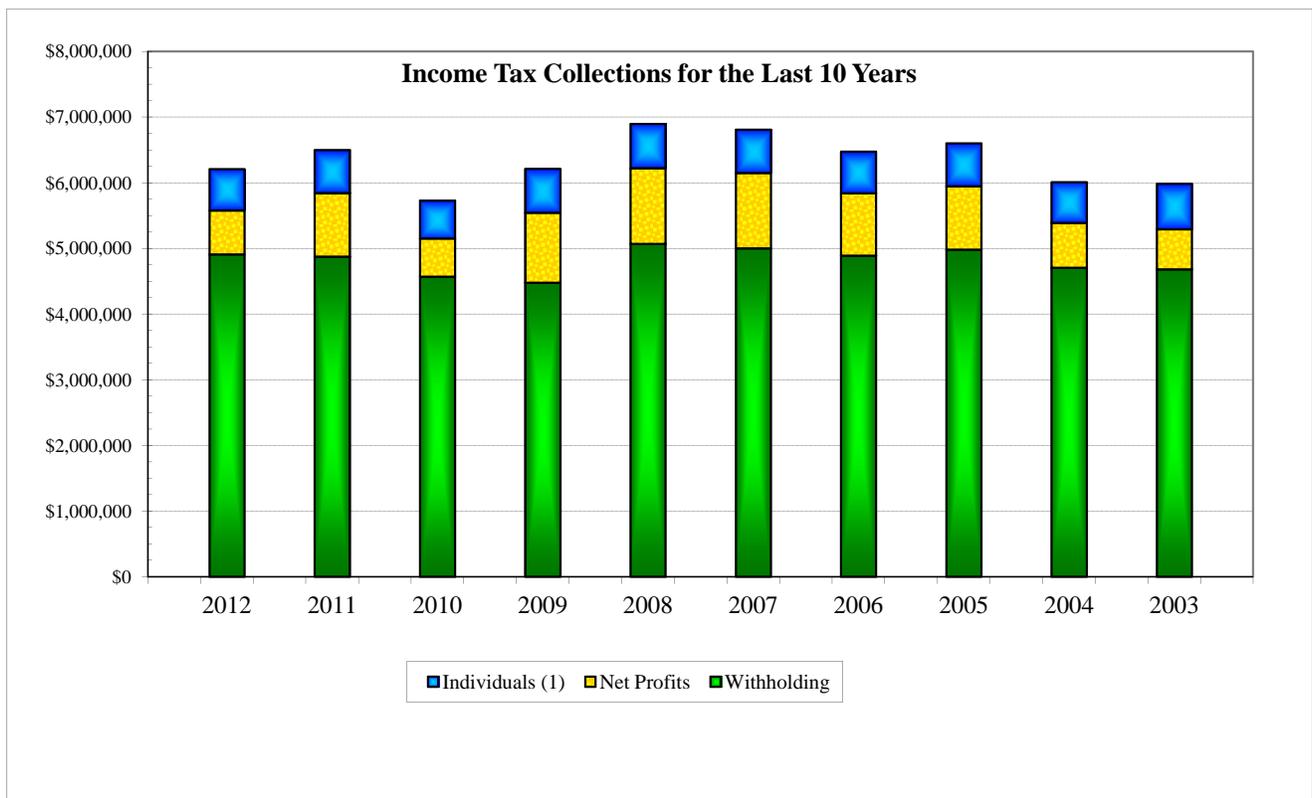
(1) Amounts represent assessed values upon which 2011 and 2002 collections were based.

City of Ashtabula, Ohio
Income Tax Revenue Base and Collections
Last Ten Years (cash basis)

Tax Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals (1)	Percentage of Taxes from Individuals
2012	1.80 %	\$6,206,237	\$4,909,193	79.10%	\$669,093	10.78%	\$627,951	10.12%
2011	1.80	6,498,912	4,873,631	74.99	968,156	14.90	657,125	10.11
2010	1.80	5,729,893	4,570,158	79.76	580,899	10.14	578,836	10.10
2009	1.80	6,211,306	4,478,610	72.10	1,065,081	17.15	667,615	10.75
2008	1.80	6,896,798	5,068,292	73.49	1,155,334	16.75	673,172	9.76
2007	1.80	6,809,681	5,001,739	73.45	1,148,864	16.87	659,078	9.68
2006	1.80	6,472,417	4,891,466	75.57	946,007	14.62	634,944	9.81
2005	1.80	6,602,325	4,979,834	75.43	964,776	14.61	657,715	9.96
2004	1.80	6,009,039	4,705,472	78.31	681,872	11.35	621,695	10.35
2003	1.80	5,983,929	4,683,572	78.27	610,621	10.20	689,736	11.53

Source: City of Ashtabula Income Tax Department

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



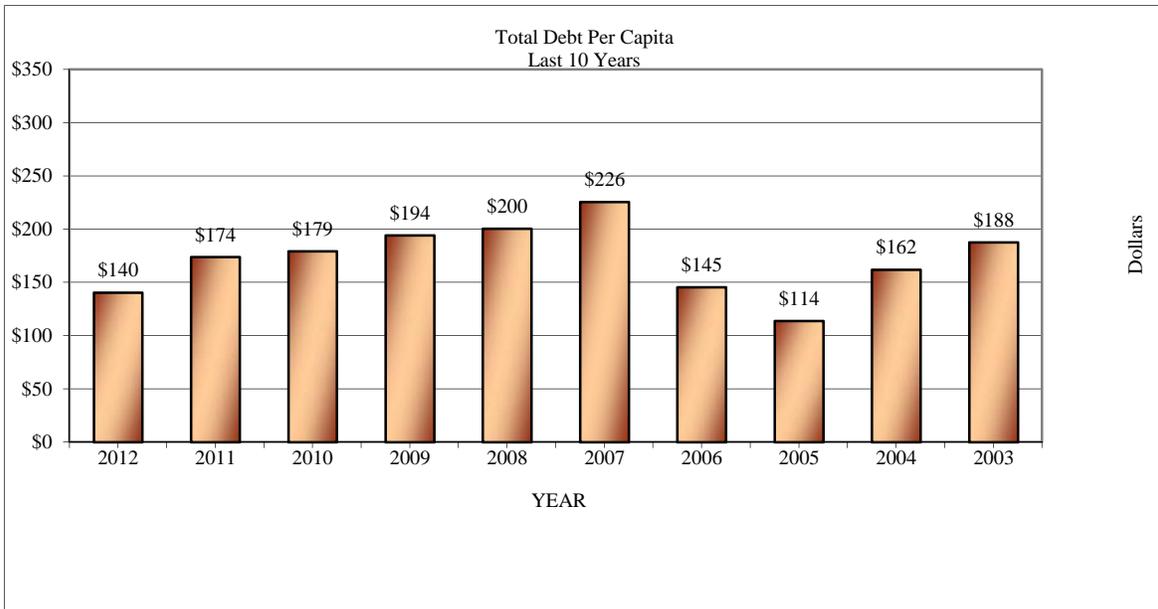
City of Ashtabula, Ohio
*Ratio of Outstanding Debt to
Total Personal Income and Debt Per Capita
Last Ten Years*

Year	Governmental Activities				
	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	Police & Fire Loan	Capital Leases
2012	\$160,944	\$0	\$73,369	\$0	\$87,192
2011	319,257	0	83,151	0	106,869
2010	475,000	0	92,933	0	0
2009	349,827	0	103,414	0	0
2008	300,796	23,984	112,498	0	0
2007	1,027,399	47,061	122,281	102,228	0
2006	1,469,266	0	132,063	201,477	0
2005	592,558	10,000	136,954	297,824	637
2004	1,379,848	20,000	151,627	391,354	1,658
2003	1,719,311	30,000	156,518	481,610	4,537

(1) Personal Income and Population Data are located on S30

Business Type Activities

<u>Equalization Basin Loan</u>	<u>OWDA Loans</u>	<u>OPWC Loans</u>	<u>KeyCorp Bonds</u>	<u>Capital Leases</u>	<u>Total Debt</u>	<u>Percentage of Personal Income(1)</u>	<u>Per Capita(1)</u>
\$1,124,695	\$519,076	\$605,304	\$50,000	\$141,391	\$2,761,971	0.83 %	\$140
1,378,117	653,580	608,659	100,000	173,149	3,422,782	1.03	174
1,621,325	782,419	633,659	150,000	0	3,755,336	1.28	179
1,854,730	905,831	658,659	200,000	0	4,072,461	1.38	194
2,078,727	1,024,045	661,989	0	0	4,202,039	1.43	200
2,293,696	1,137,279	0	0	0	4,729,944	1.61	226
0	1,245,743	0	0	0	3,048,549	1.04	145
0	1,349,639	0	0	0	2,387,612	0.81	114
0	1,449,159	0	0	0	3,393,646	1.15	162
0	1,544,487	0	0	0	3,936,463	1.34	188



City of Ashtabula, Ohio

Legal Debt Margin

Last Ten Years

	2012	2011	2010	2009
Total Assessed Property Value	<u>\$221,156,650</u>	<u>\$211,258,740</u>	<u>\$227,455,470</u>	<u>\$235,001,130</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$160,944	\$319,257	\$475,000	\$349,827
Equalization Basin Loan	1,124,695	1,378,117	1,621,325	1,854,730
OWDA Loans	519,076	653,580	782,419	905,831
OPWC Loans	678,673	691,810	726,592	762,073
KeyCorp Loan	50,000	100,000	150,000	200,000
Special Assessment Bonds	0	0	0	0
Total Gross Indebtedness	2,533,388	3,142,764	3,755,336	4,072,461
Less:				
Equalization Basin Loan	(1,124,695)	(1,378,117)	(1,621,325)	(1,854,730)
OWDA Loans	(519,076)	(653,580)	(782,419)	(905,831)
OPWC Loans	(678,673)	(691,810)	(726,592)	(762,073)
KeyCorp Loan	(50,000)	(100,000)	(150,000)	(200,000)
Special Assessment Bonds	0	0	0	0
General Obligation Bond Retirement Fund Balance	(50,285)	(48,328)	(45,861)	(122,947)
Total Net Debt Applicable to Debt Limit	<u>110,659</u>	<u>270,929</u>	<u>429,139</u>	<u>226,880</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>23,221,448</u>	<u>22,182,168</u>	<u>23,882,824</u>	<u>24,675,119</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$23,110,789</u>	<u>\$21,911,239</u>	<u>\$23,453,685</u>	<u>\$24,448,239</u>
Legal Debt Margin as a Percentage of the Debt Limit	99.52%	98.78%	98.20%	99.08%
Unvoted Debt Limitation (5 ½ % of Assessed Valuation)	<u>\$12,163,616</u>	<u>\$11,619,231</u>	<u>\$12,510,051</u>	<u>\$12,925,062</u>
Total Gross Indebtedness	2,533,388	3,142,764	3,755,336	4,072,461
Less:				
Equalization Basin Loan	(1,124,695)	(1,378,117)	(1,621,325)	(1,854,730)
OWDA Loans	(519,076)	(653,580)	(782,419)	(905,831)
OPWC Loans	(678,673)	(691,810)	(726,592)	(762,073)
KeyCorp Loan	(50,000)	(100,000)	(150,000)	(200,000)
Special Assessment Bonds	0	0	0	0
General Obligation Bond Retirement Fund Balance	(50,285)	(48,328)	(45,861)	(122,947)
Net Debt Within 5 ½ % Limitations	<u>110,659</u>	<u>270,929</u>	<u>429,139</u>	<u>226,880</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$12,052,957</u>	<u>\$11,348,302</u>	<u>\$12,080,912</u>	<u>\$12,698,182</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	99.09%	97.67%	96.57%	98.24%

Source: City Financial Records

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

2008	2007	2006	2005	2004	2003
<u>\$237,095,420</u>	<u>\$242,740,740</u>	<u>\$239,484,190</u>	<u>\$243,460,550</u>	<u>\$226,008,470</u>	<u>\$226,721,670</u>
\$300,796	\$1,027,399	\$1,469,266	\$592,558	\$1,379,848	\$1,719,311
2,078,727	2,293,696	0	0	0	0
1,024,045	1,137,279	1,245,743	1,349,639	1,449,159	1,544,487
774,487	122,281	132,063	136,954	151,627	156,518
0	0	0	0	0	0
23,984	47,061	0	10,000	20,000	30,000
<u>4,202,039</u>	<u>4,627,716</u>	<u>2,847,072</u>	<u>2,089,151</u>	<u>3,000,634</u>	<u>3,450,316</u>
(2,078,727)	(2,293,696)	0	0	0	0
(1,024,045)	(1,137,279)	(1,245,743)	(1,349,639)	(1,449,159)	(1,544,487)
(774,487)	(122,281)	(132,063)	(136,954)	(151,627)	(156,518)
0	0	0	0	0	0
(23,984)	(47,061)	0	(10,000)	(20,000)	(30,000)
<u>(36,696)</u>	<u>(785,817)</u>	<u>(571,960)</u>	<u>(347,597)</u>	<u>(590,065)</u>	<u>(408,641)</u>
<u>264,100</u>	<u>241,582</u>	<u>897,306</u>	<u>244,961</u>	<u>789,783</u>	<u>1,310,670</u>
<u>24,895,019</u>	<u>25,487,778</u>	<u>25,145,840</u>	<u>25,563,358</u>	<u>23,730,889</u>	<u>23,805,775</u>
<u>\$24,630,919</u>	<u>\$25,246,196</u>	<u>\$24,248,534</u>	<u>\$25,318,397</u>	<u>\$22,941,106</u>	<u>\$22,495,105</u>
98.94%	99.05%	96.43%	99.04%	96.67%	94.49%
<u>\$13,040,248</u>	<u>\$13,350,741</u>	<u>\$13,171,630</u>	<u>\$13,390,330</u>	<u>\$12,430,466</u>	<u>\$12,469,692</u>
4,202,039	4,627,716	2,847,072	2,089,151	3,000,634	3,450,316
(2,078,727)	(2,293,696)	0	0	0	0
(1,024,045)	(1,137,279)	(1,245,743)	(1,349,639)	(1,449,159)	(1,544,487)
(774,487)	(122,281)	(132,063)	(136,954)	(151,627)	(156,518)
0	0	0	0	0	0
(23,984)	(47,061)	0	(10,000)	(20,000)	(30,000)
<u>(36,696)</u>	<u>(785,817)</u>	<u>(571,960)</u>	<u>(347,597)</u>	<u>(590,065)</u>	<u>(408,641)</u>
<u>264,100</u>	<u>241,582</u>	<u>897,306</u>	<u>244,961</u>	<u>789,783</u>	<u>1,310,670</u>
<u>\$12,776,148</u>	<u>\$13,109,159</u>	<u>\$12,274,324</u>	<u>\$13,145,369</u>	<u>\$11,640,683</u>	<u>\$11,159,022</u>
97.97%	98.19%	93.19%	98.17%	93.65%	89.49%

City of Ashtabula, Ohio
*Ratio of General Obligation Bonded Debt to Estimated Actual
Value of Taxable Property and Bonded Debt Per Capita
Last Ten Years*

<u>Year</u>	<u>Population (1)</u>		<u>Estimated Actual Value of Taxable Property (2)</u>	<u>Gross Bonded Debt</u>	<u>Ratio of Bonded Debt to Estimated Actual Value of Taxable Property</u>	<u>Bonded Debt Per Capital</u>
2012	19,680	a	\$594,007,574	\$160,944	0.03 %	\$8.18
2011	19,680	a	572,215,393	319,257	0.06	16.22
2010	19,680	a	617,332,492	475,000	0.08	24.14
2009	20,962	b	682,990,180	349,827	0.05	16.69
2008	20,962	b	720,617,007	300,796	0.04	14.35
2007	20,962	b	770,729,191	1,027,399	0.13	49.01
2006	20,962	b	702,439,402	1,469,266	0.21	70.09
2005	20,962	b	688,389,816	592,558	0.09	28.27
2004	20,962	b	638,926,554	1,379,848	0.22	65.83
2003	20,962	b	645,050,375	1,719,311	0.27	82.02

Sources:

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

(a) Year 2010-2012 The 2010 Federal Census

(b) Years 2001-2009 The 2000 Federal Census

(2) Ashtabula County Auditor

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

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of Ashtabula
Direct - City of Ashtabula			
General Obligation Bonds	\$160,944	100.00 %	\$160,944
OPWC Loans	73,369	100.00	73,369
Capital Leases	87,192	100.00	87,192
<i>Total Direct Debt</i>	<u>321,505</u> *		<u>321,505</u>
Overlapping			
Ashtabula Area City School District			
General Obligation Bonds	35,683,699	45.53	16,246,788
Ashtabula County			
General Obligation Bonds	6,705,994	11.26	755,095
OWDA Loans	13,871,342	11.26	1,561,913
OPWC Loans	1,342,577	11.26	151,174
Private Activity Bond	75,792	11.26	8,534
Capital Leases	103,008	11.26	11,599
<i>Total Overlapping Debt</i>	<u>57,782,412</u>		<u>18,735,103</u>
Total	<u><u>\$58,103,917</u></u>		<u><u>\$19,056,608</u></u>

Source: Ashtabula County, Ohio; County Auditor

(1) Percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation. The debt outstanding includes general obligation bonds.

* All direct debt is backed by the 1.8 percent income tax and all real estate tax collected.

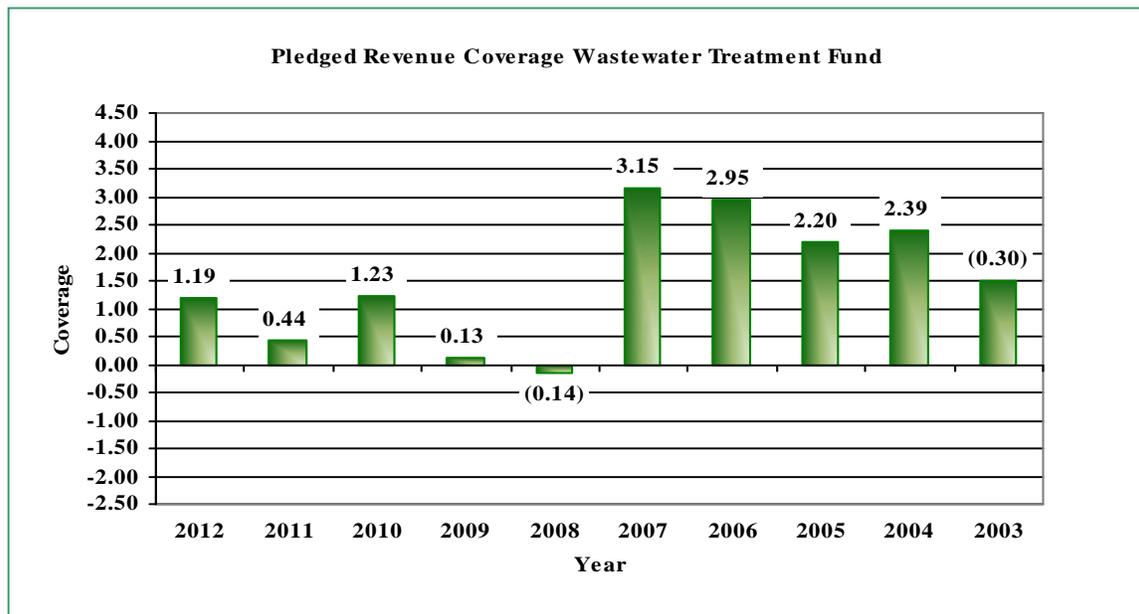
City of Ashtabula, Ohio
Pledged Revenue Coverage
Revenue Debt - Wastewater Treatment Fund
Last Ten Years

	2012	2011	2010	2009
Wastewater Treatment Fund				
Operating Revenues (1)	\$3,148,190	\$3,280,585	\$3,658,579	\$3,629,409
Less: Operating Expenses (2)	<u>2,479,050</u>	<u>3,039,182</u>	<u>2,975,385</u>	<u>3,559,397</u>
Net Available Revenue	<u>669,140</u>	<u>241,403</u>	<u>683,194</u>	<u>70,012</u>
Debt Service				
Principal	472,109	447,047	431,817	417,211
Interest	<u>88,526</u>	<u>106,220</u>	<u>123,973</u>	<u>139,706</u>
Total Debt Service	<u>560,635</u>	<u>553,267</u>	<u>555,790</u>	<u>556,917</u>
Coverage	1.19	0.44	1.23	0.13

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

(2) Operating expenses do not include depreciation.

Source: Ashtabula City Auditor's office



2008	2007	2006	2005	2004	2003
\$3,871,973	\$3,855,186	\$3,092,660	\$3,051,895	\$2,880,449	\$2,871,360
3,935,680	2,527,057	2,617,005	2,696,070	2,493,765	2,628,308
(63,707)	1,328,129	475,655	355,825	386,684	243,052
328,203	314,769	103,896	99,520	95,328	91,314
143,422	106,981	57,592	61,968	66,160	70,174
471,625	421,750	161,488	161,488	161,488	161,488
(0.14)	3.15	2.95	2.20	2.39	1.51

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

Year	Population (1)	Total Personal Income (2)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2012	19,680	\$330,801,120	\$16,809	\$29,605	41.8
2011	19,680	330,801,120	16,809	29,605	41.8
2010	19,680	330,801,120	16,809	29,545	37.3
2009	20,962	294,180,708	14,034	27,354	34.9
2008	20,962	294,180,708	14,034	27,354	34.9
2007	20,962	294,180,708	14,034	27,354	34.9
2006	20,962	294,180,708	14,034	27,354	34.9
2005	20,962	294,180,708	14,034	27,354	34.9
2004	20,962	294,180,708	14,034	27,354	34.9
2003	20,962	294,180,708	14,034	27,354	34.9

(1) Source: U. S. Census

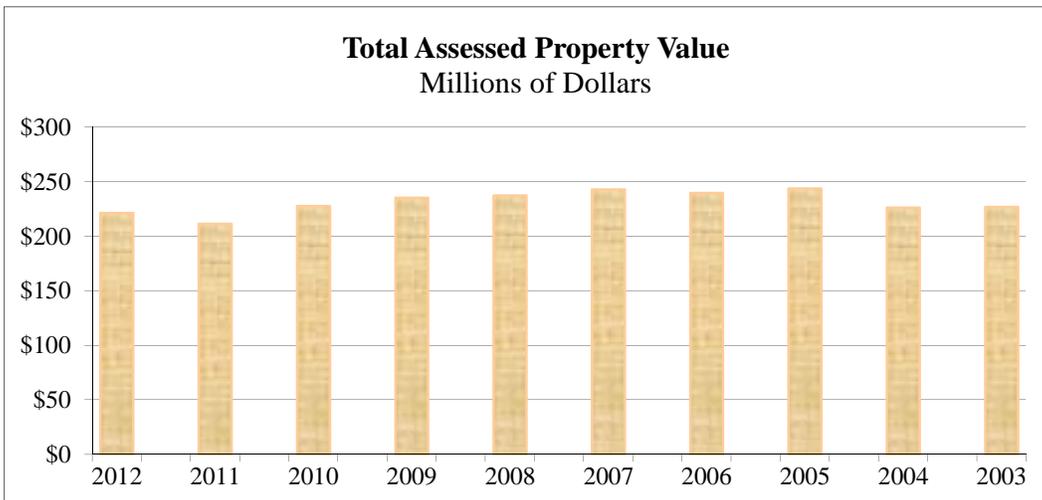
Years 2010 - 2011 The 2010 Federal Census
 Years 2002 - 2009 The 2000 Federal Census

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

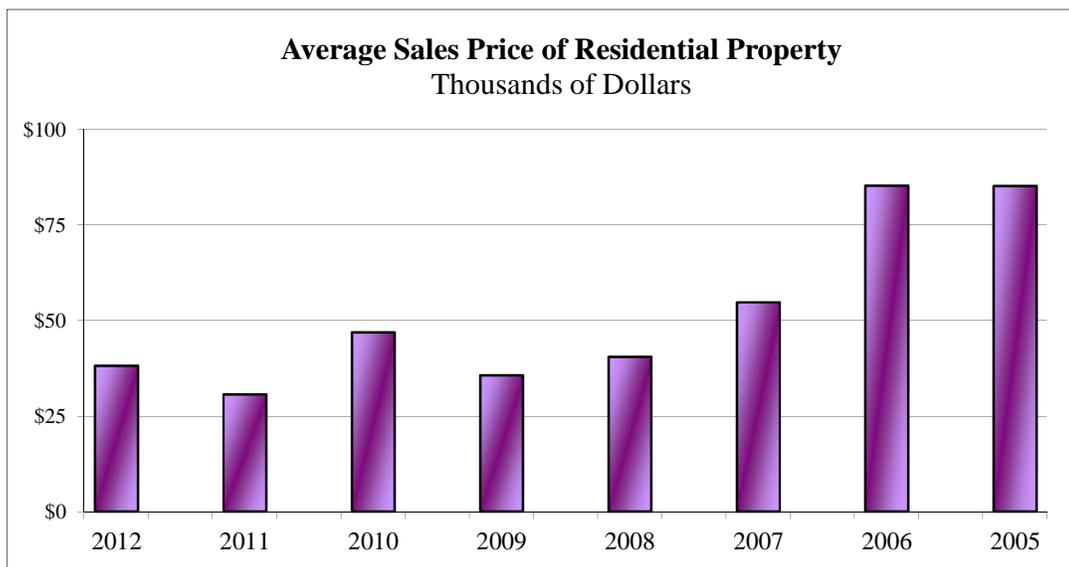
(3) The unemployment rate for the City is unavailable. County rate obtained from Ohio Labor Market information.

(4) Northeast Ohio Multiple Listing Service for Zipcode 44004 (which includes portions of surrounding townships).

(5) Source: Ashtabula County Auditor



Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment	Ashtabula County Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value (5)
10.4	4,373	11.3%	\$38,185	\$221,156,650
10.4	4,375	11.4	30,657	211,258,740
10.4	4,277	11.9	46,920	227,455,470
10.4	4,463	14.2	35,630	235,001,130
10.4	4,701	8.0	40,484	237,095,420
10.4	4,662	7.0	54,772	242,740,740
10.4	4,686	7.0	85,300	239,484,190
10.4	4,743	7.3	85,200	243,460,550
10.4	5,057	7.3	84,775	226,008,470
10.4	5,170	8.1	n/a	226,721,670



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

2012		
Employer	Nature of Activity	Employees
Ashtabula County Medical Center	Medical Center	1,061
Ashtabula Area City Schools	Public Education	549
Molded Fiber Glass	Manufacturing - composites	381
Kent State University - Ashtabula Campus	Public Education/College	285
Ashtabula County	County Government	279
City of Ashtabula	Municipal Government	171
Plasticolors	Manufacturing - pigments	168
Iten Industries	Manufacturing - plastic parts	166
Ashtabula Rubber Company	Manufacturing - rubber components	141
Millennium	Manufacturing - chemicals	72
Total		<u>3,273</u>
Total Employment within the City		<u>n/a</u>

2006		
Employer	Nature of Activity	Employees
Ashtabula County Medical Center	Medical Center	966
Ashtabula Area City Schools	Public Education	900
Molded Fiber Glass	Manufacturing - composites	836
CHS - Lake Erie	Nursing Home	272
Kent State University - Ashtabula Campus	Public Education/College	249
Ashtabula Rubber Company	Manufacturing - rubber components	239
Continuum Home Care Inc	Home Health Care	210
Item Industries	Manufacturing - plastic parts	195
Plasticolors	Manufacturing - pigments	193
Country Club Retirement Center	Nursing Home	178
Total		<u>4,238</u>
Total Employment within the City		<u>n/a</u>

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

(1) Information prior to 2006 is not available
n/a - Information not available

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

Function/Program	2012	2011	2010	2009	2008
General Government					
Legislative and Executive					
Council	8	8	8	8	8
Administration	2	3	2	2	4
Auditor	6	5	6	6	7
Treasurer	1	1	1	1	1
Income Tax	2	2	2	2	3
Solicitor	3	3	4	4	4
Motor Maintenance	2	2	2	2	3
Engineering	0	1	2	2	3
Civil Service	1	1	1	1	1
Lands and Buildings	3	3	2	2	3
Systems Analyst	0	0	1	1	1
Judicial System					
Municipal Court	12	11	12	14	13
Probation	3	3	4	5	4
Security of Persons and Property					
Police	27	29	31	29	32
Police - Civilian	6	2	4	5	9
Fire	22	23	25	25	26
Fire - Civilian	0	0	1	1	1
Public Health Services					
Food Service	1	1	1	1	1
Nursing	3	3	3	5	6
Street Maintenance and Repair					
Public Works	19	17	17	20	22
Housing and Community Development					
Code Enforcement	1	2	2	2	2
CDBG	3	1	2	2	1
Sanitation Services					
Sanitation	13	14	15	15	16
Leisure Time Activities					
Walnut Beach	0	0	0	0	0
Business Type Activity					
Wastewater Treatment	10	9	12	13	14
Totals:	<u>148</u>	<u>144</u>	<u>160</u>	<u>168</u>	<u>185</u>

Source: City of Ashtabula, Ohio Payroll

Method: Using 1.0 for each employee. All numbers are based on an average for the year, rounded to the nearest whole number.

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
8	8	8	8	8
3	3	2	2	2
7	7	6	6	7
1	1	1	1	1
3	3	3	3	3
4	4	4	4	4
3	3	1	3	3
3	3	3	3	3
1	1	1	1	1
3	3	6	6	6
1	1	1	1	1
13	14	12	12	12
4	4	4	4	4
32	31	33	34	35
9	9	5	6	9
27	25	25	26	26
1	1	1	1	1
1	1	1	1	1
4	4	4	4	4
22	23	20	21	21
2	2	2	2	2
2	1	2	2	2
15	16	14	14	14
0	0	0	9	10
14	13	13	16	16
<u>183</u>	<u>181</u>	<u>172</u>	<u>190</u>	<u>196</u>

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

Function/Program	2012	2011	2010	2009
General Government				
Legislative and Executive				
<i>Council & Clerk</i>				
Number of Ordinances Passed	182	184	161	153
Number of Resolutions Passed	28	27	32	29
<i>Auditor</i>				
Number of checks/ vouchers issued	2,794	2,640	2,861	2,998
Amount of checks written	\$8,891,361	\$8,497,466	\$9,401,527	\$9,167,900
Number of Budget Adjustments issued	na	na	na	na
Agency Ratings - Standard & Poors	BBB+	BBB+	BBB+	A-
Agency Ratings - Moody's Financial Services	BBA	BBA	BBA	BBA
Health Insurance Costs vs General Fund Expenditures %	24.10%	24.10%	16.74%	11.40%
General Fund Receipts	\$9,436,569	\$10,014,548	\$9,471,911	\$9,564,894
General Fund Expenditures	\$9,528,679	\$9,726,456	\$9,439,112	\$9,350,341
General Fund Cash Balances	\$251,409	\$343,520	\$55,428	\$251,607
<i>Treasurer</i>				
Number of Pay-Ins issued	1,719	1,768	1,767	1,733
Interest earnings for fiscal year (cash basis)	\$191	\$144	\$5,450	\$10,888
<i>Income Tax Department</i>				
Number of Individual Returns	6,671	6,740	6,582	6,598
Number of Business Returns	1,403	1,414	1,361	1,296
Number of business withholding accounts	680	604	648	725
Amount of Penalties and Interest Collected	\$42,189	\$44,378	\$30,326	\$33,760
Annual number of Corporate withholding forms processed	6,530	6,581	6,390	6,819
Annual number of balance due statements forms processed	713	779	655	795
Annual number of estimated payment forms processed	952	927	788	848
Annual number of reconciliations of withholdings processed	19	37	36	51
<i>Engineering Department Indicators</i>				
Zoning Permits Issued	193	239	214	263
Estimated Value of Construction	\$2,500,000	\$2,789,923	\$2,429,018	\$3,150,828
Number of permits issued	656	966	964	968
Amount of Revenue generated from permits	\$202,704	\$298,506	\$298,863	\$298,149
Number of Planning Commission meetings	8	8	9	7
Number of Administrative/Zoning Board meetings	2	2	2	2
<i>Civil Service</i>				
Number of police entry tests administered	1	0	0	0
Number of fire entry tests administered	0	1	0	1
Number of police promotional tests administered	0	0	1	0
Number of fire promotional tests administered	0	0	3	0
Number of hires of Police Officers from certified lists	0	0	0	2
Number of hires of Fire/Medics from certified lists	2	0	1	0
Number of promotions from police certified lists	0	0	2	9
Number of promotions from fire certified lists	0	8	0	2
Judicial System				
<i>Municipal Court</i>				
Number of Civil Cases	1,172	1,225	1,215	1,336
Number of Criminal cases	6,867	6,004	6,826	7,410
<i>Probation</i>				
Community Diversion participants	215	188	285	263
Community Diversion service hours	5,645	3,486	6,937	4,447

2008	2007	2006	2005	2004
150	161	192	103	112
47	18	16	15	28
3,445	5,248	4,312	4,653	3,627
\$12,843,481	\$15,497,472	\$20,919,912	\$20,422,342	\$19,055,341
na	269	248	222	187
A- BBA	A- BBA	A- BAA	A- BAA	A- BAA
14.50%	13.60%	13.99%	13.32%	13.05%
\$10,304,586	\$10,239,837	\$10,028,364	\$9,981,777	\$9,245,696
\$10,057,413	\$10,015,243	\$9,536,404	\$8,906,539	\$8,802,912
\$373,660	\$627,580	\$657,980	\$708,153	\$354,738
1,679	1,441	1,574	1,488	1,484
\$146,010	\$394,355	\$339,503	\$212,687	\$82,469
6,775	7,262	8,495	8,677	8,626
1,396	1,484	1,347	1,381	1,410
780	735	833	799	816
\$44,068	\$35,513	\$30,913	\$28,684	\$29,750
9,120	9,371	9,440	9,201	8,812
676	749	777	676	885
844	905	856	922	797
19	57	41	389	315
291	385	374	311	383
\$14,004,261	\$3,372,076	\$11,444,149	\$4,898,765	\$8,347,191
702	817	727	631	979
\$144,385	\$325,886	\$341,215	\$128,302	\$454,917
7	2	8	8	6
3	1	1	2	5
0	1	0	0	1
1	1	1	0	1
0	2	0	2	0
0	0	0	4	0
0	7	2	1	0
0	1	2	0	0
0	2	7	11	13
0	0	6	4	1
1,502	1,588	1,519	1,334	1,409
9,265	10,062	9,564	6,740	5,916
402	143	676	667	745
5,732	5,815	4,205	3,962	9,429

(continued)

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

Function/Program	2012	2011	2010	2009
Security of Persons & Property				
<i>Police</i>				
Total Calls for Services	13,272	14,193	18,484	20,229
Number of traffic citations issued	1,330	1,450	2,366	2,053
Number of parking citations issued	71	84	126	163
Number of criminal arrests	1,268	1,095	1,172	1,146
Operating Motor Vehicle Under the Influence (OMVI) Arrests	102	73	119	131
Adult Driving Under Suspension (DUS) Arrests	285	261	444	375
Prisoners	563	479	620	735
Prisoner meal costs	\$14,317	\$16,130	\$10,609	\$22,998
Motor Vehicle Accidents	358	356	399	426
Fatalities from Motor Vehicle Accidents	1	1	0	3
Gasoline costs of fleet	\$84,150	\$91,476	\$65,000	\$61,353
<i>Fire</i>				
EMS/Medical Calls (Mutual Aid, Non Transport)	1,000	811	770	868
Fire Calls	744	636	664	668
Fire Fatalities	1	0	0	0
Fires with Loss	38	26	26	28
Fires with Losses exceeding \$10K	n/a	n/a	12	13
Fire Losses \$	n/a	\$1,114,210	\$758,700	\$421,530
Fire Investigations	40	26	28	27
Number of times Mutual Aid given to Fire and EMS	35	18	20	23
Departmental Training Hours (4)	n/a	1,436	3,992	4,310
Public Health & Welfare				
Health Department				
Certificates Filed				
Number of Births	428	441	495	518
Number of Deaths	284	284	289	274
Certificates Issued				
Number of Births	2,265	2,156	2,192	2,451
Number of Deaths	960	1,042	988	1,049
Burial Permits Issued	490	456	437	407
Receipts from Certificates Issued	\$80,625	\$79,950	\$79,500	\$73,898
Number of Health Inspections				
Food Service Operations, Licensed/Number of Inspections	80/235	83/211	81/238	91/207
Food Establishments, Licensed/Number of Inspections	39/65	40/57	44/78	47/66
Vending Operations, Licensed/Number of Inspections	16/16	15/15	13/12	14/13
Marinas, Licensed/Number of Inspections	11/12	10/10	10/10	10/10
Manufactured Home Parks, Licensed/Number of Inspections	3/6	3/4	3/6	3/6
Campgrounds, Licensed/Number of Inspections	4/5	4/5	4/4	4/4
Swimming Pools and Spas, Licensed/Number of Inspections	6/13	6/11	6/17	6/10

2008	2007	2006	2005	2004
22,485	24,593	21,184	n/a	n/a
2,213	2,875	1,936	1,500	n/a
209	836	360	114	n/a
1,454	1,718	1,212	1,234	n/a
121	120	61	58	n/a
405	549	356	242	n/a
1,002	972	781	705	n/a
\$49,696	\$41,066	\$46,271	\$36,499	\$29,193
640	668	476	550	n/a
1	5	0	2	0
\$91,813	\$67,932	\$87,882	\$93,171	\$94,120
925	875	852	844	878
916	800	141	150	125
2	1	0	1	0
43	35	31	40	37
14	11	10	16	20
\$3,539,727	\$451,670	\$515,600	\$2,365,150	\$998,450
20	34	34	37	40
44	26	20	38	22
4,676	4,552	5,787	5,202	5,304
526	602	576	636	541
274	281	287	338	341
2,642	3,203	3,015	2,816	2,780
1,118	1,235	1,226	1,540	1,542
381	399	416	500	491
\$71,440	\$84,321	\$81,827	\$74,910	\$66,303
97/247	86/182	99/240	101/243	103/245
43/81	44/68	44/81	45/85	46/78
14/14	15/12	19/17	23/21	22/23
10/10	16/10	10/11	10/10	10/11
3/6	3/3	3/10	3/6	3/6
4/4	4/4	4/7	4/4	4/5
6/11	6/12	6/17	6/12	6/17

(continued)

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

Function/Program	2012	2011	2010	2009
Street Maintenance and Repair				
Guardrail Repair (hours)	58	25	36	53
Paint Striping (hours)	480	476	505	513
Street Sweeper (hours)	976	80	447	2,047
Cold Patch (hours)	2,225	2,750	2,781	4,026
Snow & Ice Removal regular hours	928	8,650	8,194	12,231
Snow & Ice Removal overtime hours	140	350	471	703
Sewer and Sanitary calls for service	730	687	772	1,151
After hours Sewer Calls (hours)	133	125	254	387
Sewer Crew (hours)	2,400	1,891	1,808	2,695
Sewer jet, Vac-all, other services (hours)	558	513	695	1,437
Landscaping Stump-Chipper service (hours)	546	416	245	359
Leaf collection (hours)	4,142	4,657	4,413	4,227
Holiday lights setup (hours)	80	80	80	80
Equipment repair/body shop (hours)	4,300	4,300	4,300	4,300
Sign department (hours)	1,200	1,200	1,200	1,200
Tons of snow melting salt purchased (Jan-Dec)	1,549	1,457	1,875	1,112
Cost of salt purchased	\$72,707	\$80,755	\$105,768	\$70,960
Housing and Community Development (2)				
Community Development Block Grant				
Grant amounts received	\$979,295	\$916,000	\$987,000	\$1,154,000
Code Enforcement				
Number of rental inspections performed	2,464	2,631	2,072	903
Number of exterior inspections	513	200	200	1,550
Code Enforcement fees collected	\$160,712	\$158,109	\$155,720	\$150,418
Sanitation (3)				
Residential trash pickup rate (billed every 2 months)	\$15.00	\$15.00	\$15.00	\$15.00
Refuse disposal per year (in tons)	14,494	13,802	12,475	13,060
Refuse disposal costs per year	\$594,271	\$546,376	\$500,000	\$546,000
Annual recycling tonnage (excluding leaf, and compost items)	520	530	524	482
Percentage of waste recycled	5.00%	3.80%	4.02%	3.60%
Revenue generated from sale of recyclables	\$16,888	\$10,586	\$8,350	\$5,874
Wastewater Treatment				
Sewer Rates per unit of water used (1 unit equals 750 gallons)	\$230.00	\$295.00	\$2.66	\$2.61
Total flow of wastewater treatment plant (Billions of Gallons)	1.669	2.463	1.552	1.644
Average daily flow (Millions of gallons per day)	4.559	6.750	4.254	4.530
Tons of dry sludge removed	523.61	505.99	489.10	504.84

- (1) Information prior to 2004 is not available
(2) No response from department (N/S)
(3) Fuel charge added to rate in 2009
(4) The way training recorded changed in 2010

Source: City Financial Records and Departments

2008	2007	2006	2005	2004
68	129	123	87	176
508	510	493	512	518
2,018	2,313	2,240	2,279	2,400
4,208	4,085	4,160	4,113	3,978
12,562	11,768	11,520	11,431	12,311
987	823	880	913	953
1,063	949	963	946	1,012
433	413	416	425	457
2,800	2,908	2,880	2,764	2,899
1,700	1,483	1,440	1,456	1,503
480	410	413	385	395
4,833	4,819	4,800	4,768	4,854
80	80	40	40	40
5,200	5,200	5,200	4,160	5,200
1,400	1,500	1,036	1,058	1,113
3,549	3,792	2,490	3,726	3,252
\$125,698	\$134,588	\$84,069	\$127,411	\$116,567
N/S	\$45,834	\$536,000	\$151,000	\$659,000
1,345	2,178	480	360	360
258	1,403	n/a	700	673
\$171,554	\$158,144	\$98,950	\$44,352	\$50,636
\$15.00	\$15.00	\$15.00	\$12.00	\$13.00
13,610	13,937	12,565	12,106	11,901
\$516,000	\$540,000	\$435,814	\$378,744	\$328,931
480	480	476	476	414
3.80%	3.80%	3.65%	3.79%	3.36%
\$9,000	\$15,595	\$5,233	\$6,736	\$3,895
\$2.61	\$2.45	\$2.45	\$2.40	\$2.40
1.977	1.713	1.998	2.540	2.262
5.420	4.693	5.550	6.990	6.170
493.95	510.56	558.24	612.07	421.34

City of Ashtabula, Ohio
Capital Assets Statistics by Function/Program
Last Nine Years (1)

Function/Program	2012	2011	2010	2009
General Government				
Square Footage Occupied	95,943	95,943	95,943	95,943
Administrative Vehicles	3	3	3	3
Inspection Vehicles	1	1	0	0
Municipal Court Vehicles	2	2	2	2
Lands & Buildings Vehicles	3	4	3	3
Police				
Stations	1	1	1	1
Square Footage of Building	14,491	14,491	14,491	14,491
Vehicles	33	29	34	32
Fire				
Stations	1	1	1	1
Square Footage of Building	11,560	11,560	11,560	11,560
Vehicles	11	10	9	10
Street Maintenance and Repairs				
Square Footage of Building	25,050	25,050	25,050	25,050
Streets (miles)	97	97	97	97
Bridges	7	7	6	6
Traffic Signals	53	53	53	53
Service Vehicles	29	30	29	29
Sanitation Services				
Square Footage of Building	9,100	9,100	9,100	9,100
Vehicles	9	10	9	9
Leisure Time Activities				
Number of Parks	8	8	8	8
Number of Tennis Courts	2	2	2	2
Number of Skateboarding Areas	1	1	1	1
Number of Baseball Diamonds	4	4	4	4
Number of Soccer Fields	1	1	1	1
Square Footage of Walnut Beach Building	6,420	6,420	6,420	6,420
Square Footage of Smith Field Building	336	336	336	336
Square Footage of Massucci Building	1,944	1,944	1,944	1,944
Wastewater Treatment				
Square Footage of Building	22,344	22,344	22,344	22,344
Sanitary Sewers (miles)	92	92	92	92
Storm Sewers (miles)	76	76	76	76
Vehicles	9	5	6	5

Source: City of Ashtabula Auditor's Office

(1) Information prior to 2004 is not available.

2008	2007	2006	2005	2004
95,943	95,943	95,943	95,943	95,943
2	4	8	6	6
2	6	4	4	3
2	2	3	2	2
4	4	4	4	3
1	1	1	1	1
14,491	14,491	14,491	14,491	14,491
40	33	35	44	44
1	1	1	1	1
11,560	11,560	11,560	11,560	11,560
8	8	8	7	7
25,050	25,050	25,050	25,050	25,050
97	97	97	97	97
6	6	6	6	6
54	54	54	50	49
29	28	30	25	25
9,100	9,100	9,100	9,100	9,100
10	10	10	12	12
8	8	8	8	8
2	2	2	2	2
1	1	1	1	1
4	4	4	4	4
1	1	1	1	1
6,420	6,420	6,420	6,420	6,420
336	336	336	336	336
1,944	1,944	1,944	1,944	n/a
22,344	22,344	22,344	22,344	22,344
92	92	92	92	92
76	76	76	76	76
5	6	11	11	11

City of Ashtabula, Ohio
Sewer and Trash Statistics
Last Nine Years (3)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Sewer Billings (1)	\$2,961,690	\$2,346,108	\$2,499,499	\$2,480,146
Residential Trash Billings	<u>1,363,150</u>	<u>1,244,580</u>	<u>1,268,641</u>	<u>1,260,253</u>
Total Utility Billing	<u>\$4,324,840</u>	<u>\$3,590,688</u>	<u>\$3,768,140</u>	<u>\$3,740,399</u>
Sewer Collections (1)(2)	\$2,178,292	\$1,734,485	\$1,931,758	\$1,929,394
Residential Trash Collections(2)	<u>1,190,305</u>	<u>968,297</u>	<u>1,085,080</u>	<u>1,043,043</u>
Total Utility Billing Collections	<u>\$3,368,597</u>	<u>\$2,702,782</u>	<u>\$3,016,838</u>	<u>\$2,972,437</u>
Percentage Collected from Billings Before Outstanding Balances are Certified to Property Taxes	77.89%	75.27%	80.06%	79.47%
Delinquent Sewer Collections(2)	\$459,392	\$501,466	\$492,898	\$520,624
Delinquent Residential Trash Collections(2)	<u>264,266</u>	<u>290,460</u>	<u>306,864</u>	<u>314,738</u>
Total Delinquent Collections	<u>\$723,658</u>	<u>\$791,926</u>	<u>\$799,762</u>	<u>\$835,362</u>

Source: City of Ashtabula Auditor's Office

(1) Amount billed does not include \$2.25 per month service charge or any other special project fees assessed.

(2) Delinquent collections are one year behind, ie: delinquent amounts collected in 2012 were for the amounts certified in 2011.

(3) Information prior to 2004 is not available.

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$2,556,295	\$2,668,957	\$2,669,897	\$2,792,173	\$2,337,816
<u>1,221,559</u>	<u>1,303,059</u>	<u>1,073,613</u>	<u>1,056,604</u>	<u>927,328</u>
<u>\$3,777,854</u>	<u>\$3,972,016</u>	<u>\$3,743,510</u>	<u>\$3,848,777</u>	<u>\$3,265,144</u>
\$2,215,775	\$2,119,014	\$1,989,073	\$2,065,929	\$1,858,330
<u>995,106</u>	<u>980,335</u>	<u>786,512</u>	<u>833,520</u>	<u>776,486</u>
<u>\$3,210,881</u>	<u>\$3,099,349</u>	<u>\$2,775,585</u>	<u>\$2,899,449</u>	<u>\$2,634,816</u>
84.99%	78.03%	74.14%	75.33%	80.70%
\$469,732	\$498,674	\$458,820	\$487,751	\$408,230
<u>261,030</u>	<u>257,230</u>	<u>239,361</u>	<u>244,018</u>	<u>207,596</u>
<u>\$730,762</u>	<u>\$755,904</u>	<u>\$698,181</u>	<u>\$731,769</u>	<u>\$615,826</u>

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Dave Yost • Auditor of State

CITY OF ASHTABULA

ASHTABULA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 26, 2013**