

CITY OF ASHTABULA
ASHTABULA COUNTY, OHIO

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2004



**Auditor of State
Betty Montgomery**

Members of 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 S. R. Snodgrass, A.C., for the audit period January 1, 2004 to December 31, 2004. Based upon this review, we have accepted these reports 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 cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

August 12, 2005

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City of Ashtabula, Ohio

Table of Contents

December 31, 2004

<u>Title</u>	<u>Page</u>
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1

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Independent Auditor's 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*

Members of Council
City of Ashtabula
Ashtabula, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Ashtabula, Ohio, as of and for the year ended December 31, 2004, which collectively comprise the City of Ashtabula, Ohio's basic financial statements and have issued our report thereon dated June 16, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Ashtabula's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City of Ashtabula in a separate letter dated June 16, 2005.

Members of Council
City of Ashtabula
Report on Compliance and Internal Controls Over
Financial Reporting Based on an Audit of Financial Statements
Performed In Accordance With *Government Auditing Standards*
Page 2

Compliance

As part of obtaining reasonable assurance about whether the City of Ashtabula's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City of Ashtabula in a separate letter dated June 16, 2005.

This report is intended solely for the information of management, members of council, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

S. R. Snodgrass, A.C.

Ashtabula, Ohio
June 16, 2005

CITY OF ASHTABULA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2004

ISSUED BY
AUDITOR'S OFFICE

Michael A. Zullo, CPA
City Auditor

CITY OF ASHTABULA
OFFICE OF CITY MANAGER

MUNICIPAL BUILDING
4717 MAIN AVENUE
ASHTABULA, OHIO 44004

PHILIP VARCKETTE
CITY MANAGER



(440) 992-7103
Fax: (440) 992-4515

June 23, 2005

Citizens of Ashtabula:

So far the Office of City Manager has proven to be both exciting and challenging. As we move ahead to meet the needs and concerns of our citizens, it comes with many obstacles. Some of which are driven by increased expenditures, possible State budget cuts and a reduced work force. The City Administration is working diligently in overcoming these obstacles and will conscientiously continue to provide good quality service to its constituents.

In an effort to remain positive towards economic progression, the City of Ashtabula has secured several avenues towards maintaining growth and success as a viable municipality. The purchase of the Massucci Field property will provide additional opportunities for recreation within the city, funding for the Route 11 Industrial Park is certainly an added bonus for industrial development, and the Ashtabula Area City School elementary buildings located within city limits is a significant achievement for the residents and community development.

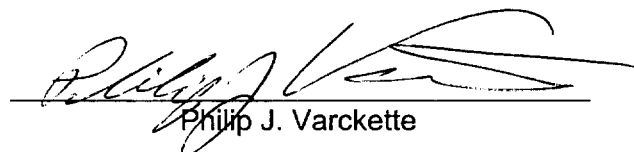
As a commitment to the residents of Ashtabula City, the West Side Equalization Basin Project was initiated by placing Request for Proposals (RFP) out to Engineering firms. Subsequently, the recipient of the Engineering Study provided a flow monitoring study in the target area. This study was extended to provide a more accurate indication of where the source of the problem may be. Once the data from the study is in, the City will proceed with the project to help resolve the situation.

In addition to the West Side Equalization Basin, other government funded projects obtained include Laird Drive, West 24th Street, as well as the Community Housing Improvement Program (CHIP) offered to Ashtabula City residents in specific target areas.

The City Police Department has attained grant money to procure upgrades for the Police Computer System as well as new Police Vests. The Fire Department will receive a new fire truck within the year.

City Street resurfacing continues throughout Ashtabula; Lake Avenue and Route 20 are being resurfaced as part of the annual resurfacing project for the City.

The City of Ashtabula has been consistently dedicated to attain the goals as set forth by City Government and our citizens.


Philip J. Varkette

City Council



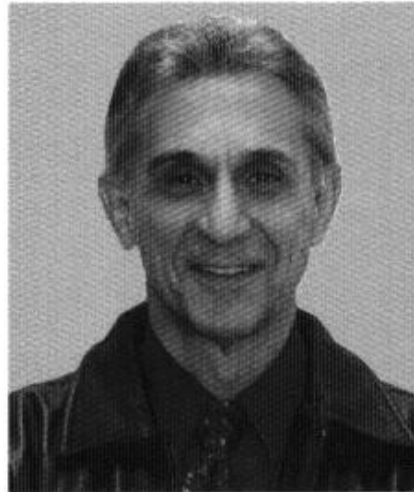
Robert E. Beacom
President



Josephine Misener
Vice President



Matthew J. Perry
Ward I



James P. Paulchel
Ward II



Betty S. Kist
Ward III



Clifford D. McClure
Ward IV

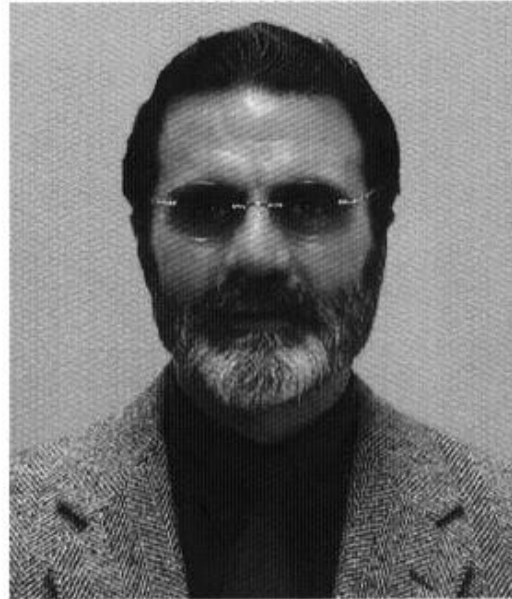


Christopher J. McClure
Ward V

City Officials



Philip J. Varkette
City Manager



Thomas J. Simon
City Solicitor



Michael A. Zullo, CPA
City Auditor



Lori G. Mackey
City Treasurer

INTRODUCTORY SECTION

City of Ashtabula, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2004
Table of Contents

	<i>Page</i>
I. Introductory Section	
Table of Contents	i
Letter of Transmittal	iv
Certificate of Achievement	xiv
Principal Officials	xv
Organizational Chart	xvi
 II. Financial Section	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual:	
General Fund	20
Community Development Block Grant Fund	21
Sanitation Fund	22
Street Maintenance and Repair Fund	23
Statement of Fund Net Assets - Proprietary Funds	24
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	25
Statement of Cash Flows - Proprietary Funds	26
Statement of Fiduciary Assets and Liabilities - Agency Funds	28
Notes to the Basic Financial Statements	29

Combining Statements and Individual Fund Schedules:

Combining Statements – Nonmajor Governmental Funds:

Fund Descriptions.....	55
Combining Balance Sheet - Nonmajor Governmental Funds	57
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	60

Combining Statements - Internal Service Funds:

Fund Descriptions.....	63
Combining Statement of Fund Net Assets - Internal Service Funds	64
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets - Internal Service Funds	65
Combining Statement of Cash Flows - Internal Service Funds.....	66

Combining Statement – Agency Funds:

Fund Descriptions.....	67
Combining Statement of Changes in Assets and Liabilities – Agency Funds.....	68

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

Major Funds:

General Fund	70
Community Development Block Grant Fund.....	75
Sanitation Fund	76
Street Maintenance and Repair Fund	77
Debt Service Fund	78
Permanent Improvement Fund	79
Wastewater Treatment Fund.....	80

Nonmajor Funds:

Code Enforcement Fund.....	81
FEMA Grant Fund.....	82
Fire Pension Fund.....	83
Food Service Fund.....	84
Indigent Alcohol Fund.....	85
Law Enforcement Trust Fund.....	86
Marina Fund	87
Motor Vehicle License Tax Fund.....	88
Municipal Probation Services Fund	89
Police Pension Fund	90
Public Health Nursing Fund	91
State Highway Fund	92
Walnut Beach Fund.....	93
Construction Fund	94
Self Insurance Fund.....	95
Workers' Compensation Fund.....	96

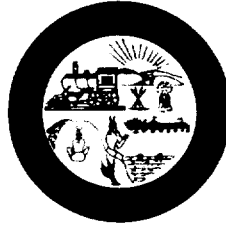
III. Statistical Section

Governmental Activities Revenues by Source and Expenses by Function – Full Accrual Basis – Last Six Years	S1
General Governmental Revenues by Source and Expenditures by Function – Modified Accrual Basis - Last Ten Years	S2
Property Tax Levies and Collections - Last Ten Years	S4
Assessed and Estimated Actual Value of Taxable Property - Last Ten Years	S5
Ten Largest Real Property Taxpayers - December 31, 2004	S6
Special Assessment Collections - Last Ten Years	S7
Property Tax Rates - Direct and Overlapping Governments - Last Ten Years	S8
Computation of Legal Debt Margin - December 31, 2004	S10
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita - Last Ten Years	S11
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures - Last Ten Years	S12
Computation of Direct and Overlapping General Obligation Bonded Debt - December 31, 2004	S13
OWDA Loan Payable Coverage – Water Pollution Fund - Last Ten Years.....	S14
Demographic Statistics - Last Ten Years.....	S15
Property Value, Construction and Bank Deposits - Last Ten Years.....	S16
Miscellaneous Statistics	S17

CITY OF ASHTABULA
OFFICE OF THE CITY AUDITOR

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CITY AUDITOR



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June 16, 2005

Citizens of Ashtabula
City Manager, Philip J. Varckette
and Members of City Council
City of Ashtabula, Ohio

I am pleased to present the eighteenth Comprehensive Annual Financial Report (CAFR) for the City of Ashtabula. This GASB 34 compliant report, for the year ended December 31, 2004, reflects our intent to provide an organized, comprehensive, and informative presentation of the financial statements and other financial and statistical data that represent a complete and full disclosure of the City's financial activities. This is the sixth CAFR prepared by the City of Ashtabula using the new GASB standards.

The responsibility for the report's completeness and fairness of presentation rests with the City, specifically the City Auditor's and City Treasurer's Office.

In preparing this report, the City Auditor, Deputy 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.

The CAFR is divided into three sections:

1. The Introductory Section contains the table of contents, letter of transmittal, the GFOA Certificate of Achievement, a list of the elected and principal officials of the City, and the organizational chart of the City.
2. The Financial Section, which begins with the Report of Independent Accountants, includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the City's financial position and operating results, the Combining Statements for nonmajor funds and other schedules that provide detailed information relative to the Basic Financial Statements.
3. The Statistical Section presents various tables reflecting social and economic information, financial trends, and fiscal capacity of the City.

REPORTING ENTITY

The City has reviewed its reporting entity definition in order to insure conformance with the Governmental Accounting Standards Board Statement 14 "The Financial Reporting Entity." In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments and organizations making up the City of Ashtabula (the primary government) and its potential component units. The Ashtabula Port Authority has been determined to be a component unit of the City.

The Ashtabula City School District has not been included in the accompanying financial statements because it is not fiscally dependent on the City, nor is the Ashtabula County Medical Center, which is privately owned and operated.

The Ashtabula Municipal Court has been included in the City's financial statements as an agency fund. The clerk of courts is an appointed City official who has a fiduciary responsibility for the collection and distribution of the court fees and fines.

THE CITY OF ASHTABULA

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. According to the 2000 census, the City's population was 20,962. The Ashtabula County area population is now estimated at approximately 102,728.

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.

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 of Ashtabula 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. In addition to private boating, the area's charter boat fleet has increased from four boats in 1984 to well over one hundred sport fishing charters running out of the Port of Ashtabula in 2004. The Port of Ashtabula is one of the area's most valuable assets.

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 Fiberglass, which make fiberglass hoods for the big eighteen-wheeler trucks and many fiberglass parts for the Chevrolet Corvettes, is now expanding into many other car parts as many of these parts are going from steel to fiberglass. Another big industry in Ashtabula is the paint pigment business of Plasticolors. These pigments are used in the coloring of paints used not only in the interior and exterior of your home, but also in paints for automobiles.

Within its boundaries, the City of Ashtabula has twenty-one public and private elementary and secondary schools, including nine public elementary schools; three junior high schools, one of which is a parochial school; one public and one private high schools. Approximately 4,584 students are enrolled in public schools and 327 in parochial and private schools.

The Ashtabula Campus of Kent State University is a three-building, one hundred twenty-acre facility, located on State Route 531 at the western border of the City. In most cases, pre-baccalaureate students are able to complete two full years of a four-year degree available in the four colleges of the University: Arts and Sciences, Business Administration, Education, and Fine and Professional Arts. The Nursing Program is the most noted of the four colleges' specialties.

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.

City residents purchase water service from the Ohio American Water Company, located in the City. 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. ALLTEL provides local telephone service, and Adelphia Cable Company provides cable television services.

CITY GOVERNMENT

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. A council of seven members, five ward and two at-large representatives, 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. The City Manager and the City Solicitor are elected by a vote of the people and also serve for four-year terms. The Counsel selects the City Auditor and City Treasurer. Good government is reflected in the City's low property tax rate of \$11.11 per \$1,000 of assessed valuation.

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. All elected officials, with the exception of the City Manager, serve on a part-time basis.

EMPLOYEE RELATIONS

The City has one hundred and eighty employees, including part time workers. Full time employees may join one of the bargaining units for their group as determined by the State Employee Relations Board (SERB). The three unions in the City are:

Name	Contract Expires	Membership
AFSCME Local #1197	April 30, 2006	70
Fraternal Order of Police, Lodge #26	April 30, 2006	34
International Association of Firefighters, Local #165	April 30, 2006	25

The remaining full time employees are either not authorized to join a bargaining unit or have elected not to do so. The City of Ashtabula and AFSCME Local #1197, Fraternal Order of Police, and the International Association of Firefighters have come to terms on three-year contracts. All nonunion employees including department heads will receive the same pay increases and follow the same contract changes.

In the judgment of the City Management, the City's employee relations have been stable and are expected to remain so.

ECONOMIC CONDITION 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. An enterprise zone has 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 has either been purchased or has a purchase option on it. The City port authority has finished the purchasing of land for our next enterprise zone which is fifty acres of land at the end of State Route 11, within the City boundaries. The Ashtabula City Port Authority is dealing with the Ohio EPA and a wetland issue at the site. Although the wetland issue will delay the opening of the business park, the City is confident the issue will be resolved in the near future. The City is very optimistic about future growth of businesses and employment in this business park.

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 Housing 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, twenty-three viable inquiries have been made, eleven full applications have been received and six applicants were approved for funding.

Adelphia Cable Company is continuing to improve service to the area by installing state-of-the-art equipment and expanding the options provided to its customers. Adelphia continues to broadcast City Council meetings live on the local government access channel, bringing the workings of City government to all citizens. Among the programs Adelphia makes available to citizens are Pay-Per-View Sports Events. New choices including digital service make available Sports and Comedy channels, Court TV and many other new premium channels including a Spanish-speaking channel. Adelphia is also offering powerlink to our residents. The internet service provided is an alternative to dial-up service or local DSL services.

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 and additional lighting continue to be implemented. Private donations continue to be received 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.

Another project, known as the Ashtabula River deep water dredging, is scheduled for the year 2006. This project will provide a twelve-foot deep river dredging which will remove toxins. Several government bodies and agencies have committed funds for this expensive project. The State of Ohio has budgeted seven million dollars, the federal government has committed twenty-two million and the Army Corp of Engineers has pledged eleven million dollars for this project. 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, eight years ago, to over 1,000 today. Most marinas' dock space is filled to capacity. The dredging of the Ashtabula River should result in more available dock space for this growing recreational activity.

A working relationship was established between the City's administration and the Downtown Merchants' Association. Through combined efforts of the Administration and the Association, a sign program was implemented. Signs were placed in visible spots around Ashtabula, directing visitors to the downtown area. New downtown stores have opened as a direct result of the City's and the Association's efforts.

The scope of responsibility of the City of Ashtabula's Port Authority was broadened. The Port Authority became active in surveying land Citywide for future industrial development, particularly for an industrial park. The Port Authority has put together the West 38th Street Enterprise Zone, filling every available site with new business attracted to the area. The newest City business park at the end of State Route 11 will hopefully be available by the summer of 2006. The Port Authority is working on extending the current transient dock in the river to allow boaters from any other port to tie up their boats and enjoy Bridge Street's many fine shops and restaurants. The dock extension project began in October of 2002 and was complete in the spring of 2003. The Port Authority was also instrumental in building one of the most modern coast guard stations ever built on the great lakes, as they borrowed money from the City's revolving loan fund and built the station for the coast guard who in turn signed a twenty-year lease. Future plans for this area include more transient docks, which will allow additional out of town boaters access to this historic riverfront. The United States Coast Guard has announced that they plan on expanding our coast guard station to accommodate another crew. This additional staffing is a direct result of September 11, 2001 and the concern for the ports as well as Perry Nuclear Power Plant located 25 miles west of Ashtabula. Security has been dramatically increased at this plant with many hours of patrolling the lakefront.

With the help of programs through the Ohio Department of Development and the Ohio Department of Transportation, the County obtained State and Federal grants to continue the public transportation system, which is now administered by Ashtabula County. The County runs the day-to-day operations of the bus system out of a City owned and maintained building. The City contributes \$31,000 of cash to the system, as well as inkind monies for repairs and maintenance of the bus garage building.

The City of Ashtabula continues to change for the better. By networking, team building, re-establishing working relationships and citizen friendships, implementing program planning and enhancing its natural resources, the City of Ashtabula is experiencing the 2000's as a "Decade of Difference," while doing aggressive planning for the future.

MAJOR INITIATIVES

Construction and major renovations on many of Ashtabula's roads took place during 2004. The City of Ashtabula committed over \$453,000 to street paving and reconstruction projects. With regular side street paving costing \$188,021, the biggest dollars were spent as matching money for the re-decking of West 24th Street bridge, paving West 24th Street, paving a portion of Lake Ave, and installing all new signalization including the newest processors which allow our safety forces to turn all lights red in order to clear an intersection when they are running hot. This project cost \$1,256,862 and was split by the City's local match of \$265,688 and The Ohio Department of Transportation paying \$991,174. The construction group NRP has continued construction of forty new homes in the City of Ashtabula. A second round of thirty additional homes has been initiated as building permits and tap in fees have been obtained by NRP. These new homes are for moderate-income families who rent to own the homes. After renting the home for ten years, the renter is given the opportunity to purchase the home at a reduced rate. The incentive is to maintain the home, as the renter may become the owner was an interesting project to City Council.

Another great aspect of the project is that the homes are spread throughout the City instead of being located in one single area and misconstrued as a low income housing project. Three different style homes are being constructed. The NRP group has a second phase ready to go once the first forty are constructed.

The engineering firm of Burgess and Niple has completed a major infiltration study. This study did televise our entire sewer system showing the City exactly where we needed to repair broken, plugged or even missing sections of our sanitary sewers. The study had begun at the farthest point from our wastewater treatment plant, with repairs conducted immediately after the problem has been diagnosed. The improvements will reduce the flow of storm water into the treatment plant and possible back-ups in our collection system. The City has committed to the Ohio Environmental Protection Agency to invest over five million dollars in our sewer collection system over the next five years. Payment of this extension replacement/repair project will be funded using Issue II Funds, distributed by the State of Ohio, and user fees from the residents. The projected split of monies will be seventy percent Issue II and thirty percent local match. The City has been in negotiations with Ashtabula County over the City/County sewer agreement. This agreement is so vital to the City because we are trying to get the County to share in the large expenditure items to help promote growth through sewer expansions in the unincorporated areas in the County. The City of Ashtabula is also in the final stages of designing and constructing a septage waste-receiving center however residents who reside in the area are very much against this receiving system due to increased truck traffic and the possibility of an offensive odor when dumping the septage tanks into our facility. The City is in discussions with the Federal and Ohio EPA's to look at other projects the City could do in place of the septage receiving station. This station was being pushed by the Ohio EPA because of a shortage of facilities for these haulers to dump in Ashtabula County.

The City of Ashtabula's participation in the United States Construction Grants Program has been completed. After a review of the Wastewater Treatment Plant and Sewer Improvements Project Performance Certification Report, the program's certification was approved for 2004 to allow the City to continue operations and maintain its wastewater treatment plant.

The City of Ashtabula focused on recreation, paving and sidewalk reconstruction in 2004. The City of Ashtabula offered a homeowner up to \$2.50 per square foot reimbursement for the replacement of any broken pieces of sidewalks. The reimbursement is equal to approximately sixty percent of the total cost. Several large park projects including a major study of the walnut beach area and the plants which must be removed were in process. Smith Field, which is the City's biggest and most used recreation complex, had the baseball playing field completely redone. New bleachers, fencing and parking area were also added at Smith Field and many improvements to the pond were completed during the year. The biggest improvement was the addition of lights on the walking track. With the lights added, the track is now used consistently from 6am to 10pm daily. The current project for 2004, which has received a fifty thousand dollar State grant, is the lighting of the field. In the near future, we will see nighttime high school baseball games as well as evening and night softball games at Smith field. I believe that all members of the administration are very surprised at the amount of usage the walking track is experiencing, and we are excited about night time sports at the field.

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 of Ashtabula. Specific activities include the Comprehensive Neighborhood Revitalization Program in Ashtabula Harbor, the Section 17 Rental Rehabilitation Project, and scattered site demolition, the Certificate of Occupancy Rental Inspection Program, the Minimum Housing Code Inspection Program and Fair Housing. 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 Housing and Community Development demonstrate the City's commitment to safe, decent and sanitary housing within the community.

The Fire Department answered 1,908 alarms in 2004 including 72 structure fires with building and content losses of \$994,450. Fire department employees received 5,304 hours of in-service training. Extensive training continues on the 1998 HME/General 1,250-gallon Paramedic Engine fire truck. The chief along with our Fire Department union spent many hours reviewing specs for a new 2006 pumper/paramedic engine. The fire department ordered a new 2006 Sutphen Corporation Pumper Fire Truck in 2004. The new truck will not be delivered until January of 2006. The City

paid \$100,000 down in 2004, will pay \$100,000 during 2005, and the balance of \$111,422 upon delivery. Other equipment and building repairs for the fire department was purchased in 2004 with Permanent Improvement fund money. Several State grants were received by our fire department in response to the September 11th attacks. These grant monies were used to purchase equipment and to provide hundreds of hours of training.

The Public Works Department kept busy in 2004 patching streets with cold mix, cleaning and maintaining sanitary and storm sewers, picking up leaves in the fall and plowing and controlling ice in the winter. The City of Ashtabula did purchase a 2004 Pelican Street Sweeper for the department at a cost of \$101,399. This sweeper is the newest model available and has many upgrades to keep our City streets clean. Approximately 400,000 square feet of streets were paved with hot asphalt in 2004. All paving in 2004 was done by the Angelo Benedetti Company of Cleveland Ohio, rather than our City employees, due to their expertise in the field and owning the proper equipment for handling big jobs such as this. The Benedetti Company used a new process to our area in 2004 for the paving. This process uses a machine which grinds down the road surface, takes the grindings, reheats them with new asphalt and tar and then immediately puts the material back on the same street from which it was removed. We will be monitoring the life of these roads and how the process works in Northeast Ohio.

The City of Ashtabula's Sanitation Department services approximately 7,000 households and 160 commercial accounts per week. In a move toward self-sufficiency, City Council passed legislation charging our residents \$13.00 dollars per month for trash collection. Pick-up is mandatory for all residents, and businesses have the option of City pick-up or private hauler. The City contracted with Waste Management for landfill cost pertaining to the rubbish collected by our trucks and the rubbish collected at our landfill. The general fund subsidizes the sanitation department by approximately \$50,000 annually, but with Council increasing the monthly rates, the Sanitation Department is well on its way to becoming self sufficient. With a grant from the Ashtabula County Solid Waste District, the City constructed a state-of-the-art-recycling center. This center will handle all types of recyclables. The goal for the recycling center is not to sell the recycled goods for a profit but rather reduce the tonnage that is hauled to the landfill, and reduce the amount of tipping fees paid during the year. The City of Ashtabula took in 720,727 pounds of recyclable materials and 7,850 tires during 2004 with the tires being disposed of free of charge thru a grant from Ashtabula County. The City sold the recyclable materials for \$3,895 and avoided paying \$15,805 in landfill tipping fees.

The Auditor's and Treasurer's Offices completed their seventeenth Comprehensive Annual Financial Report (CAFR) during May of 2004. The CAFR that was completed in 2004 for year ended December 31, 2003, was the city's fifth report using the new GASB standards. The process of converting to these new standards was interesting, frustrating and tedious during different phases of the process. By far the biggest challenge was the capital assets portion and how to start the infrastructure valuation process. Special thanks to the City Engineer's Office who spent many hours helping us construct this data, and Traci Vanek of the Auditor's Office who not only spent many hours working on the capital assets, but also designed an Access database to list and depreciate these assets, since no commercial software was available yet which was GASB 34 compliant. Since the initial report was completed, we have tried to continually update the capital asset information to give the most detail possible. The financial report took all members of the Auditor's and Treasurer's Office hundreds of hours to complete.

An agreement between the Ashtabula County Commissioners and the Auditor's Office to do the billing and collecting of the County's sewer charges remains in effect. This billing, along with the City's service billing, takes two members of the Auditor's office to maintain this program effectively and efficiently.

The Income Tax Department's use of an on-line computer system improved compliance with federal and local tax regulations and made collection of current and delinquent taxes more efficient. New tax forms made collection of taxes more accurate, and filing requirements have changed to include submission of various federal forms. Enforcement of late filing penalties and interest has increased timely filings.

The Police Department played a major role in instituting the new reverse 911 emergency response program. This enhanced reverse 911 system gives Ashtabula County EMA Services the ability to contact many homes at one time to give warning of any local, regional, statewide or national emergency. The Ashtabula Police Department also worked with George Distel, our State Representative, to help secure a \$90,000 State grant to put laptop computers in our patrol

cars. Each officer will have the ability to look up license plate registrations and other vehicle information directly without going through our dispatch center. The grant will be available sometime in the second half of 2005. The police department is undergoing a complete reorganization by eliminating captain positions through attrition and replacing these positions with additional patrolman. The City's goal is to get more policemen on the road and less in the administration positions.

The caseload for the Municipal Court totaled 7,325 in 2004, representing a 1,821 case decrease from 2003. A majority of the decreases are in the traffic citation part of the Court. The State Patrol has gone to a more warning base than writing actual traffic citations, which has caused a reduction in cases. With the criminal cases being reduced again this year as well, is hopefully a reflection of the stepped up law enforcement efforts made by all City officials. Crime and drug related offenses in our City have been top priority with the administration during 2004. The City administration has explored many ways to increase revenues and therefore increase funding to our police department. The increased funding allows more officers on the streets, all the time. The municipal court has spent many hours on the new security rules in effect for courts. The City is committed to making this area and the individuals working in the courts very secure. The court is also working on a new network computer system including hardware and software, with over \$100,000 being invested during 2004.

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.

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.

Financial Condition This is the sixth year the City has prepared financial statements following GASB Statement 34. "Basic Financial Statements-and-Management's Discussion and Analysis-for State and Local Governments." GASB 34 creates new basic financial statements for reporting on the City's financial activities as follows:

Government-wide financial statements These statements are prepared on an accrual basis of accounting, which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

Fund financial statements These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds are the modified accrual basis of accounting and include reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Statements of budgetary comparisons These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the City. This discussion follows the Independent Auditor's Report, providing an assessment of the City finances for 2004.

Financial Highlights – Internal Service Fund There are two internal service funds carried on the City's financial records, the self-insurance internal service fund with net assets of \$528,002 and the workers' compensation internal service fund with net assets of \$1,718,666 as of December 31, 2004.

CASH MANAGEMENT

By charter, the City Auditor is responsible for the City's cash management program. An investment committee comprised of the City Auditor, City Manager, City Solicitor, and City Treasurer has been formed. The City Treasurer requests and receives interest rates from several institutions and on several types of investments, at which time a member of the board makes a recommendation, another seconds and a vote is taken. The investment committee has established an investment policy for the City intended to maximize investment interest earned, while maintaining the highest standard of security available. The City of Ashtabula has entered into a depository agreement with Firststar Bank for the purpose of maintaining payroll and checking accounts. The checking account is a sweep account, which daily transfers to a repurchase agreement earning interest at a standard rate.

The City of Ashtabula also utilizes an investment pooling system, STAROhio, instituted and operated by the State of Ohio under the direction of Joseph T. Deters, Treasurer of State, as well as other investments through our local banks. In the past, the STAROhio investment option had offered the highest yields available in the State while remaining completely liquid as interest is earned daily and no minimum investment term is required. In the past twelve months the City found better interest rates locally, and therefore invested most of our cash in securities locally. Although the money was not completely liquid, we prepared cash flow projections and planned when our cash would be needed and invested accordingly.

As of December 31, 2004, the City of Ashtabula had \$4,395,212 of deposits classified as uncollateralized and uninsured under Statement 3 of the Government Accounting Standards Board. Although the pledging banks have an investment and securities pool used to collateralize all public deposits, which are held in the financial institutions' names, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

RISK MANAGEMENT

The City of Ashtabula has entered into a contract with the Argonaut Insurance Company for general liability insurance coverage. The agreement covers personal injury to an individual on City-owned property. Fire insurance on all City-owned buildings is with the Argonaut Insurance Company, and vehicle insurance on all City-owned vehicles is with the Argonaut Insurance Company. The City also carries police liability with Argonaut Insurance Company. Public officials professional risk liability insurance is with the Argonaut Insurance Company.

The City manages the hospital/medical, dental, drug and vision insurance benefits for its employees through a self-insured program. A third party administrator processes and pays the claims. The City pays self-insurance claims and administrative costs from its insurance internal service fund.

The City also provides workers' compensation coverage through the State Workers' Compensation group rating and payment system whose operations are reported in the City's workers' compensation internal service fund. Starting January 1, 2004, the City entered a group pool and left the self funded retrospective rating program. As the City has reduced lost time claims and reduced its overall cost, we became more attractive to a group which pools its employees and receives a discounted rate from the Bureau of Workers' Compensation. The City will continue to fund our

ratings system, dropping off the oldest year each year. Since the City exited the retrospective rating system December 31, 2003 we are responsible for claims from January 1, 1995 thru December 31, 2003. The year 2004 is not part of this calculation as the City was in the group plan during this year.

INDEPENDENT AUDIT

State statutes require the City to be subjected to an annual examination by an independent auditor. S. R. Snodgrass was contracted to render an opinion on the City's financial statements as of December 31, 2004. In addition to meeting the requirements set forth in State statutes, the audit was also designed to meet the requirements of the Single Audit Amendments of 1996, as well as GASB 33, 34 and 36. The Report of Independent Accountants on the general-purpose financial statements is included in the financial section of this report.

CERTIFICATE OF ACHIEVEMENT

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, 2003. This was the City of Ashtabula's seventeenth 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 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.

ACKNOWLEDGMENTS

A special thanks is extended to 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.

Sincere thanks also goes to the Local Government Services of Auditor of State Betty Montgomery's Office for their assistance in the organization and final review of our 2004 Comprehensive Annual Financial Report.

Respectfully submitted,


Michael A. Zullo, CPA
Ashtabula City Auditor

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, 2003

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.



Nancy L. Ziehl

President

Jeffrey R. Emor

Executive Director

City of Ashtabula
List of Principal Officials

City Council

Robert E. Beacom President
Josephine Misener Vice President

Matthew J. Perry Ward I
James P. Paulchel Ward II
Betty S. Kist Ward III
Clifford D. McClure Ward IV
Christopher J. McClure Ward V

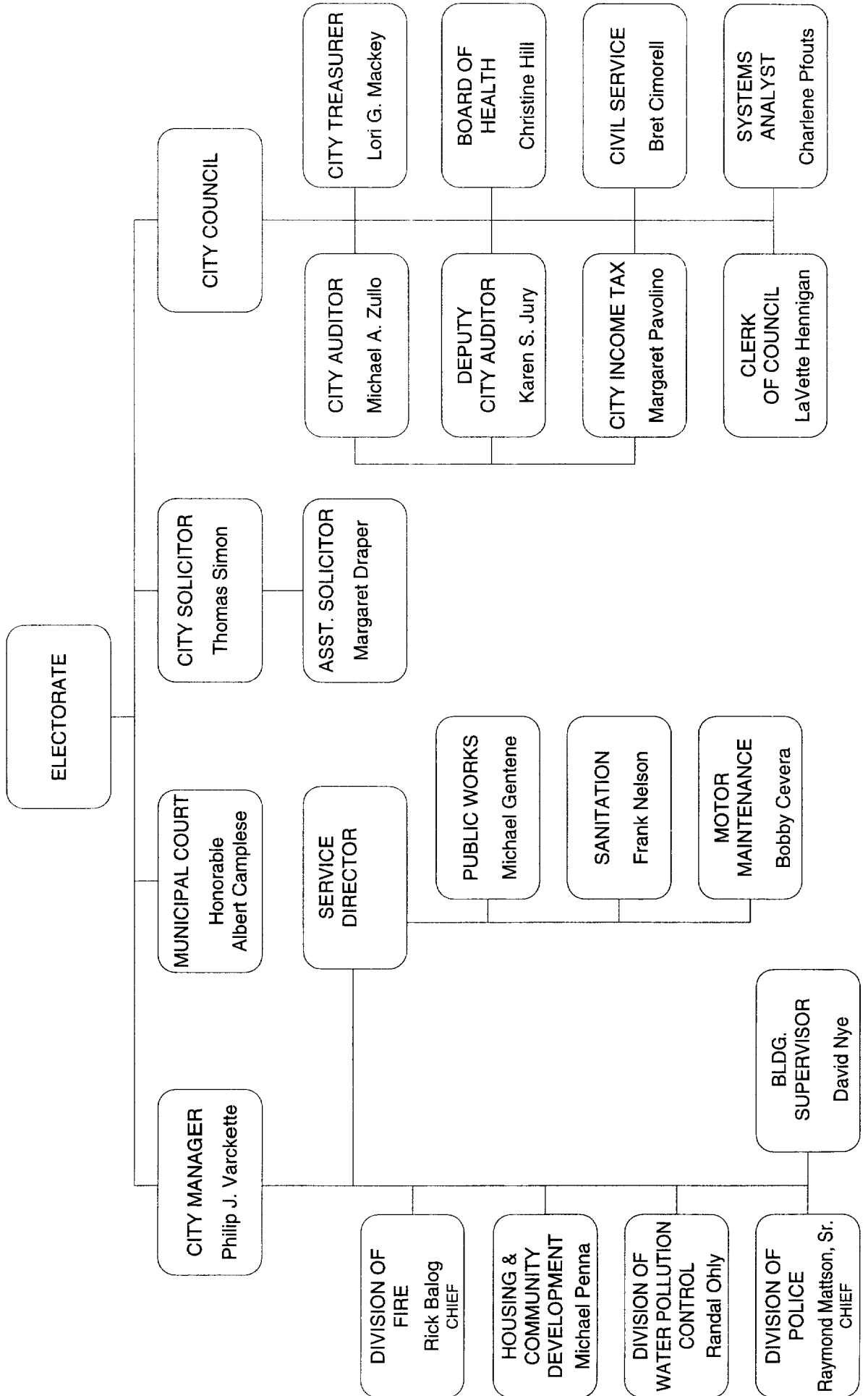
LaVette E. Hennigan Clerk of Council

City Officials

Rick Balog Chief of Fire
Albert Camplese Municipal Court Judge
Margaret Draper Assistant City Solicitor
Micheal Marini Assistant Superintendent of Wastewater Treatment Plant
Michael Gentene Superintendent of Public Works
Karen S. Jury Deputy City Auditor
Lori Mackey City Treasurer
Frank Nelson Superintendent of Sanitation
Randal Ohly Superintendent of Wastewater Treatment Plant
Margaret Pavolino Income Tax Administrator
Michael Penna Director of Housing and Community Development
Charlene Pfouts Systems Analyst
Philip J. Varckette City Manager
Thomas J. Simon City Solicitor
Raymond E. Mattson Sr Chief of Police
Michael A. Zullo City Auditor

**CITY OF ASHTABULA, OHIO
ORGANIZATIONAL CHART**

DECEMBER 31, 2004



FINANCIAL SECTION



Independent Auditor's Report

Members of Council
City of Ashtabula, Ohio

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 Government), as of and for the year ended December 31, 2004, which collectively comprise the Government's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Government's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ashtabula, Ashtabula County, Ohio, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparison for the General Fund, Sanitation Fund, Community Development Block Grant Fund, and the Street Maintenance and Repair Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 16, 2005, on our consideration of the Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in assessing the results of our audit.

Members of Council
City of Ashtabula
Page 2

The management's discussion and analysis on pages 3-12 is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Government's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

S. R. Snodgrass, A.C

Ashtabula, Ohio
June 16, 2005

City of Ashtabula, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
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, 2004. 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.

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 Assets 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 nonmajor funds presented in total in one column.

Reporting the City of Ashtabula as a Whole

Statement of Net Assets 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, "How did we do financially during 2004 and what does the future hold for 2005 and beyond?" The Statement of Net Assets and the Statement of Activities answer these questions. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net assets and the changes in those assets. This change in assets is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, nonfinancial 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 Assets 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 Fund.
- ◆ Business-Type Activities - These services have a charge based upon the amount of 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.
- ◆ 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.

City of Ashtabula, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Reporting the City of Ashtabula's Most Significant Funds

Fund Financial Statements

The analysis of the City's major funds begins on page 8. 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, Sanitation, 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 Assets 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.

The City of Ashtabula as a Whole

Recall that the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2004 compared to 2003.

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Assets						
Current and Other Assets	\$12,903,656	\$13,257,838	\$2,125,475	\$1,777,256	\$15,029,131	\$15,035,094
Capital Assets	17,625,805	16,734,779	10,202,939	10,304,120	27,828,744	27,038,899
<i>Total Assets</i>	30,529,461	29,992,617	12,328,414	12,081,376	42,857,875	42,073,993
Liabilities						
Current and Other Liabilities	(2,950,234)	(3,118,131)	(124,890)	(151,224)	(3,075,124)	(3,269,355)
Long-Term Liabilities:						
Due Within One Year	(2,262,692)	(2,189,187)	(221,094)	(274,307)	(2,483,786)	(2,463,494)
Due in More Than One Year	(2,691,028)	(3,276,274)	(1,538,019)	(1,671,075)	(4,229,047)	(4,947,349)
<i>Total Liabilities</i>	(\$7,903,954)	(\$8,583,592)	(\$1,884,003)	(\$2,096,606)	(\$9,787,957)	(\$10,680,198)

City of Ashtabula, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Net Assets						
Invested in Capital						
Assets, Net of Debt	\$16,072,672	\$14,824,413	\$8,753,780	\$8,759,633	\$24,826,452	\$23,584,046
Restricted:						
Capital Projects	704,115	1,041,588	0	0	704,115	1,041,588
Debt Service	926,146	776,956	0	0	926,146	776,956
Other Purposes	2,200,932	2,230,814	0	0	2,200,932	2,230,814
Unrestricted	2,721,642	2,535,254	1,690,631	1,225,137	4,412,273	3,760,391
<i>Total Net Assets</i>	<u>\$22,625,507</u>	<u>\$21,409,025</u>	<u>\$10,444,411</u>	<u>\$9,984,770</u>	<u>\$33,069,918</u>	<u>\$31,393,795</u>

The net assets of the City's governmental type activities increased by \$1,216,482. Current assets were down \$354,182. This decrease is from lower cash balances. The cash reduction is reflective of most City funds which have less cash balances today than one year ago. The City's capital assets in the Governmental Activities increased during 2004, which reflects major street and bridge construction with the help of State grant dollars on projects such as West 24th Street bridge, Lake Avenue and road and signalization reconstruction less our depreciation on roads, bridges, equipment and other capital assets. Short-term liabilities decreased, as deferred revenue was less by approximately \$167,897. Long-term liabilities decreased in 2004 as the City made all debt payments as scheduled.

The net assets of the City's business type activities increased approximately \$460,000 in 2004. Current Assets increased as cash increased approximately \$200,000 and accounts receivable increased by \$150,000. Capital Assets decreased slightly as the City once again aggressively spent money on upgrading our wastewater treatment plant less accumulated depreciation on these assets. With usage rates generating revenue, which reasonably matches operating expenses and most capital expenditures annually, the financial condition of the business type activity is relatively constant. The City's wastewater treatment facility is our only business type activity. Continual upgrades to the plant and the sewer lines carrying the flow to the plant have been our top priority for at least the last ten years. Continued growth not only in our City but also within most of our county is dependant upon the additional capacity the City is able to offer for sewer expansion. Our wastewater treatment plant itself has plenty of capacity as we treat approximately five million gallons of sewage a day with a plant capacity of approximately 18 million gallons per day. Our biggest problem is line capacity, which is very old and undersized. This is where we have been expending the majority of our capital dollars. We are either expanding line size or trying to reduce the amount of storm water that enters our sanitary lines through illegal connections of home gutters or actual breaks in our lines that allow ground water to enter our sanitary system. During 2004, the City increased user fees by three percent. These additional fees were earmarked for operating dollars or for matching grant monies such as Issue II funds. The City has used 18 out of the 19 Issue II rounds strictly for updating our plant and lines coming into our Wastewater Treatment Facility. The City is pleased with a few percent increase in net assets, as the reader must remember that this number is net of accumulated depreciation for all capital assets included in our business type activity and that the City's intent is not to profit from this operation, but to recover costs.

The Statement of Changes in Net Assets, Table 2, reviews the Revenue, Expenditures, and Transfers on a comparative analysis between 2004 and 2003. This Statement reflects our Governmental and Business-Type Funds bottom line.

City of Ashtabula, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

(Table 2)
 Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues						
Program Revenues						
Charges for Services	\$2,519,060	\$2,159,424	\$2,879,182	\$2,871,360	\$5,398,242	\$5,030,784
Operating Grants, Contributions and Interest	700,974	796,779	0	0	700,974	796,779
Capital Grants and Contributions	82,654	41,264	618,318	697,293	700,972	738,557
General Revenues						
Property Taxes	2,404,781	2,528,592	0	0	2,404,781	2,528,592
Income Taxes	6,148,340	5,859,695	0	0	6,148,340	5,859,695
Grants and Entitlements	2,608,872	2,828,530	0	0	2,608,872	2,828,530
Investment Earnings	82,469	128,801	0	0	82,469	128,801
Other	233,763	241,484	1,395	0	235,158	241,484
<i>Total Revenues</i>	<u>14,780,913</u>	<u>14,584,569</u>	<u>3,498,895</u>	<u>3,568,653</u>	<u>18,279,808</u>	<u>18,153,222</u>
Program Expenses						
General Government						
Legislative and Executive	3,025,729	3,037,163	0	0	3,025,729	3,037,163
Judicial System	912,233	963,286	0	0	912,233	963,286
Security of Persons and Property:						
Police	3,253,101	3,666,800	0	0	3,253,101	3,666,800
Fire	2,688,346	2,750,698	0	0	2,688,346	2,750,698
Public Health Services	289,136	285,124	0	0	289,136	285,124
Street Maintenance and Repairs	1,296,150	1,472,369	0	0	1,296,150	1,472,369
Housing and Community Development	649,653	617,274	0	0	649,653	617,274
Sanitation Services	1,263,037	1,383,682	0	0	1,263,037	1,383,682
Leisure Time Activities	137,588	134,896	0	0	137,588	134,896
Interest and Fiscal Charges	99,458	128,486	0	0	99,458	128,486
Wastewater Treatment	0	0	2,989,254	3,130,885	2,989,254	3,130,885
<i>Total Expenses</i>	<u>13,614,431</u>	<u>14,439,778</u>	<u>2,989,254</u>	<u>3,130,885</u>	<u>16,603,685</u>	<u>17,570,663</u>
<i>Excess (Deficiency) before Transfers</i>	1,116,482	144,791	509,641	437,768	1,676,123	582,559
<i>Transfers</i>	<u>50,000</u>	<u>(515,478)</u>	<u>(50,000)</u>	<u>515,478</u>	<u>0</u>	<u>0</u>
<i>Increase (Decrease) in Net Assets</i>	<u>\$1,216,482</u>	<u>(\$370,687)</u>	<u>\$459,641</u>	<u>\$953,246</u>	<u>\$1,676,123</u>	<u>\$582,559</u>

City of Ashtabula, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Governmental Activities

Several revenue sources fund our Governmental Activities with the City income tax being the biggest contributor. The income tax rate of 1.8 percent was renewed by a vote of our citizens in May of 2004, which took effect January of 2005. This tax renewal is in effect until December of 2007. The income tax revenue for 2004 exceeded \$6.1 million, with the income tax funding 46 percent of all expenses in the Governmental Activities.

Once again, the City has seen our income tax collections increase by \$288,645 in 2004. This was the first time in over five years that our income tax income increased significantly and is welcomed after several years of decline. The increase in income tax is another step in the process proving that our local economy is finally overcoming the events of September 11, 2001. The City's major employers are beginning to hire more employees and in turn increasing the tax base which the City so strongly needs to survive. As of May 2005, we have taken in approximately \$329,000 more income tax dollars than in May of 2004, which is another sign that our local economy continues to recover. The City of Ashtabula has been very aggressive in 2004 collecting delinquent income tax. Five new cases per week are being filed in court by a law firm hired by the City to collect these delinquent income taxes. The City expects this level of enforcement to continue in the future as our City council has been monitoring the progress on this program.

General revenues from grants and entitlements, such as local government funds, are also a large revenue generator. Local government funding from the State generates approximately \$1,295,000 per year. Ohio governor Bob Taft has recommended a twenty percent cut in the Local Government funding for 2006 and beyond. This drastic cut of over \$250,000 from our General Fund would be devastating to our City. In addition to this cut, the Governor, in an effort to balance the State budget by making Ohio more business friendly, has recommended eliminating the personal property tax that businesses pay on assets and inventory. This tax elimination would be phased in over a five year period, costing the City \$250,000 annually once the tax has been totally eliminated. The City will either need to increase revenues from other sources or dramatically reduce expenses, most likely with employee layoffs.

Security of persons and property, street maintenance and repair and sanitation services are major activities of the City, expending 62 percent of governmental activity expenses. The police department has been hardest hit with attrition as the last seven officers which have retired have not been replaced. We have also transferred one employee from the detective bureau to the patrol unit. The amount of overtime has been reduced with the City and Fraternal Order of Police agreeing that officers that call in sick will not be replaced. The fire department has worked with the City in reducing costs or holding costs in line with training being done in house, restricted use of comp time, and modifying the working agreement to reduce minimum manning from six to five per shift. This has saved the City approximately \$50,000 in 2004 and already \$27,000 in 2005. The City does monitor the police and fire department budgets very closely as these two departments use a significant amount of general revenues. A restructuring of our contract with Waste Management, our local landfill, will save the City approximately \$80,000. This restructuring was based on the City reserving space in our Wastewater Treatment Plant for Waste Management to discharge 5,000 gallons per day of leachate water from its landfill location until our septage receiving facility is ready for use. Once the City is able to accept this type of wastewater, Waste Management will be allowed to dispose of two trucks per day into our facility at no charge.

City of Ashtabula, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Business-Type Activities

The City's only business-type activity is our Wastewater Treatment Facility, which receives no support from tax revenues. This plant treats sewage from the City of Ashtabula and surrounding townships. This plant generated revenues of \$3,498,895 and had expenses of \$2,989,524. Our expenses are monitored to coincide with our revenues so that at the end of the year, we are looking at our cash balance, which the City has tried to maintain at one million dollars or approximately one third of the annual budget. Although revenues far exceeded expenses during 2004, the City is reserving funding for several major projects such as a centrifuge to replace our aging belt press and four employees. The City will also install a retention rain basin to help local sewage back-ups in major rain events. The size of the tank is being engineered in 2005 and construction should begin in early 2006. During 2004, the City worked hard on expanding line capacity to surrounding townships. To the west, Saybrook Township has boomed with housing developments in many parts of the township, especially along the lakeshore area. On the east side of the City commercial growth in Ashtabula Township is booming despite the economy with a new strip mall opening and several other businesses. The City also has several new housing projects, which will require additional sewer capacity on the City's West side. New larger lines are being installed in the City and Townships to handle the extra capacity. These lines, which will service the townships, will also service our new Industrial Park at the end of State Route 11. This project is going, but much slower than we had hoped as now we are dealing with a wetlands issue. The City has been able to keep rates low because of increased revenues from additional flow from new construction of businesses and homes in our county.

The City's Funds

Information about the City's major governmental funds begins on page 16. These funds are accounted for using the modified accrual basis of accounting. All Governmental funds had total revenues of \$14,530,632 and expenditures of \$14,626,143. The most significant change in our funds is the increase in the general fund.

The cash balance of the general fund remained relatively constant, decreasing by slightly more than \$36,000. While revenues exceeded expenditures by approximately \$631,026, much of the excess was transferred to other funds. These other funds used the cash from the transfers for street maintenance, sanitation, and permanent improvements and for payment of pension 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 the course of 2004, 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 inter-departmental 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, 2004
Unaudited

For the general fund, original and final budgeted revenues were approximately \$9,500,000. Very conservative revenue projections at the beginning of the year played out as actual revenues were very close to projections. The most significant savings were in our police department as officers were not replaced though attrition. Although the attrition program did save significant dollars, we are short of officers at this time and any additional retirees will have to be replaced. The comp time and sick time buy-back programs were not offered in 2004 thereby not needing additional line item appropriations to offset this program as in the past.

The City of Ashtabula's ending unencumbered cash balance in the general fund was \$248,057.

Capital Assets and Debt Administration

Capital Assets

Table 3
 Capital Assets at December 31, 2004 & 2003

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Capital Assets, Non depreciable:						
Land	\$1,883,340	\$1,878,340	\$70,125	\$70,125	\$1,953,465	\$1,948,465
Construction in Progress	1,538,578	220,946	269,300	357,211	1,807,878	578,157
Total Capital Assets, Non depreciable	<u>3,421,918</u>	<u>2,099,286</u>	<u>339,425</u>	<u>427,336</u>	<u>3,761,343</u>	<u>2,526,622</u>
Capital Assets, being Depreciated:						
Buildings and Improvements	10,129,258	10,118,593	6,695,868	6,695,868	16,825,126	16,814,461
Equipment	2,826,585	2,486,806	1,510,120	1,532,456	4,336,705	4,019,262
Vehicles	3,650,561	3,727,408	484,756	520,776	4,135,317	4,248,184
Furniture and Fixtures	55,567	51,978	3,068	3,068	58,635	55,046
Infrastructure						
Bridges	3,533,301	3,533,301	0	0	3,533,301	3,533,301
Roads	8,041,625	8,118,572	0	0	8,041,625	8,118,572
Storm Sewers	2,453,915	2,453,915	0	0	2,453,915	2,453,915
Traffic Lights	530,694	530,694	0	0	530,694	530,694
Sanitary Sewers	0	0	9,248,669	8,888,460	9,248,669	8,888,460
Total Capital Assets, being Depreciated	<u>31,221,506</u>	<u>31,021,267</u>	<u>17,942,481</u>	<u>17,640,628</u>	<u>49,163,987</u>	<u>48,661,895</u>
Accumulated Depreciation	<u>(17,017,619)</u>	<u>(16,385,774)</u>	<u>(8,078,967)</u>	<u>(7,763,844)</u>	<u>(25,096,586)</u>	<u>(24,149,618)</u>
Total Capital Assets, Depreciable, Net	<u>14,203,887</u>	<u>14,635,493</u>	<u>9,863,514</u>	<u>9,876,784</u>	<u>24,067,401</u>	<u>24,512,277</u>
Total Capital Assets,	<u>\$17,625,805</u>	<u>\$16,734,779</u>	<u>\$10,202,939</u>	<u>\$10,304,120</u>	<u>\$27,828,744</u>	<u>\$27,038,899</u>

The primary increases in Capital Assets occurred in construction in progress, buildings and improvements, equipment purchases and 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. Even though grants are gradually increasing the required percentage of local matching

City of Ashtabula, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

funds, such as Issue II funds increasing from a 30 percent match to a 40 percent match, the City of Ashtabula has been aggressively seeking these grant dollars knowing that we have the local match dollars available. The major projects during 2004 were our regular street paving project, which cost approximately \$335,000 and we also finished the Lake Avenue/Marystreet bridge reconstruction. This project has received approximately \$1,000,000 in State grants with the City putting in \$378,000 of matching money. The bridge received a new deck, and also our biggest and most heavily used road, Lake Avenue was totally resurfaced from route 20 to the iron bridge at the West Avenue intersection. Much of this work is part of our construction in process and listed accordingly on the Statement of Capital assets. We also continued our equipment replacement program with a new fire truck on order, as we made a \$100,000 deposit on the truck in 2004 and will make another \$100,000 payment in 2005, and the balance of \$120,000 will be made upon delivery in January of 2006. We are also still committed to our City sidewalks and the \$2.50 per square foot reimbursement offered by the City. Each property owner in the City is eligible for the reimbursement which covers approximately 60 percent of the cost to install the new sidewalk in front of their homes and businesses. The City has a strong commitment of recreation for all. Continued work on Smith Field, Walnut Beach and other playgrounds in the City has been given high priority.

The biggest increase in Capital Assets in our Business-Type Activities is the sanitary sewer lines. With Issue II dollars and the City's forty percent matching monies, several large projects of sanitary sewer line replacement were completed in 2004, with a cost in excess of four hundred thousand dollars. Engineering was completed for a septage receiving system in 2004. Two large projects in 2005 are the construction of a water retention basin to help stop the sewer back-ups during very heavy rains and the purchase of a centrifuge machine to press the sludge at our wastewater treatment plant. See Note 8 for additional information about the City's capital assets.

Debt

At December 31, 2004 the City of Ashtabula had \$6,712,833 in bonds, notes, claims, judgments, and compensated absences outstanding, \$2,483,786 of which are due within one year.

Table 4
 Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
General Obligation Bonds	\$1,000,000	\$1,170,000	\$0	\$0	\$1,000,000	\$1,170,000
Municipal Building	268,660	418,343	0	0	268,660	418,343
Mareddy Estates	111,188	130,968	0	0	111,188	130,968
Special Assessment Bonds	20,000	30,000	0	0	20,000	30,000
OPWC Loan	151,627	156,518	0	0	151,627	156,518
Police and Fire Loan	391,354	481,610	0	0	391,354	481,610
Claims Payable	392,834	491,443	0	0	392,834	491,443
Judgments Payable	200,000	200,000	0	0	200,000	200,000
Compensated Absences	2,416,399	2,382,582	309,954	400,895	2,726,353	2,783,477
OWDA Loan Payable	0	0	1,449,159	1,544,487	1,449,159	1,544,487
Capital Lease Obligation	1,658	4,537	0	0	1,658	4,537
Total	\$4,953,720	\$5,466,001	\$1,759,113	\$1,945,382	\$6,712,833	\$7,411,383

City of Ashtabula, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

The Main Avenue Widening Special Assessment Bonds and the OPWC Loan are secured by future collections of special assessments.

The amount due to Ohio Water Development Authority is paid by sewer revenues collected from the users as part of their normal sewer bill.

The Judgment Payable was for the New Lyme Landfill clean-up lawsuit. The City settled the suit for \$500,000 with the initial payment of \$200,000 due December 31, 1999, and \$100,000 per year thereafter. During year 2000, the City paid \$300,000 to the plaintiffs and also put the other \$200,000 which was not due until 2002 and 2003 respectively, in our debt service fund awaiting payment when due. The City tried to negotiate a lower amount due for full payment immediately, but was unsuccessful. We have therefore decided to earn interest on the money until due and payable. The City tried in earnest to contact the responsible party to invoice the City for the amount due in 2002. We were unsuccessful and never did receive any notification, invoice, or other request for payment, therefore, no payment was made in 2002, 2003, and 2004. The monies still remain in the debt service fund earning interest.

In March of 2005, the City called an additional \$432,000 worth of Justice Center bonds. These bonds were originally scheduled to be paid in 2010-2013 respectively. This was the second call option exercised by the City.

The City's overall legal debt margin was \$22,941,106 at December 31, 2004. See Note 9 for additional information about the City's long-term debt.

Current Related Financial Activities

The City of Ashtabula has seen a slight improvement in finances during 2004. Unfortunately, this comes as a result of attrition mostly and secondarily a small increase in our City income tax. The City of Ashtabula has been very cautious with its spending in 2004. As we see the Federal, State, and County governments struggle financially, the City of Ashtabula will face yet another round of budget cuts from the State of Ohio, recommended to be 20 percent. The City is budgeting in our 2006 tax budget for the reduction to be in the way of a ten percent cut in our local government funds amounting to \$129,000 in 2006 and thereafter as well as the phase out of the personal property tax over a five year time period which will eliminate \$50,000 per year of revenue costing the City \$250,000 per year once this tax has been totally eliminated. I have stressed to all department heads that they must remain within their appropriated budgets for the year. Unfortunately, with these tough economic times we still must watch every dollar spent. Had it not been for every City employee taking a wage concession, giving up overtime pay, and other cash reductions, we were going to lay off approximately 15 employees. These concessions allowed the City stay the course without reducing any services to our citizens. Our City employees and particularly the firefighters worked hand in hand with the administration to make some minor modifications with our health care plans. Together we were able to secure seven bids and will be switching to a fully funded plan June 1, 2005 with Anthem Blue Cross at less of a cost than in 2004.

The City took a small risk ten years ago by getting into a self-funded health insurance program and the self-funded workers' compensation program. Our premiums for health insurance, based on the plan our unions had negotiated, were extremely high and getting worse each year. The City was also negatively rated in the State funded workers' compensation program. When the City entered the retrospective rating program, both workers' compensation and health insurance monies were put into new funds established by the City as if the premiums were still being paid. The balances have accumulated to over \$2,200,000 in these funds by

City of Ashtabula, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

reducing our annual expenses in both of these areas. Approximately \$350,000 of this cash will be used in June, July and August to pay Medical Mutual the run-out on our minimum premium program. This cash run out is for claims from the first half of 2005 and not billed for whatever reason until after we have switched to Anthem.

The City has also purchased and paid cash for a tremendous amount of new equipment in the last five years. Items include a new paramedic/pumper truck, as well as new vehicles for the chief and fire inspector and one new $\frac{3}{4}$ ton four wheel drive pick-up in our fire department, a complete new fleet of police cars, five new snowplow dump trucks, graders, sanitation equipment including trucks, semis, dumpsters, complete network computers systems for the court system, sewer jets, and all new vehicles for our inspectors.

We have worked extremely hard in reducing debt in our City. With programs such as the sick time buyback, comp time buyback, twice in three years calling our justice center bonds early to save interest expenses and refinancing our police and fire pension liability, we are able to reduce payment amounts in the future with lower interest rates and shorter payment terms.

In conclusion, the City of Ashtabula has committed itself to financial excellence for many years. The City has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting since 1987. The City of Ashtabula was one of the first cities in Ohio to report using the new GASB 33 and 34 requirements. Our 2003 CAFR did receive this prestigious award. Our commitment to the residents of the City of Ashtabula has always been full disclosure of the financial position of the City.

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 Michael A. Zullo, CPA, Ashtabula City Auditor, 4417 Main Avenue, Ashtabula, Ohio 44004, telephone 440-992-7107, or e-mail at michaelz@suite224.net.

City Of Ashtabula, Ohio

Statement of Net Assets

December 31, 2004

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activity	Total	
Assets				
Cash and Cash Equivalents	\$5,722,759	\$577,140	\$6,299,899	\$0
Cash and Cash Equivalents in Segregated Accounts	79,917	0	79,917	186,940
Accounts Receivable	1,105,927	1,506,682	2,612,609	0
Due from Other Governments	1,392,764	0	1,392,764	39,651
Materials and Supplies Inventory	45,070	4,745	49,815	0
Prepaid Items	84,653	36,908	121,561	0
Due from Component Unit	122,593	0	122,593	0
Loans Receivable	129,612	0	129,612	0
Taxes Receivable	3,919,539	0	3,919,539	0
Special Assessments Receivable	300,822	0	300,822	0
Capital Assets, Nondepreciable	3,421,918	339,425	3,761,343	306,885
Capital Assets, Depreciable, Net	14,203,887	9,863,514	24,067,401	373,504
<i>Total Assets</i>	<u>30,529,461</u>	<u>12,328,414</u>	<u>42,857,875</u>	<u>906,980</u>
Liabilities				
Accounts Payable	84,564	40,886	125,450	0
Contracts Payable	44,852	0	44,852	0
Accrued Wages and Benefits	224,412	36,810	261,222	0
Due to Other Governments	443,837	15,675	459,512	307
Deferred Revenue	2,127,947	0	2,127,947	0
Deposits Held and Due to Others	4,240	0	4,240	0
Accrued Interest Payable	20,382	31,519	51,901	0
Due to Primary Government	0	0	0	122,593
Long-Term Liabilities:				
Due Within One Year	2,262,692	221,094	2,483,786	0
Due Within More Than One Year	2,691,028	1,538,019	4,229,047	0
<i>Total Liabilities</i>	<u>7,903,954</u>	<u>1,884,003</u>	<u>9,787,957</u>	<u>122,900</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	16,072,672	8,753,780	24,826,452	577,275
Restricted for:				
Capital Projects	704,115	0	704,115	0
Debt Service	926,146	0	926,146	0
Other Purposes	2,200,932	0	2,200,932	0
Unrestricted	2,721,642	1,690,631	4,412,273	206,805
<i>Total Net Assets</i>	<u>\$22,625,507</u>	<u>\$10,444,411</u>	<u>\$33,069,918</u>	<u>\$784,080</u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
Statement of Activities
For the Year Ended December 31, 2004

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities				
General Government:				
Legislative and Executive	\$3,025,729	\$215,617	\$0	\$0
Judicial System	912,233	605,898	0	21,565
Security of Persons and Property:				
Police	3,253,101	73,923	14,789	0
Fire	2,688,346	67,511	11,000	0
Public Health Services	289,136	148,884	32,504	61,089
Street Maintenance and Repairs	1,296,150	3,073	106,575	0
Housing and Community Development	649,653	86,289	461,510	0
Sanitation Services	1,263,037	1,304,215	74,596	0
Leisure Time Activities	137,588	13,650	0	0
Interest and Fiscal Charges	99,458	0	0	0
<i>Total Governmental Activities</i>	13,614,431	2,519,060	700,974	82,654
Business-Type Activity				
Wastewater Treatment	2,989,254	2,879,182	0	618,318
<i>Total Primary Government</i>	<u>\$16,603,685</u>	<u>\$5,398,242</u>	<u>\$700,974</u>	<u>\$700,972</u>
Component Unit				
Ashtabula Port Authority	<u>\$72,018</u>	<u>\$0</u>	<u>\$43,232</u>	<u>\$0</u>

General Revenues

Property Taxes Levied for:

General Purposes

Fire and Police Pension

Debt Service

Capital Outlay

Income Taxes Levied for:

General Purposes

Capital Outlay

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activity	Total	Component Unit
(\$2,810,112)	\$0	(\$2,810,112)	\$0
(284,770)	0	(284,770)	0
(3,164,389)	0	(3,164,389)	0
(2,609,835)	0	(2,609,835)	0
(46,659)	0	(46,659)	0
(1,186,502)	0	(1,186,502)	0
(101,854)	0	(101,854)	0
115,774	0	115,774	0
(123,938)	0	(123,938)	0
(99,458)	0	(99,458)	0
(10,311,743)	0	(10,311,743)	0
0	508,246	508,246	0
(10,311,743)	508,246	(9,803,497)	0
0	0	0	(28,786)
1,118,036	0	1,118,036	0
356,657	0	356,657	0
537,367	0	537,367	0
392,721	0	392,721	0
5,537,537	0	5,537,537	0
610,803	0	610,803	0
2,608,872	0	2,608,872	13,650
82,469	0	82,469	734
233,763	1,395	235,158	0
11,478,225	1,395	11,479,620	14,384
50,000	(50,000)	0	0
11,528,225	(48,605)	11,479,620	14,384
1,216,482	459,641	1,676,123	(14,402)
21,409,025	9,984,770	31,393,795	798,482
<u>\$22,625,507</u>	<u>\$10,444,411</u>	<u>\$33,069,918</u>	<u>\$784,080</u>

City of Ashtabula, Ohio

Balance Sheet

Governmental Funds

December 31, 2004

	General	Community Development Block Grant	Sanitation	Street Maintenance and Repair	Debt Service
Assets					
Equity in Pooled Cash and Cash Equivalents	\$274,821	\$432,815	\$394,698	\$273,615	\$590,065
Cash and Cash Equivalents In Segregated Accounts	79,917	0	0	0	0
Receivables:					
Taxes	2,274,206	0	0	0	410,964
Accounts	167,479	186,087	742,479	7,549	0
Special Assessments	0	0	0	0	300,822
Due from Other Governments	921,751	0	0	321,778	23,547
Materials and Supplies Inventory	35,172	0	258	8,962	0
Prepaid Items	84,317	0	0	336	0
Due from Component Unit	0	122,593	0	0	0
Loans Receivable	0	129,612	0	0	0
<i>Total Assets</i>	<u>\$3,837,663</u>	<u>\$871,107</u>	<u>\$1,137,435</u>	<u>\$612,240</u>	<u>\$1,325,398</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$59,268	\$0	\$2,240	\$9,450	\$0
Contracts Payable	290	20,959	14,720	8,883	0
Accrued Wages	172,563	0	22,963	27,386	0
Due to Other Governments	71,743	0	9,178	11,099	0
Deferred Revenue	2,675,175	186,087	666,360	270,717	735,333
Deposits Held and Due to Others	3,100	0	0	0	0
<i>Total Liabilities</i>	<u>2,982,139</u>	<u>207,046</u>	<u>715,461</u>	<u>327,535</u>	<u>735,333</u>
Fund Balances					
Reserved for Encumbrances	25,086	152,895	6,067	11,803	0
Reserved for Inventory	35,172	0	258	8,962	0
Reserved for Loans Receivable	0	252,205	0	0	0
Unreserved:					
Designated for Roadway Improvements	0	0	0	0	0
Undesignated, Reported in:					
General Fund	795,266	0	0	0	0
Special Revenue Funds	0	258,961	415,649	263,940	0
Debt Service Fund	0	0	0	0	590,065
Capital Projects Funds	0	0	0	0	0
<i>Total Fund Balances</i>	<u>855,524</u>	<u>664,061</u>	<u>421,974</u>	<u>284,705</u>	<u>590,065</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$3,837,663</u>	<u>\$871,107</u>	<u>\$1,137,435</u>	<u>\$612,240</u>	<u>\$1,325,398</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, 2004*

Permanent Improvement	Other Governmental Funds	Total Governmental Funds		
			Total Governmental Funds Balances	\$3,632,450
			<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$475,034	\$482,227	\$2,923,275	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	17,625,805
0	0	79,917		
626,475	607,894	3,919,539	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:	
868	0	1,104,462	Property and Other Taxes	201,852
0	0	300,822	Charges for Services	1,001,190
42,192	83,496	1,392,764	Income Tax	1,057,969
0	678	45,070	Intergovernmental	1,140,019
0	0	84,653	Special Assessments	300,822
0	0	122,593	Total	3,701,852
0	0	129,612		
<u>\$1,144,569</u>	<u>\$1,174,295</u>	<u>\$10,102,707</u>	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.	2,246,668
\$12,799	\$0	\$83,757		
0	0	44,852	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due	(20,382)
0	1,500	224,412		
0	191,177	283,197		
613,772	682,355	5,829,799	Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds.	
0	1,140	4,240	General Obligation Bonds	(1,379,848)
<u>626,571</u>	<u>876,172</u>	<u>6,470,257</u>	Special Assessment Bond	(20,000)
			OPWC Loan Payable	(151,627)
184,200	169,255	549,306	Police and Fire Loan	(391,354)
0	678	45,070	Judgments Payable	(200,000)
0	0	252,205	Compensated Absences	(2,416,399)
212,000	0	212,000	Capital Lease Payable	(1,658)
0	0	795,266	Total	(4,560,886)
0	124,879	1,063,429		
0	0	590,065		
121,798	3,311	125,109	<i>Net Assets of Governmental Activities</i>	<u>\$22,625,507</u>
<u>517,998</u>	<u>298,123</u>	<u>3,632,450</u>		
<u>\$1,144,569</u>	<u>\$1,174,295</u>	<u>\$10,102,707</u>		

City of Ashtabula, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	General	Community Development Block Grant	Sanitation	Street Maintenance and Repair	Debt Service
Revenues					
Property and Other Taxes	\$1,126,347	\$0	\$0	\$0	\$361,404
Municipal Income Tax	5,464,993	0	0	0	0
Charges for Services	227,249	0	1,205,851	3,073	0
Licenses and Permits	89,975	0	0	0	0
Fines and Forfeitures	504,262	0	0	0	0
Intergovernmental	1,701,732	461,510	74,596	744,845	41,762
Special Assessments	0	0	0	0	56,100
Interest	41,400	4,155	0	33,774	0
Rentals	64,118	0	0	0	0
Other	217,676	0	5,183	989	0
<i>Total Revenues</i>	<u>9,437,752</u>	<u>465,665</u>	<u>1,285,630</u>	<u>782,681</u>	<u>459,266</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	2,644,277	0	0	0	8,732
Judicial System	793,126	0	0	0	0
Security of Persons and Property:					
Police	2,902,105	0	0	0	0
Fire	2,153,141	0	0	0	0
Public Health Services	185,344	0	0	0	0
Street Maintenance and Repairs	1,691	0	0	1,077,837	0
Housing and Community Development	3,153	477,112	0	0	0
Sanitation Services	1,344	0	1,290,449	0	0
Leisure Time Activities	15,000	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal Retirement	92,376	0	0	0	204,671
Interest and Fiscal Charges	15,169	0	0	0	68,439
<i>Total Expenditures</i>	<u>8,806,726</u>	<u>477,112</u>	<u>1,290,449</u>	<u>1,077,837</u>	<u>281,842</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>631,026</u>	<u>(11,447)</u>	<u>(4,819)</u>	<u>(295,156)</u>	<u>177,424</u>
Other Financing Sources (Uses)					
Sale of Fixed Assets	0	0	0	0	0
Transfers In	0	0	140,000	312,000	4,000
Transfers Out	(504,986)	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(504,986)</u>	<u>0</u>	<u>140,000</u>	<u>312,000</u>	<u>4,000</u>
<i>Net Change in Fund Balances</i>	126,040	(11,447)	135,181	16,844	181,424
<i>Fund Balances Beginning of Year</i>	712,045	675,508	286,769	262,484	408,641
Increase (Decrease) in Reserve for Inventory	17,439	0	24	5,377	0
<i>Fund Balances End of Year</i>	<u>\$855,524</u>	<u>\$664,061</u>	<u>\$421,974</u>	<u>\$284,705</u>	<u>\$590,065</u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2004*

Permanent Improvement	Other Governmental Funds	Total Governmental Funds	
			Net Change in Fund Balances - Total Governmental Funds (\$38,872)
			Amounts reported for governmental activities in the statement of activities are different because
\$397,068	\$529,452	\$2,414,271	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.
602,742	0	6,067,735	Capital Outlay 2,220,393
0	50,013	1,486,186	Depreciation (1,319,705)
0	114,787	204,762	Total 900,688
21,565	51,825	577,652	Governmental funds only report the disposal of fixed assets to the extent the extent proceeds are received from the sale. In the statement of statement of activities, a gain or loss is reported for each disposal. (9,662)
107,474	158,212	3,290,131	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.
0	0	56,100	Property and Other Taxes (22,779)
0	3,140	82,469	Municipal Income Tax 80,605
53,445	0	117,563	Charges for Services 154,462
6,615	3,300	233,763	Intergovernmental 80,804
			Special Assessments (42,811)
1,188,909	910,729	14,530,632	Total 250,281
			Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 447,489
0	0	2,653,009	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 3,960
0	50,349	843,475	Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds
0	355,230	3,257,335	Compensated absences (33,817)
0	356,262	2,509,403	Change in Inventory 22,682
0	96,862	282,206	Total (11,135)
0	12,000	1,091,528	The internal service funds used by management to charge the costs of insurance and workers' compensation to individual funds are not reported in the city-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. (326,267)
0	164,764	645,029	Change in Net Assets of Governmental Activities \$1,216,482
0	0	1,291,793	
0	48,520	63,520	
1,437,938	0	1,437,938	
149,683	759	447,489	
19,704	106	103,418	
1,607,325	1,084,852	14,626,143	
(418,416)	(174,123)	(95,511)	
6,639	0	6,639	
50,000	135,986	641,986	
0	(87,000)	(591,986)	
56,639	48,986	56,639	
(361,777)	(125,137)	(38,872)	
879,775	423,418	3,648,640	
0	(158)	22,682	
\$517,998	\$298,123	\$3,632,450	

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, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Taxes	\$1,123,000	\$1,123,000	\$1,126,347	\$3,347
Municipal Income Tax	5,325,000	5,301,800	5,328,533	26,733
Charges for Services	53,400	53,400	214,759	161,359
Licenses and Permits	46,808	46,808	87,807	40,999
Fines and Forfeitures	620,350	620,350	506,825	(113,525)
Intergovernmental	1,959,000	1,959,000	1,660,881	(298,119)
Interest	102,500	102,500	41,400	(61,100)
Rentals	73,200	73,200	63,148	(10,052)
Other	254,822	254,822	215,996	(38,826)
<i>Total Revenues</i>	<u>9,558,080</u>	<u>9,534,880</u>	<u>9,245,696</u>	<u>(289,184)</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	2,644,718	2,731,657	2,648,154	83,503
Judicial System	813,522	801,522	793,032	8,490
Security of Persons and Property				
Police	3,178,021	2,976,821	2,896,362	80,459
Fire	2,179,540	2,178,940	2,148,791	30,149
Public Health Services	159,820	189,310	185,799	3,511
Street Maintenance and Repair	1,934	1,934	1,691	243
Housing and Community Development	11,599	11,599	5,194	6,405
Sanitation Services	1,537	1,537	1,344	193
Leisure Time Activities	15,000	15,000	15,000	0
Debt Service:				
Principal Retirement	92,376	92,376	92,376	0
Interest and Fiscal Charges	15,170	15,170	15,169	1
<i>Total Expenditures</i>	<u>9,113,237</u>	<u>9,015,866</u>	<u>8,802,912</u>	<u>212,954</u>
<i>Excess of Revenues Over Expenditures</i>	444,843	519,014	442,784	(76,230)
Other Financing Uses				
Transfers Out	(498,500)	(523,248)	(504,986)	18,262
<i>Net Change in Fund Balance</i>	(53,657)	(4,234)	(62,202)	(57,968)
<i>Fund Balance Beginning of Year</i>	256,601	256,601	256,601	0
Prior Year Encumbrances Appropriated	53,658	53,658	53,658	0
<i>Fund Balance End of Year</i>	<u>\$256,602</u>	<u>\$306,025</u>	<u>\$248,057</u>	<u>(\$57,968)</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, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$1,114,590	\$1,561,590	\$492,868	(\$1,068,722)
Interest	3,410	3,410	4,155	745
<i>Total Revenues</i>	1,118,000	1,565,000	497,023	(1,067,977)
Expenditures				
Current:				
Housing and Community Development	1,197,003	1,644,003	665,791	978,212
<i>Net Change in Fund Balance</i>	(79,003)	(79,003)	(168,768)	(89,765)
<i>Fund Balance Beginning of Year</i>	350,726	350,726	350,726	0
Prior Year Encumbrances Appropriated	77,003	77,003	77,003	0
<i>Fund Balance End of Year</i>	<u>\$348,726</u>	<u>\$348,726</u>	<u>\$258,961</u>	<u>(\$89,765)</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
Sanitation Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$1,163,200	\$1,163,200	\$1,201,354	\$38,154
Intergovernmental	45,000	45,000	74,596	29,596
Other	3,200	3,200	7,076	3,876
<i>Total Revenues</i>	1,211,400	1,211,400	1,283,026	71,626
Expenditures				
Current:				
Sanitation Services	1,356,649	1,356,649	1,295,156	61,493
<i>Excess of Revenues Under Expenditures</i>	(145,249)	(145,249)	(12,130)	133,119
Other Financing Sources				
Transfers In	140,000	140,000	140,000	0
<i>Net Change in Fund Balance</i>	(5,249)	(5,249)	127,870	133,119
<i>Fund Balance Beginning of Year</i>	255,512	255,512	255,512	0
Prior Year Encumbrances Appropriated	5,249	5,249	5,249	0
<i>Fund Balance End of Year</i>	<u>\$255,512</u>	<u>\$255,512</u>	<u>\$388,631</u>	<u>\$133,119</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$5,000	\$5,000	\$3,073	(\$1,927)
Intergovernmental	735,000	735,000	738,063	3,063
Interest	26,000	26,000	33,774	7,774
<i>Total Revenues</i>	766,000	766,000	774,910	8,910
Expenditures				
Current:				
Street Maintenance and Repairs:				
Public Works:	1,132,516	1,218,256	1,065,875	152,381
<i>Excess of Revenues Under Expenditures</i>	(366,516)	(452,256)	(290,965)	161,291
Other Financing Sources				
Transfers In	347,000	347,000	312,000	(35,000)
<i>Net Change in Fund Balance</i>	(19,516)	(105,256)	21,035	126,291
<i>Fund Balance Beginning of Year</i>	229,175	229,175	229,175	0
Prior Year Encumbrances Appropriated	9,516	9,516	9,516	0
<i>Fund Balance End of Year</i>	\$219,175	\$133,435	\$259,726	\$126,291

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2004

	Business Type Activity - Wastewater Treatment Fund	Governmental Activities - Internal Service Funds
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$577,140	\$2,799,484
Accounts Receivable	1,506,682	1,465
Materials and Supplies Inventory	4,745	0
Prepaid Items	36,908	0
<i>Total Current Assets</i>	<u>2,125,475</u>	<u>2,800,949</u>
Noncurrent Assets		
Capital Assets, Nondepreciable	339,425	0
Capital Assets, Depreciable, Net	9,863,514	0
<i>Total Noncurrent Assets</i>	<u>10,202,939</u>	<u>0</u>
<i>Total Assets</i>	<u>12,328,414</u>	<u>2,800,949</u>
Liabilities		
Current Liabilities:		
Accounts Payable	40,886	807
Accrued Wages	36,810	0
Compensated Absences Payable	121,574	0
Due to Other Governments	15,675	160,640
Accrued Interest Payable	31,519	0
Claims Payable	0	262,834
OWDA Loan Payable	99,520	0
<i>Total Current Liabilities</i>	<u>345,984</u>	<u>424,281</u>
Long-Term Liabilities:		
Compensated Absences Payable	188,380	0
Claims Payable	0	130,000
OWDA Loan Payable	1,349,639	0
<i>Total Long-Term Liabilities</i>	<u>1,538,019</u>	<u>130,000</u>
<i>Total Liabilities</i>	<u>1,884,003</u>	<u>554,281</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	8,753,780	0
Unrestricted	1,690,631	2,246,668
<i>Total Net Assets</i>	<u>\$10,444,411</u>	<u>\$2,246,668</u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
*Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2004*

	Business Type Activity - Wastewater Treatment Fund	Governmental Activities - Internal Service Funds
Operating Revenues		
Charges for Services	\$2,879,182	\$1,939,698
Miscellaneous	1,267	0
<i>Total Revenues</i>	<u>2,880,449</u>	<u>1,939,698</u>
Operating Expenses		
Personal Services	1,676,038	0
Contractual Services	476,366	1,144,611
Materials and Supplies	341,361	0
Depreciation	431,403	0
Claims	0	1,121,354
<i>Total Operating Expenses</i>	<u>2,925,168</u>	<u>2,265,965</u>
<i>Operating Loss</i>	(44,719)	(326,267)
Non Operating Revenues (Expenses)		
Gain from Sale of Capital Assets	128	0
Interest and Fiscal Charges	(64,086)	0
<i>Loss Before Contributions and Transfers</i>	(108,677)	(326,267)
Capital Contributions	618,318	0
Transfers Out	(50,000)	0
<i>Change in Net Assets</i>	459,641	(326,267)
<i>Net Assets Beginning of Year</i>	<u>9,984,770</u>	<u>2,572,935</u>
<i>Net Assets End of Year</i>	<u><u>\$10,444,411</u></u>	<u><u>\$2,246,668</u></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, 2004

	Business Type Activity - Wastewater Treatment Fund	Governmental Activities - Internal Service Funds
<i>Increase (Decrease) In Cash and Cash Equivalents</i>		
Cash Flows from Operating Activities		
Cash Received from Customers	\$2,736,278	\$0
Cash Received from Other Funds	0	1,938,233
Cash Payments Received from Other Operating Sources	0	5,600
Cash Payments to Suppliers for Goods and Services	(808,159)	(1,166,800)
Cash Payments for Claims	0	(1,219,963)
Cash Payments for Employee Services and Benefits	(1,797,336)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>130,783</u>	<u>(442,930)</u>
Cash Flows from Noncapital Financing Activities		
Transfers Out	(50,000)	0
Cash Flows from Capital and Related Financing Activities		
Tap-In Fees	384,782	0
Acquisition of Capital Assets	(101,966)	0
Principal Paid OWDA Loans	(95,328)	0
Interest Paid on OWDA Loans	(66,160)	0
Cash Received from Sale of Capital Assets	3,580	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>124,908</u>	<u>0</u>
<i>Net Increase (Decrease) In Cash and Cash Equivalents</i>	205,691	(442,930)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>371,449</u>	<u>3,242,414</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$577,140</u>	<u>\$2,799,484</u>

(continued)

City of Ashtabula, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2004

	Business Type Activity - Wastewater Treatment Fund	Governmental Activities - Internal Service Funds
Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities		
<i>Operating Loss</i>	(\$44,719)	(\$326,267)
Adjustments:		
Depreciation	431,403	0
(Increase)/ Decrease in Assets:		
Accounts Receivable	(144,171)	(1,465)
Due from Other Governments	0	5,600
Materials and Supplies Inventory	3,493	0
Prepaid Items	(1,850)	0
Increase/ (Decrease) in Liabilities:		
Accounts Payable	11,269	807
Contracts Payable	(3,344)	0
Accrued Wages	(26,731)	0
Compensated Absences Payable	(90,941)	0
Due to Other Governments	(3,626)	(23,536)
Claims Payable	0	(98,069)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$130,783</u>	<u>(\$442,930)</u>

Noncash Capital Financing Activities

During 2004, OPWC paid \$190,154 directly to contractors on behalf of the Wastewater Treatment fund. \$303 was paid by the City's Permanent

Block Grant fund for capital assets.

These amounts are included in capital contributions.

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2004

Assets	
Equity in Pooled Cash and Cash Equivalents	\$41,722
	<hr/>
<i>Total Assets</i>	<u><u>\$41,722</u></u>
Liabilities	
Due to Other Governments	\$10
Deposits Held and Due to Others	41,712
	<hr/>
<i>Total Liabilities</i>	<u><u>\$41,722</u></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, 2004

Note 1 - Description of the City and Reporting Entity

The City of Ashtabula 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. The charter provides for an elected City Manager-Council form of government, which was adopted on January 1, 1950. Elected officials, 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. 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 Port Authority The Ashtabula 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 Port Authority is fiscally dependent on the City and is therefore presented as a component unit of the City. 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 Port Authority is presented in Note 18.

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 City also applies Financial Accounting Standards Board (FASB) Statements and

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2004

interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB pronouncements issued after November 30, 1989, to its business type activities and its enterprise funds. The most significant of the City's accounting policies are described below.

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The 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 assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the single business-type activity 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.

B. Fund Accounting

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

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

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2004

General Fund The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City of 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 monies received from the State under the federal Community Development Block Grant and Rental Rehabilitation programs and expended under the guidelines of those programs.

Sanitation Special Revenue Fund The Sanitation Special Revenue fund is used to account for the charges for services fees collected for residential and commercial trash services provided to City residents.

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

Debt Service Fund The Debt Service fund is used to account for the 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 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 to a particular purpose.

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

Enterprise Fund Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The only enterprise fund of the City accounts for the operations of the wastewater treatment facility.

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 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

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2004

support the City's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's only fiduciary funds are agency funds to account for assets held by the City as an agent for individuals, and/or other governmental units.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets.

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

Like the government-wide statements, all proprietary 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 assets. The statement of revenues, expenses and changes in fund net assets 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.

D. Basis of Accounting

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

Revenues - Exchange and 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 thirty-one 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 fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal 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

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2004

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.

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

Property taxes for which there is an enforceable legal claim as of December 31, 2004, but which were levied to finance year 2005 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. 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 function 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 2004.

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

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2004

F. Cash and Cash Equivalents

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

During 2004, investments were limited to nonnegotiable certificates of deposit, reported at cost and STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2004.

Interest is distributed to the general fund and certain special revenue funds of the City. Interest revenue credited to the general fund during 2004 amounted to \$41,400, which includes \$3,574 assigned from other City funds.

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 assets 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.

Investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

G. 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.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2004, 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.

I. 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 assets 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 assets and in the respective funds.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2004

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of one 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
Land	N/A	N/A
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.

J. 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 assets, 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.

K. 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.

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.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2004

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Fund Balance Reserves and Designations

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. As a result, encumbrances, inventories, and loans receivable are recorded as a reservation of fund balance. The Capital Projects permanent improvement fund has a designation for improvements to roadways at railway crossings in the City.

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports restricted net assets of \$3,851,575, of which \$2,629,205 is restricted by enabling legislation. Net assets restricted for other purposes include funds for street and highway repairs and the payment of fire and police pensions.

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

O. 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 wastewater treatment and self-insurance for health and workers' compensation. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses which do not meet these definitions are reported as non-operating.

P. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed 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.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2004

Q. Interfund Activity

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

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.

R. 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 – Change in Accounting Principle and Restatement of Prior Year’s Balances

For 2004, the City has implemented GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units”, GASB Statement No. 46, “Net Assets Restricted by Enabling Legislation” and GASB Technical Bulletin No. 2004-2, “Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liability by Cost-Sharing Employers.”

GASB Statement No. 39 states that entities for which a primary government is not financially accountable may still be reported as component units based on the nature and significance of their relationship with the primary government. GASB Statement No. 46 clarifies how legal enforceability should be applied for determining restricted net assets. GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

The implementation of GASB Statement 39 and GASB Statement No. 46 did not affect the presentation of the financial statements of the City. GASB Technical Bulletin No. 2004-2 had the following effect on the financial statements:

	General	Community Development Block Grant	Sanitation	Street Maintenance And Repair
Fund Balance, December 31, 2003	\$740,704	\$675,508	\$294,220	\$271,518
Understated Intergovernmental Payable	(28,659)	0	(7,451)	(9,034)
Fund Balance, December 31, 2003	<u>\$712,045</u>	<u>\$675,508</u>	<u>\$286,769</u>	<u>\$262,484</u>
	Debt Service	Permanent Improvement	Other Governmental Funds	Total
Fund Balance, December 31, 2003	\$408,641	\$879,775	\$610,470	\$3,880,836
Understated Intergovernmental Payable	0	0	(187,052)	(232,196)
Fund Balance, December 31, 2003	<u>\$408,641</u>	<u>\$879,775</u>	<u>\$423,418</u>	<u>\$3,648,640</u>

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2004

Note 4 - 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 a reservation of fund balance (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 and Major Special Revenue Funds			
	General	Community Development Block Grant	Sanitation	Street Maintenance And Repair
GAAP Basis	\$126,040	(\$11,447)	\$135,181	\$16,844
Net Adjustment for Revenue Accruals	(192,056)	31,358	(2,604)	(7,771)
Net Adjustment for Expenditure Accruals	30,578	(35,784)	1,360	25,851
Encumbrances	(26,764)	(152,895)	(6,067)	(13,889)
Budget Basis	<u>(\$62,202)</u>	<u>(\$168,768)</u>	<u>\$127,870</u>	<u>\$21,035</u>

Note 5 - Deposits and Investments

State statutes 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.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2004

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. 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
6. The State Treasurer's investment pool (STAR Ohio).

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.

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.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2004

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.

Cash on Hand At year-end, the City had \$4,642 in undeposited cash on hand which is included on the balance sheet of the City as part of "equity in pooled cash and cash equivalents."

Deposits At year-end, the carrying amount of the City's deposits was \$4,164,732 and the bank balance was \$4,695,212. Of the bank balance:

\$300,000 was covered by federal depository insurance.

\$4,395,212 was uncollateralized and uninsured. Although the pledging banks have an investment and securities pool used to collateralize all public deposits which are held in the financial institutions' name, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments GASB Statement No.3 requires the City to categorize investments to give an indication of the level of risk assumed by the City at year-end. Category 1 includes investments that are insured or registered or are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments that are held by the counter-party's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments that are held by the counter-party or by its trust department or agent but not in the City's name. Investments in the U.S. Treasury Money Market (mutual fund), and STAROhio are not categorized since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Repurchase Agreements	\$1,503,268	\$1,503,268	\$1,503,268
STAROhio		748,896	748,896
Total Investments	\$1,503,268	\$2,252,164	\$2,252,164

The classification of cash and cash equivalents and investments on the basic financial statements is based on criteria set forth in GASB Statement 9. Cash equivalents are defined as investments with an original maturity of three months or less. Reconciliation between the classification of cash and investments on the basic financial statements and the classification per GASB Statement 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement 9	\$6,421,538	\$0
Cash in Hand	(4,642)	0
Investments:		
Repurchase Agreements	(1,503,268)	1,503,268
STAROhio	(748,896)	748,896
GASB Statement 3	\$4,164,732	\$2,252,164

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2004

Note 6 - Receivables

Receivables at December 31, 2004, 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 because uncollectible amounts are expected to be insignificant.

Special assessments expected to be collected in more than one year amount to \$292,385 in the Debt Service Fund. At December 31, 2004 the amount of delinquent special assessments was \$8,437.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2004 for real and public utility property taxes represents collections of the 2003 taxes. Property tax payments received during 2004 for tangible personal property (other than public utility property) are for 2004 taxes.

2004 real property taxes are levied after October 1, 2004, on the assessed value as of January 1, 2004, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2004 real property taxes are collected in and intended to finance 2005.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2004 public utility property taxes which became a lien December 31, 2003, are levied after October 1, 2004, and are collected in 2005 with real property taxes.

2004 tangible personal property taxes are levied after October 1, 2003, on the value as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value for inventory. The full tax rate for all City operations for the year ended December 31, 2004, was \$11.11 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2004 property tax receipts were based are as follows:

Real Property	\$181,963,770
Public Utility Property	19,956,700
Tangible Personal Property	24,088,000
Total Valuation	<u>\$226,008,470</u>

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

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2004

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Ashtabula. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2004 and for which there is an enforceable legal claim. In the general fund, debt service fund, permanent improvement fund, fire pension fund and police pension fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2004 operations and the collections of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while on a modified accrual basis it is deferred.

B. 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.

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 2007.

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

	Amounts
Governmental Activities	
Local Government	\$757,468
Gasoline and Excise Tax	296,517
Homestead & Rollback Taxes	127,276
Permissive Tax	72,500
Estate Tax	66,350
Fines & Forfeitures	39,384
Grants	26,686
Liquor Licenses & Cigarette Tax	6,583
Total	\$1,392,764

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2004

Note 7 - 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 2004, the City contracted with Argonaut Insurance Company for various types of insurance as follows:

Type of Coverage	Coverage Amounts	Deductible
General Liability	\$2,000,000	\$0
Law Enforcement Liability	2,000,000	10,000
Business Auto - Comprehensive	1,000,000	250
Business Auto - Collision	Actual cash value	500
Public Officials Liability	2,000,000	15,000

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 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 employee. During 2004, a total of \$2,061,707 was paid in benefits and administrative costs. The liability for unpaid claims cost of \$132,834, reported in the self insurance internal service fund at December 31, 2004, 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 2005 which were incurred in 2004.

Starting January 1, 2004, the City entered a group pool and left the self funded retrospective rating program. The City will continue to fund the workers compensation internal service fund to pay current group plan premiums and the remaining retrospective rating claims cost. The City is responsible for claims from January 1, 1995 through December 31, 2003. Incurred but not reported claims of \$260,000 have been accrued as a liability in the workers' compensation internal service fund at December 31, 2004 based on an estimate by the City Auditor.

The estimates for the internal services funds were not affected by incremental claim adjustment expenses and does not include other allocated claim adjustment expenses. Changes in the internal services funds' claims liability amounts in the last two years follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2003	\$505,679	\$1,184,787	(\$1,199,023)	\$491,443
2004	491,443	1,121,354	(1,219,963)	392,834

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2004

Note 8 - Capital Assets –

Capital asset activity for the year ended December 31, 2004, was as follows:

	Balance 12/31/03	Additions	Deductions	Balance 12/31/04
Governmental Activities:				
Capital Assets, Non-depreciable:				
Land	\$1,878,340	\$5,000	\$0	\$1,883,340
Construction in Progress	220,946	1,394,907	(77,275)	1,538,578
Total Capital Assets, Non-depreciable	<u>\$2,099,286</u>	<u>\$1,399,907</u>	<u>(\$77,275)</u>	<u>\$3,421,918</u>
Capital Assets, Depreciable:				
Buildings and Improvements	\$10,118,593	\$ 10,665	\$0	\$10,129,258
Equipment	2,486,806	480,772	(140,993)	2,826,585
Vehicles	3,727,408	242,758	(319,605)	3,650,561
Furniture and Fixtures	51,978	3,589	0	55,567
Infrastructure:				
Bridges	3,533,301	0	0	3,533,301
Roads	8,118,572	159,977	(236,924)	8,041,625
Storm Sewers	2,453,915	0	0	2,453,915
Traffic Lights	530,694	0	0	530,694
Total Capital Assets, Depreciable	<u>\$31,021,267</u>	<u>\$897,761</u>	<u>(\$697,522)</u>	<u>\$31,221,506</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(\$3,493,582)	(\$332,636)	\$0	(\$3,826,218)
Equipment	(1,961,657)	(219,398)	135,784	(2,045,271)
Vehicles	(2,860,763)	(247,147)	318,117	(2,789,793)
Furniture and Fixtures	(29,290)	(5,021)	0	(34,311)
Infrastructure:				
Bridges	(1,478,525)	(35,690)	0	(1,514,215)
Roads	(5,492,240)	(449,715)	233,959	(5,707,996)
Storm Sewers	(1,006,012)	(24,788)	0	(1,030,800)
Traffic Lights	(63,705)	(5,310)	0	(69,015)
Total Accumulated Depreciation	<u>(16,385,774)</u>	<u>(1,319,705) *</u>	<u>687,860</u>	<u>(17,017,619)</u>
Total Capital Assets, Depreciable, net	<u>14,635,493</u>	<u>(421,944)</u>	<u>(9,662)</u>	<u>14,203,887</u>
Governmental Activities Capital Assets, Net	<u>\$16,734,779</u>	<u>\$977,963</u>	<u>(\$86,937)</u>	<u>\$17,625,805</u>
Business-Type Activities:				
Capital Assets, Non-depreciable:				
Land	\$70,125	\$0	\$0	\$70,125
Construction in Progress	357,211	256,552	(344,463)	269,300
Total Capital Assets, Non-depreciable	<u>427,336</u>	<u>256,552</u>	<u>(344,463)</u>	<u>339,425</u>
Capital Assets, Depreciable:				
Buildings and Improvements	6,695,868	0	0	6,695,868
Equipment	1,532,456	23,696	(46,032)	1,510,120
Vehicles	520,776	37,680	(73,700)	484,756
Furniture and Fixtures	3,068	0	0	3,068
Infrastructure:				
Sanitary Sewer System	8,888,460	360,209	0	9,248,669
Total Capital Assets, Depreciable	<u>17,640,628</u>	<u>421,585</u>	<u>(119,732)</u>	<u>17,942,481</u>

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2004

	Balance 12/31/03	Additions	Deductions	Balance 12/31/04
Less Accumulated Depreciation:				
Buildings and Improvements	(2,845,513)	(170,132)	0	(3,015,645)
Equipment	(1,161,754)	(63,177)	42,580	(1,182,351)
Vehicles	(504,909)	(17,457)	73,700	(448,666)
Furniture and Fixtures	(2,130)	(350)	0	(2,480)
Infrastructure:				
Sanitary Sewer System	(3,249,538)	(180,287)	0	(3,429,825)
Total Accumulated Depreciation	(7,763,844)	(431,403)	116,280	(8,078,967)
Total Capital Assets, Depreciable, net	9,876,784	(9,818)	(3,452)	9,863,514
Business-Type Activities Capital Assets Net	<u>\$10,304,120</u>	<u>\$246,734</u>	<u>(\$347,915)</u>	<u>\$10,202,939</u>

* Depreciation expense was charged to governmental functions as follows:

General Government	
Legislative and Executive	\$210,966
Judicial	73,291
Security of Persons and Property	
Police	193,162
Fire	102,660
Public Health Services	3,362
Street Maintenance and Repair	620,147
Housing and Community Development	2,195
Sanitation	63,991
Leisure Time Activities	49,931
Total Depreciation Expense	<u>\$1,319,705</u>

Note 9 - Long-Term Debt

The original issue date, interest rate and original issuance amount for each of the City's bonds follows:

	Original Issue Date	Interest Rate	Original Issue Amount
Governmental Activities:			
General Obligation Debt Issues:			
Justice Center	1994	2.6 – 5.5%	\$3,560,000
Building Renovation	2001	4.71	750,000
Mareddy Estates	2002	3.93	150,000
Special Assessment Debt Issues:			
Main Avenue Widening	1985	9.375	255,000
OPWC Loan	2000	0.0	195,647
Business Type Activities:			
Wastewater Plant Renovation	1999	4.35	1,964,178

A schedule of changes in bonds and other long-term obligations of the City during 2004 follows:

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2004

	Principal Outstanding 12/31/2003	Additions	Deletions	Principal Outstanding 12/31/2004	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds 2.6% - 5.5%					
Justice Center Bonds	\$1,170,000	\$0	\$170,000	\$1,000,000	\$180,000
General Obligation Bonds 4.71%					
Building Renovation Bonds	418,343	0	149,683	268,660	156,733
General Obligation Bonds 3.93%					
Mareddy Estates Bonds	130,968	0	19,780	111,188	20,557
Total General Obligation Bonds	\$1,719,311	\$0	\$339,463	\$1,379,848	\$357,290
Special Assessment Debt with Governmental Commitment					
9.375% Main Avenue Widening	\$30,000	\$0	\$10,000	\$20,000	\$10,000
OPWC Loan	156,518	0	4,891	151,627	9,782
Police and Fire Loan	481,610	0	90,256	391,354	93,530
Claims Payable	491,443	1,121,354	1,219,963	392,834	262,834
Judgments Payable	200,000	0	0	200,000	200,000
Compensated Absences	2,382,582	1,328,235	1,294,418	2,416,399	1,328,235
Capital Lease Obligation	4,537	0	2,879	1,658	1,021
<i>Total Governmental Activities</i>	<u>\$5,466,001</u>	<u>\$2,449,589</u>	<u>\$2,961,870</u>	<u>\$4,953,720</u>	<u>\$2,262,692</u>
Business Type Activities					
OWDA Loan					
4.35% Wastewater Plant Renovation	\$1,544,487	\$0	\$95,328	\$1,449,159	\$99,520
Compensated Absences	400,895	121,574	212,515	309,954	121,574
<i>Total Business Type Activities</i>	<u>\$1,945,382</u>	<u>\$121,574</u>	<u>\$307,842</u>	<u>\$1,759,113</u>	<u>\$221,094</u>

All bonds are secured by the full faith and credit of the City. General obligation bonds are to be repaid from general property taxes levied on all taxable property located within the City. The main avenue widening special assessment bonds and the OPWC loan are 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 the Ohio Water Development Authority are payable solely from sewer revenues. The judgment will be paid from the sanitation fund. The police and fire loan is paid from revenues of the general fund. Compensated absences will be paid from the general fund, the code enforcement, community development block grant, food service, sanitation, street maintenance and repair, walnut beach special revenue funds and wastewater treatment fund. Claims payable will be paid from the internal service funds (See Note 7). Capital leases are paid from the general fund and the community development block grant fund.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2004

The City's overall legal debt margin was \$22,941,106 at December 31, 2004. Principal and interest requirements to retire OWDA loan, OPWC loan, general obligation bonds, special assessment bonds, and the police and fire pension loan payable at December 31, 2004, are as follows:

	OWDA Loan		OPWC Loan	General Obligation Bonds		Special Assessment Bonds		Police and Fire Pension Loan		Totals
	Principal	Interest		Principal	Interest	Principal	Interest	Principal	Interest	
	2005	\$99,520		\$61,968	\$9,783	\$357,290	\$69,344	\$10,000	\$1,875	
2006	103,896	57,592	9,782	323,292	52,154	10,000	938	96,347	8,968	662,969
2007	108,465	53,023	9,782	222,205	36,352	0	0	99,248	6,067	535,142
2008	113,235	48,254	9,782	233,077	25,079	0	0	102,228	3,087	534,742
2009	118,214	43,274	9,782	243,984	13,042	0	0	0	0	428,296
2010 - 2014	673,767	133,672	48,912	0	0	0	0	0	0	856,351
2015 - 2019	232,062	10,167	48,912	0	0	0	0	0	0	291,141
2020	0	0	4,892	0	0	0	0	0	0	4,892
Total	\$1,449,159	\$407,950	\$151,627	\$1,379,848	\$195,971	\$20,000	\$2,813	\$391,354	\$29,906	\$4,028,628

Note 10 - Compensated Absences

All full-time employees of the City earn vacation and sick leave at varying rates depending on length of service. Vacation hours are earned in one year and credited to the employee the following January 1. Vacations must be taken in the year the hours are credited to the employees or paid upon separation from the City. Sick leave is accrued at the rate of 1 1/4 days for each month of service for all full-time employees, except the fire department. The fire department is entitled to 14 hours per month for shift employees and 10 hours per month for "40 hour employees".

Each year the City determines whether a sick leave buy-out option will be offered to employees. This option with maximum buy-out of 160 hours per year allows employees to receive 100 percent payment for any sick leave balance in excess of 960 hours. This sick leave buy-out was not offered in 2004.

Upon retirement from the City all employees, with the exception of Police union employees, receive a lump sum payment for unused sick leave up to one hundred twenty (120) days. Employees of the Police union must have five or more years of service to receive payment for accumulated sick leave. An employee who has accumulated more than 120 days will receive a percentage of the excess based on years of service.

Note 11 - Leases

The City has two existing leases for copiers. The City's lease obligations meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", and have been recorded on the government-wide statements. The equipment has been capitalized in the amount of \$8,098. The book value is \$1,534. The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments is as follows:

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2004

Year ending December 31,	
2005	\$1,085
2006	649
Total minimum lease payments	1,734
Less: Amount representing interest	(76)
Present value of minimum lease payments	\$1,658

Capital lease payments have been reclassified and are reflected as debt service in the fund financial statement for the general fund. These expenditures are reflected as program expenditures on a budgetary basis.

The City, as a lessor, has entered into an agreement leasing a building and accompanying land to Dairy Queen Inc., as well as thirteen and one half percent of an additional building to Keybank National Corporation. The lease with Keybank is for ten years with a five-year extension at Keybank's option. The following schedule provides an analysis of the leased property at December 31, 2004:

	Dairy Queen Incorporated	Keybank National Corporation
Land	\$3,415	\$0
Building	97,000	99,201
Leased property, total value	100,415	99,201
Less: Accumulated Depreciation	(29,366)	(9,315)
Leased property, net of depreciation	\$71,049	\$89,886

The following is a schedule by years of minimum future rentals on the operating leases as of December 31, 2004:

Year ending December 31,	Dairy Queen Incorporated	Keybank National Corporation
2005	\$12,380	\$131,153
2006	12,751	134,062
2007	13,134	134,062
2008	13,528	134,062
2009	13,934	134,062
2010 - 2013	58,701	22,344
Total minimum lease payments	\$124,428	\$689,745

Note 12 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% 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

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2004

benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

For the year ended December 31, 2004, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The City's contribution rate for pension benefits for 2004 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2004, 2003, and 2002 were \$420,158, \$367,832, and \$362,437, respectively; 88.80 percent has been contributed for 2004 and 100 percent for 2003 and 2002. There were no contributions to the member-directed plan for 2004.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for the years ended December 31, 2004, 2003, and 2002 were \$446,730 \$456,559, and \$421,604, respectively, equal to the required contributions for each year. The full amount has been contributed for 2003 and 2002. 72.73 percent has been contributed for 2004 with the remainder being reported as a liability.

Note 13 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2004

Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 to 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$175,983. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to 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. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2004 and 2003. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2004

The City's actual contributions for 2004 that were used to fund postemployment benefits were \$138,380 for police and \$112,996 for firefighters. The OP&F's total health care expense for the year ended December 31, 2003, (the latest information available) was \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003, was 13,662 for police and 10,474 for firefighters.

Note 14 - Contingent Liabilities

A. Litigation

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

B. 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 15 - 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 2004, these contributions totaled \$13,650.

Note 16 – Contractual Commitments

At December 31, 2004 the City of Ashtabula had contractual commitments for engineering services with Burgess and Niple for the septage sewer station for \$20,900, GGJ, Incorporated for \$23,300 and Union Industrial for \$17,279 both for services for the West Avenue, West 9th Street sanitary sewer project, Smolen Engineering for \$15,000 and Koski Construction for \$249,889 for services for the Columbus Avenue Rehabilitation. Contractual commitments with Union Industrial for the West 24th Street Traffic and Roadway project total \$378,899. Additional contractual commitments with Ashtabula Township Fire Department for \$20,000 for dispatch services, HZW Environmental Consultants for \$123,814 for services, S R Snodgrass for \$46,500 for audit services, and Ashtabula County Transportation for \$30,000 for transportation services. The City also has purchase commitments with Sutphen Corporation for a new fire truck for \$311,422 and First Energy to purchase real property for \$100,000.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2004

Note 17 – Interfund Transfers

Interfund transfers for the year ended December 31, 2004, consisted of the following:

	Transfer From				Total
	General	Motor Vehicle License Tax	State Highway	Wastewater Treatment	
<u>Transfer to</u>					
Sanitation	\$140,000	\$0	\$0	\$0	\$140,000
Street Maintenance and Repair	225,000	45,000	42,000	0	312,000
Debt Service	4,000	0	0	0	4,000
Permanent Improvement	0	0	0	50,000	50,000
Other Governmental Funds					
Code Enforcement	61,000	0	0	0	61,000
FEMA Grant	2,486	0	0	0	2,486
Food Service	32,500	0	0	0	32,500
Walnut Beach	40,000	0	0	0	40,000
Total Other Governmental Funds	<u>135,986</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>135,986</u>
Total Transfers	<u>\$504,986</u>	<u>\$45,000</u>	<u>\$42,000</u>	<u>\$50,000</u>	<u>\$641,986</u>

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 or debt service; 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.

The City had no transfers that either do not occur on a regular basis or were inconsistent with the purpose of the fund making the transfer.

Note 18 - Ashtabula Port Authority

A. Description of Reporting Entity

The Ashtabula 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 Port Authority is fiscally dependent on the City because the City approves the Ashtabula Port Authority's budget and is therefore presented as a component unit of the City.

B. Summary of Significant Accounting Policies

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

1. 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, 2004

2. 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 twenty years.

C. Deposits and Investments

The Ashtabula Port Authority follows the same statutory requirements for deposits and investments as the primary government (See Note 5).

At year-end, the carrying amount of the Ashtabula Port Authority's deposits was \$186,940 and the bank balance was \$187,589. Federal Depository Insurance covered \$100,000 of the bank balance.

\$87,589 was uncollateralized and uninsured. Although the pledging banks have an investment and securities pool used to collateralize all public deposits which are held in the financial institutions' name, noncompliance with federal requirements could potentially subject the Port Authority to a successful claim by the FDIC.

For the purpose of classification under GASB Statement No. 3, the Ashtabula Port Authority did not have any investments at year-end.

D. Capital Assets

A summary of the Ashtabula Port Authority's capital assets at December 31, 2004 follows:

	Balance 12/31/2003	Additions	Deductions	Balance 12/31/2004
Governmental Activities				
Capital Assets, Non-depreciable:				
Land	\$306,885	\$0	\$0	\$306,885
Capital Assets, Depreciable:				
Improvements	484,175	0	0	484,175
Less Accumulated Depreciation:				
Improvements	(85,462)	(25,209)	0	(110,671)
Total Assets, Depreciable, net	398,713	(25,209)	0	373,504
Governmental Activities Capital Assets, Net	\$705,598	(\$25,209)	\$0	\$680,389

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2004

E. Long-term Debt

The City has loaned the Ashtabula Port Authority money in the amount of \$150,000. As of December 31, 2004, \$27,407 of this loan has been repaid leaving a balance of \$122,593. The following is a repayment schedule for the loan:

Year Ending December 31	Principal	Interest	Total
2005	\$5,993	\$5,394	\$11,387
2006	6,269	5,119	11,388
2007	6,557	4,831	11,388
2008	6,858	4,530	11,388
2009	7,173	4,214	11,387
2010 – 2014	41,122	15,816	56,938
2015 – 2019	48,621	5,472	54,093
Total	<u>\$122,593</u>	<u>\$45,376</u>	<u>\$167,969</u>

Combining Statements and Individual Fund Schedules

Combining Statements - Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

To account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditures for specified purposes.

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

FEMA Grant Fund – To account for reimbursement of expenses received from the Federal Emergency Management Agency and Ohio Emergency Management Agency.

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

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

Indigent Alcohol Fund - To account for 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 the custody of proceeds and property subject to seizure/receipt/expenditure from court ordered forfeiture of criminal assets and mandatory drug fines.

Marina Fund - To account for monies received from permits and licenses issued in connection with the operation of the marina.

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

Municipal Probation Services Fund - To account for resources received from municipal probation.

Police Pension Fund - To accumulate property taxes levied for the payment of the current and accrued liability for police disability and pension benefits.

(continued)

Combining Statements - Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds

Public Health Nursing Fund - To account for monies 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 the portion of the state gasoline tax and motor vehicle registration fees designated for maintenance of state highways within the City.

Walnut Beach Fund - To account for revenue received from concession stand operations.

Nonmajor Capital Projects Fund

Capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary funds).

Construction Fund – To account for financial services to be used for the acquisition and construction of the new Municipal building.

City of Ashtabula, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004

	Code Enforcement	FEMA Grant	Fire Pension	Food Service	Indigent Alcohol
Assets					
Equity in Pooled Cash and Cash Equivalents	\$58,969	\$2,486	\$125,261	\$8,365	\$26,868
Receivables:					
Taxes	0	0	303,947	0	0
Due from Other Governments	0	0	17,006	0	365
Materials and Supplies Inventory	678	0	0	0	0
<i>Total Assets</i>	<u>\$59,647</u>	<u>\$2,486</u>	<u>\$446,214</u>	<u>\$8,365</u>	<u>\$27,233</u>
Liabilities and Fund Balances					
Liabilities					
Accrued Wages	\$0	\$0	\$0	\$1,500	\$0
Due to Other Governments	0	0	94,453	676	0
Deferred Revenue	0	0	320,953	0	0
Deposits Held and Due to Others	0	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>415,406</u>	<u>2,176</u>	<u>0</u>
Fund Balances					
Reserved for Encumbrances	0	0	83,312	473	0
Reserved for Inventory	678	0	0	0	0
Unreserved, Undesignated, Reported in:					
Special Revenue Funds (Deficit)	58,969	2,486	(52,504)	5,716	27,233
Capital Projects Funds	0	0	0	0	0
<i>Total Fund Balances</i>	<u>59,647</u>	<u>2,486</u>	<u>30,808</u>	<u>6,189</u>	<u>27,233</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$59,647</u>	<u>\$2,486</u>	<u>\$446,214</u>	<u>\$8,365</u>	<u>\$27,233</u>

(continued)

City of Ashtabula, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds (continued)
December 31, 2004

	Law Enforcement Trust	Marina	Motor Vehicle License Tax	Municipal Probation Services
Assets				
Equity in Pooled Cash and Cash Equivalents	\$6,255	\$4,250	\$7,589	\$69,849
Receivables:				
Taxes	0	0	0	0
Due from Other Governments	0	0	25,000	1,880
Materials and Supplies Inventory	0	0	0	0
<i>Total Assets</i>	<u>\$6,255</u>	<u>\$4,250</u>	<u>\$32,589</u>	<u>\$71,729</u>
Liabilities and Fund Balances				
Liabilities				
Accrued Wages	\$0	\$0	\$0	\$0
Due to Other Governments	0	0	0	0
Deferred Revenue	0	0	21,837	0
Deposits Held and Due to Others	0	0	0	1,140
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>21,837</u>	<u>1,140</u>
Fund Balances				
Reserved for Encumbrances	0	0	0	0
Reserved for Inventory	0	0	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	6,255	4,250	10,752	70,589
Capital Projects Funds	0	0	0	0
<i>Total Fund Balances</i>	<u>6,255</u>	<u>4,250</u>	<u>10,752</u>	<u>70,589</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,255</u>	<u>\$4,250</u>	<u>\$32,589</u>	<u>\$71,729</u>

Police Pension	Public Health Nursing	State Highway	Walnut Beach	Total Nonmajor Special Revenue Funds	Nonmajor Construction Capital Projects Fund	Total Nonmajor Governmental Funds
\$137,745	\$12,990	\$10,869	\$7,420	\$478,916	\$3,311	\$482,227
303,947	0	0	0	607,894	0	607,894
17,006	0	22,239	0	83,496	0	83,496
0	0	0	0	678	0	678
<u>\$458,698</u>	<u>\$12,990</u>	<u>\$33,108</u>	<u>\$7,420</u>	<u>\$1,170,984</u>	<u>\$3,311</u>	<u>\$1,174,295</u>
\$0	\$0	\$0	\$0	\$1,500	\$0	\$1,500
96,048	0	0	0	191,177	0	191,177
320,953	0	18,612	0	682,355	0	682,355
0	0	0	0	1,140	0	1,140
<u>417,001</u>	<u>0</u>	<u>18,612</u>	<u>0</u>	<u>876,172</u>	<u>0</u>	<u>876,172</u>
84,480	990	0	0	169,255	0	169,255
0	0	0	0	678	0	678
(42,783)	12,000	14,496	7,420	124,879	0	124,879
0	0	0	0	0	3,311	3,311
<u>41,697</u>	<u>12,990</u>	<u>14,496</u>	<u>7,420</u>	<u>294,812</u>	<u>3,311</u>	<u>298,123</u>
<u>\$458,698</u>	<u>\$12,990</u>	<u>\$33,108</u>	<u>\$7,420</u>	<u>\$1,170,984</u>	<u>\$3,311</u>	<u>\$1,174,295</u>

City of Ashtabula, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2004

	Code Enforcement	FEMA Grant	Fire Pension	Food Service
Revenues				
Property and Other Taxes	\$0	\$0	\$264,726	\$0
Charges for Services	16,437	0	0	0
Licenses and Permits	60,756	0	0	40,381
Fines and Forfeitures	0	0	0	0
Intergovernmental	0	0	30,143	0
Interest	1,027	0	0	0
Other	0	0	0	0
<i>Total Revenues</i>	<u>78,220</u>	<u>0</u>	<u>294,869</u>	<u>40,381</u>
Expenditures				
Current:				
General Government:				
Judicial System	0	0	0	0
Security of Persons and Property:				
Police	0	0	0	0
Fire	0	0	356,262	0
Public Health Services	0	0	0	73,183
Street Maintenance and Repairs	0	0	0	0
Housing and Community Development	164,764	0	0	0
Leisure Time Activities	0	0	0	0
Principal Retirement	759	0	0	0
Interest and Fiscal Charges	106	0	0	0
<i>Total Expenditures</i>	<u>165,629</u>	<u>0</u>	<u>356,262</u>	<u>73,183</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(87,409)</u>	<u>0</u>	<u>(61,393)</u>	<u>(32,802)</u>
Other Financing Sources (Uses)				
Transfers In	61,000	2,486	0	32,500
Transfers Out	0	0	0	0
<i>Total Other Financing Sources and Uses</i>	<u>61,000</u>	<u>2,486</u>	<u>0</u>	<u>32,500</u>
<i>Net Change in Fund Balances</i>	(26,409)	2,486	(61,393)	(302)
<i>Fund Balances Beginning of Year</i>	86,214	0	92,201	6,491
Decrease in Reserve for Inventory	(158)	0	0	0
<i>Fund Balances End of Year</i>	<u>\$59,647</u>	<u>\$2,486</u>	<u>\$30,808</u>	<u>\$6,189</u>

Indigent Alcohol	Law Enforcement Trust	Marina	Motor Vehicle License Tax	Municipal Probation Services	Police Pension	Public Health Nursing
\$0	\$0	\$0	\$0	\$0	\$264,726	\$0
0	0	0	0	0	0	33,576
0	0	13,650	0	0	0	0
12,235	6,412	0	0	33,178	0	0
0	0	0	44,798	0	30,143	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>12,235</u>	<u>6,412</u>	<u>13,650</u>	<u>44,798</u>	<u>33,178</u>	<u>294,869</u>	<u>33,576</u>
24,660	0	0	0	25,689	0	0
0	1,000	0	0	0	354,230	0
0	0	0	0	0	0	0
0	0	0	0	0	0	23,679
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	13,650	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>24,660</u>	<u>1,000</u>	<u>13,650</u>	<u>0</u>	<u>25,689</u>	<u>354,230</u>	<u>23,679</u>
<u>(12,425)</u>	<u>5,412</u>	<u>0</u>	<u>44,798</u>	<u>7,489</u>	<u>(59,361)</u>	<u>9,897</u>
0	0	0	0	0	0	0
0	0	0	(45,000)	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>(45,000)</u>	<u>0</u>	<u>0</u>	<u>0</u>
(12,425)	5,412	0	(202)	7,489	(59,361)	9,897
39,658	843	4,250	10,954	63,100	101,058	3,093
0	0	0	0	0	0	0
<u>\$27,233</u>	<u>\$6,255</u>	<u>\$4,250</u>	<u>\$10,752</u>	<u>\$70,589</u>	<u>\$41,697</u>	<u>\$12,990</u>

(continued)

City of Ashtabula, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (continued)
For the Year Ended December 31, 2004

	State Highway	Walnut Beach	Total Nonmajor Special Revenue Funds	Nonmajor Construction Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues					
Property and Other Taxes	\$0	\$0	\$529,452	\$0	\$529,452
Charges for Services	0	0	50,013	0	50,013
Licenses and Permits	0	0	114,787	0	114,787
Fines and Forfeitures	0	0	51,825	0	51,825
Intergovernmental	53,128	0	158,212	0	158,212
Interest	2,113	0	3,140	0	3,140
Other	0	0	0	3,300	3,300
<i>Total Revenues</i>	<u>55,241</u>	<u>0</u>	<u>907,429</u>	<u>3,300</u>	<u>910,729</u>
Expenditures					
Current:					
General Government:					
Judicial System	0	0	50,349	0	50,349
Security of Persons and Property:					
Police	0	0	355,230	0	355,230
Fire	0	0	356,262	0	356,262
Public Health Services	0	0	96,862	0	96,862
Street Maintenance and Repairs	12,000	0	12,000	0	12,000
Housing and Community Development	0	0	164,764	0	164,764
Leisure Time Activities	0	34,870	48,520	0	48,520
Principal Retirement	0	0	759	0	759
Interest and Fiscal Charges	0	0	106	0	106
<i>Total Expenditures</i>	<u>12,000</u>	<u>34,870</u>	<u>1,084,852</u>	<u>0</u>	<u>1,084,852</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>43,241</u>	<u>(34,870)</u>	<u>(177,423)</u>	<u>3,300</u>	<u>(174,123)</u>
Other Financing Sources (Uses)					
Transfers In	0	40,000	135,986	0	135,986
Transfers Out	(42,000)	0	(87,000)	0	(87,000)
<i>Total Other Financing Sources and Uses</i>	<u>(42,000)</u>	<u>40,000</u>	<u>48,986</u>	<u>0</u>	<u>48,986</u>
<i>Net Change in Fund Balances</i>	1,241	5,130	(128,437)	3,300	(125,137)
<i>Fund Balances Beginning of Year</i>	13,255	2,290	423,407	11	423,418
Decrease in Reserve for Inventory	0	0	(158)	0	(158)
<i>Fund Balances End of Year</i>	<u>\$14,496</u>	<u>\$7,420</u>	<u>\$294,812</u>	<u>\$3,311</u>	<u>\$298,123</u>

Combining Statements - Internal Service Funds

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 Assets
Internal Service Funds
December 31, 2004

	Self Insurance	Workers' Compensation	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$659,371	\$2,140,113	\$2,799,484
Accounts Receivable	1,465	0	1,465
<i>Total Assets</i>	<u>660,836</u>	<u>2,140,113</u>	<u>2,800,949</u>
Liabilities and Fund Balances			
Accounts Payable	0	807	807
Due to Other Governments	0	160,640	160,640
Claims Payable	132,834	130,000	262,834
<i>Total Current Liabilities</i>	132,834	291,447	424,281
Long-Term Liabilities:			
Claims Payable	0	130,000	130,000
<i>Total Liabilities</i>	<u>132,834</u>	<u>421,447</u>	<u>554,281</u>
Net Assets			
Unrestricted	528,002	1,718,666	2,246,668
<i>Total Net Assets</i>	<u>\$528,002</u>	<u>\$1,718,666</u>	<u>\$2,246,668</u>

City of Ashtabula, Ohio
*Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2004*

	Self Insurance	Workers' Compensation	Total
Revenues			
Charges for Services	\$1,854,698	\$85,000	\$1,939,698
Operating Expenses			
Contractual Services	1,144,611	0	1,144,611
Claims	917,096	204,258	1,121,354
<i>Total Operating Expenses</i>	2,061,707	204,258	2,265,965
<i>Change in Net Assets</i>	(207,009)	(119,258)	(326,267)
<i>Net Assets Beginning of Year</i>	735,011	1,837,924	2,572,935
<i>Net Assets End of Year</i>	\$528,002	\$1,718,666	\$2,246,668

City of Ashtabula, Ohio
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2004

	Self Insurance	Workers' Compensation	Total
<i>Increase (Decrease) In Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Other Funds	\$1,853,233	\$85,000	\$1,938,233
Cash Payments Received from Other Operating Sources	0	5,600	5,600
Cash Payments to Suppliers for Goods and Services	(1,144,611)	(22,189)	(1,166,800)
Cash Payments for Claims	(950,165)	(269,798)	(1,219,963)
<i>Net Decrease In Cash and Cash Equivalents</i>	(241,543)	(201,387)	(442,930)
<i>Cash and Cash Equivalents Beginning of Year</i>	900,914	2,341,500	3,242,414
<i>Cash and Cash Equivalents End of Year</i>	\$659,371	\$2,140,113	\$2,799,484
Reconciliation of Operating Loss to Net Cash Used for Operating Activities			
<i>Operating Loss</i>	(\$207,009)	(\$119,258)	(\$326,267)
(Increase) Decrease in Assets:			
Due from Other Governments	0	5,600	5,600
Accounts Receivable	(1,465)	0	(1,465)
Increase (Decrease) in Liabilities:			
Accounts Payable	0	807	807
Due to Other Governments	0	(23,536)	(23,536)
Claims Payable	(33,069)	(65,000)	(98,069)
<i>Net Cash Used for Operating Activities</i>	(\$241,543)	(\$201,387)	(\$442,930)

Combining Statement - Agency Funds

To account for assets held by the City as an agent for individuals, other governmental units and/or other funds. These funds are custodial in nature and do not involve measurement 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 Fund – To accumulate monies collected from state patrol fines that are then distributed to the County law library.

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, 2004

	Balance 1/1/2004	Additions	Reductions	Balance 12/31/2004
<i>Fire Deposits</i>				
Assets				
Equity Pooled in Cash and Cash Equivalents	\$43,092	\$39,340	\$41,275	\$41,157
Liabilities				
Deposits Held and Due to Others	\$43,092	\$39,340	\$41,275	\$41,157
<i>Law Library</i>				
Assets				
Equity Pooled in Cash and Cash Equivalents	\$7,340	\$37,938	\$45,268	\$10
Liabilities				
Due to Other Governments	\$7,340	\$37,938	\$45,268	\$10
<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	\$50,987	\$77,278	\$86,543	\$41,722
Liabilities				
Due to Other Governments	\$7,340	\$37,938	\$45,268	\$10
Deposits Held and Due to Others	43,647	39,340	41,275	41,712
<i>Total Liabilities</i>	\$50,987	\$77,278	\$86,543	\$41,722

**Individual Fund Schedules of Revenues, Expenditures/Expenses
and Changes in Fund Balances - 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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$1,123,000	\$1,123,000	\$1,126,347	\$3,347
Municipal Income Tax	5,325,000	5,301,800	5,328,533	26,733
Charges for Services	53,400	53,400	214,759	161,359
Licenses and Permits	46,808	46,808	87,807	40,999
Fines and Forfeitures	620,350	620,350	506,825	(113,525)
Intergovernmental	1,959,000	1,959,000	1,660,881	(298,119)
Interest	102,500	102,500	41,400	(61,100)
Rentals	73,200	73,200	63,148	(10,052)
Other	254,822	254,822	215,996	(38,826)
<i>Total Revenues</i>	9,558,080	9,534,880	9,245,696	(289,184)
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Council:				
Personal Services	151,230	148,730	145,687	3,043
Materials and Supplies	14,000	7,170	5,026	2,144
Contractual Services	5,370	5,520	4,520	1,000
Total Council	170,600	161,420	155,233	6,187
Administration:				
Personal Services	120,437	122,187	120,907	1,280
Materials and Supplies	5,000	7,700	7,377	323
Contractual Services	2,000	2,000	0	2,000
Total Administration	127,437	131,887	128,284	3,603
Auditor:				
Personal Services	225,477	225,477	222,754	2,723
Materials and Supplies	18,085	15,925	13,867	2,058
Contractual Services	4,500	4,500	0	4,500
Total Auditor	248,062	245,902	236,621	9,281
Treasurer:				
Personal Services	54,185	54,360	53,807	553
Materials and Supplies	3,600	3,168	2,759	409
Total Treasurer	\$57,785	\$57,528	\$56,566	\$962

(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, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
City Income Tax:				
Personal Services	\$157,008	\$161,703	\$160,389	\$1,314
Materials and Supplies	16,000	14,580	14,487	93
Total City Income Tax	<u>173,008</u>	<u>176,283</u>	<u>174,876</u>	<u>1,407</u>
Solicitor:				
Personal Services	182,033	196,098	194,425	1,673
Materials and Supplies	7,500	8,000	7,835	165
Total Solicitor	<u>189,533</u>	<u>204,098</u>	<u>202,260</u>	<u>1,838</u>
Motor Maintenance:				
Personal Services	168,989	170,214	164,955	5,259
Materials and Supplies	133,000	149,569	142,347	7,222
Total Motor Maintenance	<u>301,989</u>	<u>319,783</u>	<u>307,302</u>	<u>12,481</u>
Engineering:				
Personal Services	162,958	185,958	183,004	2,954
Materials and Supplies	9,900	21,200	19,369	1,831
Contractual Services	1,000	1,000	713	287
Total Engineering	<u>173,858</u>	<u>208,158</u>	<u>203,086</u>	<u>5,072</u>
Affirmative Action:				
Personal Services	1,895	2,245	2,200	45
Materials and Supplies	200	200	0	200
Total Affirmative Action	<u>2,095</u>	<u>2,445</u>	<u>2,200</u>	<u>245</u>
County Auditor Deductions:				
Contractual Services	147,300	162,300	151,352	10,948
General Services:				
Street and Viaduct Lighting	363,200	363,200	360,358	2,842
Legal Advertising	4,000	7,500	6,775	725
Photocopy Machine	3,000	3,000	2,417	583
Bus Subsidy	31,000	31,000	30,000	1,000
Indigent Burials	3,000	3,000	2,500	500
Settlement of Claims	8,000	3,000	0	3,000
Membership Fees	9,200	9,200	8,865	335
Visitors Guide	800	800	0	800
Bank Fees	7,500	7,500	6,097	1,403
Total General Services	<u>\$429,700</u>	<u>\$428,200</u>	<u>\$417,012</u>	<u>\$11,188</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, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Civil Service:				
Personal Services	\$7,949	\$9,449	\$9,198	\$251
Materials and Supplies	7,921	9,201	8,282	919
Total Civil Service	15,870	18,650	17,480	1,170
Lands and Buildings:				
Personal Services	162,595	171,645	170,554	1,091
Materials and Supplies	70,945	68,745	63,835	4,910
Contractual Services	301,164	301,964	289,734	12,230
Total Lands and Buildings	534,704	542,354	524,123	18,231
Systems Analyst:				
Personal Services	66,040	66,452	65,931	521
Materials and Supplies	4,500	3,960	3,872	88
Total Systems Analyst	70,540	70,412	69,803	609
Water Pollution:				
Personal Services	2,237	2,237	1,956	281
Total Legislative and Executive	2,644,718	2,731,657	2,648,154	83,503
Judicial System:				
Municipal Court/Probation:				
Personal Services	729,864	729,864	723,599	6,265
Materials and Supplies	72,126	59,426	57,307	2,119
Contractual Services	11,532	12,232	12,126	106
Total Judicial System	813,522	801,522	793,032	8,490
Total General Government	3,458,240	3,533,179	3,441,186	91,993
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	2,863,130	2,654,930	2,590,987	63,943
Materials and Supplies	273,691	280,691	272,323	8,368
Contractual Services	41,200	41,200	33,052	8,148
Total Police	\$3,178,021	\$2,976,821	\$2,896,362	\$80,459

(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, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Fire:				
Fire Prevention:				
Personal Services	\$2,051,746	\$2,059,446	\$2,068,737	(\$9,291)
Materials and Supplies	74,794	69,994	31,510	38,484
Contractual Services	53,000	49,500	48,544	956
Total Fire	<u>2,179,540</u>	<u>2,178,940</u>	<u>2,148,791</u>	<u>30,149</u>
Total Security of Persons and Property	<u>5,357,561</u>	<u>5,155,761</u>	<u>5,045,153</u>	<u>110,608</u>
Public Health Services:				
Health:				
Personal Services	135,827	149,827	148,249	1,578
Materials and Supplies	4,493	3,953	3,767	186
Contractual Services	19,500	35,530	33,783	1,747
Total Public Health Services	<u>159,820</u>	<u>189,310</u>	<u>185,799</u>	<u>3,511</u>
Street Maintenance and Repairs:				
Street:				
Personal Services	1,934	1,934	1,691	243
Housing and Community Development:				
Housing Inspection:				
Personal Services	11,599	11,599	5,194	6,405
Sanitation Services:				
Sanitation:				
Personal Services	1,537	1,537	1,344	193
Leisure Time Activities:				
Recreation:				
Materials and Supplies	\$15,000	\$15,000	\$15,000	\$0

(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, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Debt Service:				
Principal Retirement	\$92,376	\$92,376	\$92,376	\$0
Interest and Fiscal Charges	15,170	15,170	15,169	1
<i>Total Expenditures</i>	<u>9,113,237</u>	<u>9,015,866</u>	<u>8,802,912</u>	<u>212,954</u>
<i>Excess of Revenues Over Expenditures</i>	444,843	519,014	442,784	(76,230)
Other Financing Uses				
Transfers Out	<u>(498,500)</u>	<u>(523,248)</u>	<u>(504,986)</u>	<u>18,262</u>
<i>Net Change in Fund Balance</i>	(53,657)	(4,234)	(62,202)	(57,968)
<i>Fund Balance Beginning of Year</i>	256,601	256,601	256,601	0
Prior Year Encumbrances Appropriated	<u>53,658</u>	<u>53,658</u>	<u>53,658</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$256,602</u>	<u>\$306,025</u>	<u>\$248,057</u>	<u>(\$57,968)</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$1,114,590	\$1,561,590	\$492,868	(\$1,068,722)
Interest	3,410	3,410	4,155	745
<i>Total Revenues</i>	<u>1,118,000</u>	<u>1,565,000</u>	<u>497,023</u>	<u>(1,067,977)</u>
Expenditures				
Current:				
Housing and Community Development:				
Community Development Block Grant:				
Personal Services	260,000	306,140	118,695	187,445
Materials and Supplies	5,000	5,000	192	4,808
Contractual Services	932,003	1,332,863	546,904	785,959
<i>Total Expenditures</i>	<u>1,197,003</u>	<u>1,644,003</u>	<u>665,791</u>	<u>978,212</u>
<i>Net Change in Fund Balance</i>	(79,003)	(79,003)	(168,768)	(89,765)
<i>Fund Balance Beginning of Year</i>	350,726	350,726	350,726	0
Prior Year Encumbrances Appropriated	77,003	77,003	77,003	0
<i>Fund Balance End of Year</i>	<u>\$348,726</u>	<u>\$348,726</u>	<u>\$258,961</u>	<u>(\$89,765)</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Sanitation Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$1,163,200	\$1,163,200	\$1,201,354	\$38,154
Intergovernmental	45,000	45,000	74,596	29,596
Other	3,200	3,200	7,076	3,876
<i>Total Revenues</i>	1,211,400	1,211,400	1,283,026	71,626
Expenditures				
Current:				
Sanitation Services:				
Sanitation:				
Personal Services	851,649	849,149	830,321	18,828
Materials and Supplies	98,000	98,000	75,311	22,689
Contractual Services	407,000	409,500	389,524	19,976
<i>Total Expenditures</i>	1,356,649	1,356,649	1,295,156	61,493
<i>Excess of Revenues Under Expenditures</i>	(145,249)	(145,249)	(12,130)	133,119
Other Financing Sources				
Transfers In	140,000	140,000	140,000	0
<i>Net Change in Fund Balance</i>	(5,249)	(5,249)	127,870	133,119
<i>Fund Balance Beginning of Year</i>	255,512	255,512	255,512	0
Prior Year Encumbrances Appropriated	5,249	5,249	5,249	0
<i>Fund Balance End of Year</i>	\$255,512	\$255,512	\$388,631	\$133,119

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$5,000	\$5,000	\$3,073	(\$1,927)
Intergovernmental	735,000	735,000	738,063	3,063
Interest	26,000	26,000	33,774	7,774
<i>Total Revenues</i>	766,000	766,000	774,910	8,910
Expenditures				
Current:				
Street Maintenance and Repairs:				
Public Works:				
Personal Services	797,516	883,256	780,759	102,497
Materials and Supplies	293,000	293,000	258,131	34,869
Contractual Services	42,000	42,000	26,985	15,015
<i>Total Expenditures</i>	1,132,516	1,218,256	1,065,875	152,381
<i>Excess of Revenues Under Expenditures</i>	(366,516)	(452,256)	(290,965)	161,291
Other Financing Sources				
Transfers In	347,000	347,000	312,000	(35,000)
<i>Net Change in Fund Balance</i>	(19,516)	(105,256)	21,035	126,291
<i>Fund Balance Beginning of Year</i>	229,175	229,175	229,175	0
Prior Year Encumbrances Appropriated	9,516	9,516	9,516	0
<i>Fund Balance End of Year</i>	\$219,175	\$133,435	\$259,726	\$126,291

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$464,500	\$464,500	\$361,404	(\$103,096)
Intergovernmental	52,500	52,500	41,762	(10,738)
Special Assessments	51,600	51,600	56,100	4,500
<i>Total Revenues</i>	568,600	568,600	459,266	(109,334)
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Bond Retirement:				
Materials and Supplies	1,350	1,350	700	650
Contractual Services	11,850	11,850	8,032	3,818
Total General Government	13,200	13,200	8,732	4,468
Debt Service:				
Principal Retirement	185,000	220,000	204,671	15,329
Interest and Fiscal Charges	133,014	98,014	68,439	29,575
<i>Total Expenditures</i>	331,214	331,214	281,842	49,372
<i>Excess of Revenues Over Expenditures</i>	237,386	237,386	177,424	(59,962)
Other Financing Sources				
Transfers In	0	0	4,000	4,000
<i>Net Change in Fund Balance</i>	237,386	237,386	181,424	(55,962)
<i>Fund Balance Beginning of Year</i>	408,641	408,641	408,641	0
<i>Fund Balance End of Year</i>	\$646,027	\$646,027	\$590,065	(\$55,962)

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$397,000	\$397,000	\$397,068	\$68
Municipal Income Tax	530,000	630,000	587,580	(42,420)
Fines and Forfeitures	36,000	36,000	21,542	(14,458)
Intergovernmental	564,500	564,500	107,474	(457,026)
Rentals	58,200	58,200	53,445	(4,755)
Other	3,361	3,361	5,747	2,386
<i>Total Revenues</i>	<u>1,589,061</u>	<u>1,689,061</u>	<u>1,172,856</u>	<u>(516,205)</u>
Expenditures				
Capital Outlay:				
Materials and Supplies	152,750	152,750	132,750	20,000
Contractual Services	125,574	135,574	127,624	7,950
Capital Outlay	<u>1,247,720</u>	<u>1,463,120</u>	<u>1,372,579</u>	<u>90,541</u>
Total Capital Outlay	<u>1,526,044</u>	<u>1,751,444</u>	<u>1,632,953</u>	<u>118,491</u>
Debt Service:				
Principal Retirement	150,000	150,000	149,683	317
Interest and Fiscal Charges	<u>20,000</u>	<u>20,000</u>	<u>19,704</u>	<u>296</u>
Total Debt Service	<u>170,000</u>	<u>170,000</u>	<u>169,387</u>	<u>613</u>
<i>Total Expenditures</i>	<u>1,696,044</u>	<u>1,921,444</u>	<u>1,802,340</u>	<u>119,104</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(106,983)</u>	<u>(232,383)</u>	<u>(629,484)</u>	<u>(397,101)</u>
Other Financing Sources				
Sale of Capital Assets	6,639	6,639	6,639	0
Transfers In	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
<i>Total Other Financing Sources</i>	<u>56,639</u>	<u>56,639</u>	<u>56,639</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(50,344)	(175,744)	(572,845)	(397,101)
<i>Fund Balance Beginning of Year</i>	720,536	720,536	720,536	0
Prior Year Encumbrances Appropriated	<u>130,344</u>	<u>130,344</u>	<u>130,344</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$800,536</u></u>	<u><u>\$675,136</u></u>	<u><u>\$278,035</u></u>	<u><u>(\$397,101)</u></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, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	\$2,705,441	\$2,705,441	\$2,736,278	\$30,837
Tap-In Fees	205,000	205,000	384,782	179,782
Sale of Fixed Assets	0	0	3,580	3,580
<i>Total Revenues</i>	<u>2,910,441</u>	<u>2,910,441</u>	<u>3,124,640</u>	<u>214,199</u>
Expenses				
Personal Services	1,753,708	1,828,908	1,808,023	20,885
Contractual Services	284,115	526,415	473,333	53,082
Materials and Supplies	344,255	384,255	343,309	40,946
Capital Outlay	352,365	214,861	149,889	64,972
Debt Service:				
Principal Retirement	95,328	95,328	95,328	0
Interest and Fiscal Charges	66,160	66,160	66,160	0
<i>Total Expenses</i>	<u>2,895,931</u>	<u>3,115,927</u>	<u>2,936,042</u>	<u>179,885</u>
<i>Excess of Revenues Over (Under) Expenses</i>	14,510	(205,486)	188,598	394,084
Transfers Out	(49,996)	(50,000)	(50,000)	0
<i>Net Change in Fund Equity</i>	(35,486)	(255,486)	138,598	394,084
<i>Fund Equity Beginning of Year</i>	335,963	335,963	335,963	0
Prior Year Encumbrances Appropriated	35,486	35,486	35,486	0
<i>Fund Equity End of Year</i>	<u>\$335,963</u>	<u>\$115,963</u>	<u>\$510,047</u>	<u>\$394,084</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, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Charges for Services	\$0	\$0	\$16,437	\$16,437
Licenses and Permits	163,000	138,000	60,756	(77,244)
Interest	1,200	1,200	1,027	(173)
<i>Total Revenues</i>	<u>164,200</u>	<u>139,200</u>	<u>78,220</u>	<u>(60,980)</u>
Expenditures				
Current:				
Housing and Community Development:				
Code Enforcement:				
Personal Services	160,000	160,000	139,730	20,270
Materials and Supplies	11,396	11,396	8,796	2,600
Contractual Services	55,439	30,439	16,238	14,201
Total Housing and Community Development	<u>226,835</u>	<u>201,835</u>	<u>164,764</u>	<u>37,071</u>
Debt Service:				
Principal Retirement	759	759	759	0
Interest and Fiscal Charges	106	106	106	0
Total Debt Service	<u>865</u>	<u>865</u>	<u>865</u>	<u>0</u>
<i>Total Expenditures</i>	<u>227,700</u>	<u>202,700</u>	<u>165,629</u>	<u>37,071</u>
<i>Excess of Revenues Under Expenditures</i>	(63,500)	(63,500)	(87,409)	(23,909)
Other Financing Sources				
Transfers In	61,000	61,000	61,000	0
<i>Net Change in Fund Balance</i>	(2,500)	(2,500)	(26,409)	(23,909)
<i>Fund Balance Beginning of Year</i>	82,878	82,878	82,878	0
Prior Year Encumbrances Appropriated	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$82,878</u></u>	<u><u>\$82,878</u></u>	<u><u>\$58,969</u></u>	<u><u>(\$23,909)</u></u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
FEMA Grant Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$0	\$10,000	\$0	(\$10,000)
Other Financing Sources				
Transfers In	0	0	2,486	2,486
<i>Net Change in Fund Balance</i>	0	10,000	2,486	(7,514)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$10,000</u>	<u>\$2,486</u>	<u>(\$7,514)</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$272,500	\$272,500	\$264,726	(\$7,774)
Intergovernmental	93,200	93,200	30,143	(63,057)
<i>Total Revenues</i>	365,700	365,700	294,869	(70,831)
Expenditures				
Current:				
Security of Persons and Property:				
Fire:				
Fire Prevention:				
Personal Services	431,910	431,910	430,371	1,539
Contractual Services	6,000	6,000	4,805	1,195
<i>Total Expenditures</i>	437,910	437,910	435,176	2,734
<i>Net Change in Fund Balance</i>	(72,210)	(72,210)	(140,307)	(68,097)
<i>Fund Balance Beginning of Year</i>	110,046	110,046	110,046	0
Prior Year Encumbrances Appropriated	72,210	72,210	72,210	0
<i>Fund Balance End of Year</i>	\$110,046	\$110,046	\$41,949	(\$68,097)

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Licenses and Permits	\$41,535	\$41,535	\$40,381	(\$1,154)
Expenditures				
Current:				
Public Health Services:				
Board of Health:				
Personal Services	64,675	65,866	64,856	1,010
Materials and Supplies	4,200	4,025	4,025	0
Contractual Services	5,626	4,610	4,471	139
<i>Total Expenditures</i>	74,501	74,501	73,352	1,149
<i>Excess of Revenues Under Expenditures</i>	(32,966)	(32,966)	(32,971)	(5)
Other Financing Sources				
Transfers In	32,500	32,500	32,500	0
<i>Net Change in Fund Balance</i>	(466)	(466)	(471)	(5)
<i>Fund Balance Beginning of Year</i>	7,897	7,897	7,897	0
Prior Year Encumbrances Appropriated	466	466	466	0
<i>Fund Balance End of Year</i>	\$7,897	\$7,897	\$7,892	(\$5)

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$39,000	\$39,000	\$12,160	(\$26,840)
Expenditures				
Current:				
General Government:				
Judicial System:				
Indigent Alcohol:				
Materials and Supplies	39,000	39,000	24,660	14,340
<i>Net Change in Fund Balance</i>	0	0	(12,500)	(12,500)
<i>Fund Balance Beginning of Year</i>	39,368	39,368	39,368	0
<i>Fund Balance End of Year</i>	<u>\$39,368</u>	<u>\$39,368</u>	<u>\$26,868</u>	<u>(\$12,500)</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$50,000	\$50,000	\$6,412	(\$43,588)
Expenditures				
Current:				
Security of Persons and Property				
Law Enforcement Trust:				
Materials and Supplies	50,000	50,000	1,000	49,000
<i>Net Change in Fund Balance</i>	0	0	5,412	5,412
<i>Fund Balance Beginning of Year</i>	843	843	843	0
<i>Fund Balance End of Year</i>	<u>\$843</u>	<u>\$843</u>	<u>\$6,255</u>	<u>\$5,412</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Marina Fund
For the Year Ended December 31, 2004

	<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	<u>\$14,000</u>	<u>\$14,000</u>	<u>\$13,650</u>	<u>(\$350)</u>
Expenditures				
Current:				
Leisure Time Activities:				
Marina:				
Materials and Supplies	200	200	0	200
Contractual Services	<u>13,800</u>	<u>13,800</u>	<u>13,650</u>	<u>150</u>
<i>Total Expenditures</i>	<u>14,000</u>	<u>14,000</u>	<u>13,650</u>	<u>350</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>4,250</u>	<u>4,250</u>	<u>4,250</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$4,250</u></u>	<u><u>\$4,250</u></u>	<u><u>\$4,250</u></u>	<u><u>\$0</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$55,000	\$55,000	\$44,798	(\$10,202)
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	55,000	55,000	44,798	(10,202)
Other Financing Uses				
Transfers Out	<u>(55,000)</u>	<u>(55,000)</u>	<u>(45,000)</u>	<u>10,000</u>
<i>Net Change in Fund Balance</i>	0	0	(202)	(202)
<i>Fund Balance Beginning of Year</i>	<u>7,791</u>	<u>7,791</u>	<u>7,791</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,791</u></u>	<u><u>\$7,791</u></u>	<u><u>\$7,589</u></u>	<u><u>(\$202)</u></u>

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$40,000	\$40,000	\$33,419	(\$6,581)
Expenditures				
Current:				
General Government:				
Judicial System:				
Municipal Probation Services:				
Materials and Supplies	40,000	40,000	25,689	14,311
<i>Net Change in Fund Balance</i>	0	0	7,730	7,730
<i>Fund Balance Beginning of Year</i>	60,979	60,979	60,979	0
<i>Fund Balance End of Year</i>	<u>\$60,979</u>	<u>\$60,979</u>	<u>\$68,709</u>	<u>\$7,730</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$272,500	\$272,500	\$264,726	(\$7,774)
Intergovernmental	118,200	118,200	30,143	(88,057)
<i>Total Revenues</i>	390,700	390,700	294,869	(95,831)
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	470,738	470,738	434,220	36,518
Contractual Services	6,000	6,000	4,805	1,195
<i>Total Expenditures</i>	476,738	476,738	439,025	37,713
<i>Net Change in Fund Balance</i>	(86,038)	(86,038)	(144,156)	(58,118)
<i>Fund Balance Beginning of Year</i>	111,383	111,383	111,383	0
Prior Year Encumbrances Appropriated	86,038	86,038	86,038	0
<i>Fund Balance End of Year</i>	\$111,383	\$111,383	\$53,265	(\$58,118)

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$28,000	\$28,000	\$33,576	\$5,576
Intergovernmental	3,000	3,000	0	(3,000)
Total Revenues	31,000	31,000	33,576	2,576
Expenditures				
Current:				
Public Health Services:				
Public Health Nursing:				
Personal Services	12,000	12,000	8,000	4,000
Materials and Supplies	19,300	19,300	16,952	2,348
Total Expenditures	31,300	31,300	24,952	6,348
<i>Net Change in Fund Balance</i>	(300)	(300)	8,624	8,924
<i>Fund Balance Beginning of Year</i>	3,076	3,076	3,076	0
Prior Year Encumbrances Appropriated	300	300	300	0
<i>Fund Balance End of Year</i>	\$3,076	\$3,076	\$12,000	\$8,924

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$60,000	\$60,000	\$52,578	(\$7,422)
Interest	4,000	4,000	2,113	(1,887)
<i>Total Revenues</i>	64,000	64,000	54,691	(9,309)
Expenditures				
Current:				
Street Maintenance and Repairs:				
Public Works:				
Personal Services	12,000	12,000	12,000	0
<i>Excess of Revenues Over Expenditures</i>	52,000	52,000	42,691	(9,309)
Other Financing Uses				
Transfers Out	(52,000)	(52,000)	(42,000)	10,000
<i>Net Change in Fund Balance</i>	0	0	691	691
<i>Fund Balance Beginning of Year</i>	10,178	10,178	10,178	0
<i>Fund Balance End of Year</i>	\$10,178	\$10,178	\$10,869	\$691

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Leisure Time Activities:				
Walnut Beach:				
Personal Services	34,500	35,100	32,321	2,779
Materials and Supplies	5,500	4,900	2,549	2,351
<i>Total Expenditures</i>	40,000	40,000	34,870	5,130
<i>Excess of Revenues Under Expenditures</i>	(40,000)	(40,000)	(34,870)	5,130
Other Financing Sources				
Transfers In	40,000	40,000	40,000	0
<i>Net Change in Fund Balance</i>	0	0	5,130	5,130
<i>Fund Balance Beginning of Year</i>	2,290	2,290	2,290	0
<i>Fund Balance End of Year</i>	<u>\$2,290</u>	<u>\$2,290</u>	<u>\$7,420</u>	<u>\$5,130</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, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Other	\$0	\$0	\$3,300	\$3,300
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	3,300	3,300
<i>Fund Balance Beginning of Year</i>	11	11	11	0
<i>Fund Balance End of Year</i>	<u>\$11</u>	<u>\$11</u>	<u>\$3,311</u>	<u>\$3,300</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, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	<u>\$2,031,058</u>	<u>\$2,031,058</u>	<u>\$1,853,233</u>	<u>(\$177,825)</u>
Expenses				
Contractual Services	1,147,363	1,147,363	1,144,611	2,752
Claims	<u>883,695</u>	<u>958,695</u>	<u>950,165</u>	<u>8,530</u>
<i>Total Expenses</i>	<u>2,031,058</u>	<u>2,106,058</u>	<u>2,094,776</u>	<u>11,282</u>
<i>Net Change in Fund Equity</i>	0	(75,000)	(241,543)	(166,543)
<i>Fund Equity Beginning of Year</i>	<u>900,914</u>	<u>900,914</u>	<u>900,914</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$900,914</u></u>	<u><u>\$825,914</u></u>	<u><u>\$659,371</u></u>	<u><u>(\$166,543)</u></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, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$395,000	\$395,000	\$85,000	(\$310,000)
Intergovernmental	500	500	5,600	5,100
Total Revenues	<u>395,500</u>	<u>395,500</u>	<u>90,600</u>	<u>(304,900)</u>
Expenses				
Contractual Services	22,189	22,189	22,189	0
Claims	373,311	373,311	271,537	101,774
Total Expenses	<u>395,500</u>	<u>395,500</u>	<u>293,726</u>	<u>101,774</u>
<i>Net Change in Fund Equity</i>	0	0	(203,126)	(203,126)
<i>Fund Equity Beginning of Year</i>	<u>2,341,500</u>	<u>2,341,500</u>	<u>2,341,500</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$2,341,500</u></u>	<u><u>\$2,341,500</u></u>	<u><u>\$2,138,374</u></u>	<u><u>(\$203,126)</u></u>

STATISTICAL SECTION

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City of Ashtabula, Ohio
*Governmental Activities Revenues by Source
and Expenses by Function - Full Accrual Basis
Last Six Years*

	2004	2003	2002	2001	2000	1999
Program Revenues						
Charges for Services	\$2,519,060	\$2,159,424	\$2,320,718	\$2,164,092	\$1,976,360	\$1,937,058
Operating Grants and Contributions	700,974	796,779	648,848	668,034	1,619,910	1,152,687
Capital Grants and Contributions	82,654	41,264	269,196	757,833	272,111	273,983
General Revenues						
Taxes (1)	8,553,121	8,388,287	8,233,759	8,087,854	8,337,308	8,370,850
Intergovernmental	2,608,872	2,828,530	2,555,737	1,647,229	2,705,913	1,967,337
Interest	82,469	128,801	184,076	426,662	541,246	301,463
Other	233,763	241,484	180,476	280,423	283,158	555,547
Total	\$14,780,913	\$14,584,569	\$14,392,810	\$14,032,127	\$15,736,006	\$14,558,925
Expenses						
General Government:						
Legislative and Executive	\$3,025,729	\$3,037,163	\$2,867,586	\$2,744,011	\$2,691,145	\$2,224,923
Judicial System	912,233	963,286	964,850	954,289	800,945	699,673
Security of Persons and Property:						
Police	3,253,101	3,666,800	3,696,384	3,743,382	3,358,629	3,145,679
Fire	2,688,346	2,750,698	2,652,673	2,629,702	2,450,731	2,308,578
Public Health Services	289,136	285,124	260,491	255,630	193,544	185,638
Street Maintenance and Repairs	1,296,150	1,472,369	2,001,502	1,956,370	1,316,927	1,460,414
Housing and Community Development	649,653	617,274	512,695	920,839	573,471	928,177
Sanitation Services	1,263,037	1,383,682	1,437,356	1,455,940	1,351,543	1,735,442
Leisure Time Activities	137,588	134,896	185,589	165,605	68,253	45,216
Interest and Fiscal Charges	99,458	128,486	195,014	202,381	206,424	228,614
Total	\$13,614,431	\$14,439,778	\$14,774,140	\$15,028,149	\$13,011,612	\$12,962,354

(1) Includes all taxes

Source: City financial records

City of Ashtabula, Ohio
*General Governmental Revenues by Source
and Expenditures by Function - Modified Accrual Basis (4)
Last Ten Years*

	2004	2003	2002	2001	2000
Revenues					
Taxes (1)	\$8,482,006	\$8,376,299	\$8,386,740	\$8,168,589	\$8,345,882
Charges for Services	1,486,186	1,218,014	1,185,472	1,150,630	1,054,206
Licenses and Permits (2)	782,414	825,471	939,500	842,753	840,508
Intergovernmental	3,290,131	3,572,612	3,225,243	4,035,772	3,349,156
Special Assessments	56,100	22,493	21,613	27,179	19,757
Interest	82,469	128,801	184,076	426,662	550,508
Payments in Lieu of Taxes	0	0	0	0	0
Rentals	117,563	127,279	115,262	138,870	0
Other	233,763	241,484	180,476	483,552	283,158
Total	\$14,530,632	\$14,512,453	\$14,238,382	\$15,274,007	\$14,443,175
Expenditures					
Current					
General Government: (3)					
Legislative and Executive	\$2,653,009	\$2,604,032	\$2,672,685	\$2,533,191	\$2,481,183
Judicial System	843,475	850,465	858,364	823,341	721,227
Security of Persons and Property: (3)					
Police	3,257,335	3,504,702	3,565,496	3,589,835	3,201,760
Fire	2,509,403	2,469,614	2,448,741	2,453,589	2,408,233
Public Health Services	282,206	275,209	247,001	234,922	196,790
Street Maintenance and Repairs	1,091,528	1,070,944	1,148,641	1,057,238	1,113,876
Housing and Community Development	645,029	982,658	502,248	902,070	576,470
Sanitation Services	1,291,793	1,309,650	1,358,517	1,343,669	1,063,289
Leisure Time Activities	63,520	68,120	75,684	112,933	103,308
Capital Outlay	1,437,938	877,867	1,647,616	2,277,423	1,084,132
Debt Service:					
Principal Retirement	447,489	1,356,140	447,484	248,777	944,244
Interest and Fiscal Charges	103,418	159,274	201,762	178,157	209,974
Total	\$14,626,143	\$15,528,675	\$15,174,239	\$15,755,145	\$14,104,486

(1) Includes all taxes

(2) Includes fines and forfeitures

(3) 1999 was the first year subcategories were identified for general government and security of persons and property.

(4) Funds included are general, special revenue, debt service and capital projects

Source: City financial records

1999	1998	1997	1996	1995
\$8,166,716	\$7,884,926	\$7,318,813	\$7,000,932	\$6,822,002
1,047,848	1,067,188	1,061,614	1,114,490	1,075,225
775,534	716,267	752,567	664,563	555,380
3,894,883	4,262,882	4,026,385	3,288,794	2,855,252
15,418	25,983	18,254	44,237	23,877
391,187	330,945	259,079	209,756	289,884
0	147,553	92,252	118,703	114,710
0	0	0	0	0
249,324	224,554	247,846	421,912	232,324
<u>\$14,540,910</u>	<u>\$14,660,298</u>	<u>\$13,776,810</u>	<u>\$12,863,387</u>	<u>\$11,968,654</u>

	\$2,355,931	\$2,309,263	\$2,257,874	\$2,253,441
\$2,304,022	N/A	N/A	N/A	N/A
630,085	N/A	N/A	N/A	N/A
	5,521,578	5,184,637	5,148,355	4,889,698
3,233,705	N/A	N/A	N/A	N/A
2,220,244	N/A	N/A	N/A	N/A
190,748	192,193	175,826	264,002	174,317
1,010,610	993,776	1,125,579	1,030,167	888,208
934,074	839,683	719,616	757,562	701,288
1,329,128	1,456,963	1,604,126	1,301,104	1,387,485
55,703	53,204	62,049	48,626	14,680
1,525,562	1,664,383	798,846	1,630,606	3,387,236
310,260	387,346	480,762	517,156	1,569,073
230,968	254,169	276,130	292,389	274,793
<u>\$13,975,109</u>	<u>\$13,719,226</u>	<u>\$12,736,834</u>	<u>\$13,247,841</u>	<u>\$15,540,219</u>

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

Collection Year	Current Tax Levy (1)	Current Tax Collections (1)	Percent Collected	Delinquent Tax Collections	Total Tax Collections	Percent Of Total Collections to Current Tax Levy	Outstanding Delinquent Taxes	Percent Of Outstanding Delinquent Taxes To Current Tax Levy
1995	\$1,778,265	\$1,596,598	89.78%	\$69,326	\$1,665,924	93.68%	\$110,987	6.24%
1996	1,825,150	1,762,365	96.56	92,691	1,855,056	101.64	101,758	5.58
1997	1,848,663	1,767,073	95.59	63,520	1,830,593	99.02	127,827	6.91
1998	1,881,711	1,797,128	95.50	90,488	1,887,616	100.31	128,488	6.83
1999	1,911,466	1,825,329	95.49	82,088	1,907,417	99.79	109,333	5.72
2000	2,079,009	1,973,729	94.94	77,702	2,051,431	98.67	44,273	2.13
2001	2,169,499	2,044,850	94.25	86,347	2,131,197	98.23	171,118	7.89
2002	2,207,921	2,087,008	94.52	132,989	2,219,997	100.55	177,610	8.04
2003	2,468,112	2,333,525	94.55	126,580	2,460,105	99.68	73,270	2.97
2004	2,376,787	2,241,709	94.32	117,869	2,359,578	99.28	219,056	9.22

Source: Ashtabula County, Ohio

(1) - State Reimbursements of Rollback and Homestead Exemptions are included.

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

Collection Year	Real Property		Public Utility Property		Tangible Personal Property		Totals		Ratio Of Assessed Value To Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1995	\$111,738,650	\$319,253,286	\$21,119,180	\$21,119,180	\$28,030,636	\$112,122,544	\$160,888,466	\$452,495,010	36%
1996	132,084,290	377,383,686	20,965,920	20,965,920	32,081,917	128,327,668	185,132,127	526,677,274	35
1997	132,310,970	378,031,343	20,464,150	23,254,716	33,574,780	134,299,120	186,349,900	535,585,179	35
1998	133,986,650	382,819,000	20,563,170	23,367,239	34,919,000	139,676,000	189,468,820	545,862,239	35
1999	152,691,400	436,261,143	20,542,780	23,344,068	35,194,640	140,778,560	208,428,820	600,383,771	35
2000	156,329,630	446,656,086	22,207,110	25,235,352	42,143,680	168,594,720	220,680,420	640,486,158	34
2001	156,713,860	447,753,885	20,506,010	23,302,284	36,306,920	145,227,840	213,526,790	616,284,009	35
2002	181,124,990	518,785,686	18,870,460	21,443,705	33,520,280	134,081,120	233,515,730	674,310,511	35
2003	181,039,860	517,542,457	20,640,590	23,455,215	25,041,220	104,338,416	226,821,670	645,336,088	35
2004	181,963,770	519,896,486	19,956,700	22,678,068	24,088,000	96,352,000	226,008,470	638,926,554	35

Source: Ashtabula County, Ohio; County Auditor

Estimated actual value is calculated by dividing the assessed value by the assessment percentage. The percentages for 2004 were 35% of actual value for real property, public utility is assessed at various rates from 25 to 88% of actual value, 25% of actual value for tangible personal capital assets and 23% of actual value for tangible personal inventory.

City of Ashtabula, Ohio
Ten Largest Real Property Taxpayers
December 31, 2004

<u>Taxpayer</u>	<u>2003 Real Property Assessed Valuation (Tax Duplicate) For Collection In 2004</u>	<u>Percentage Of Total Real Property Assessed Valuation</u>	<u>2004 Taxes Paid (1)</u>
Ohio American Water	\$8,512,670	4.68%	\$676,107
Western Reserve Telephone	4,672,290	2.57	359,376
Cleveland Electric Illuminating	4,495,760	2.47	356,634
Norfolk Southern	3,637,540	2.00	232,439
Pinney Dock	2,708,860	1.49	153,896
Molded Fiber Glass	1,667,010	0.92	95,033
Ashtabula Care Center	1,332,100	0.73	75,932
Ash-L Associates	1,172,220	0.64	66,819
Ashtabula Towers	1,092,840	0.60	62,299
Iten-Hupco	<u>953,880</u>	<u>0.52</u>	<u>55,575</u>
Total of Above	<u><u>\$30,245,170</u></u>	<u><u>16.62</u></u>	<u><u>\$2,134,110</u></u>
Total Real Property Tax Assessed Value	<u><u>\$181,963,770</u></u>		

Source: Ashtabula County, Ohio; County Auditor

Based on valuation of property for taxes to be collected in 2004.

(1) - Includes amounts collected for City, County and School taxes

City of Ashtabula, Ohio
Special Assessment Collections
Last Ten Years

<u>Collection Year</u>	<u>Total Billed</u>	<u>Amount Collected</u>	<u>Percent Collected</u>
1995	\$33,298	\$23,877	71.7%
1996	31,850	44,237	138.9
1997	25,251	18,254	72.3
1998	24,285	25,983	107.0
1999	23,319	15,418	66.1
2000	28,574	19,757	69.1
2001	31,628	27,179	85.9
2002	22,373	21,613	96.6
2003	23,532	22,493	95.6
2004	47,521	56,100	118.1

Source: Ashtabula County, Ohio; County Auditor
City financial records

City of Ashtabula, Ohio
Property Tax Rates - Direct and Overlapping Governments
(Per \$1000 of Assessed Valuation)
Last Ten Years

City of Ashtabula					
Year	General Fund	Permanent Improvement Fund	Special Revenue Funds	Debt Service Fund	City Total
1995	\$5.41	\$2.00	\$2.60	\$2.30	\$12.31
1996	5.41	2.00	2.60	2.30	12.31
1997	5.41	2.00	2.60	2.30	12.31
1998	5.41	2.00	2.60	2.30	12.31
1999	5.41	2.00	2.60	2.30	12.31
2000	5.41	2.00	2.60	2.30	12.31
2001	5.41	2.00	2.60	2.30	12.31
2002	5.71	2.00	2.60	2.30	12.61
2003	5.71	2.00	2.60	2.30	12.61
2004	4.71	2.00	2.60	1.80	11.11

Sources: Ashtabula County, Ohio; County Treasurer
Ashtabula County, Ohio; County Auditor

Ashtabula City School District	Ashtabula County Vocational School	Buckeye School	Saybrook Township	Ashtabula County	Ashtabula Township
\$38.30	\$4.11	\$47.71	\$0.92	\$9.34	\$1.42
38.30	4.11	47.71	0.92	9.34	1.42
38.30	4.11	47.71	0.92	8.70	1.42
38.30	4.11	47.71	0.92	8.70	1.42
44.30	4.11	38.81	0.92	8.70	1.42
53.41	4.11	47.92	0.92	9.70	1.42
53.41	4.11	47.72	0.92	9.70	1.42
55.56	4.11	47.72	0.30	9.70	1.42
55.66	4.11	47.72	0.30	11.03	0.24
56.11	4.11	47.72	0.30	11.03	0.24

City of Ashtabula, Ohio
Computation of Legal Debt Margin
 December 31, 2004

<i>Total Assessed Value</i>	\$226,008,470
<i>Overall Debt Limitation - 10.5 percent of Assessed Value</i>	\$23,730,889
Debt Outstanding:	
General Obligation Bonds	\$1,379,848
OWDA Loans	1,449,159
Police and Fire Loan	391,354
OPWC Loan	151,627
Special Assessment Bonds	20,000
Total Gross Indebtedness	3,391,988
Less: Debt Outside Limitations:	
OWDA Loans	1,449,159
Police and Fire Loan	391,354
OPWC Loan	151,627
Special Assessment Bonds	20,000
Total Debt Outside Limitations	2,012,140
Total Debt Applicable to Limitation - Within 10.5% Limitations	1,379,848
Less: Amount Available in Debt Service Funds to pay Debt Applicable to Limitation	(590,065)
Net Debt Within 10.5% Limitation	789,783
<i>Overall Debt Margin</i>	\$22,941,106
<hr/>	
<i>Unvoted Debt Limitation - 5.5% of Assessed Valuation</i>	\$12,430,466
Gross Indebtedness Authorized By Council	
General Obligation Bonds	\$1,379,848
OWDA Loans	1,449,159
Police and Fire Loan	391,354
OPWC Loan	151,627
Special Assessment Bonds	20,000
Total Gross Indebtedness	3,391,988
Less: Debt Outside Limitations:	
OWDA Loans	1,449,159
Police and Fire Loan	391,354
OPWC Loan	151,627
Special Assessment Bonds	20,000
Total Debt Outside Limitations	2,012,140
Debt Within 5.5% Limitations	1,379,848
Less: Amount Available in Debt Service Funds to Pay Debt Applicable to Limitation	(590,065)
Net Debt Within 5.5% Limitation	789,783
<i>Unvoted Debt Margin</i>	\$11,640,683

Source: City financial records

City of Ashtabula, Ohio
*Ratio of Net General Bonded Debt to Assessed Value
and Net Bonded Debt Per Capita
Last Ten Years*

<u>Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Gross General Bonded Debt (3)</u>	<u>Debt Service Monies Available</u>	<u>Net General Bonded Debt</u>	<u>Ratio of Net General Bonded Debt to Assessed Value</u>	<u>Net General Bonded Debt Per Capita</u>
1995	22,004	\$160,888,466	\$3,439,000	\$64,507	\$3,374,493	2.10%	\$153.36
1996	22,004	185,132,127	3,283,000	144,745	3,138,255	1.70	142.62
1997	21,315	186,349,900	3,091,000	204,985	2,886,015	1.55	135.40
1998	21,315	189,468,820	2,925,000	411,341	2,513,659	1.33	117.93
1999	21,472	208,428,820	2,785,000	455,697	2,329,303	1.12	108.48
2000	21,630	220,680,420	2,640,000	832,275	1,807,725	0.82	83.57
2001	20,962	213,526,790	3,240,000	1,020,925	2,219,075	1.04	105.86
2002	20,962	233,515,730	3,046,293	1,217,065	1,829,228	0.78	87.26
2003	20,962	226,821,670	1,719,311	408,641	1,310,670	0.58	62.53
2004	20,962	226,008,470	1,379,848	590,065	789,783	0.35	37.68

(1) Sources: U.S. Bureau of Census, Census of Population, Federal 2000 Census. Ohio Data Users Center, Sub-county population estimate.

(2) Source: Ashtabula County, Ohio; County Auditor

(3) Includes only general obligation bonded debt payable from property taxes.

City of Ashtabula, Ohio
*Ratio of Annual Debt Service Expenditures For
 General Bonded Debt to Total General Governmental Expenditures
 Last Ten Years*

<u>Year</u>	<u>Principal (1)</u>	<u>Interest And Fiscal Charges</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio Of Debt Service To Total General Governmental Expenditures</u>
1995	\$187,000	\$171,902	\$358,902	\$15,540,219	2.31%
1996	156,000	163,225	319,225	13,247,841	2.41
1997	192,000	159,350	351,350	12,736,834	2.76
1998	166,000	152,308	318,308	13,719,226	2.32
1999	140,000	147,380	287,380	13,975,109	2.06
2000	145,000	141,990	286,990	14,104,486	2.03
2001	150,000	136,190	286,190	15,755,145	1.82
2002	343,707	165,215	508,922	15,174,239	3.35
2003	1,326,982	157,860	1,484,842	15,528,675	9.56
2004	339,463	85,331	424,794	14,626,143	2.90

Source: City financial records

(1) - During 2003, the City paid an additional one million dollars on its justice center bonds.

City of Ashtabula, Ohio
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2004

<u>Political Subdivision</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable To Ashtabula City</u>	<u>Amount Applicable To Ashtabula City</u>
Direct:			
City of Ashtabula	\$1,379,848	100.00%	\$1,379,848
Overlapping:			
Ashtabula County	<u>8,259,992</u>	13.70%	<u>1,131,619</u>
Totals	<u><u>\$9,639,840</u></u>		<u><u>\$2,511,467</u></u>

(1) The percentages were determined by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.

Source: Ashtabula County, Ohio; County Auditor

City of Ashtabula, Ohio
OWDA Loan Payable Coverage
Water Pollution Fund
Last Ten Years

Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements		Coverage
				Principal	Interest	
1995	\$2,636,389	\$1,880,033	\$756,356	\$4,800	\$2,501	103.60
1996	2,835,390	2,066,562	768,828	37,236	48,667	8.95
1997	2,907,004	2,320,445	586,559	76,768	92,992	3.46
1998	2,839,329	2,269,722	569,607	70,195	88,820	3.58
1999	2,745,242	2,522,524	222,718	76,873	82,943	1.39
2000	2,687,820	2,736,821	(49,001)	80,254	81,234	(0.30)
2001	2,587,575	2,850,199	(262,624)	83,783	77,705	(1.63)
2002	2,801,467	2,774,960	26,507	87,467	74,021	0.16
2003	2,871,360	2,628,308	243,052	91,314	70,174	1.51
2004	2,880,449	2,493,765	386,684	95,328	66,160	2.39

Source: City financial records

(1) Total revenues exclusive of interest income and grants

(2) Total operating expenses exclusive of depreciation

City of Ashtabula, Ohio
Demographic Statistics
Last Ten Years

<u>Year</u>		<u>Total Population (1) (4)</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate Ashtabula County (3)</u>
1995	Est.	22,004	432	1.99%	5,201	6.6%
1996	Est.	22,004	0	0.00	5,253	7.2
1997	Est.	21,315	(689)	(3.13)	5,216	6.2
1998	Est.	21,315	0	0.00	5,091	6.3
1999	Est.	21,472	157	0.74	5,437	5.7
2000		21,630	158	0.73	5,364	5.5
2001		20,962	(668)	(3.09)	5,270	7.2
2002	Est.	20,962	0	0.00	5,252	8.1
2003	Est.	20,962	0	0.00	5,170	8.1
2004	Est.	20,962	0	0.00	5,057	7.3

2000 CENSUS INFORMATION (5):

City of Ashtabula, Ohio:		
Female	11,142	53.2%
Male	9,820	46.8%
Median Age		34.9 years
Black Households		11.2%
Hispanic Households		5.3%
Households 65 Years and Over		29.3%
High School Graduates		78.0%
Households Below Poverty Level		17.8%
Average Household Size		2.45 persons
State of Ohio:		
Per Capita Income		\$21,003
Median Household Income		\$40,956
Median value owner occupied		\$103,700
Median gross monthly rent		\$515

Sources: (1) U.S. Bureau of the Census; 2000
(2) Ashtabula City Board of Education
(3) Ohio Bureau of Employment Services
(4) Ohio Data Users Center - Subcounty population estimate.
(5) US Department of Labor

City of Ashtabula, Ohio
Property Value, Construction, and Bank Deposits
Last Ten Years

Year	Estimated Property Value	Total Value of Building Permits Issued	Bank Deposits (1)
1995	\$452,495,010	\$5,529,578	\$414,030,000
1996	526,677,274	16,603,805	424,989,000
1997	535,585,179	4,228,982	453,149,000
1998	545,862,239	12,330,433	164,127,000
1999	600,383,771	9,273,973	175,331,000
2000	640,486,158	6,770,878	199,872,000
2001	616,284,009	7,380,364	239,034,000
2002	674,310,511	3,767,988	272,106,000
2003	645,336,088	7,893,977	283,361,000
2004	638,926,554	8,347,191	213,036,000

Sources: City of Ashtabula, Ohio Building Inspection Department

City of Ashtabula, Ohio, City Treasurer

Federal Reserve Bank - Cleveland for Ashtabula County

(1) Andover Bank is now the only institution based in
 Ashtabula County

City of Ashtabula, Ohio

Miscellaneous Statistics

December 31, 2004

Government:	Date of Incorporation: April 6, 1891 Form of Government: Charter - Elected City Manager Founded: 1801 Township: April 4, 1908 Village: 1831
Population:	2000 Census - 20,962
Area:	7.6 square miles - 4,864 acres Residential - 3,569 acres
Altitude:	590 feet above sea level
Climate:	Mean annual temperature - 58.9 max. and 40.5 min. degrees Fahrenheit Average annual rainfall - 35.35 inches
City Statistics:	Streets - 97.02 miles (1.53 unpaved) Sanitation Sewers - 91.94 miles Storm Sewers - 76.18 miles
Highways:	U.S. Route Number 20 State Routes - 11, 45, 84, 531 Interstate 90 (6 miles to the south)
Police:	Stations 1 Policemen and Officers 32 Dispatchers 2 Administrative Personnel 2 Animal Control Officer 1
Fire:	Stations 1 Firemen and Officers 26
Number of Dwellings:	Total units 9,151 Occupied 8,435 Owner occupied 58.4% Renter occupied 41.6% Vacant Houses 7.8%
Banks:	Three Banks and Two Savings and Loans
Churches:	63, Representing most Denominations
Building:	2004 Permits Issued 383 2004 Permit Valuation \$8,347,191
Industry:	Manufacturing Plants 72

(continued)

City of Ashtabula, Ohio
Miscellaneous Statistics (continued)
 December 31, 2004

Railroads:	CSX Transportation Norfolk & Southern	
Bus Lines:	One	
Medical:	Ashtabula County Medical Center 226 Beds, 20 Bassinets The Regional Cancer Center	
Education:	Public Elementary	9
	Public Junior High	2
	Public Ninth Grade	1
	Public Senior High	1
	Private and Parochial	7
	Special Purpose	1
	Enrollment:	
	Public	4,584
	Parochial	330
	Special Purpose	143
	Teachers (Includes Administrative Personnel):	
	Public	380
	Parochial	23
	Special Purpose	20
Libraries:	Public Libraries	2
	Kent State University, Ashtabula Branch	1
Newspapers:	Daily	1
	Circulation	21,100
	Weekly	1
	Circulation (Direct Mail)	20,750
Lodging:	Motels	10
	Rooms	452
	Bed and Breakfast	4
	Rooms	13
Area Recreation And Culture	10 Parks comprising a total 445.5 acres 4 Campgrounds 16 Historical Covered Bridges 12 Area Public Golf Courses 22 Tennis Courts 3 Museums 10 Yacht Clubs and Marinas 2 Public Beaches on Lake Erie Fishing Charters	

Source: City records

Address comments
and suggestions to:

Michael A. Zullo, CPA
City Auditor
4717 Main Avenue
Ashtabula, Ohio 44004
(440) 992-7107

Special acknowledgement and appreciation goes out to those who helped in the implementation of this new reporting model. Thank you to Betty Montgomery, Auditor of State, and her staff for their guidance. To Traci Vanek, for all the time spent in identifying and recording those fixed assets and infrastructure, sincere thanks. And to Lori Mackey, City Treasurer and Karen Jury, Deputy Auditor whose work on this CAFR ties it all together.

Special Thanks To

The Auditor's Staff

Karen S. Jury, Deputy Auditor
Marcena Breedlove
Carolyn Sheldon
Peter Tulino
Traci Vanek

Cover:
Great Lakes Printing, Inc.



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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
AUGUST 25, 2005**