



**Auditor of State  
Betty Montgomery**



CITY OF CONNEAUT  
ASHTABULA COUNTY

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CITY OF CONNEAUT  
ASHTABULA COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2005

Federal Grantor/ Pass Through Grantor/ Program Title:	Pass Through Entity Number	Federal CFDA Number	Revenues	Disbursements
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT/</u></b>				
<i>Passed Through Ohio Department of Development:</i>				
Community Development Block Grants (CDBG)- State's Program:				
Formula Allocation Program	A-F-03-107-1	14.228	\$4,000	\$3,317
	A-F-04-107-1		3,080	3,080
Subtotal - Formula Allocation Program			<u>7,080</u>	<u>6,397</u>
Water and Sanitary Sewer Competitive Grant Program	A-W-04-107-1	14.228	494,810	497,865
Subtotal CDBG - State's Program			<b>501,890</b>	<b>504,262</b>
Home Investment Partnership Program	A-C-04-107-2	14.239	208,160	94,422
Community Housing Improvement Program (CHIP)	A-C-04-107-1	14.239	40,795	39,248
Subtotal - Home Investment Partnership Program			<u>248,955</u>	<u>133,670</u>
Total U.S. Department of Housing and Urban Development			<u>750,845</u>	<u>637,932</u>
<b>Total Federal Assistance</b>			<b><u>\$750,845</u></b>	<b><u>\$637,932</u></b>

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

**CITY OF CONNEAUT  
ASHTABULA COUNTY**

**DECEMBER 31, 2005**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

**NOTE A-- SIGNIFICANT ACCOUNTING POLICIES**

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

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

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property. At December 31, 2005, the gross amount of loans outstanding under this program was \$242,592.

**NOTE C -- MATCHING REQUIREMENTS**

Certain Federal programs require that the City contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



**Auditor of State  
Betty Montgomery**

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

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

To the Members of Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Conneaut, Ashtabula County, (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 21, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control 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 material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the City's management dated June 21, 2006, we reported other matters involving internal control over financial reporting we did not deem a reportable condition.

**Compliance and Other Matters**

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the City's management dated June 21, 2006, we reported one matter related to noncompliance we deemed immaterial.

This report is intended for the information and use of the audit committee, management, Members of Council, and 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

June 21, 2006





## Auditor of State Betty Montgomery

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

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

To Members of Council:

#### **Compliance**

We have audited the compliance of the City of Conneaut, Ashtabula County, (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended December 31, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Conneaut complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2005.

#### **Internal Control Over Compliance**

The City's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the City's management in a separate letter dated June 21, 2006

#### **Federal Awards Expenditures Schedule**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Conneaut as of and for the year ended December 31, 2005, and have issued our report thereon dated June 21, 2006. Our audit was performed to form an opinion on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The accompanying federal awards expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



**Betty Montgomery**  
Auditor of State

June 21, 2006

**CITY OF CONNEAUT  
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2005**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)()</i> (i)	Type of Financial Statement opinion	Unqualified
<i>(d)(1)</i> (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)</i> (ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)</i> (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)</i> (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)</i> (iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)</i> (v)	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)</i> (vi)	Are there any reportable findings under § .510?	No
<i>(d)(1)</i> (vii)	Major Programs (list):	CDBG Program #14.228
<i>(d)(1)</i> (viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)</i> (ix)	Low Risk Auditee?	No

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None



**CITY OF CONNEAUT, OHIO**

**COMPREHENSIVE**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2005**

ISSUED BY THE DEPARTMENT OF FINANCE

John Williams, J.D., CPA,

FINANCE DIRECTOR



**City of Conneaut, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2005*  
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**CITY OF CONNEAUT**  
**FINANCE DEPARTMENT**  
**294 MAIN STREET, CONNEAUT, OHIO 44030**

**John Williams, J.D., CPA**  
**Finance Director**

TELEPHONE: (440) 593-7416  
FAX: (440) 593-6908  
EMAIL: [connfinance@suite224.net](mailto:connfinance@suite224.net)

June 21, 2006

Citizens of Conneaut  
City Manager, Douglas L. Lewis  
and Honorable Members of City Council  
Conneaut, Ohio

I am pleased to present the Comprehensive Annual Financial Report of the City of Conneaut for the year ended December 31, 2005. The City, and specifically the Department of Finance, assumes responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, contained in this report. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections:

1. The introductory section includes a table of contents, this transmittal letter, the City's organizational chart and a list of elected and appointed City officials.
2. The financial section begins with the Independent Accountants' Report, and includes 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 non-major funds and other schedules that provide detailed information relative to the basic financial statements.
3. The statistical section includes financial and demographic information, generally on a multi-year basis.

**Reporting Entity**

The City has reviewed its reporting entity definition in order to ensure conformance with the Governmental Accounting Standards Board Statement No. 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 Conneaut (the primary government) and its potential component units.

The Conneaut School District has not been included in the accompanying financial statements because the board is not appointed by the City. The Conneaut Public Library has been excluded because the City performs only a ministerial function.

## **The City and Form of Government**

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

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

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

The City operated under the statutory Mayor-Council form of government until the electors of the City passed the City Charter with a Council-Manager form of government. Members of the Conneaut Charter Commission were elected at the general election held November 7, 1989 to frame and submit a Charter to the electors of the City. In the general election held Tuesday, November 6, 1990, the electors of the City of Conneaut approved the proposed charter and the City's first City Manager began serving in February of 1992. Beginning in January, 1997, and at least every seven years thereafter, City Council must appoint a Committee to review the Charter and propose any amendments as the Committee deems advisable. Amendments shall be submitted to the electorate at the next November general election. The last major amendments occurred in November 2004, which established staggered four year terms for City Council and eliminated the Department of Public Safety, with the City Manager assuming charge of all programs related to public safety, including the divisions of Police and Fire. The City has all powers of a local self-government and home rule subject to certain general laws applicable to all Ohio cities.

Legislative authority is vested in a seven-member Council, with an elected President of Council, two at large, and one from each of the City's four wards. Previously, all seven members of Council were elected every two years, but after the last Charter amendment each council member is now elected to four year staggered terms. Starting in November, 2005, the President of Council and the two at large positions were elected to four year terms and beginning in November, 2007, each of the ward council positions will be elected to four year terms.

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

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

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

## **Economic Condition and Outlook**

The City of Conneaut's goals are to aggressively pursue economic growth, promote business retention, assist with business expansion and to create a pro-business environment. To help accomplish these goals, the City held its first annual economic development breakfast. Local and regional businesses were invited to learn about the City and some of the programs available through the City, including the community reinvestment areas, enterprise zones, downtown revitalization, economic development funding and the new industrial park. It also opened the lines of communication by providing the City with an opportunity to meet with businesses to learn about issues they are facing and to assist them wherever possible. Businesses were able to exchange ideas and some actually found ways in which to partner with one another.

Despite a national decline in manufacturing, several of the City's major manufacturers continued to expand. Wayne Dalton, a national manufacturer of overhead doors, completed a \$7,000,000 expansion and created an additional twenty-five jobs in 2005. CW Ohio, a manufacturer of decorative windows, louvers, cupolas and housing columns continues its expansion within the City by purchasing an additional 80,000 square feet of building space to be used as a new extrusion facility. Continental Structural Plastics, a manufacturer of fiberglass reinforced plastic for the automotive industry, is adding employees to their existing work force.

The City Manager and City Council have been working to develop the I-90 interchange and State Route 7. Currently, there is a limited highway access restriction along Route 7, but the City has been working with the Ohio Department of Transportation to remove the limited access. There are several developers interested in a variety of commercial enterprises and the removal of the limited access will encourage development of the interchange.

Tourism is vital component of the City's economy. Conneaut has many tourist attractions including Conneaut Creek, which has been declared a "Wild and Scenic River" and is the number one ranked trout stream in the USA. It has a premier marina with multiple boat launching ramps, four covered bridges, some of the best local wineries, seven miles of shoreline with some of the best perch and walleye fishing in Lake Erie, a historical railroad museum and a sixty-acre lake shore park with an expansive one-half mile long public beach. The Board of Tourism and Conneaut Chamber of Commerce continue to promote the City's tourism industry and with each passing year more tourists are visiting the City of Conneaut which helps support the local economy.

While the City had a relatively good year financially, with a robust increase in income tax collections of 4.22 percent, property values rising by 10 percent, construction permits issued with a valuation of \$5,325,000, and eight new housing starts with a valuation of \$1,142,000, we remain cautiously optimistic that this trend will continue into the next year.

## **Major Initiatives**

***For the Year*** In 2005, the City of Conneaut embarked on a variety of projects and worked on implementing City Council's goals and objectives. Much emphasis was placed on improving and maintaining the City's street, water and sewer infrastructure.

To improve plant capacity, help overall operations, and remain in compliance with Environmental Protection Agency regulations, a major improvement project was initiated at the Wastewater facility in 2004. This year the City continued to make substantial progress toward the construction of a 600,000 gallon sludge holding tank at the Wastewater facility, a new generator, force main, pumps, and sewer lift station improvements, as well as upgrades to three sludge digesters. Total project cost is estimated at \$3,700,000. During 2005, the City received \$2,500,000 in loan funding through the Ohio Water Development Authority at a 3.25 percent interest rate for a twenty year term and a \$500,000 CDBG grant for the remainder. Although the interest expense on the loan will approach \$1,000,000 over the life of the loan, the City worked with the Ohio Department of Natural Resources to utilize a program whereby the interest paid on the loan would come back to the community to help preserve critical water habitat by purchasing property and easements along Conneaut Creek. To date, twenty property owners, with over 300 acres of land along the creek, have been identified to participate in the program. This will help ensure that Conneaut Creek retains its wild and scenic river designation.

Economic development is a high priority for the City of Conneaut. City Council and the City Manager continue to pursue economic growth by developing the City's industrial park. The land at the site has been harvested for timber which will allow for quicker development. At a projected cost of \$1,060,000 to develop the first phase of the project, the City plans to develop 110 acres by investing extensively in water, sewer and roadways. Various funding sources are being used to develop the industrial park, including grants, loans and local revenues. Engineering and design of the park is in the preliminary stages, with construction tentatively set to begin in 2006. The price for acreage in the industrial park will be negotiated with each prospective buyer and price will vary depending upon the amount of investment and the number of jobs projected.

Two large paving projects were completed in 2005. The City, along with the Ohio Department of Transportation, shared the cost of paving State Route 7 and U.S. Route 20 within the incorporation limits. This was a very large, multi-million dollar project, resulting in 26.5 lane miles of paving, catch basin replacement, manhole repairs and line painting. Old galvanized water taps were replaced by the City prior to paving.

A \$126,000 sewer camera truck was purchased to inspect sanitary and storm sewers throughout the City. In 2005, the City repaired seventeen sewer cave-ins and five storm sewer cave-ins at a cost of over \$50,000. Prior to purchasing the sewer camera truck, the City was forced to take a reactive approach to sewer repairs. With the sewer camera, the City now takes a pro-active approach to the problem by identifying problem areas before a total sewer collapse. Information obtained through the use of the sewer camera also allows the City to be more cost efficient by permitting work crews to accurately evaluate the condition of pipe and determine the estimated remaining useful life of the infrastructure, or decide whether it needs to be lined or replaced. It allows for better planning by giving the sewer and public works departments the ability to rank sections of pipe according to severity of deterioration, which provides the City ample time to obtain and allocate funding towards future repairs and capital projects.

The City has been working with the Ohio Department of Transportation on the rail grade separation project. Total project cost will exceed \$11,000,000, with the City's contribution being five percent of the total or \$580,000. The City has two railroad underpasses in the center of the City. With two major rail lines running through the middle of the City, the west side of the City has experienced impeded traffic flow from train traffic. The proposed overpass at Parrish Road will provide our citizens unimpeded access to the west side of the City. With a very large nursing home facility, an assisted living facility and a hospital located on the west side, all within a one half mile of the rail crossings, it is imperative that ambulance, fire, and police have quick response times. Thus the overpass will help make our community safer.

A City-wide Community Reinvestment Area (CRA) has been established. The CRA provides a tax reduction on the increase in taxable value of a property for the renovation of existing and the construction of new structures. The City offers up to 100 percent real estate tax abatement for fifteen years for new commercial or industrial facilities and up to 100 percent real estate tax abatement for twelve years for the renovation of an existing commercial or industrial facility. An agreement has been established between the Conneaut Area City Schools and the City that outlines revenue sharing on projects over \$500,000.

An income tax increase of 0.15 percent was passed by the voters in May to help fund an aggressive street paving program. The increase will be in effect for seven years and is projected to generate over \$2,000,000 over the life of the tax, which takes effect January 1, 2006. This tax will be designated for local streets only, and will be used exclusively for the construction of roads, resurfacing and street maintenance. It is estimated that the seven year income tax increase will be enough to pave at least half of the roads in the City of Conneaut. At the end of the seven year period, the voters will be asked to pass the levy again to complete the remaining roads. The City street department will be responsible for all of the road paving which will save the taxpayers a substantial amount of money.

The City's Community Housing Improvement Program was utilized by qualified applicants. Revenue from the Community Development Block Grant, Home grant and the Ohio Housing Trust Fund were used to purchase and rehabilitate homes within the City. The program is of great benefit to our citizens and it improves the City's housing stock.

An electronic water meter reading system has been implemented City-wide. Prior to the new system, meter readings were calculated by hand. Now readings are entered into a handheld electronic device and the information is downloaded into the water billing software. This greatly improves the speed at which bills are processed, increases efficiencies that permit employees to take on additional tasks and has permitted a vacated position in the billing office to remain unfilled.

Johnson Controls completed a preliminary assessment of the City's facilities and operations. Areas analyzed and evaluated included the water treatment plant, water distribution, wastewater treatment plant, street and traffic lights and buildings. The purpose of the assessment was to identify areas where the City could operate more efficiently. Through these proposed building and operational improvements, the City would realize combined savings and revenue enhancements of at least \$5,000,000 over the next ten years. Finalization of the scope of work is the next step which will be determined in 2006.

## **Financial Information**

### **Accounting policies and budgetary control**

***Budgetary Controls*** Requirements for the development of the City's tax and annual budget, appropriations and other financial regulations are followed as established by the Ohio Revised Code and the City Charter. Under the direction of the City Manager, the Finance Director has charge of the administration of financial affairs of the City and acts as both the auditor and treasurer of the City. As part of the budgetary controls established in the City Charter, the Finance Director is responsible for the maintenance of a general accounting system; the exercise of budgetary control over each office; the disbursement of all monies and control of all expenditures so that appropriation and cash resources are not exceeded; and the certification of all appropriations.

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

The City Manager is required to submit to Council a tax budget of estimated revenues and expenditures for all funds of the City for the next succeeding year by the first Council meeting in July. The legislative body is required to adopt the budget by July 15 and to submit it to the County Budget Commission by July 20 of each year. Council is required to adopt an annual appropriation measure on or about the first day of each year. The annual budget and appropriation ordinance is traditionally passed by Council in December of each year. The City maintains budgetary control on a non-GAAP basis at the line item level for all funds.

The basis of accounting and the various funds utilized by the City of Conneaut are fully described in Note 2 of the basic financial statements. Additional information on the City's budgetary accounting can also be found in Note 2 of the basic financial statements.

## **Internal Accounting and Reporting Controls**

Establishment of a general accounting system for the City is predicated upon the implementation of adequate internal accounting and budgetary controls. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of the financial records for preparing financial statements and maintaining accountability over assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation and that the appraisal of costs and benefits requires estimates by management. Internal controls are reviewed at least yearly to ensure that they are adequate.

**Financial Condition** The City has prepared its financial statements following GASB Statement 34, “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.” GASB 34 creates 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. The City’s water and wastewater funds are considered business-type activities.

**Fund financial statements** These statements present information for individual major funds rather than by fund type. Non major funds are presented in total in one column. Governmental funds use 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 reporting model, management is responsible for preparing a Management Discussion and Analysis of the City. The discussion immediately follows the independent accountants’ report in the financial section of this report and provides a narrative introduction, overview, and analysis of the basic financial statements. Management’s Discussion and Analysis complements this letter of transmittal and should be read in conjunction with it.

## **Cash Management**

Cash management is of primary importance to the City’s financial strategy. Investing authority for the City of Conneaut is vested in the Finance Director. Deposit and investment objectives are applied in the management of funds that ensure the preservation of capital, maintain sufficient liquidity to meet fiscal operating requirements, attain the best and safest return or yield on active, interim, and inactive funds, diversify investments to avoid unreasonable risks, and exercise the “prudent person standard” when investing the City’s cash balances. Interest earnings are allocated to funds based on the requirements of the Ohio Constitution, State statute and City Charter.

Interest earnings for 2005 totaled \$73,358. This represents an increase of \$47,616 from 2004, primarily due to a higher investment yield. All deposits are covered by pooled collateral with a market value equal to at least 105 percent of deposits.



## **Risk Management**

The City has employed the Love Insurance Agency to protect the City from exposure to various risks including theft, damage, torts, destruction, injury to employees and wrongful acts. The City has contracted for insurance that covers general, employer, employee, public officials, and law enforcement liability, as well as property, boiler and machinery and automobile coverage.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. The City pays rates based upon a group pool rating and Comp Management is employed by the City to help manage workers' compensation claims. A drug free work place policy has been implemented City-wide, and the City regularly schedules safety meetings to reduce the risk of injury to employees. All lost time claims are managed aggressively so as to reduce costs.

## **Other Information**

**Independent Audit** Included in this report is an unqualified audit opinion rendered on the City's financial statements for the year ended December 31, 2005, by the Ohio State Auditor's Office. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of a Comprehensive Annual Financial Report. An annual audit serves to maintain and strengthen the City's accounting and budgetary controls.

**Awards** The Government Finance Officers Association (GFOA) of the United States and Canada awards a Certificate of Achievement for Excellence in Financial Reporting to a governmental unit that publishes an informative and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. We believe that this report will conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA for consideration.

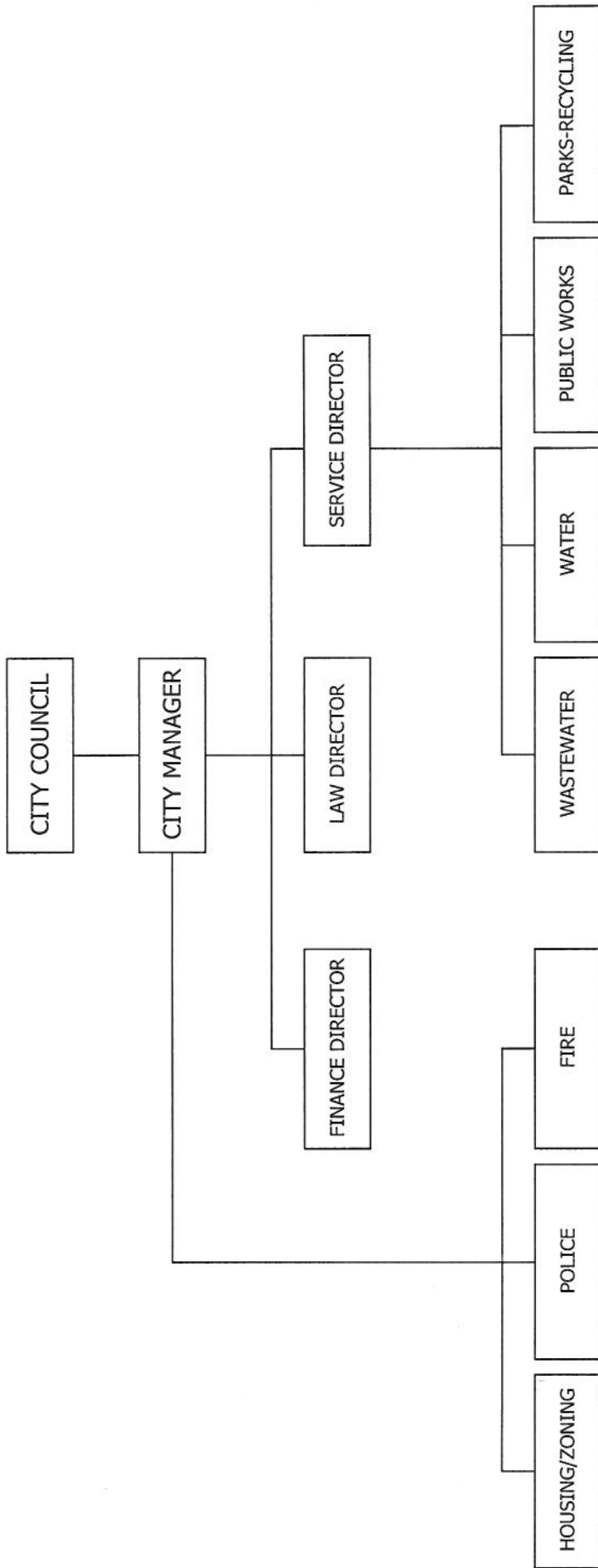
**Acknowledgments** The successful preparation of the Comprehensive Annual Financial Report required the contribution and dedication of the Finance Department. Sincere appreciation is extended to City Council and City Manager Douglas L. Lewis for their commitment to sound financial reporting. Gratitude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

Respectfully submitted,



John Williams, J.D., CPA  
Finance Director

CITY ORGANIZATIONAL CHART - ESTABLISHED BY CITY CHARTER



**CITY OF CONNEAUT**  
**ELECTED AND APPOINTED CITY OFFICIALS**

**CITY COUNCIL**

James Jones, President

Jacob Chicatelli, At Large

Chris Castrilla, At Large

Vince Vendetti, Ward 1

Joan Norton, Ward 2

Greg Mooney, Ward 3

Anthony Julio, Ward 4

**CITY MANAGER**

Douglas L. Lewis

**APPOINTED OFFICIALS**

John Williams, Director of Finance

Lori Lamer, Director of Law

Jon Arcaro, Chief of Police

Bim Orrenmaa, Chief of Fire

Harry Runnion, Water Superintendent

Craig Pierce, Wastewater Superintendent

John Roach, Public Works Director

William Johnston, Housing/Zoning Inspector

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Members of Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Conneaut, Ashtabula County, Ohio (the City), as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Conneaut, Ashtabula County, as of December 31, 2005, and the respective changes in financial position, and cash flows, where applicable, and the respective budgetary comparison for the General Fund, and the Street Construction, 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 our report dated June 21, 2006, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



**Betty Montgomery**  
Auditor of State

June 21, 2006

**City of Conneaut, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*Unaudited*

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The management's discussion and analysis for the City of Conneaut's financial statements provides an overall review of the financial activity of the City for the twelve months ended December 31, 2005. The intent of this discussion and analysis is to provide a narrative that describes the City's performance as a whole; readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and the notes thereof.

**Financial Highlights**

Financial highlights for 2005 are as follows:

- Total liabilities of the City increased \$2,233,206 or 18.05 percent from 2004 due in large to part to the increase in contracts payable and debt incurred for the construction of improvements at the Wastewater Treatment facility.
- Total capital assets increased by \$6,659,410 or 22.81 percent from 2004 due to a very large roadway improvement project, and the addition of capital improvements to the Wastewater Treatment facility.
- Total equity in pooled cash and cash equivalents increased by \$869,706 or 35.28 percent from 2004 due to a ten percent reduction in expenditures in the general and street maintenance funds, sewer and water rate increases and OWDA loan proceeds.
- Total long-term liabilities increased by \$1,570,903. Principal outstanding on the City's general obligation bonds decreased by \$275,123 and total OWDA obligations increased by \$2,138,004.

**Using this Annual Financial Report**

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

The Statement of Net Assets and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2005 and how they affected the operations of the City as a whole.

***Reporting the City of Conneaut as a Whole***

*Statement of Net Assets and Statement of Activities*

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

**City of Conneaut, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*Unaudited*

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

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

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

***Reporting on the Most Significant Funds of the City of Conneaut***

*Fund Financial Statements*

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

In this report, the focus is on six major funds, the general fund, the street construction, maintenance and repair special revenue fund, the general obligation bond retirement fund, the special assessment bond retirement fund, the water enterprise fund and the sewer enterprise fund.

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

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

**The City of Conneaut as a Whole**

The Statement of Net Assets provides an overall view of the City. Table 1 shows a summary of the City's net assets for 2005 as they compare to 2004.



**City of Conneaut, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*Unaudited*

(Table 1)  
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Assets</b>						
Current and Other Assets	\$8,460,538	\$8,013,068	\$1,380,748	\$876,569	\$9,841,286	\$8,889,637
Capital Assets, Net	19,182,653	15,454,750	16,674,670	13,743,163	35,857,323	29,197,913
<i>Total Assets</i>	<u>27,643,191</u>	<u>23,467,818</u>	<u>18,055,418</u>	<u>14,619,732</u>	<u>45,698,609</u>	<u>38,087,550</u>
<b>Liabilities</b>						
Current and Other Liabilities	2,219,113	2,047,921	924,496	433,385	3,143,609	2,481,306
Long-Term Liabilities:						
Due Within One Year	516,096	481,123	481,267	434,597	997,363	915,720
Due in More than One Year	4,181,722	4,796,794	6,282,580	4,178,248	10,464,302	8,975,042
<i>Total Liabilities</i>	<u>6,916,931</u>	<u>7,325,838</u>	<u>7,688,343</u>	<u>5,046,230</u>	<u>14,605,274</u>	<u>12,372,068</u>
<b>Net Assets</b>						
Invested in Capital Assets						
Net of Debt	17,803,818	13,885,124	10,040,089	9,226,252	27,843,907	23,111,376
Restricted:						
Capital Projects	153,012	165,563	0	0	153,012	165,563
Debt Service	1,064,561	978,890	0	0	1,064,561	978,890
Street Construction,						
Maintenance and Repair	499,673	427,146	0	0	499,673	427,146
Community Housing	163,939	102,376	0	0	163,939	102,376
Economic Development	483,025	476,127	0	0	483,025	476,127
Ambulance Services	313,409	288,155	0	0	313,409	288,155
Other Purposes	352,894	279,820	0	0	352,894	279,820
Unrestricted (Deficit)	(108,071)	(461,221)	326,986	347,250	218,915	(113,971)
<i>Total Net Assets</i>	<u>\$20,726,260</u>	<u>\$16,141,980</u>	<u>\$10,367,075</u>	<u>\$9,573,502</u>	<u>\$31,093,335</u>	<u>\$25,715,482</u>

Total net assets of the City, including both governmental and business-type activities, are \$31,093,335, which is an increase of \$5,377,853 from last year. 89.55 percent of the City's net assets are investments in capital assets, such as machinery and equipment, buildings, improvements, infrastructure, and vehicles, less any debt issued to purchase these assets. Debt service on the debt issued to acquire assets in the governmental-type activities is paid from income tax, real estate and personal property tax, gas tax, interest income, fees, licenses, permits and other various revenue sources. Net assets restricted for debt service for the City decreased by \$85,671 during 2005. This decrease was the result of the general obligation bond retirement fund collecting less property tax revenues for 2005. In the business-type activities, user fees are the primary revenue source for the repayment of debt.

Net assets in the governmental activities increased by \$4,584,280, and total assets increased by \$4,175,373 or 17.79 percent. The most significant increases occurred in capital assets and equity in pooled cash and cash equivalents. The increase in net capital assets was due primarily to increases in roadway infrastructure improvements and the acquisition of two police cruisers. A decrease in governmental liabilities of \$408,907 was due primarily to a reduction in outstanding debt in 2005.

**City of Conneaut, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*Unaudited*

Business activities experienced a \$793,573 increase in net assets, mainly due to an increase in capital assets, cash from sewer and water rate increases, and a \$500,000 capital improvement grant. Most of the increase in liabilities was due to the accumulation of additional OWDA debt for Wastewater plant upgrades, but also due to the increase in contracts payable associated with this capital project.

Further details of the changes in net assets can be observed in Table 2 that presents changes in net assets by way of the results of activities in 2005 compared to 2004.

(Table 2)  
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$760,226	\$775,416	\$3,649,884	\$3,548,805	\$4,410,110	\$4,324,221
Operating Grants and Contributions	1,164,043	1,099,088	0	10,003	1,164,043	1,109,091
Capital Grants and Assessments	4,887,016	277,771	504,342	0	5,391,358	277,771
<b>Total Program Revenues</b>	<b>6,811,285</b>	<b>2,152,275</b>	<b>4,154,226</b>	<b>3,558,808</b>	<b>10,965,511</b>	<b>5,711,083</b>
<b>General Revenues</b>						
Property Taxes	1,370,290	1,340,172	0	0	1,370,290	1,340,172
Municipal Income Taxes	2,986,231	2,876,985	0	0	2,986,231	2,876,985
Grants and Entitlements not Restricted to Specific Programs	1,045,596	937,225	0	0	1,045,596	937,225
Investment Earnings	73,016	25,400	0	0	73,016	25,400
Gain on Sale of Capital Assets	3,593	0	0	0	3,593	0
Miscellaneous	94,344	170,568	6,119	4,136	100,463	174,704
<b>Total General Revenues</b>	<b>5,573,070</b>	<b>5,350,350</b>	<b>6,119</b>	<b>4,136</b>	<b>5,579,189</b>	<b>5,354,486</b>
<b>Total Revenues</b>	<b>12,384,355</b>	<b>7,502,625</b>	<b>4,160,345</b>	<b>3,562,944</b>	<b>16,544,700</b>	<b>11,065,569</b>
<b>Program Expenses</b>						
General Government	1,183,087	1,463,838	0	0	1,183,087	1,463,838
Security of Persons and Property	3,299,875	3,039,526	0	0	3,299,875	3,039,526
Public Health Services	355,171	320,256	0	0	355,171	320,256
Leisure Time Activities	94,950	92,522	0	0	94,950	92,522
Basic Utility Services	32,500	32,500	0	0	32,500	32,500
Community Development	411,062	583,977	0	0	411,062	583,977
Transportation	2,232,242	2,265,269	0	0	2,232,242	2,265,269
Interest and Fiscal Charges	191,188	229,363	0	0	191,188	229,363
Water	0	0	1,743,464	1,627,086	1,743,464	1,627,086
Sewer	0	0	1,623,308	1,400,021	1,623,308	1,400,021
<b>Total Program Expenses</b>	<b>7,800,075</b>	<b>8,027,251</b>	<b>3,366,772</b>	<b>3,027,107</b>	<b>11,166,847</b>	<b>11,054,358</b>
<b>Increase (Decrease) in Net Assets</b>	<b>4,584,280</b>	<b>(524,626)</b>	<b>793,573</b>	<b>535,837</b>	<b>5,377,853</b>	<b>11,211</b>
Transfers	0	(11,023)	0	11,023	0	0
Net Assets Beginning of Year	16,141,980	16,677,629	9,573,502	9,026,642	25,715,482	25,704,271
Net Assets End of Year	<b>\$20,726,260</b>	<b>\$16,141,980</b>	<b>\$10,367,075</b>	<b>\$9,573,502</b>	<b>\$31,093,335</b>	<b>\$25,715,482</b>

**City of Conneaut, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*Unaudited*

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***Governmental Activities***

Funding for governmental activities is derived from several sources, the largest of which is the City's municipal income tax. The income tax rate is 1.65 percent and generated \$2,986,231 in revenue for 2005, accounting for approximately 24.11 percent of governmental activities revenue. The revenue collected from the income tax was receipted into the following funds: 68.15 percent went to the general fund, 28.38 percent to the street construction maintenance and repair special revenue fund, 1.02 percent to the street lighting special revenue fund, 0.87 percent to the recreation special revenue fund and 1.58 percent to the capital improvement capital projects fund. Unrestricted State shared revenues or local government funds for 2005 were \$1,045,596 and represent about 8.44 percent of governmental activities revenue.

Income tax collections for 2005 were 3.80 percent higher than 2004. This increase was due, in part, to a recovery in the local economy and collections from major construction projects. The City is becoming much more aggressive in the pursuit of delinquent income tax payers. A private collection agency is now being utilized to collect delinquent funds due the City and revenue from these collections is averaging over \$3,000 per month.

Local government funding has remained stagnant for the past four years. In prior years, the City could rely on annual increases of around 3 percent. However, due to a decline in the economy, State sales, income, and other taxes have decreased which has negatively impacted our share of local government funds.

42.31 percent of governmental activities expenses are allocated to the police and fire departments. The police department employs twenty officers, four full-time dispatchers, one full-time administrative assistant, and several part-time employees. The fire department has twelve full-time positions and numerous part-time personnel.

The City's Public Works Department (transportation) accounted for 28.62 percent of the expenses in the governmental activities or about \$2.2 million dollars. The transportation expense decrease of \$33,027 from 2004 is due to vacated full-time position that was not filled in 2005. The street department has nineteen employees, including three mechanics, thirteen equipment operators, two managers, and one full-time administrative assistant.

***Business-Type Activities***

The City operates two business-type activities: the water and sewer treatment facilities. The water and sewer plants had revenues of \$1,806,950 and \$2,353,395 respectively, while expenses were \$1,743,464 and \$1,623,308, respectively. In 2005, the wastewater plant served 4,880 customers and the water plant provided water to 4,880 customers. Approximately fifty-one million gallons of water and seventy four million gallons of wastewater are processed each month.

***The City's Funds***

Information about the City's governmental funds begins on page 16. These funds are accounted for using the modified accrual method of accounting. All governmental funds had revenues of \$7,695,729 and expenditures of \$7,411,187. The funds are monitored consistently with adjustments made throughout the year in budgets to accommodate yearly revenues. The general fund had revenues of \$3,919,347, expenditures of \$3,743,872 and other financing uses of \$148,020, which resulted in a net change in fund balance of \$27,455.

**City of Conneaut, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*Unaudited*

The Street Construction, Maintenance and Repair fund had revenues of \$1,356,147, expenditures of \$1,258,200 and net other financing uses of \$35,774 which resulted in a net change in fund balance of \$62,173 during 2005. The General Obligation Bond retirement fund and the Special Assessment Bond Retirement fund account for tax and assessment collections and are used to pay down the City's outstanding obligations. During 2005, the General Obligation Bond Retirement fund balance increased \$18,978 and the Special Assessment Bond Retirement fund balance decreased \$29,501.

Information about the proprietary funds starts on page 22. These funds are accounted for on an accrual basis. All business type funds had operating revenues of \$3,656,003, which exceeded operating expenses of \$3,186,339 by \$469,664 or 12.85 percent of operating revenues. The City is consistent with reviews of these funds, and the necessary adjustments are made to ensure strength in our enterprise funds.

***General Fund Budgeting Highlights***

Budgeting is prescribed by the Ohio Revised Code. Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the Ohio Revised Code. In 2005 estimated revenues were \$3,779,730, where as actual revenues received were \$3,945,468, which is \$165,738 higher than estimated revenues. A large part of the difference was made from increased income tax collections, investment income, and sale of timber on City owned land. Additionally, members of council passed final appropriations of \$4,246,234. Actual expenditures were \$4,078,338, which is \$167,896 lower than final appropriations. This difference is made from the City becoming more conservative in spending due to the current economic conditions that entities are facing State-wide.

**Capital Assets and Debt Administration**

***Capital Assets***

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

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	\$581,548	\$580,048	\$12,860	\$12,860	\$594,408	\$592,908
Construction in Progress	0	239,206	3,317,577	216,293	3,317,577	455,499
Buildings and Improvements	583,207	632,852	65,510	47,638	648,717	680,490
Equipment	581,888	598,905	1,894,939	1,966,319	2,476,827	2,565,224
Vehicles	199,888	312,425	134,504	13,102	334,392	325,527
Furniture and Fixtures	5,763	7,266	0	0	5,763	7,266
Infrastructure						
Traffic Signals	60,550	62,883	0	0	60,550	62,883
Roads	16,556,983	12,386,521	0	0	16,556,983	12,386,521
Storm Sewers	612,826	634,644	0	0	612,826	634,644
Water and Sewer Lines	0	0	11,249,280	11,486,951	11,249,280	11,486,951
<b>Total</b>	<b>\$19,182,653</b>	<b>\$15,454,750</b>	<b>\$16,674,670</b>	<b>\$13,743,163</b>	<b>\$35,857,323</b>	<b>\$29,197,913</b>

Total capital assets (net of depreciation) for the governmental activities were \$19,182,653, which was a \$3,727,903 increase from the prior year. The largest increase was in roads due to the paving of State Route 7 and U.S Route 20, resulting in 26.5 lane miles of road construction and pavement.

**City of Conneaut, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*Unaudited*

Total capital assets (net of depreciation) for the business activities were \$16,674,670, which was an increase of \$2,931,507. This was due primarily to the increase in construction in progress for the wastewater facility. This is a 3.7 million dollar improvement project that will result in a 600,000-gallon sludge holding tank and 3 new sludge digesters. A new sewer camera truck was purchased for \$126,000. The largest asset acquisitions in the water department were various equipment purchases totaling \$40,000. For more information about the City's capital assets, see Note 8 to the basic financial statements.

***Long-term Obligations***

The City had \$11,461,665 in outstanding obligations, which is \$1,570,903 more than last year. These obligations are comprised of general obligation bonds, OPWC and OWDA loans, notes payable and compensated absences.

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

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
General Obligation Bonds	\$1,965,000	\$2,170,000	\$881,510	\$951,633	\$2,846,510	\$3,121,633
OWDA Loans	1,435,168	1,539,243	5,030,125	2,788,046	6,465,293	4,327,289
OPWC Loans	30,835	31,626	504,456	528,865	535,291	560,491
Notes Payable	557,500	788,000	20,000	30,000	577,500	818,000
Compensated Absences	709,315	749,048	327,756	314,301	1,037,071	1,063,349
<b>Total</b>	<b>\$4,697,818</b>	<b>\$5,277,917</b>	<b>\$6,763,847</b>	<b>\$4,612,845</b>	<b>\$11,461,665</b>	<b>\$9,890,762</b>

The three general obligation bonds outstanding at the end of the year were the City Hall Annex at \$600,000, the Library at \$1,365,000, and the Water Phase III Improvement at \$880,000. All of the interest and principal on these general obligation bonds are paid from real estate taxes, except for the Water III bond, which is paid from user fees.

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

There are six OPWC and eleven OWDA loans, all of which are being funded by special assessments and water and sewer user fees. Total principal outstanding on these loans is \$7,000,584.

Compensated absences as of December 31, 2005 were \$1,037,071, down by \$26,278 from the prior year. This was due to a variety of factors including vacation and sick time usage, the retirement/resignation of employees with accrued balances and a change in the termination percentage in the business type funds. For more information about the City's long-term obligations, see Note 11 to the basic financial statements.

**Current Financial Issues**

In 2005, there was a change made in the City's health insurance carrier. Medical Mutual had been the City's health insurance provider for over two decades, but a switch was made to Anthem on January 1, 2005. Because the Medical Mutual plan was a minimum premium plan with stop loss coverage, the City had to pay approximately \$275,000 in claims in order to leave the plan. Anthem is providing health insurance under a fully insured plan whereby insurance coverage is based upon group risk, rather than actual claims. The cost of this plan for the City's 108 full-time employees is around \$980,000 per year. Health insurance rates rose

**City of Conneaut, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*Unaudited*

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about eight percent over the prior year, and funding it will continue to be a financial challenge as the rate at which medical coverage continues to grow is faster than both the rate of inflation and City's revenue growth.

All five of the City's unions have three-year contracts, which will expire on December 31, 2006. The City Manager will be engaged in union negotiations in the summer of 2006, and will be using wage rate comparisons from similar communities to assist with the negotiation process. A wage increase of 4.25 percent was implemented in 2005 at a cost of over \$225,000.

On the May, 2005 ballot, a proposed increase in the City's income tax was approved by the voters. The income tax will increase from 1.65 percent in 2005 to 1.80 percent beginning January 1, 2006. The citizens of Conneaut approved the increase but use of the .15 percent increase will be restricted to street paving, repair, and maintenance. The increase is expected to generate an additional \$270,000 annually. The City has agreed to pave at least \$400,000 worth of roads each year for the next seven years, which means that the difference of \$130,000 annually will need to be funded from existing revenue sources.

The City is making substantial progress on a major improvement project at the wastewater facility, and the project is nearly complete. This project will cost approximately \$3,700,000, with \$3,200,000 of the funding being obtained through loans from the Ohio Water Development Authority (OWDA) and a \$500,000 CDBG grant. Sewer rate increases have been implemented to repay the OWDA loan, which requires annual debt service of approximately \$215,000 for the next twenty years. The interest expense on this loan will approach \$1,000,000 over the life of the loan, however, the interest paid is now being used by the Ohio Department of Natural Resources and the Friends of Conneaut Creek to purchase property and easements along Conneaut Creek to help preserve critical water habitat.

The City is continuing to pursue economic development by encouraging development of about 110 acres of land located in the East Side Industrial Park at a projected cost of \$1,060,000. Development of the industrial park will require an extensive investment in infrastructure, including water, sewer, and roadways, in order to make the land attractive to businesses willing to locate their facilities in the industrial park. The industrial park land, which is owned by the City, has been harvested for timber and the City received \$140,000 from the sale of the timber. A portion of the proceeds from the sale of timber will be appropriated in 2006 to assist with development of the park. Other financing has been obtained through grants and loans: an Economic Development Administration grant for \$322,000, an Ohio Department of Development Rural Industrial Park grant for \$125,000, a United States Department of Agriculture grant for \$100,000, and an Ohio Department of Development Rural Industrial Park loan of \$500,000. In addition, a contract has been awarded to an engineering firm to design the industrial park.

Local government funding, which has historically been about \$710,000 per year, accounts for almost 20 percent of general fund revenues. This revenue stream has remained stagnant over the past four years, though in prior years this revenue stream grew at an average of 3 percent per year. The State of Ohio had proposed cutting local government funds by twenty percent, which would have resulted in lost revenue to the City of approximately \$71,000 per year. However, the legislature has decided not to reduce local government distributions, but is maintaining funding at the year 2000 level. Although the City is fortunate to maintain that level of funding, it is still a strain on the City's finances as our costs continue to rise but local revenue funding has not increased in several years.

**City of Conneaut, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2005*  
*Unaudited*

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While the City's financial condition in 2005 was relatively stable, we have experienced a substantial decrease in general fund unencumbered fund balance over the past four years. In 2001, the City's general fund unencumbered fund balance exceeded \$1,000,000, in contrast to the 2005 ending balance of \$429,617. The 2005 unencumbered fund balance has grown by \$19,110 over last year's ending balance. This was due in part to an increase in income tax and investment income revenue, as well as a concerted effort by the City Manager and staff to curtail spending wherever possible without compromising city services. As part of the annual goals and objectives, the City continues to explore new ways to improve efficiency, cut costs, and increase revenue.

**Contacting the City's Finance Department**

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

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## Basic Financial Statements

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**City of Conneaut, Ohio**

*Statement of Net Assets*

*December 31, 2005*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and			
Cash Equivalents	\$2,581,983	\$753,181	\$3,335,164
Accounts Receivable	124,580	487,015	611,595
Intergovernmental Receivable	871,341	0	871,341
Materials and Supplies Inventory	79,384	88,597	167,981
Property Taxes Receivable	1,422,393	0	1,422,393
Municipal Income Taxes Receivable	946,889	0	946,889
Special Assessments Receivable	1,991,376	51,955	2,043,331
Loans Receivable	442,592	0	442,592
Nondepreciable Capital Assets	581,548	3,330,437	3,911,985
Depreciable Capital Assets, Net	18,601,105	13,344,233	31,945,338
<i>Total Assets</i>	<u>27,643,191</u>	<u>18,055,418</u>	<u>45,698,609</u>
<b>Liabilities</b>			
Accounts Payable	99,314	154,864	254,178
Contracts Payable	75,626	421,295	496,921
Accrued Wages	64,099	25,001	89,100
Intergovernmental Payable	203,893	50,644	254,537
Accrued Interest Payable	59,809	72,692	132,501
Deferred Revenue	1,325,872	0	1,325,872
Notes Payable	390,500	200,000	590,500
Long-Term Liabilities:			
Due Within One Year	516,096	481,267	997,363
Due In More Than One Year	4,181,722	6,282,580	10,464,302
<i>Total Liabilities</i>	<u>6,916,931</u>	<u>7,688,343</u>	<u>14,605,274</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	17,803,818	10,040,089	27,843,907
Restricted for:			
Capital Projects	153,012	0	153,012
Debt Service	1,064,561	0	1,064,561
Street Construction, Maintenance and Repair	499,673	0	499,673
Community Housing	163,939	0	163,939
Economic Development	483,025	0	483,025
Ambulance Services	313,409	0	313,409
Other Purposes	352,894	0	352,894
Unrestricted (Deficit)	<u>(108,071)</u>	<u>326,986</u>	<u>218,915</u>
<i>Total Net Assets</i>	<u>\$20,726,260</u>	<u>\$10,367,075</u>	<u>\$31,093,335</u>

See accompanying notes to the basic financial statements

**City of Conneaut, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2005

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Governmental Activities:</b>				
General Government	\$1,183,087	\$177,001	\$6,721	\$98,004
Security of Persons and Property	3,299,875	442,365	21,894	141,361
Public Health Services	355,171	41,523	60,738	23,767
Leisure Time Activities	94,950	39,984	54,191	596
Community Development	411,062	59,353	326,568	8,830
Basic Utility Services	32,500	0	0	0
Transportation	2,232,242	0	693,931	4,614,458
Interest and Fiscal Charges	191,188	0	0	0
<i>Total Governmental Activities</i>	<u>7,800,075</u>	<u>760,226</u>	<u>1,164,043</u>	<u>4,887,016</u>
<b>Business-Type Activities:</b>				
Water	1,743,464	1,802,540	0	0
Sewer	1,623,308	1,847,344	0	504,342
<i>Total Business-Type Activities</i>	<u>3,366,772</u>	<u>3,649,884</u>	<u>0</u>	<u>504,342</u>
<i>Total - Primary Government</i>	<u>\$11,166,847</u>	<u>\$4,410,110</u>	<u>\$1,164,043</u>	<u>\$5,391,358</u>

**General Revenues**

Property Taxes Levied for:

    General Purposes

    Debt Service

    Other Purposes

Municipal Income Taxes Levied for:

    General Purposes

    Capital Outlay

    Street Construction, Maintenance and Repair

    Other Purposes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Gain on Sale of Capital Assets

Miscellaneous

*Total General Revenues*

Change in Net Assets

*Net Assets Beginning of Year - Restated (See Note 3)*

*Net Assets End of Year*

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
(\$901,361)	\$0	(\$901,361)
(2,694,255)	0	(2,694,255)
(229,143)	0	(229,143)
(179)	0	(179)
(16,311)	0	(16,311)
(32,500)	0	(32,500)
3,076,147	0	3,076,147
(191,188)	0	(191,188)
(988,790)	0	(988,790)
0	59,076	59,076
0	728,378	728,378
0	787,454	787,454
(988,790)	787,454	(201,336)
390,798	0	390,798
312,684	0	312,684
666,808	0	666,808
2,035,114	0	2,035,114
47,183	0	47,183
847,493	0	847,493
56,441	0	56,441
1,045,596	0	1,045,596
73,016	0	73,016
3,593	0	3,593
94,344	6,119	100,463
5,573,070	6,119	5,579,189
4,584,280	793,573	5,377,853
16,141,980	9,573,502	25,715,482
<u>\$20,726,260</u>	<u>\$10,367,075</u>	<u>\$31,093,335</u>

**City of Conneaut, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2005*

	General	Street Construction, Maintenance and Repair	General Obligation Bond Retirement	Special Assessment Bond Retirement
<b>Assets</b>				
Equity in Pooled Cash and				
Cash Equivalents	\$475,480	\$134,385	\$548,375	\$264,369
Materials and Supplies Inventory	15,313	63,180	0	0
Accounts Receivable	63,379	0	0	0
Intergovernmental Receivable	439,667	238,590	17,935	0
Property Taxes Receivable	374,179	0	326,356	0
Municipal Income Taxes Receivable	645,337	268,730	0	0
Loans Receivable	0	0	0	0
Special Assessments Receivable	346,048	53,442	0	1,591,886
<i>Total Assets</i>	<u>\$2,359,403</u>	<u>\$758,327</u>	<u>\$892,666</u>	<u>\$1,856,255</u>
<b>Liabilities</b>				
Accounts Payable	\$40,753	\$28,968	\$0	\$0
Contracts Payable	16,518	0	0	0
Accrued Wages	50,314	11,873	0	0
Intergovernmental Payable	87,569	27,038	0	0
Accrued Interest Payable	5,327	1,363	0	0
Deferred Revenue	1,272,061	311,942	344,291	1,591,886
Notes Payable	300,000	40,500	0	0
<i>Total Liabilities</i>	<u>1,772,542</u>	<u>421,684</u>	<u>344,291</u>	<u>1,591,886</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	37,837	7,088	0	0
Reserved for Loans Receivable	0	0	0	0
Unreserved				
Undesignated, Reported in:				
General Fund	549,024	0	0	0
Special Revenue Funds	0	329,555	0	0
Debt Service Funds	0	0	548,375	264,369
Capital Projects Funds	0	0	0	0
<i>Total Fund Balances</i>	<u>586,861</u>	<u>336,643</u>	<u>548,375</u>	<u>264,369</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,359,403</u>	<u>\$758,327</u>	<u>\$892,666</u>	<u>\$1,856,255</u>

See accompanying notes to the basic financial statements

**City of Conneaut, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 December 31, 2005*

Other Governmental Funds	Total Governmental Funds		
		<b>Total Governmental Funds Balances</b>	\$3,204,705
		<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$1,159,374	\$2,581,983	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	19,182,653
891	79,384		
61,201	124,580		
175,149	871,341		
721,858	1,422,393	Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
32,822	946,889	Property and Other Taxes	96,521
442,592	442,592	Municipal Income Taxes	363,336
0	1,991,376	Intergovernmental	528,669
\$2,593,887	\$8,460,538	Special Assessments	1,991,376
		Charges for Services	108,253
		Total	3,088,155
\$29,593	\$99,314	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(51,435)
59,108	75,626		
1,912	64,099	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
89,286	203,893	General Obligation Bonds	(1,965,000)
1,684	8,374	OWDA Loans Payable	(1,435,168)
893,847	4,414,027	OPWC Loans Payable	(30,835)
50,000	390,500	Notes Payable	(557,500)
1,125,430	5,255,833	Compensated Absences	(709,315)
		Total	(4,697,818)
85,710	130,635	<i>Net Assets of Governmental Activities</i>	\$20,726,260
242,592	242,592		
0	549,024		
792,917	1,122,472		
0	812,744		
347,238	347,238		
1,468,457	3,204,705		
\$2,593,887	\$8,460,538		

**City of Conneaut, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2005*

	General	Street Construction, Maintenance and Repair	General Obligation Bond Retirement	Special Assessment Bond Retirement
<b>Revenues</b>				
Property and Other Taxes	\$384,777	\$0	\$310,984	\$0
Municipal Income Taxes	2,006,229	835,464	0	0
Special Assessments	65,877	0	0	123,502
Intergovernmental	918,361	519,075	40,808	5,310
Fees, Licenses and Permits	197,081	0	0	0
Fines and Forfeitures	183,751	0	0	0
Rentals	17,000	0	0	0
Charges for Services	0	0	0	0
Contributions and Donations	21,726	0	0	0
Interest	61,735	1,608	0	0
Other	62,810	0	0	0
<i>Total Revenues</i>	<u>3,919,347</u>	<u>1,356,147</u>	<u>351,792</u>	<u>128,812</u>
<b>Expenditures</b>				
Current:				
General Government	1,139,233	0	7,502	4,485
Security of Persons and Property	2,139,388	0	0	0
Public Health Services	352,441	0	0	0
Leisure Time Activities	8,875	0	0	0
Community Development	72,322	0	0	0
Basic Utility Services	0	0	0	0
Transportation	0	1,211,098	0	0
Capital Outlay	0	0	0	0
Debt Service:				
Principal Retirement	15,000	40,791	205,000	104,075
Interest and Fiscal Charges	16,613	6,311	120,312	49,753
<i>Total Expenditures</i>	<u>3,743,872</u>	<u>1,258,200</u>	<u>332,814</u>	<u>158,313</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>175,475</u>	<u>97,947</u>	<u>18,978</u>	<u>(29,501)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	10,386	3,070	0	0
General Obligation Notes Issued	30,000	207,500	0	0
Current Refunding	(45,000)	(248,000)	0	0
Transfers In	0	1,656	0	0
Transfers Out	(143,406)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(148,020)</u>	<u>(35,774)</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	27,455	62,173	18,978	(29,501)
<i>Fund Balances Beginning of Year</i>	<u>559,406</u>	<u>274,470</u>	<u>529,397</u>	<u>293,870</u>
<i>Fund Balances End of Year</i>	<u>\$586,861</u>	<u>\$336,643</u>	<u>\$548,375</u>	<u>\$264,369</u>

See accompanying notes to the basic financial statements

**City of Conneaut, Ohio**

*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2005*

Other Governmental Funds	Total Governmental Funds		
		<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$192,498</b>
		<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
\$667,389	\$1,363,150	Governmental funds report capital outlays as expenditures.	
102,154	2,943,847	However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.	
0	189,379	Capital Outlay	4,826,649
733,193	2,216,747	Depreciation	<u>(1,088,883)</u>
22,999	220,080		
58,528	242,279	Total	3,737,766
33,300	50,300		
271,404	271,404	Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(9,863)
9,457	31,183		
9,673	73,016	Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
31,534	94,344	Property and Other Taxes	7,140
		Municipal Income Taxes	42,384
1,939,631	7,695,729	Intergovernmental	(7,821)
		Special Assessments	57,569
0	1,151,220	Charges for Services	<u>(23,837)</u>
1,098,609	3,237,997	Total	75,435
1,350	353,791	Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	927,866
114,439	123,314		
333,165	405,487	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	4,793
32,500	32,500	Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	39,733
179,398	1,390,496		
81,983	81,983	Other financing sources in the governmental funds that increase long-term liabilities in the statement of net assets are not reported as revenues in the statement of activities.	<u>(493,000)</u>
70,000	434,866		
6,544	199,533	<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$4,475,228</u></u>
1,917,988	7,411,187		
21,643	284,542		
0	13,456		
150,000	387,500		
(200,000)	(493,000)		
141,750	143,406		
0	(143,406)		
91,750	(92,044)		
113,393	192,498		
1,355,064	3,012,207		
<u>\$1,468,457</u>	<u>\$3,204,705</u>		

**City of Conneaut, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property and Other Taxes	\$377,850	\$377,850	\$384,777	\$6,927
Municipal Income Taxes	1,981,246	1,981,246	2,046,340	65,094
Special Assessments	62,000	62,000	65,877	3,877
Intergovernmental	915,784	915,784	905,263	(10,521)
Fees, Licenses and Permits	190,970	190,970	197,081	6,111
Fines and Forfeitures	200,080	200,080	182,859	(17,221)
Rentals	17,000	17,000	17,000	0
Contributions and Donations	3,000	3,000	21,726	18,726
Interest	18,000	18,000	61,735	43,735
Other	13,800	13,800	62,810	49,010
<i>Total Revenues</i>	<u>3,779,730</u>	<u>3,779,730</u>	<u>3,945,468</u>	<u>165,738</u>
<b>Expenditures</b>				
Current:				
General Government:	1,144,328	1,186,743	1,134,734	52,009
Security of Persons and Property	2,211,947	2,296,805	2,193,057	103,748
Public Health Service	274,653	326,076	318,425	7,651
Leisure Time Activities	11,330	11,330	9,894	1,436
Community Development	73,856	74,566	71,703	2,863
Debt Service:				
Principal Retirement	335,000	335,000	335,000	0
Interest and Fiscal Charges	15,714	15,714	15,525	189
<i>Total Expenditures</i>	<u>4,066,828</u>	<u>4,246,234</u>	<u>4,078,338</u>	<u>167,896</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(287,098)</u>	<u>(466,504)</u>	<u>(132,870)</u>	<u>333,634</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	16,200	16,200	10,386	(5,814)
General Obligation Notes Issued	330,000	330,000	330,000	0
Current Refunding	(45,000)	(45,000)	(45,000)	0
Advances In	8,275	8,275	0	(8,275)
Transfers Out	(148,750)	(160,750)	(143,406)	17,344
<i>Total Other Financing Sources (Uses)</i>	<u>160,725</u>	<u>148,725</u>	<u>151,980</u>	<u>3,255</u>
<i>Net Change in Fund Balance</i>	(126,373)	(317,779)	19,110	336,889
<i>Fund Balance Beginning of Year</i>	369,025	369,025	369,025	0
Prior Year Encumbrances Appropriated	41,482	41,482	41,482	0
<i>Fund Balances End of Year</i>	<u>\$284,134</u>	<u>\$92,728</u>	<u>\$429,617</u>	<u>\$336,889</u>

See accompanying notes to the basic financial statements



**City of Conneaut, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Street Construction, Maintenance and Repair Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Municipal Income Taxes	\$816,888	\$816,888	\$852,168	\$35,280
Intergovernmental	467,000	487,000	505,063	18,063
Interest	0	0	1,608	1,608
<i>Total Revenues</i>	<u>1,283,888</u>	<u>1,303,888</u>	<u>1,358,839</u>	<u>54,951</u>
<b>Expenditures</b>				
Current:				
Transportation	1,269,219	1,265,867	1,215,720	50,147
Debt Service:				
Principal Retirement	40,000	41,581	40,791	790
Interest and Fiscal Charges	5,586	4,948	4,948	0
Total Debt Service	<u>45,586</u>	<u>46,529</u>	<u>45,739</u>	<u>790</u>
<i>Total Expenditures</i>	<u>1,314,805</u>	<u>1,312,396</u>	<u>1,261,459</u>	<u>50,937</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(30,917)</u>	<u>(8,508)</u>	<u>97,380</u>	<u>105,888</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	0	3,070	3,070
General Obligation Notes Issued	248,000	248,000	248,000	0
Current Refunding	(248,000)	(248,000)	(248,000)	0
Transfers In	17,000	17,000	1,656	(15,344)
<i>Total Other Financing Sources (Uses)</i>	<u>17,000</u>	<u>17,000</u>	<u>4,726</u>	<u>(12,274)</u>
<i>Net Change in Fund Balance</i>	<u>(13,917)</u>	<u>8,492</u>	<u>102,106</u>	<u>93,614</u>
<i>Fund Balance Beginning of Year</i>	<u>5,356</u>	<u>5,356</u>	<u>5,356</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>15,409</u>	<u>15,409</u>	<u>15,409</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$6,848</u>	<u>\$29,257</u>	<u>\$122,871</u>	<u>\$93,614</u>

See accompanying notes to the basic financial statements

**City of Conneaut, Ohio**  
*Statement of Fund Net Assets*  
*Proprietary Funds*  
*December 31, 2005*

	Business-Type Activities		
	Water	Sewer	Total
<b>Assets</b>			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$199,402	\$553,779	\$753,181
Materials and Supplies Inventory	55,261	33,336	88,597
Receivables:			
Accounts	262,466	224,549	487,015
Special Assessments	24,964	26,991	51,955
<i>Total Current Assets</i>	<u>542,093</u>	<u>838,655</u>	<u>1,380,748</u>
<i>Noncurrent Assets:</i>			
Nondepreciable Capital Assets	12,280	3,318,157	3,330,437
Depreciable Capital Assets, Net	6,753,715	6,590,518	13,344,233
<i>Total Noncurrent Assets</i>	<u>6,765,995</u>	<u>9,908,675</u>	<u>16,674,670</u>
<i>Total Assets</i>	<u>7,308,088</u>	<u>10,747,330</u>	<u>18,055,418</u>
<b>Liabilities</b>			
<i>Current Liabilities:</i>			
Accounts Payable	29,177	125,687	154,864
Contracts Payable	112	421,183	421,295
Accrued Wages	13,662	11,339	25,001
Intergovernmental Payable	25,363	25,281	50,644
Compensated Absences Payable	36,915	45,343	82,258
Accrued Interest Payable	11,540	61,152	72,692
General Obligation Bonds Payable	70,000	0	70,000
OPWC Loans Payable	25,174	15,828	41,002
OWDA Loans Payable	25,020	252,987	278,007
Notes Payable	10,000	200,000	210,000
<i>Total Current Liabilities</i>	<u>246,963</u>	<u>1,158,800</u>	<u>1,405,763</u>
<i>Long-Term Liabilities (net of current portion):</i>			
Compensated Absences Payable	163,954	81,544	245,498
General Obligation Bonds Payable	811,510	0	811,510
OPWC Loans Payable	379,836	83,618	463,454
OWDA Loans Payable	339,313	4,412,805	4,752,118
Notes Payable	10,000	0	10,000
<i>Total Long-Term Liabilities</i>	<u>1,704,613</u>	<u>4,577,967</u>	<u>6,282,580</u>
<i>Total Liabilities</i>	<u>1,951,576</u>	<u>5,736,767</u>	<u>7,688,343</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	5,096,652	4,943,437	10,040,089
Unrestricted	259,860	67,126	326,986
<i>Total Net Assets</i>	<u>\$5,356,512</u>	<u>\$5,010,563</u>	<u>\$10,367,075</u>

See accompanying notes to the basic financial statements

**City of Conneaut, Ohio**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2005*

	Business-Type Activities		
	Water	Sewer	Total
<b>Operating Revenues</b>			
Charges for Services	\$1,790,925	\$1,842,344	\$3,633,269
Tap-In Fees	5,915	5,000	10,915
Rentals	5,700	0	5,700
Other	4,410	1,709	6,119
<i>Total Operating Revenues</i>	<u>1,806,950</u>	<u>1,849,053</u>	<u>3,656,003</u>
<b>Operating Expenses</b>			
Personal Services	933,170	553,648	1,486,818
Purchased Services	336,051	81,583	417,634
Contractual Services	69,463	463,695	533,158
Materials and Supplies	162,787	212,896	375,683
Depreciation	177,554	192,503	370,057
Other	942	2,047	2,989
<i>Total Operating Expenses</i>	<u>1,679,967</u>	<u>1,506,372</u>	<u>3,186,339</u>
<i>Operating Income</i>	<u>126,983</u>	<u>342,681</u>	<u>469,664</u>
<b>Non-Operating Expenses</b>			
Interest and Fiscal Charges	(62,311)	(115,668)	(177,979)
Other Non-Operating Expenses	(1,186)	(1,268)	(2,454)
<i>Total Non-Operating Expenses</i>	<u>(63,497)</u>	<u>(116,936)</u>	<u>(180,433)</u>
<i>Income before Contributions</i>	63,486	225,745	289,231
Capital Contributions	0	504,342	504,342
<i>Change in Net Assets</i>	63,486	730,087	793,573
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>	<u>5,293,026</u>	<u>4,280,476</u>	<u>9,573,502</u>
<i>Net Assets End of Year</i>	<u><u>\$5,356,512</u></u>	<u><u>\$5,010,563</u></u>	<u><u>\$10,367,075</u></u>

See accompanying notes to the basic financial statements

**City of Conneaut, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Year Ended December 31, 2005

	Business-Type Activities		
	Water	Sewer	Total
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$1,737,373	\$1,819,644	\$3,557,017
Cash Received from Tap-In Fees	5,915	5,000	10,915
Cash Received from Rentals	5,700	0	5,700
Other Cash Receipts	4,410	1,709	6,119
Cash Payments to Employees for Services	(889,645)	(571,069)	(1,460,714)
Cash Payments for Goods and Services	(571,717)	(245,292)	(817,009)
Other Cash Payments	(942)	(2,047)	(2,989)
<i>Net Cash Provided by Operating Activities</i>	<u>291,094</u>	<u>1,007,945</u>	<u>1,299,039</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
<b>Related Financing Activities</b>			
Proceeds from Sale of Capital Assets	765	95	860
Capital Grants	0	504,342	504,342
Proceeds from General Obligation Notes	0	200,000	200,000
Proceeds from OWDA Loans	0	2,506,009	2,506,009
Principal Paid on OWDA Loans	(23,967)	(239,963)	(263,930)
Interest Paid on OWDA Loans	(16,633)	(115,998)	(132,631)
Principal Paid on OPWC Loans	(15,549)	(8,860)	(24,409)
Principal Paid on General Obligation Bond	(70,000)	0	(70,000)
Interest Paid on General Obligation Bond	(46,575)	0	(46,575)
Principal Paid on Short-term Notes	0	(220,000)	(220,000)
Interest Paid on Short-term Notes	0	(5,507)	(5,507)
Principal Paid on Long-term Note	(10,000)	0	(10,000)
Payments for Capital Acquisitions	(65,790)	(3,239,088)	(3,304,878)
<i>Net Cash Used in Capital and Related Financing Activities</i>	<u>(247,749)</u>	<u>(618,970)</u>	<u>(866,719)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	43,345	388,975	432,320
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>156,057</u>	<u>164,804</u>	<u>320,861</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$199,402</u>	<u>\$553,779</u>	<u>\$753,181</u>

(continued)

**City of Conneaut, Ohio**  
*Statement of Cash Flows*  
*Proprietary Funds (continued)*  
For the Year Ended December 31, 2005

	Business-Type Activities		
	Water	Sewer	Total
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating Income	\$126,983	\$342,681	\$469,664
Adjustments:			
Depreciation	177,554	192,503	370,057
(Increase) Decrease in Assets:			
Accounts Receivable	(56,451)	(37,263)	(93,714)
Special Assessments Receivable	2,899	14,563	17,462
Materials and Supplies Inventory	1,754	2,639	4,393
Increase (Decrease) in Liabilities:			
Accounts Payable	448	93,045	93,493
Contracts Payable	(5,991)	417,062	411,071
Accrued Wages	3,031	1,716	4,747
Compensated Absences Payable	36,587	(23,132)	13,455
Intergovernmental Payable	4,280	4,131	8,411
<i>Total Adjustments</i>	164,111	665,264	829,375
<i>Net Cash Provided by Operating Activities</i>	<u>\$291,094</u>	<u>\$1,007,945</u>	<u>\$1,299,039</u>

See accompanying notes to the basic financial statements

**City Of Conneaut, Ohio**  
*Statement of Fiduciary Net Assets*  
*Fiduciary Funds*  
*December 31, 2005*

	Private Purpose Trust	
	Cemetery	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$29,692	\$2,703
Cash and Cash Equivalents in Segregated Accounts	0	13,497
<i>Total Assets</i>	29,692	\$16,200
<b>Liabilities</b>		
Deposits Held and Due to Others	0	\$16,200
<b>Net Assets</b>		
Held in Trust for Endowment	15,700	
Unrestricted	13,992	
<i>Total Net Assets</i>	\$29,692	

See accompanying notes to the basic financial statements

**City of Conneaut, Ohio**  
*Statement of Changes in Fiduciary Net Assets*  
*Private Purpose Trust Fund*  
*For the Year Ended December 31, 2005*

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	<u>Cemetery</u>
<b>Additions</b>	
Interest	\$342
<b>Deductions</b>	
Contractual Services	<u>76</u>
<i>Change in Net Assets</i>	266
<i>Net Assets Beginning of Year</i>	<u>29,426</u>
<i>Net Assets End of Year</i>	<u><u>\$29,692</u></u>

See accompanying notes to the basic financial statements

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**City of Conneaut, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2005*

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**Note 1 – Description of the City and Reporting Entity**

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

***Reporting Entity***

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

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

The City is associated with the Conneaut Public Library, a related organization. This organization is presented in Note 18 to the basic financial statements.

**Note 2 – Summary of Significant Accounting Policies**

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

***A. Basis of Presentation***

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

**City of Conneaut, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2005*

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

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

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

***B. Fund Accounting***

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

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

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

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

**General Obligation Bond Retirement Fund** - The general obligation bond retirement fund is used to account for the property and other taxes collected for the payment of, general long-term debt principal, interest and related costs.

**City of Conneaut, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2005*

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

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

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

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

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

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

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

***C. Measurement Focus***

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

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

**City of Conneaut, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2005*

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

The private purpose trust fund is reported using a flow of economic resources measurement focus.

***D. Basis of Accounting***

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2005, but which were levied to finance year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

**City of Conneaut, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2005*

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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. Cash and Cash Equivalents***

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

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

During 2005, investments were limited to nonnegotiable certificates of deposit, Victory Federal Money Market Mutual Funds and STAROhio.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. The fair value of the mutual fund is determined by the fund's December 31, 2005, share price. Any increase or decrease in fair value is reported as a component of interest income. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

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, 2005.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2005 amount to \$61,735 which includes \$51,426 assigned from other City funds.

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

***F. Inventory***

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

***G. Capital Assets***

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are

**City of Conneaut, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2005*

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reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

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

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

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

The City's infrastructure consists of traffic lights, roads and storm sewers and includes infrastructure acquired prior to December 31, 1980. The infrastructure assets will be completed in 2006 with the inclusion of bridges.

***H. Compensated Absences***

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

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

**City of Conneaut, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2005*

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***I. Accrued Liabilities and Long-Term Obligations***

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

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

***J. Fund Balance Reserves***

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

***K. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$3,030,513 of restricted net assets, of which \$1,527,084 is restricted by enabling legislation. Net assets restricted for other purposes include litter control and street lighting.

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

***L. Operating Revenues and Expenses***

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

***M. Interfund Activity***

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

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

**City of Conneaut, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2005*

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***N. Extraordinary and Special Items***

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

***O. 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.

***P. Budgetary Process***

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

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

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

**Note 3 - Change in Accounting Principles and Restatement of Prior Year Net Assets**

***A. Changes in Accounting Principles***

For 2005, the City has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures," GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries" and GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section."

GASB Statement No. 40 establishes new disclosure requirements for risks associated with deposits and investments.



**City of Conneaut, Ohio**  
*Notes to the Basic Financial Statements*  
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GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries. The implementation of GASB Statement No. 42 did not affect the presentation of the financial statements of the City.

The purpose of GASB Statement No. 44 is to improve the understandability and usefulness of the information that State and local governments present as supplementary information in the statistical section.

***B. Restatement of Net Assets***

During 2005, the City of Conneaut restated governmental capital asset totals for the inclusion of storm sewers and adjustments to beginning balances in the amount of \$634,644. This restatement changed ending net assets at December 31, 2004 from \$15,507,336 to \$16,141,980.

During 2005, it was determined that water and sewer capital assets were understated. This restatement had the following effect on net assets as they were previously reported.

	Water	Sewer	Business-Type Activities
Net Assets, December 31, 2004	\$3,027,494	\$2,912,792	\$5,940,286
Capital Assets	2,265,532	1,367,684	3,633,216
Adjusted Net Assets, December 31, 2004	\$5,293,026	\$4,280,476	\$9,573,502

**Note 4 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Unreported cash represents amounts received but not included as revenue on the budgetary statements, but reported on the operating statements prepared using GAAP.
5. Proceeds from and principal payment on short-term note obligations are reported on the operating statement (budget) rather than on the balance sheet (GAAP).

**City of Conneaut, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2005*

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

	Net Change in Fund Balances	
	General	Street Construction Maintenance and Repair
	<u>          </u>	<u>          </u>
GAAP Basis	\$42,960	\$104,036
Net Adjustment for Revenue Accruals	26,021	2,642
Net Adjustment for Expenditures Accruals	30,976	6,892
Beginning Unrecorded Cash	184	50
Ending Unrecorded Cash	(84)	0
Proceeds of Notes	285,000	0
Principal Retirement	(320,000)	0
Encumbrances	<u>(45,947)</u>	<u>(11,514)</u>
Budget Basis	<u>\$19,110</u>	<u>\$102,106</u>

**Note 5 - Accountability**

The fire pension special revenue fund had a \$31,837 deficit fund balance as of December 31, 2005. The fund deficit was caused by the recognition of expenditures on the modified accrual basis of accounting which are substantially greater than expenditures recognized on the cash basis. The general fund is liable for any deficit in this fund and provides an operating transfer when cash is required, not when accruals occur.

**Note 6 - Deposits and Investments**

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

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

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

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

**City of Conneaut, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2005*

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio);
8. Commercial paper and bankers acceptances if training requirements have been met.

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

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

**City of Conneaut, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2005*

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

**Deposits**

**Custodial Credit Risk** Custodial credit risk for deposits is the risk that, in the event of the failure of the counterparty, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$663,774 of the City’s bank balance of \$792,943 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions’ trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Investments**

Investments are reported at fair value. As of December 31, 2005, the City had the following investments:

	Fair Value	Maturity
Victory Federal Money Market Mutual Funds	\$394,399	Less than One Month
STAROhio	2,301,637	Average - 39 Days
Total	\$2,696,036	

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

**Credit Risk** The Victory Federal Money Market Mutual Funds and STAROhio carry a rating of AAAM by Standard & Poor’s. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that would further limit its investment choices.

**City of Conneaut, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2005*

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**Note 7 - Receivables**

Receivables at December 31, 2005, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, loans and accounts (billings for user charged services, including unbilled utility services).

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

Special assessments expected to be collected in more than one year amount to \$1,514,761 in the special assessment bond retirement fund, \$21,428 in the water enterprise fund and \$15,628 in the sewer enterprise fund. At December 31, 2005, the amount of delinquent special assessments was \$111,775.

The loans receivable at December 31, 2005, primarily revolving loans made to private enterprises under the United States Department of Housing and Urban Development Community Development Block Grant Program. The loans are due on various dates with a large portion not due until the related property is sold or the debtor becomes deceased. Loans expected to be collected in more than one year is \$200,000.

***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 2005 for real and public utility property taxes represents collections of the 2004 taxes. Property tax payments received during 2005 for tangible personal property (other than public utility property) are for 2005 taxes.

2005 real property taxes are levied after October 1, 2005, on the assessed value as of January 1, 2005, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2005 real property taxes are collected in and intended to finance 2006.

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. 2005 public utility property taxes which became a lien December 31, 2004, are levied after October 1, 2005, and are collected in 2006 with real property taxes.

2005 tangible personal property taxes are levied after October 1, 2004, on the value as of December 31, 2004. Collections are made in 2005. 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, 2005, was \$8.67 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	\$154,656,010
Tangible Personal Property	21,491,570
Public Utility Property	<u>9,628,160</u>
Total Assessed Values	<u><u>\$185,775,740</u></u>

**City of Conneaut, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2005*

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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.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Conneaut. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes and public utility taxes and outstanding delinquencies which are measurable as of December 31, 2005 and for which there is an enforceable legal claim. In the general fund, the general obligation bond retirement fund, the fire and police levy funds and the police and fire pension special revenue funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2005 operations and the collections of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and a revenue while the remainder of the receivable is deferred.

***B. Income Taxes***

The City levies a municipal income tax of 1.65 percent on gross salaries, wages and other compensation, and net profits earned within the City, as well as incomes of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality to a maximum of the total amount assessed.

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

Income tax proceeds are received by the general fund, street construction, maintenance and repair, street lighting and recreation special revenue funds and the capital improvements capital projects fund.

***C. Intergovernmental Receivables***

A summary of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Local Government	\$397,263
Gasoline Tax	205,852
Homestead and Rollback	74,889
Permissive Tax	74,774
Auto License Tax	52,084
Nature Works Grant	30,109
Estate Tax	23,150
Formula Grant	13,220
Total	<u><u>\$871,341</u></u>

**City of Conneaut, Ohio**  
*Notes to the Basic Financial Statements*  
For The Year Ended December 31, 2005

**Note 8 - Capital Assets**

Capital asset activity for the year ended December 31, 2005, was as follows:

	Balance 12/31/2004	Additions	Deductions	Balance 12/31/2005
<b>Governmental Activities</b>				
<b><i>Capital Assets not being Depreciated:</i></b>				
Land	\$580,048	\$1,500	\$0	\$581,548
Construction in Progress	239,206	53,490	(292,696)	0
<b><i>Total Capital Assets not being Depreciated</i></b>	<b>819,254</b>	<b>54,990</b>	<b>(292,696)</b>	<b>581,548</b>
<b><i>Capital Assets being Depreciated:</i></b>				
Buildings and Improvements	1,709,164	0	0	1,709,164
Equipment	2,073,413	116,489	(16,754)	2,173,148
Vehicles	3,793,415	45,572	(167,879)	3,671,108
Furniture and Fixtures	28,097	0	0	28,097
Infrastructure:				
Traffic Lights	110,280	0	0	110,280
Roads	15,844,654	4,902,294	0	20,746,948
Storm Sewers	1,527,220	0	0	1,527,220
<b><i>Total Capital Assets being Depreciated</i></b>	<b>25,086,243</b>	<b>5,064,355</b>	<b>(184,633)</b>	<b>29,965,965</b>
<b><i>Less Accumulated Depreciation:</i></b>				
Buildings and Improvements	(1,076,312)	(49,645)	0	(1,125,957)
Equipment	(1,474,508)	(133,497)	16,745	(1,591,260)
Vehicles	(3,480,990)	(148,255)	158,025	(3,471,220)
Furniture and Fixtures	(20,831)	(1,503)	0	(22,334)
Infrastructure:				
Traffic Lights	(47,397)	(2,333)	0	(49,730)
Roads	(3,458,133)	(731,832)	0	(4,189,965)
Storm Sewers	(892,576)	(21,818)	0	(914,394)
<b><i>Total Accumulated Depreciation</i></b>	<b>(10,450,747)</b>	<b>(1,088,883) *</b>	<b>174,770</b>	<b>(11,364,860)</b>
<b>Total Capital Assets being Depreciated, Net</b>	<b>14,635,496</b>	<b>3,975,472</b>	<b>(9,863)</b>	<b>18,601,105</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$15,454,750</b>	<b>\$4,030,462</b>	<b>(\$302,559)</b>	<b>\$19,182,653</b>

**City of Conneaut, Ohio**  
*Notes to the Basic Financial Statements*  
For The Year Ended December 31, 2005

<b>Business Type Activities:</b>	Balance 12/31/2004	Additions	Deductions	Balance 12/31/2005
<b><i>Capital Assets not being Depreciated:</i></b>				
Land	\$12,860	\$0	\$0	\$12,860
Construction in Progress	216,293	3,101,284	0	3,317,577
<i>Total Capital Assets not being Depreciated</i>	<u>229,153</u>	<u>3,101,284</u>	<u>0</u>	<u>3,330,437</u>
<b><i>Capital Assets being Depreciated:</i></b>				
Buildings and Improvements	632,406	22,061	0	654,467
Equipment	3,934,963	55,533	(47,838)	3,942,658
Vehicles	423,961	126,000	(4,271)	545,690
Infrastructure:				
Water and Sewer Lines	14,281,974	0	0	14,281,974
<i>Total Capital Assets being Depreciated</i>	<u>19,273,304</u>	<u>203,594</u>	<u>(52,109)</u>	<u>19,424,789</u>
<b><i>Less Accumulated Depreciation:</i></b>				
Buildings and Improvements	(584,768)	(4,189)	0	(588,957)
Equipment	(1,968,644)	(123,599)	44,524	(2,047,719)
Vehicles	(410,859)	(4,598)	4,271	(411,186)
Infrastructure:				
Water and Sewer Lines	(2,795,023)	(237,671)	0	(3,032,694)
<i>Total Accumulated Depreciation</i>	<u>(5,759,294)</u>	<u>(370,057)</u>	<u>48,795</u>	<u>(6,080,556)</u>
Total Capital Assets being Depreciated, Net	<u>13,514,010</u>	<u>(166,463)</u>	<u>(3,314)</u>	<u>13,344,233</u>
Business Type Activities Capital Assets, Net	<u>\$13,743,163</u>	<u>\$2,934,821</u>	<u>(\$3,314)</u>	<u>\$16,674,670</u>

\* Depreciation expense was charged to governmental functions as follows:

General Government	\$54,922
Security of Persons and Property	162,613
Leisure Time Activities	19,200
Community Development	5,777
Transportation	846,371
Total Depreciation Expense	<u>\$1,088,883</u>



**City of Conneaut, Ohio**  
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For The Year Ended December 31, 2005

**Note 9 - Notes Payable**

Changes in the City's note activity for the year ended December 31, 2005, were as follows:

	Outstanding 12/31/2004	Additions	(Reductions)	Outstanding 12/31/2005
<i>General Fund:</i>				
Prison Land, 2.59%	\$140,000	\$120,000	(\$140,000)	\$120,000
Madison Street Storm Sewer, 1.60%	180,000	165,000	(180,000)	165,000
Fire Truck, 1.81%	0	15,000	0	15,000
<i>Total General Fund</i>	<u>320,000</u>	<u>300,000</u>	<u>(320,000)</u>	<u>300,000</u>
<i>Special Revenue Fund:</i>				
Street Equipment, 1.81%	0	30,500	0	30,500
Street Equipment, 1.81%	0	10,000	0	10,000
<i>Total Special Revenue Fund</i>	<u>0</u>	<u>40,500</u>	<u>0</u>	<u>40,500</u>
<i>Capital Projects Fund:</i>				
Conneaut Port Authority, 3.80%	0	50,000	0	50,000
<i>Enterprise Fund:</i>				
Waste Water Improvement, 1.60%	220,000	200,000	(220,000)	200,000
<i>Total Notes</i>	<u>\$540,000</u>	<u>\$560,000</u>	<u>(\$540,000)</u>	<u>\$560,000</u>

In 2005, the City issued \$120,000 and \$165,000 in various purpose improvement notes to help finance the purchase of land for the prison and to finance the Madison Street storm sewer project. These projects have been completed by December 31, 2005 and the notes mature on June 22, 2006.

In 2005, the City issued \$15,000, \$40,500 and \$50,000 in various purpose improvement notes for the purchase of a fire truck and street equipment and for the Conneaut port authority. These purchases have been made by December 31, 2005 and the notes mature on February 9, 2007.

In 2005, the City issued \$200,000 in various purpose improvement notes to finance the waste water improvement project. This project has been completed by December 31, 2005 and the note matures on June 22, 2006.

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

**Note 10 - Compensated Absences**

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

**City of Conneaut, Ohio**  
*Notes to the Basic Financial Statements*  
For The Year Ended December 31, 2005

**Note 11 - Long-Term Obligations**

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

Debt Issue	Original Issue Date	Interest Rate	Original Issue Amount	Year of Maturity
<b>Governmental Activities</b>				
<i>General Obligation Bonds:</i>				
City Hall Annex	1986	6.88%	\$1,500,000	2011
Library	1998	5.05	2,115,000	2018
<i>Special Assessment Loans:</i>				
East Conneaut Sewer Phase II	1996	4.16	746,716	2016
East/West Gateway	1993	4.80	554,029	2013
Gateway Phase II	1993	4.80	87,255	2014
I-90 Sewer	1998	3.98	167,329	2018
East Conneaut Sewer Phase III	1999	3.50	679,445	2020
<i>Ohio Public Works Commission Loan:</i>				
Under Ridge Road Culvert	2004	0.00	31,626	2025
<i>Notes:</i>				
Fire Truck	2005	2.90	45,000	2006
Street Equipment	2005	2.90	182,000	2006
Street Equipment	2005	2.90	66,000	2006
Environmental Cleanup	2004	4.00	170,000	2009
Conneaut Port Authority - Marina	2005	2.90	200,000	2006
<b>Business-Type Activities</b>				
<i>Special Assessment Loans:</i>				
East Conneaut Sewer Phase II	1996	4.16	215,671	2016
I-90 Sewer	1998	3.98	94,123	2020
East Conneaut Sewer Phase III	1999	3.50	132,997	2020
<i>Ohio Water Development Authority:</i>				
Wastewater Plant Improvement	1971	5.25	853,796	2013
Wastewater Plant Improvement	1987	9.06	557,110	2013
Wastewater	1988	4.80	2,580,000	2011
Water III	1995	4.35	543,845	2017
Dechlorination Project	1997	4.12	89,144	2017
<i>Ohio Public Works Commission</i>				
East Conneaut Sewer Phase II	1997	0.00	20,616	2006
Wastewater Treatment Plant	1992	0.00	123,926	2010
South Conneaut Water Tank	2000	0.00	385,000	2021
Liberty Water Line	2003	0.00	118,483	2023
Madison Sanitary Sewer	2004	0.00	37,833	2024
<i>Note:</i>				
Prison Water Line Improvement	1997	0.00	100,000	2007
<i>General Obligation Bond:</i>				
Water III	1998	5.05	1,370,000	2018

**City of Conneaut, Ohio**  
*Notes to the Basic Financial Statements*  
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A schedule of changes in bonds and other long-term obligations of the City during 2005 follows:

	Outstanding 12/31/2004	Additions	Reductions	Outstanding 12/31/2005	Amount Due In one Year
<b>Governmental Activities:</b>					
<i>General Obligation Bonds</i>					
City Hall Annex	\$700,000	\$0	\$100,000	\$600,000	\$100,000
Library	1,470,000	0	105,000	1,365,000	105,000
<b>Total General Obligation Bonds</b>	<b>2,170,000</b>	<b>0</b>	<b>205,000</b>	<b>1,965,000</b>	<b>205,000</b>
<i>Special Assessment OWDA Loans</i>					
<i>with Governmental Commitment:</i>					
East Conneaut Sewer Phase II	467,633	0	30,761	436,872	32,054
East/West Gateway	314,180	0	28,660	285,520	30,052
Gateway Phase II	51,657	0	4,408	47,249	4,622
I-90 Sewer	125,291	0	2,281	123,010	7,389
East Conneaut Sewer Phase III	580,482	0	37,965	542,517	28,052
<b>Total Special Assessment OWDA Loans</b>	<b>1,539,243</b>	<b>0</b>	<b>104,075</b>	<b>1,435,168</b>	<b>102,169</b>
<i>OPWC Loan:</i>					
Under Ridge Road Culvert	31,626	0	791	30,835	1,581
<i>Long - Term Notes Payable:</i>					
Fire Truck	60,000	30,000	60,000	30,000	0
Street Equipment	212,000	151,500	212,000	151,500	0
Street Equipment	76,000	56,000	76,000	56,000	0
Environmental Cleanup	170,000	0	0	170,000	0
Conneaut Port Authority - Marina	270,000	150,000	270,000	150,000	0
<b>Total Long - Term Notes Payable</b>	<b>788,000</b>	<b>387,500</b>	<b>618,000</b>	<b>557,500</b>	<b>0</b>
Compensated Absences	749,048	136,650	176,383	709,315	207,346
<b>Total Governmental Activities</b>					
<b>Long-Term Obligations</b>	<b>\$5,277,917</b>	<b>\$524,150</b>	<b>\$1,104,249</b>	<b>\$4,697,818</b>	<b>\$516,096</b>
<b>Business-Type Activities:</b>					
<i>Special Assessment OWDA Loans</i>					
<i>with Governmental Commitment:</i>					
East Conneaut Sewer Phase II	\$155,878	\$0	\$10,254	\$145,624	\$10,685
I-90 Sewer	70,476	0	1,282	69,194	4,156
East Conneaut Sewer Phase III	127,422	0	8,333	119,089	6,158
<b>Total Special Assessment OWDA Loans</b>	<b>353,776</b>	<b>0</b>	<b>19,869</b>	<b>333,907</b>	<b>20,999</b>
<i>OWDA Loans</i>					
Wastewater Plant Improvement	374,835	0	33,581	341,254	35,344
Wastewater Plant Improvement	340,850	0	26,113	314,737	28,478
Wastewater	1,269,480	0	156,594	1,112,886	164,201
Water III	388,300	0	23,967	364,333	25,020
Dechlorination Project	60,805	0	3,806	56,999	3,965
Wastewater Improvement Loan	0	2,506,009	0	2,506,009	0
<b>Total OWDA Loans</b>	<b>2,434,270</b>	<b>2,506,009</b>	<b>244,061</b>	<b>4,696,218</b>	<b>257,008</b>
<b>Total OWDA Obligations</b>	<b>\$2,788,046</b>	<b>\$2,506,009</b>	<b>\$263,930</b>	<b>\$5,030,125</b>	<b>\$278,007</b>

**City of Conneaut, Ohio**  
*Notes to the Basic Financial Statements*  
For The Year Ended December 31, 2005

	Outstanding 12/31/2004	Additions	Reductions	Outstanding 12/31/2005	Amount Due In one Year
<b>Business-Type Activities (continued)</b>					
<i>OPWC Loans</i>					
East Conneaut Sewer Phase II	\$2,315	\$0	\$772	\$1,543	\$1,543
Wastewater Treatment Plant	68,158	0	6,196	61,962	12,393
South Conneaut Water Tank	308,000	0	9,625	298,375	19,250
Liberty Water Line	112,559	0	5,924	106,635	5,924
Madison Sanitary Sewer	37,833	0	1,892	35,941	1,892
<i>Total OPWC Loans</i>	<u>528,865</u>	<u>0</u>	<u>24,409</u>	<u>504,456</u>	<u>41,002</u>
<i>Notes Payable</i>					
Prison Water Line Improvement	30,000	0	10,000	20,000	10,000
<i>General Obligation Bonds</i>					
Water III	950,000	0	70,000	880,000	70,000
Unamortized Premium	1,633	(123)	0	1,510	0
<i>Total Bonds</i>	<u>951,633</u>	<u>(123)</u>	<u>70,000</u>	<u>881,510</u>	<u>70,000</u>
Compensated Absences	314,301	62,273	48,818	327,756	82,258
<i>Total Business-Type Activities</i>					
<i>Long-Term Obligations</i>	<u>\$4,612,845</u>	<u>\$2,568,159</u>	<u>\$417,157</u>	<u>\$6,763,847</u>	<u>\$481,267</u>

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

The City has entered into a contractual agreement for a sewer loan from OWDA for the Wastewater Treatment Plant Improvement project in the amount of \$3,563,997, to be paid from the sewer enterprise fund. As of December 31, 2005 the City has received \$2,506,009 of this loan. Under the terms of this agreement, OWDA will reimburse, advance, or directly pay the construction costs of the approved projects. OWDA will capitalize administrative costs and construction interest and add them to the total amount of the final loans. Since the loans have not yet been finalized, repayment schedules are not included in the schedule of debt service requirements.

The City's overall legal debt margin was \$16,674,537 with an unvoted debt margin of \$7,385,750 at December 31, 2005. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2005, are as follows:

**City of Conneaut, Ohio**  
*Notes to the Basic Financial Statements*  
For The Year Ended December 31, 2005

	<i>Governmental Activities</i>						
	General Obligation Bonds		Special Assessment Loans		OPWC Loans	Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2006	\$205,000	\$108,660	\$102,169	\$56,972	\$1,581	\$493,000	\$21,097
2007	205,000	97,007	106,490	52,654	1,582	56,000	62,800
2008	205,000	85,355	110,993	48,151	1,582	57,000	61,560
2009	205,000	73,650	115,691	43,453	1,582	57,000	59,280
2010	205,000	61,472	120,589	38,555	1,582	0	0
2011-2015	625,000	165,952	583,684	114,974	7,910	0	0
2016-2020	315,000	31,815	295,552	24,968	7,910	0	0
2021-2025	0	0	0	0	7,106	0	0
<b>Total</b>	<b>\$1,965,000</b>	<b>\$623,911</b>	<b>\$1,435,168</b>	<b>\$379,727</b>	<b>\$30,835</b>	<b>\$663,000</b>	<b>\$204,737</b>

	<i>Business-Type Activities</i>							
	General Obligation Bonds		Special Assessment Loans		OWDA Loans		OPWC Loans	Notes Payable
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Principal
2006	\$70,000	\$43,390	\$20,999	\$12,776	\$257,008	\$115,789	\$41,002	\$10,000
2007	70,000	40,207	21,833	11,942	270,686	82,111	39,459	10,000
2008	70,000	37,020	22,699	11,075	285,136	87,662	39,458	0
2009	70,000	33,835	23,601	10,174	300,409	72,389	39,458	0
2010	70,000	30,300	24,539	9,237	316,554	56,244	39,458	0
2011-2015	335,000	99,232	138,119	30,754	693,036	87,759	135,330	0
2016-2020	195,000	19,695	82,117	6,484	67,380	2,931	135,330	0
2021-2024	0	0	0	0	0	0	34,961	0
<b>Total</b>	<b>\$880,000</b>	<b>\$303,679</b>	<b>\$333,907</b>	<b>\$92,442</b>	<b>\$2,190,209</b>	<b>\$504,885</b>	<b>\$504,456</b>	<b>\$20,000</b>

**Note 12 - 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 2005, the City contracted with Love Insurance Company for various types of insurance as follows:

Type of Coverage	Coverage
Property/Boilers and Machinery	\$17,820,108
Inland Marine	980,181
Vehicles	
Comprehensive	1,000,000
Collision	646,584
Valuable Papers and Records	100,000
Police	2,000,000
Public Officials	2,000,000
Business Electronics Equipment	193,079
Fire Vehicles and Ambulances	50,900

**City of Conneaut, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2005*

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

**Note 13 - 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 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan 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 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

For the year ended December 31, 2005, 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 employer contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the employer'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, 2005, 2004, and 2003 were \$233,689, 148,496 and \$134,127 respectively; 86.21 percent has been contributed for 2005 and 100 percent for 2004 and 2003. There were no contributions to the member-directed plan for 2005.

***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.

**City of Conneaut, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2005*

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Plan members are required to contribute 10 percent of their annual covered salary to fund pension benefits while the employer 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 OP&F for police and firefighters were \$103,145 and \$94,924 for the year ended December 31, 2005, \$95,819 and \$90,448 for the year ended December 31, 2004, and \$102,591 and \$90,080 for the year ended December 31, 2003. The full amount has been contributed for 2004 and 2003. 75.78 percent and 75.16 percent has been contributed for 2005.

## **Note 14 - 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 benefit recipients and qualified survivor benefit recipients is available. 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 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4 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, 2004, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 to 6 percent annually for the next eight years and 4 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 376,109. Actual City contributions for 2005 which were used to fund postemployment benefits were \$97,880. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) was \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 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. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

**City of Conneaut, Ohio**  
*Notes to the Basic Financial Statements*  
*For The Year Ended December 31, 2005*

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***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 2005 and 2004. In addition, since July 1, 1992, most retirees and survivors 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.

The City's actual contributions for 2005 that were used to fund postemployment health care benefits were \$68,032 for police and \$45,271 for firefighters. The OP&F's total health care expense for the year ended December 31, 2004 (the latest information available), was \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004, was 13,812 for police and 10,528 for firefighters.

**Note 15 - Contingencies**

***A. Grants***

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2005.

***B. Litigation***

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

**Note 16 – Donor Restricted Endowments**

The City's private purpose trust fund includes donor-restricted endowments. Net Assets-Endowments of \$15,700 represents the principal portion of the endowment. The amount of interest earnings on donor-restricted investments is available for expenditure by the governing board, for purposes consistent with the endowment's intent. The endowment indicates that the interest should be used for the perpetual care and maintenance of specific burial plots in the City's cemetery.



**City of Conneaut, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 17 – Interfund Transfers**

Interfund transfers during 2005 consisted of the following:

Transfer To	Transfer From General
Street Construction, Maintenance and Repair	\$1,656
<i>Other Non-Major Funds</i>	
Litter Control	25,000
Tree Commission	750
Recreation	22,000
Fire Pension	94,000
<i>Total Other Non-Major Funds</i>	141,750
<i>Total All Funds</i>	\$143,406

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 – Related Organization**

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

**Note 19 – Subsequent Event**

The City issued a \$237,500, 3.85 percent various purpose note and a \$150,000, 3.85 percent marina note on February 9, 2006. These notes will mature on February 8, 2007.

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## Combining and Individual Fund Statements and Schedules

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## Combining Statements – Nonmajor Governmental Funds

### *Nonmajor Special Revenue Funds*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(continued)

## Combining Statements – Nonmajor Governmental Funds (continued)

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

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

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

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

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

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

### ***Nonmajor Capital Projects Funds***

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

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

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

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

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

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

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**City of Conneaut, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2005*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$983,563	\$175,811	\$1,159,374
Materials and Supplies Inventory	891	0	891
Accounts Receivable	57,153	4,048	61,201
Intergovernmental Receivable	161,929	13,220	175,149
Property Taxes Receivable	721,858	0	721,858
Municipal Income Taxes Receivable	17,903	14,919	32,822
Loans Receivable	242,592	200,000	442,592
<i>Total Assets</i>	<u>\$2,185,889</u>	<u>\$407,998</u>	<u>\$2,593,887</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$26,291	\$3,302	\$29,593
Contracts Payable	59,108	0	59,108
Accrued Wages and Benefits	1,912	0	1,912
Intergovernmental Payable	89,286	0	89,286
Deferred Revenue	888,122	5,725	893,847
Accrued Interest Payable	0	1,684	1,684
Notes Payable	0	50,000	50,000
<i>Total Liabilities</i>	<u>1,064,719</u>	<u>60,711</u>	<u>1,125,430</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	85,661	49	85,710
Reserved for Loans Receivable	242,592	0	242,592
Unreserved			
Undesignated, Reported in:			
Special Revenue Funds	792,917	0	792,917
Capital Projects Funds	0	347,238	347,238
<i>Total Fund Balances</i>	<u>1,121,170</u>	<u>347,287</u>	<u>1,468,457</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,185,889</u>	<u>\$407,998</u>	<u>\$2,593,887</u>

**City of Conneaut, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2005*

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Property and Other Taxes	\$667,389	\$0	\$667,389
Municipal Income Taxes	55,639	46,515	102,154
Intergovernmental	708,033	25,160	733,193
Fees, Licenses and Permits	22,999	0	22,999
Fines and Forfeitures	4,895	53,633	58,528
Rentals	33,300	0	33,300
Charges for Services	271,404	0	271,404
Contributions and Donations	9,457	0	9,457
Interest	9,673	0	9,673
Other	31,534	0	31,534
<i>Total Revenues</i>	<u>1,814,323</u>	<u>125,308</u>	<u>1,939,631</u>
<b>Expenditures</b>			
Current:			
Security of Persons and Property	1,098,609	0	1,098,609
Public Health and Welfare	1,350	0	1,350
Leisure Time Activities	114,439	0	114,439
Community Development	333,165	0	333,165
Basic Utility Services	32,500	0	32,500
Transportation	179,398	0	179,398
Capital Outlay	0	81,983	81,983
Debt Service:			
Principal Retirement	0	70,000	70,000
Interest and Fiscal Charges	0	6,544	6,544
<i>Total Expenditures</i>	<u>1,759,461</u>	<u>158,527</u>	<u>1,917,988</u>
<i>Excess of Revenues Over Expenditures</i>	<u>54,862</u>	<u>(33,219)</u>	<u>21,643</u>
<b>Other Financing Sources (Uses)</b>			
General Obligation Notes Issued	0	150,000	150,000
Current Refunding	0	(200,000)	(200,000)
Transfers In	141,750	0	141,750
<i>Total Other Financing Sources (Uses)</i>	<u>141,750</u>	<u>(50,000)</u>	<u>91,750</u>
<i>Net Change in Fund Balances</i>	196,612	(83,219)	113,393
<i>Fund Balances Beginning of Year</i>	<u>924,558</u>	<u>430,506</u>	<u>1,355,064</u>
<i>Fund Balances End of Year</i>	<u>\$1,121,170</u>	<u>\$347,287</u>	<u>\$1,468,457</u>

**City of Conneaut, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds*  
*December 31, 2005*

	Auto Permissive Tax	State Highway	Restaurant Vending	Marina
<b>Assets</b>				
Equity in Pooled Cash and				
Cash Equivalents	\$0	\$2,314	\$4,801	\$3,795
Materials and Supplies Inventory	0	0	0	0
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	74,774	19,346	0	0
Property Taxes Receivable	0	0	0	0
Municipal Income Taxes Receivable	0	0	0	0
Loans Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$74,774</u>	<u>\$21,660</u>	<u>\$4,801</u>	<u>\$3,795</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$0	\$0	\$0	\$0
Contracts Payable	0	0	0	0
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	0	0	350	0
Deferred Revenue	52,552	12,599	0	0
<i>Total Liabilities</i>	<u>52,552</u>	<u>12,599</u>	<u>350</u>	<u>0</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	0	228	0	0
Reserved for Loans Receivable	0	0	0	0
Unreserved, Undesignated	22,222	8,833	4,451	3,795
<i>Total Fund Balances (Deficit)</i>	<u>22,222</u>	<u>9,061</u>	<u>4,451</u>	<u>3,795</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$74,774</u>	<u>\$21,660</u>	<u>\$4,801</u>	<u>\$3,795</u>



Enforcement and Education	Indigent Drivers	Cemetery	Police Levy	Fire Levy	Litter Control	DARE Grant
\$12,447	\$29,962	\$5,426	\$7,153	\$3,646	\$3,244	\$1,480
0	0	0	0	0	891	0
235	375	0	0	0	0	0
0	0	0	17,584	7,456	0	0
0	0	0	318,320	157,626	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$12,682</u>	<u>\$30,337</u>	<u>\$5,426</u>	<u>\$343,057</u>	<u>\$168,728</u>	<u>\$4,135</u>	<u>\$1,480</u>
\$0	\$0	\$0	\$0	\$0	\$1,247	\$0
0	0	0	0	0	0	0
0	0	638	0	0	669	0
0	0	1,425	0	0	511	0
0	0	0	335,904	165,082	0	0
<u>0</u>	<u>0</u>	<u>2,063</u>	<u>335,904</u>	<u>165,082</u>	<u>2,427</u>	<u>0</u>
0	0	290	0	0	33	0
0	0	0	0	0	0	0
<u>12,682</u>	<u>30,337</u>	<u>3,073</u>	<u>7,153</u>	<u>3,646</u>	<u>1,675</u>	<u>1,480</u>
<u>12,682</u>	<u>30,337</u>	<u>3,363</u>	<u>7,153</u>	<u>3,646</u>	<u>1,708</u>	<u>1,480</u>
<u>\$12,682</u>	<u>\$30,337</u>	<u>\$5,426</u>	<u>\$343,057</u>	<u>\$168,728</u>	<u>\$4,135</u>	<u>\$1,480</u>

(continued)

**City of Conneaut, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*December 31, 2005*

	<u>Street Lighting</u>	<u>Tree Commission</u>	<u>Demolition</u>	<u>Community Housing</u>
<b>Assets</b>				
Equity in Pooled Cash and				
Cash Equivalents	\$1,508	\$480	\$255	\$163,939
Materials and Supplies Inventory	0	0	0	0
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	0	0	0	0
Property Taxes Receivable	0	0	0	0
Municipal Income Taxes Receivable	9,697	0	0	0
Loans Receivable	0	0	0	0
<i>Total Assets</i>	<u><u>\$11,205</u></u>	<u><u>\$480</u></u>	<u><u>\$255</u></u>	<u><u>\$163,939</u></u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$0	\$0	\$0	\$0
Contracts Payable	0	0	0	0
Accrued Wages and Benefits	0	0	0	0
Intergovernmental Payable	0	0	0	0
Deferred Revenue	3,721	0	0	0
<i>Total Liabilities</i>	<u>3,721</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	0	480	0	80
Reserved for Loans Receivable	0	0	0	0
Unreserved, Undesignated	7,484	0	255	163,859
<i>Total Fund Balances (Deficit)</i>	<u>7,484</u>	<u>480</u>	<u>255</u>	<u>163,939</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$11,205</u></u>	<u><u>\$480</u></u>	<u><u>\$255</u></u>	<u><u>\$163,939</u></u>

<u>Economic Development</u>	<u>CHIPS</u>	<u>Ambulance</u>	<u>Recreation</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$240,929	\$120,779	\$302,364	\$4,504	\$71,544	\$2,993	\$983,563
0	0	0	0	0	0	891
0	0	56,543	0	0	0	57,153
0	0	0	30,109	8,792	3,868	161,929
0	0	0	0	170,783	75,129	721,858
0	0	0	8,206	0	0	17,903
242,592	0	0	0	0	0	242,592
<u>\$483,521</u>	<u>\$120,779</u>	<u>\$358,907</u>	<u>\$42,819</u>	<u>\$251,119</u>	<u>\$81,990</u>	<u>\$2,185,889</u>
\$0	\$0	\$24,857	\$187	\$0	\$0	\$26,291
496	58,612	0	0	0	0	59,108
0	0	366	239	0	0	1,912
0	0	9,087	1,627	41,456	34,830	89,286
0	0	56,543	3,149	179,575	78,997	888,122
<u>496</u>	<u>58,612</u>	<u>90,853</u>	<u>5,202</u>	<u>221,031</u>	<u>113,827</u>	<u>1,064,719</u>
0	77,152	7,104	294	0	0	85,661
242,592	0	0	0	0	0	242,592
240,433	(14,985)	260,950	37,323	30,088	(31,837)	792,917
<u>483,025</u>	<u>62,167</u>	<u>268,054</u>	<u>37,617</u>	<u>30,088</u>	<u>(31,837)</u>	<u>1,121,170</u>
<u>\$483,521</u>	<u>\$120,779</u>	<u>\$358,907</u>	<u>\$42,819</u>	<u>\$251,119</u>	<u>\$81,990</u>	<u>\$2,185,889</u>

**City of Conneaut, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Year Ended December 31, 2005*

	Auto Permissive Tax	State Highway	Restaurant Vending	Marina
<b>Revenues</b>				
Property and Other Taxes	\$0	\$0	\$0	\$0
Municipal Income Taxes	0	0	0	0
Intergovernmental	145,475	36,760	0	0
Fees, Licenses and Permits	0	0	17,249	555
Fines and Forfeitures	0	0	0	0
Rentals	0	0	0	0
Charges for Services	0	0	0	0
Contributions and Donations	0	0	0	0
Interest	91	123	0	0
Other	0	0	0	0
<i>Total Revenues</i>	<u>145,566</u>	<u>36,883</u>	<u>17,249</u>	<u>555</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare	0	0	0	0
Leisure Time Activities	0	0	0	379
Community Development	0	0	18,752	0
Basic Utility Services	0	0	0	0
Transportation	144,309	35,089	0	0
<i>Total Expenditures</i>	<u>144,309</u>	<u>35,089</u>	<u>18,752</u>	<u>379</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	1,257	1,794	(1,503)	176
<b>Other Financing Sources</b>				
Transfers In	0	0	0	0
<i>Net Change in Fund Balances</i>	1,257	1,794	(1,503)	176
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>20,965</u>	<u>7,267</u>	<u>5,954</u>	<u>3,619</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$22,222</u>	<u>\$9,061</u>	<u>\$4,451</u>	<u>\$3,795</u>

Enforcement and Education	Indigent Drivers	Cemetery	Police Levy	Fire Levy	Litter Control	DARE Grant
\$0	\$0	\$0	\$310,000	\$134,492	\$0	\$0
0	0	0	0	0	0	0
0	0	0	39,545	17,120	25,269	0
0	0	30	0	0	0	0
1,753	3,142	0	0	0	0	0
0	0	0	0	0	0	0
0	0	32,522	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	402	0	0	0	0	0
<u>1,753</u>	<u>3,544</u>	<u>32,552</u>	<u>349,545</u>	<u>151,612</u>	<u>25,269</u>	<u>0</u>
0	0	0	342,767	148,117	0	6,875
0	0	0	0	0	0	0
0	0	0	0	0	0	0
5,905	0	33,523	0	0	55,573	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>5,905</u>	<u>0</u>	<u>33,523</u>	<u>342,767</u>	<u>148,117</u>	<u>55,573</u>	<u>6,875</u>
(4,152)	3,544	(971)	6,778	3,495	(30,304)	(6,875)
0	0	0	0	0	25,000	0
(4,152)	3,544	(971)	6,778	3,495	(5,304)	(6,875)
16,834	26,793	4,334	375	151	7,012	8,355
<u>\$12,682</u>	<u>\$30,337</u>	<u>\$3,363</u>	<u>\$7,153</u>	<u>\$3,646</u>	<u>\$1,708</u>	<u>\$1,480</u>

(continued)

**City of Conneaut, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds (continued)*  
*For the Year Ended December 31, 2005*

	Street Lighting	Tree Commission	Demolition	Community Housing
<b>Revenues</b>				
Property and Other Taxes	\$0	\$0	\$0	\$0
Municipal Income Taxes	30,026	0	0	0
Intergovernmental	0	0	0	58,647
Fees, Licenses and Permits	0	0	0	0
Fines and Forfeitures	0	0	0	0
Rentals	0	0	0	0
Charges for Services	0	0	0	0
Contributions and Donations	0	0	0	0
Interest	0	0	0	4,266
Other	1,571	0	0	0
<i>Total Revenues</i>	<u>31,597</u>	<u>0</u>	<u>0</u>	<u>62,913</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare	0	0	0	1,350
Leisure Time Activities	0	0	0	0
Community Development	0	381	0	0
Basic Utility Services	32,500	0	0	0
Transportation	0	0	0	0
<i>Total Expenditures</i>	<u>32,500</u>	<u>381</u>	<u>0</u>	<u>1,350</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(903)	(381)	0	61,563
<b>Other Financing Sources</b>				
Transfers In	0	750	0	0
<i>Net Change in Fund Balances</i>	(903)	369	0	61,563
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>8,387</u>	<u>111</u>	<u>255</u>	<u>102,376</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$7,484</u></u>	<u><u>\$480</u></u>	<u><u>\$255</u></u>	<u><u>\$163,939</u></u>

Economic Development	CHIPS	Ambulance	Recreation	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$154,910	\$67,987	\$667,389
0	0	0	25,613	0	0	55,639
3,604	297,270	0	54,139	21,262	8,942	708,033
0	0	0	5,165	0	0	22,999
0	0	0	0	0	0	4,895
0	0	0	33,300	0	0	33,300
0	0	238,882	0	0	0	271,404
0	0	9,457	0	0	0	9,457
5,193	0	0	0	0	0	9,673
0	0	29,539	22	0	0	31,534
<u>8,797</u>	<u>297,270</u>	<u>277,878</u>	<u>118,239</u>	<u>176,172</u>	<u>76,929</u>	<u>1,814,323</u>
0	0	227,223	0	208,656	164,971	1,098,609
0	0	0	0	0	0	1,350
0	0	0	114,060	0	0	114,439
1,899	217,132	0	0	0	0	333,165
0	0	0	0	0	0	32,500
0	0	0	0	0	0	179,398
<u>1,899</u>	<u>217,132</u>	<u>227,223</u>	<u>114,060</u>	<u>208,656</u>	<u>164,971</u>	<u>1,759,461</u>
6,898	80,138	50,655	4,179	(32,484)	(88,042)	54,862
0	0	0	22,000	0	94,000	141,750
6,898	80,138	50,655	26,179	(32,484)	5,958	196,612
476,127	(17,971)	217,399	11,438	62,572	(37,795)	924,558
<u>\$483,025</u>	<u>\$62,167</u>	<u>\$268,054</u>	<u>\$37,617</u>	<u>\$30,088</u>	<u>(\$31,837)</u>	<u>\$1,121,170</u>

**City of Conneaut, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*December 31, 2005*

	Street Improvement	Community Development Block Grant	Municipal Court Improvement
<b>Assets</b>			
Equity in Pooled Cash and			
Cash Equivalents	\$0	\$2,051	\$153,985
Accounts Receivable	0	0	4,048
Intergovernmental Receivable	0	0	0
Municipal Income Taxes Receivable	0	0	0
Loans Receivable	200,000	0	0
<i>Total Assets</i>	<u>\$200,000</u>	<u>\$2,051</u>	<u>\$158,033</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$0	\$0	\$3,302
Accrued Interest Payable	1,684	0	0
Notes Payable	50,000	0	0
<i>Total Liabilities</i>	<u>51,684</u>	<u>0</u>	<u>3,302</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	0	0	49
Unreserved, Undesignated	148,316	2,051	154,682
<i>Total Fund Balances</i>	<u>148,316</u>	<u>2,051</u>	<u>154,731</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$200,000</u>	<u>\$2,051</u>	<u>\$158,033</u>



Fiscal Year 2004 Formula	Capital Improvement	Total Nonmajor Capital Projects Funds
\$0	\$19,775	\$175,811
0	0	4,048
13,220	0	13,220
0	14,919	14,919
0	0	200,000
<u>\$13,220</u>	<u>\$34,694</u>	<u>\$407,998</u>

\$0	\$0	\$3,302
0	0	1,684
0	0	50,000
<u>0</u>	<u>5,725</u>	<u>60,711</u>

0	0	49
13,220	28,969	347,238
<u>13,220</u>	<u>28,969</u>	<u>347,287</u>
<u>\$13,220</u>	<u>\$34,694</u>	<u>\$407,998</u>

**City of Conneaut, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds*  
*For the Year Ended December 31, 2005*

	Street Improvement	Community Development Block Grant	Municipal Court Improvement
<b>Revenues</b>			
Municipal Income Taxes	\$0	\$0	\$0
Intergovernmental	4,860	4,000	0
Fines and Forfeitures	0	0	53,633
<i>Total Revenues</i>	<u>4,860</u>	<u>4,000</u>	<u>53,633</u>
<b>Expenditures</b>			
Current:			
Capital Outlay	0	3,316	47,201
Debt Service:			
Principal Retirement	70,000	0	0
Interest and Fiscal Charges	6,544	0	0
<i>Total Expenditures</i>	<u>76,544</u>	<u>3,316</u>	<u>47,201</u>
<i>Excess of Revenues Over Expenditures</i>	<u>(71,684)</u>	<u>684</u>	<u>6,432</u>
<b>Other Financing Sources (Uses)</b>			
General Obligation Notes Issued	150,000	0	0
Current Refunding	(200,000)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(50,000)</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(121,684)	684	6,432
<i>Fund Balances Beginning of Year</i>	<u>270,000</u>	<u>1,367</u>	<u>148,299</u>
<i>Fund Balances End of Year</i>	<u><u>\$148,316</u></u>	<u><u>\$2,051</u></u>	<u><u>\$154,731</u></u>

Fiscal Year 2004 Formula	Capital Improvement	Total Nonmajor Capital Projects Funds
\$0	\$46,515	\$46,515
16,300	0	25,160
0	0	53,633
16,300	46,515	125,308
1,780	29,686	81,983
0	0	70,000
0	0	6,544
1,780	29,686	158,527
14,520	16,829	(33,219)
0	0	150,000
0	0	(200,000)
0	0	(50,000)
14,520	16,829	(83,219)
(1,300)	12,140	430,506
\$13,220	\$28,969	\$347,287

## Combining Statement – Fiduciary Funds

### *Fiduciary Funds*

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

### *Private Purpose Trust Fund*

***Cemetery Trust Fund*** – This fund accounts for the perpetual care and maintenance of specific burial plots in the City's cemetery through an endowment.

### *Agency Fund*

***Deposits Fund*** – This fund accounts for deposits from the municipal court to be distributed to the State.

**City of Conneaut, Ohio**  
*Combining Statement of Changes in Assets and Liabilities*  
*Agency Fund*  
*For the Year Ended December 31, 2005*

	Beginning Balance 12/31/04	Additions	Deductions	Ending Balance 12/31/05
<b><i>Deposits Fund</i></b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$15,447	\$51,954	\$64,698	\$2,703
Cash and Cash Equivalents In Segregated Accounts	11,499	1,998	0	13,497
<b><i>Total Assets</i></b>	<b><u>\$26,946</u></b>	<b><u>\$53,952</u></b>	<b><u>\$64,698</u></b>	<b><u>\$16,200</u></b>
<b>Liabilities</b>				
Deposits Held and Due to Others	<u>\$26,946</u>	<u>\$53,952</u>	<u>\$64,698</u>	<u>\$16,200</u>

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

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property and Other Taxes	\$377,850	\$377,850	\$384,777	\$6,927
Municipal Income Taxes	1,981,246	1,981,246	2,046,340	65,094
Special Assessments	62,000	62,000	65,877	3,877
Intergovernmental	915,784	915,784	905,263	(10,521)
Fees, Licenses and Permits	190,970	190,970	197,081	6,111
Fines and Forfeitures	200,080	200,080	182,859	(17,221)
Rentals	17,000	17,000	17,000	0
Contributions and Donations	3,000	3,000	21,726	18,726
Interest	18,000	18,000	61,735	43,735
Other	13,800	13,800	62,810	49,010
<i>Total Revenues</i>	<i>3,779,730</i>	<i>3,779,730</i>	<i>3,945,468</i>	<i>165,738</i>
<b>Expenditures</b>				
Current:				
General Government:				
Council:				
Personal Services	35,338	35,338	34,205	1,133
Materials and Supplies	850	1,350	1,225	125
Contractual Services	6,342	6,342	5,859	483
Total Council	42,530	43,030	41,289	1,741
Clerk of Council				
Personal Services	6,449	6,449	6,417	32
Materials and Supplies	100	100	74	26
Total Clerk of Council	6,549	6,549	6,491	58
City Manager				
Personal Services	98,120	96,320	90,583	5,737
Materials and Supplies	6,524	6,524	5,954	570
Contractual Services	1,025	1,025	769	256
Capital Outlay	700	700	700	0
Total City Manager	106,369	104,569	98,006	6,563
Finance Office				
Personal Services	148,800	148,050	146,661	1,389
Materials and Supplies	25,930	24,930	20,100	4,830
Contractual Services	1,200	1,200	1,153	47
Capital Outlay	1,000	1,000	1,000	0
Total Finance Office	\$176,930	\$175,180	\$168,914	\$6,266

(continued)

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Law Director				
Personal Services	\$141,988	\$143,838	\$143,293	\$545
Materials and Supplies	8,982	9,182	7,386	1,796
Contractual Services	6,700	5,000	4,416	584
Capital Outlay	1,000	1,000	650	350
	158,670	159,020	155,745	3,275
Total Law Director				
Civil Service				
Personal Services	5,300	5,500	5,457	43
Materials and Supplies	2,745	1,745	947	798
Contractual Services	2,000	2,000	1,145	855
	10,045	9,245	7,549	1,696
Total Civil Service				
Court				
Personal Services	290,727	300,177	294,996	5,181
Materials and Supplies	16,000	16,000	12,376	3,624
Contractual Services	20,115	19,615	17,630	1,985
Purchased Services	1,300	1,300	423	877
Capital Outlay	2,070	2,070	1,825	245
	330,212	339,162	327,250	11,912
Total Court				
City Hall				
Personal Services	33,110	33,175	33,174	1
Materials and Supplies	17,419	16,419	14,767	1,652
Contractual Services	7,900	7,900	7,900	0
Purchased Services	11,500	11,500	11,000	500
	69,929	68,994	66,841	2,153
Total City Hall				
Planning Commission				
Personal Services	1,200	1,200	625	575
Materials and Supplies	200	200	0	200
	\$1,400	\$1,400	\$625	\$775
Total Planning Commission				

(continued)



**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
General Services				
Personal Services	\$12,855	\$12,855	\$11,825	\$1,030
Contractual Services	78,954	103,538	94,668	8,870
Purchased Services	71,552	72,052	71,218	834
Capital Outlay	30,233	36,233	33,182	3,051
Other	48,100	54,916	51,131	3,785
Total General Services	241,694	279,594	262,024	17,570
Total General Government	1,144,328	1,186,743	1,134,734	52,009
Security of Persons and Property				
Police Department:				
Personal Services	1,119,600	1,146,844	1,103,193	43,651
Materials and Supplies	74,793	74,293	73,064	1,229
Contractual Services	51,531	51,921	47,196	4,725
Purchased Services	40,270	39,144	36,165	2,979
Capital Outlay	12,145	34,045	33,265	780
Other	1,000	1,000	0	1,000
Total Police Department	1,299,339	1,347,247	1,292,883	54,364
Jail				
Personal Services	101,450	100,550	89,570	10,980
Materials and Supplies	3,448	3,448	3,386	62
Purchased Services	16,292	16,292	16,070	222
Capital Outlay	3,000	3,000	3,000	0
Other	0	5,000	1,881	3,119
Total Jail	124,190	128,290	113,907	14,383
Fire Department:				
Fire Department #1				
Personal Services	602,000	631,700	614,693	17,007
Materials and Supplies	27,904	29,404	26,681	2,723
Contractual Services	15,217	15,217	14,485	732
Purchased Services	24,071	25,571	22,945	2,626
Capital Outlay	9,125	9,125	8,143	982
Total Fire Department #1	678,317	711,017	686,947	24,070
Fire Department #3				
Personal Services	37,900	37,450	36,224	1,226
Materials and Supplies	6,548	6,548	3,506	3,042
Contractual Services	3,250	3,250	3,124	126
Purchased Services	4,000	4,000	2,748	1,252
Capital Outlay	2,000	2,000	1,170	830
Total Fire Department #3	\$53,698	\$53,248	\$46,772	\$6,476

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund (continued)  
For the Year Ended December 31, 2005*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Fire Department #4				
Personal Services	\$28,100	\$28,200	\$26,233	\$1,967
Materials and Supplies	6,500	7,000	6,217	783
Contractual Services	2,400	2,400	1,947	453
Purchased Services	16,403	16,403	15,151	1,252
Capital Outlay	3,000	3,000	3,000	0
Total Fire Department #4	56,403	57,003	52,548	4,455
Total Security of Persons and Property	2,211,947	2,296,805	2,193,057	103,748
Public Health and Welfare				
Street Lighting				
Purchased Services	60,000	105,000	105,000	0
Health Department				
Personal Services	170,024	174,030	170,796	3,234
Materials and Supplies	4,655	4,655	3,371	1,284
Contractual Services	23,709	23,709	22,120	1,589
Purchased Services	15,765	16,215	14,671	1,544
Capital Outlay	500	2,467	2,467	0
Total Health Department	214,653	221,076	213,425	7,651
Total Public Health and Welfare	274,653	326,076	318,425	7,651
Leisure Time Activities:				
Museum Railroad				
Purchased Service	5,330	5,330	4,330	1,000
Bureau of Tourism				
Personal Services	4,000	4,000	3,564	436
Contractual Services	2,000	2,000	2,000	0
Total Bureau of Tourism	6,000	6,000	5,564	436
Total Leisure Time Activities	11,330	11,330	9,894	1,436
Community Development:				
Housing and Zoning:				
Personal Services	62,550	63,260	63,156	104
Materials and Supplies	5,098	5,598	4,418	1,180
Contractual Services	2,582	2,082	808	1,274
Purchased Services	3,376	3,376	3,321	55
Capital Outlay	250	250	0	250
Total Community Development	\$73,856	\$74,566	\$71,703	\$2,863

(continued)

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Debt Service				
Principal Retirement	\$335,000	\$335,000	\$335,000	\$0
Interest and Fiscal Charges	15,714	15,714	15,525	189
Total Debt Service	<u>350,714</u>	<u>350,714</u>	<u>350,525</u>	<u>189</u>
<i>Total Expenditures</i>	<u>4,066,828</u>	<u>4,246,234</u>	<u>4,078,338</u>	<u>167,896</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(287,098)</u>	<u>(466,504)</u>	<u>(132,870)</u>	<u>333,634</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	16,200	16,200	10,386	(5,814)
General Obligation Notes Issued	330,000	330,000	330,000	0
Current Refunding	(45,000)	(45,000)	(45,000)	0
Advances In	8,275	8,275	0	(8,275)
Transfers Out	(148,750)	(160,750)	(143,406)	17,344
<i>Total Other Financing Sources (Uses)</i>	<u>160,725</u>	<u>148,725</u>	<u>151,980</u>	<u>3,255</u>
<i>Net Change in Fund Balance</i>	<u>(126,373)</u>	<u>(317,779)</u>	<u>19,110</u>	<u>336,889</u>
<i>Fund Balance Beginning of Year</i>	369,025	369,025	369,025	0
Prior Year Encumbrances Appropriated	<u>41,482</u>	<u>41,482</u>	<u>41,482</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$284,134</u></u>	<u><u>\$92,728</u></u>	<u><u>\$429,617</u></u>	<u><u>\$336,889</u></u>

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Street Construction, Maintenance and Repair Fund*  
*For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Municipal Income Taxes	\$816,888	\$816,888	\$852,168	\$35,280
Intergovernmental	467,000	487,000	505,063	18,063
Interest	0	0	1,608	1,608
<i>Total Revenues</i>	<u>1,283,888</u>	<u>1,303,888</u>	<u>1,358,839</u>	<u>54,951</u>
<b>Expenditures</b>				
Current:				
Transportation:				
Street Department				
Personal Services	905,710	879,357	852,157	27,200
Materials and Supplies	215,000	244,262	244,262	0
Purchased Services	106,960	102,760	95,795	6,965
Contractual Services	25,366	25,296	13,654	11,642
Capital Outlay	16,183	14,192	9,852	4,340
Total Transportation	<u>1,269,219</u>	<u>1,265,867</u>	<u>1,215,720</u>	<u>50,147</u>
Debt Service:				
Principal Retirement	40,000	41,581	40,791	790
Interest and Fiscal Charges	5,586	4,948	4,948	0
Total Debt Service	<u>45,586</u>	<u>46,529</u>	<u>45,739</u>	<u>790</u>
<i>Total Expenditures</i>	<u>1,314,805</u>	<u>1,312,396</u>	<u>1,261,459</u>	<u>50,937</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(30,917)</u>	<u>(8,508)</u>	<u>97,380</u>	<u>105,888</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	0	3,070	3,070
General Obligation Notes Issued	248,000	248,000	248,000	0
Current Refunding	(248,000)	(248,000)	(248,000)	0
Transfers In	17,000	17,000	1,656	(15,344)
<i>Total Other Financing Sources (Uses)</i>	<u>17,000</u>	<u>17,000</u>	<u>4,726</u>	<u>(12,274)</u>
<i>Net Change in Fund Balance</i>	<u>(13,917)</u>	<u>8,492</u>	<u>102,106</u>	<u>93,614</u>
<i>Fund Balance Beginning of Year</i>	<u>5,356</u>	<u>5,356</u>	<u>5,356</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>15,409</u>	<u>15,409</u>	<u>15,409</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$6,848</u>	<u>\$29,257</u>	<u>\$122,871</u>	<u>\$93,614</u>

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Obligation Bond Retirement Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property and Other Taxes	\$330,630	\$330,630	\$310,984	(\$19,646)
Intergovernmental	46,780	46,780	40,808	(5,972)
<i>Total Revenues</i>	377,410	377,410	351,792	(25,618)
<b>Expenditures</b>				
Current:				
General Government:				
General Obligation Bond Retirement				
Contractual Services	4,000	4,000	1,606	2,394
Other	11,000	11,000	5,896	5,104
Total General Government	15,000	15,000	7,502	7,498
Debt Service:				
Principal Retirement	205,000	205,000	205,000	0
Interest and Fiscal Charges	120,313	120,313	120,312	1
Total Debt Service	325,313	325,313	325,312	1
<i>Total Expenditures</i>	340,313	340,313	332,814	7,499
<i>Net Change in Fund Balance</i>	37,097	37,097	18,978	(18,119)
<i>Fund Balance Beginning of Year</i>	529,397	529,397	529,397	0
<i>Fund Balance End of Year</i>	\$566,494	\$566,494	\$548,375	(\$18,119)

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Special Assessment Bond Retirement Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Special Assessments	\$160,723	\$160,723	\$123,502	(\$37,221)
Intergovernmental	5,310	5,310	5,310	0
<i>Total Revenues</i>	166,033	166,033	128,812	(37,221)
<b>Expenditures</b>				
Current:				
General Government:				
Special Assessment Bond Retirement				
Other	5,304	5,304	4,485	819
Debt Service:				
Principal Retirement	104,075	104,075	104,075	0
Interest and Fiscal Charges	56,654	56,654	49,753	6,901
Total Debt Service	160,729	160,729	153,828	6,901
<i>Total Expenditures</i>	166,033	166,033	158,313	7,720
<i>Net Change in Fund Balance</i>	0	0	(29,501)	(29,501)
<i>Fund Balance Beginning of Year</i>	293,870	293,870	293,870	0
<i>Fund Balance End of Year</i>	\$293,870	\$293,870	\$264,369	(\$29,501)

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*in Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Water Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$1,800,825	\$1,800,825	\$1,737,373	(\$63,452)
Tap-In Fees	12,000	12,000	5,915	(6,085)
Intergovernmental	78,455	78,455	0	(78,455)
Rentals	5,000	5,000	5,700	700
Sale of Capital Assets	0	0	765	765
Other	1,900	1,900	4,410	2,510
<i>Total Revenues</i>	1,898,180	1,898,180	1,754,163	(144,017)
<b>Expenses</b>				
Personal Services	912,450	920,700	889,672	31,028
Purchased Services	467,968	474,368	349,924	124,444
Contractual Services	97,951	95,801	80,326	15,475
Materials and Supplies	176,832	175,332	144,074	31,258
Capital Outlay	89,321	93,822	87,270	6,552
Other	2,500	2,500	942	1,558
Debt Service:				
Principal Retirement	129,141	129,141	119,516	9,625
Interest and Fiscal Charges	63,209	63,208	63,208	0
<i>Total Expenses</i>	1,939,372	1,954,872	1,734,932	219,940
<i>Net Change in Fund Equity</i>	(41,192)	(56,692)	19,231	75,923
<i>Fund Equity Beginning of Year</i>	119,525	119,525	119,525	0
Prior Year Encumbrances Appropriated	36,592	36,592	36,592	0
<i>Fund Equity End of Year</i>	\$114,925	\$99,425	\$175,348	\$75,923

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*in Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Sewer Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$1,878,842	\$1,979,842	\$1,819,644	(\$160,198)
Tap-In Fees	12,000	12,000	5,000	(7,000)
Intergovernmental	520,000	520,000	504,342	(15,658)
OWDA Loans Issued	3,195,000	3,195,000	2,506,009	(688,991)
General Obligation Notes Issued	200,000	200,000	200,000	0
Sale of Capital Assets	0	0	95	95
Other	3,000	3,000	1,709	(1,291)
<i>Total Revenues</i>	5,808,842	5,909,842	5,036,799	(873,043)
<b>Expenses</b>				
Personal Services	604,959	599,733	571,205	28,528
Purchased Services	1,130,980	1,129,532	364,287	765,245
Contractual Services	74,442	76,992	59,473	17,519
Materials and Supplies	105,934	115,982	109,382	6,600
Capital Outlay	3,298,711	3,364,711	3,346,509	18,202
Other	3,800	3,800	2,047	1,753
Debt Service:				
Principal Retirement	476,639	476,639	468,823	7,816
Interest and Fiscal Charges	124,558	124,558	121,505	3,053
<i>Total Expenses</i>	5,820,023	5,891,947	5,043,231	848,716
<i>Net Change in Fund Equity</i>	(11,181)	17,895	(6,432)	(24,327)
<i>Fund Equity Beginning of Year</i>	123,667	123,667	123,667	0
Prior Year Encumbrances Appropriated	41,306	41,306	41,306	0
<i>Fund Equity End of Year</i>	\$153,792	\$182,868	\$158,541	(\$24,327)



**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Auto Permissive Tax Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$149,000	\$149,000	\$143,838	(\$5,162)
Interest	0	0	91	91
<i>Total Revenues</i>	149,000	149,000	143,929	(5,071)
<b>Expenditures</b>				
Current:				
Transportation:				
Auto Permissive				
Personal Services	134,000	134,000	132,032	1,968
Materials and Supplies	16,282	16,282	13,858	2,424
<i>Total Expenditures</i>	150,282	150,282	145,890	4,392
<i>Net Change in Fund Balance</i>	(1,282)	(1,282)	(1,961)	(679)
<i>Fund Balance Beginning of Year</i>	679	679	679	0
Prior Year Encumbrances Appropriated	1,282	1,282	1,282	0
<i>Fund Balance End of Year</i>	\$679	\$679	\$0	(\$679)

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*State Highway Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$37,000	\$37,000	\$35,623	(\$1,377)
Interest	0	0	123	123
<i>Total Revenues</i>	<u>37,000</u>	<u>37,000</u>	<u>35,746</u>	<u>(1,254)</u>
<b>Expenditures</b>				
Current:				
Transportation:				
State Highway				
Personal Services	29,000	29,767	29,767	0
Materials and Supplies	1,500	1,500	1,500	0
Purchased Services	2,500	2,500	2,321	179
Capital Outlay	2,500	1,733	1,729	4
<i>Total Expenditures</i>	<u>35,500</u>	<u>35,500</u>	<u>35,317</u>	<u>183</u>
<i>Net Change in Fund Balance</i>	1,500	1,500	429	(1,071)
<i>Fund Balance Beginning of Year</i>	<u>1,657</u>	<u>1,657</u>	<u>1,657</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,157</u></u>	<u><u>\$3,157</u></u>	<u><u>\$2,086</u></u>	<u><u>(\$1,071)</u></u>

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Restaurant Vending Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fees, Licenses and Permits	\$16,710	\$16,710	\$17,249	\$539
<b>Expenditures</b>				
Current:				
Community Development:				
Restaurant Vending				
Personal Services	16,015	16,015	15,989	26
Materials and Supplies	200	200	157	43
Contractual Services	3,700	3,700	2,320	1,380
Purchased Services	150	150	140	10
<i>Total Expenditures</i>	<u>20,065</u>	<u>20,065</u>	<u>18,606</u>	<u>1,459</u>
<i>Net Change in Fund Balance</i>	(3,355)	(3,355)	(1,357)	1,998
<i>Fund Balance Beginning of Year</i>	<u>6,158</u>	<u>6,158</u>	<u>6,158</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,803</u></u>	<u><u>\$2,803</u></u>	<u><u>\$4,801</u></u>	<u><u>\$1,998</u></u>

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Marina Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fees, Licenses and Permits	\$500	\$500	\$555	\$55
<b>Expenditures</b>				
Current:				
Leisure Time Activities:				
Marina				
Contractual Services	500	500	379	121
<i>Net Change in Fund Balance</i>	0	0	176	176
<i>Fund Balance Beginning of Year</i>	3,619	3,619	3,619	0
<i>Fund Balance End of Year</i>	<u>\$3,619</u>	<u>\$3,619</u>	<u>\$3,795</u>	<u>\$176</u>

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Enforcement and Education Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and Forfeitures	\$1,500	\$1,500	\$1,618	\$118
<b>Expenditures</b>				
Current:				
Community Development:				
Enforcement and Education				
Contractual Services	6,000	6,000	5,905	95
<i>Net Change in Fund Balance</i>	(4,500)	(4,500)	(4,287)	213
<i>Fund Balance Beginning of Year</i>	16,734	16,734	16,734	0
<i>Fund Balance End of Year</i>	<u>\$12,234</u>	<u>\$12,234</u>	<u>\$12,447</u>	<u>\$213</u>

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Indigent Drivers Fund*  
*For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and Forfeitures	\$1,700	\$1,700	\$2,877	\$1,177
Other	1,500	1,500	402	(1,098)
<i>Total Revenues</i>	3,200	3,200	3,279	79
<b>Expenditures</b>				
Current:				
Public Health and Welfare:				
Indigent Drivers				
Contractual Services	7,000	7,000	0	7,000
<i>Net Change in Fund Balance</i>	(3,800)	(3,800)	3,279	7,079
<i>Fund Balance Beginning of Year</i>	26,683	26,683	26,683	0
<i>Fund Balance End of Year</i>	<u>\$22,883</u>	<u>\$22,883</u>	<u>\$29,962</u>	<u>\$7,079</u>

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Cemetery Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fees, Licenses and Permits	\$50	\$50	\$30	(\$20)
Charges for Services	30,500	30,500	32,522	2,022
<i>Total Revenues</i>	30,550	30,550	32,552	2,002
<b>Expenditures</b>				
Current:				
Community Development:				
Cemetery				
Personal Services	25,700	26,355	26,355	0
Materials and Supplies	1,314	1,314	1,314	0
Contractual Services	1,550	1,050	1,050	0
Purchased Services	5,472	5,472	4,913	559
Capital Outlay	1,000	845	239	606
<i>Total Expenditures</i>	35,036	35,036	33,871	1,165
<i>Net Change in Fund Balance</i>	(4,486)	(4,486)	(1,319)	3,167
<i>Fund Balance at Beginning of Year</i>	5,669	5,669	5,669	0
Prior Year Encumbrances Appropriated	786	786	786	0
<i>Fund Balance End of Year</i>	\$1,969	\$1,969	\$5,136	\$3,167

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Police Levy Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property and Other Taxes	\$302,650	\$308,550	\$310,000	\$1,450
Intergovernmental	39,350	39,350	39,545	195
<i>Total Revenues</i>	<u>342,000</u>	<u>347,900</u>	<u>349,545</u>	<u>1,645</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police Levy				
Personal Services	262,000	291,429	291,415	14
Capital Outlay	75,000	45,572	45,572	0
Other	5,000	5,780	5,780	0
<i>Total Expenditures</i>	<u>342,000</u>	<u>342,781</u>	<u>342,767</u>	<u>14</u>
<i>Net Change in Fund Balance</i>	0	5,119	6,778	1,659
<i>Fund Balance Beginning of Year</i>	<u>375</u>	<u>375</u>	<u>375</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$375</u></u>	<u><u>\$5,494</u></u>	<u><u>\$7,153</u></u>	<u><u>\$1,659</u></u>



**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Fire Levy Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property and Other Taxes	\$131,350	\$131,350	\$134,492	\$3,142
Intergovernmental	17,000	17,000	17,120	120
<i>Total Revenues</i>	148,350	148,350	151,612	3,262
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Fire Levy				
Personal Services	145,650	145,650	145,600	50
Other	2,700	2,700	2,517	183
<i>Total Expenditures</i>	148,350	148,350	148,117	233
<i>Net Change in Fund Balance</i>	0	0	3,495	3,495
<i>Fund Balance Beginning of Year</i>	151	151	151	0
<i>Fund Balance End of Year</i>	\$151	\$151	\$3,646	\$3,495

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Litter Control Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$47,800	\$47,800	\$28,269	(\$19,531)
<b>Expenditures</b>				
Current:				
Community Development:				
Litter Control				
Personal Services	71,200	71,200	53,269	17,931
Purchased Services	4,794	4,794	2,478	2,316
<i>Total Expenditures</i>	<i>75,994</i>	<i>75,994</i>	<i>55,747</i>	<i>20,247</i>
<i>Excess of Revenues Under Expenditures</i>	<i>(28,194)</i>	<i>(28,194)</i>	<i>(27,478)</i>	<i>716</i>
<b>Other Financing Sources</b>				
Transfers In	25,000	25,000	25,000	0
<i>Net Change in Fund Balance</i>	<i>(3,194)</i>	<i>(3,194)</i>	<i>(2,478)</i>	<i>716</i>
<i>Fund Balance Beginning of Year</i>	<i>3,850</i>	<i>3,850</i>	<i>3,850</i>	<i>0</i>
Prior Year Encumbrances Appropriated	594	594	594	0
<i>Fund Balance End of Year</i>	<i>\$1,250</i>	<i>\$1,250</i>	<i>\$1,966</i>	<i>\$716</i>

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*DARE Grant Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
DARE Grant				
Personal Services	8,355	8,355	6,875	1,480
<i>Net Change in Fund Balance</i>	(8,355)	(8,355)	(6,875)	1,480
<i>Fund Balance Beginning of Year</i>	8,355	8,355	8,355	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$1,480</u>	<u>\$1,480</u>

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Street Lighting Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Municipal Income Taxes	\$29,784	\$29,784	\$30,629	\$845
Other	1,700	1,700	1,571	(129)
<i>Total Revenues</i>	31,484	31,484	32,200	716
<b>Expenditures</b>				
Current:				
Basic Utility Services:				
Street Lighting				
Purchased Services	32,716	32,716	32,716	0
<i>Net Change in Fund Balance</i>	(1,232)	(1,232)	(516)	716
<i>Fund Balance Beginning of Year</i>	1,808	1,808	1,808	0
Prior Year Encumbrances Appropriated	216	216	216	0
<i>Fund Balance End of Year</i>	<u>\$792</u>	<u>\$792</u>	<u>\$1,508</u>	<u>\$716</u>

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Tree Commission Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Contributions and Donations	\$550	\$550	\$0	(\$550)
<b>Expenditures</b>				
Current:				
Community Development:				
Tree Commission				
Materials and Supplies	800	800	381	419
Other	517	517	480	37
<i>Total Expenditures</i>	1,317	1,317	861	456
<i>Excess of Revenues Under Expenditures</i>	(767)	(767)	(861)	(94)
<b>Other Financing Sources</b>				
Transfers In	750	750	750	0
<i>Net Change in Fund Balance</i>	(17)	(17)	(111)	(94)
<i>Fund Balance Beginning of Year</i>	94	94	94	0
Prior Year Encumbrances Appropriated	17	17	17	0
<i>Fund Balance End of Year</i>	\$94	\$94	\$0	(\$94)

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Demolition Fund*  
*For the Year Ended December 31, 2005*

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

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Community Housing Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$5,200	\$5,200	\$58,647	\$53,447
Interest	800	800	4,266	3,466
<i>Total Revenues</i>	6,000	6,000	62,913	56,913
<b>Expenditures</b>				
Current:				
Public Health and Welfare:				
Community Housing				
Contractual Services	3,000	3,000	200	2,800
Capital Outlay	10,000	10,000	0	10,000
Other	2,000	2,000	1,230	770
<i>Total Expenditures</i>	15,000	15,000	1,430	13,570
<i>Net Change in Fund Balance</i>	(9,000)	(9,000)	61,483	70,483
<i>Fund Balance Beginning of Year</i>	102,376	102,376	102,376	0
<i>Fund Balance End of Year</i>	\$93,376	\$93,376	\$163,859	\$70,483

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Economic Development Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$38,150	\$38,150	\$58,472	\$20,322
Interest	1,000	1,000	5,193	4,193
<i>Total Revenues</i>	39,150	39,150	63,665	24,515
<b>Expenditures</b>				
Current:				
Community Development:				
Economic Development				
Contractual Services	9,000	9,000	1,557	7,443
Other	90,000	90,000	0	90,000
<i>Total Expenditures</i>	99,000	99,000	1,557	97,443
<i>Net Change in Fund Balance</i>	(59,850)	(59,850)	62,108	121,958
<i>Fund Balance Beginning of Year</i>	178,821	178,821	178,821	0
<i>Fund Balance End of Year</i>	\$118,971	\$118,971	\$240,929	\$121,958



**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
**CHIPS Fund**  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$555,000	\$555,000	\$297,270	(\$257,730)
<b>Expenditures</b>				
Current:				
Community Development:				
CHIPS				
Contractual Services	555,000	555,000	291,776	263,224
<i>Net Change in Fund Balance</i>	0	0	5,494	5,494
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$5,494</u>	<u>\$5,494</u>

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Ambulance Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$182,000	\$182,000	\$238,882	\$56,882
Contributions and Donations	8,000	8,000	9,457	1,457
Other	36,000	36,000	29,539	(6,461)
<i>Total Revenues</i>	226,000	226,000	277,878	51,878
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Ambulance				
Personal Services	95,900	93,700	93,433	267
Materials and Supplies	44,877	46,577	38,939	7,638
Contractual Services	36,552	34,952	25,350	9,602
Purchased Services	93,177	95,277	76,397	18,880
Capital Outlay	15,900	15,900	14,078	1,822
<i>Total Expenditures</i>	286,406	286,406	248,197	38,209
<i>Net Change in Fund Balance</i>	(60,406)	(60,406)	29,681	90,087
<i>Fund Balance Beginning of Year</i>	224,169	224,169	224,169	0
Prior Year Encumbrances Appropriated	38,406	38,406	38,406	0
<i>Fund Balance End of Year</i>	\$202,169	\$202,169	\$292,256	\$90,087

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Recreation Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Municipal Income Taxes	\$25,000	\$25,000	\$26,123	\$1,123
Intergovernmental	62,516	71,188	24,030	(47,158)
Fees, Licenses and Permits	2,950	2,950	5,165	2,215
Rentals	32,750	32,750	33,300	550
Contributions and Donations	500	500	0	(500)
Other	250	250	22	(228)
<i>Total Revenues</i>	<u>123,966</u>	<u>132,638</u>	<u>88,640</u>	<u>(43,998)</u>
<b>Expenditures</b>				
Current:				
Leisure Time Activities:				
Recreation				
Personal Services	9,775	7,575	7,454	121
Materials and Supplies	10,969	3,469	0	3,469
Contractual Services	260	12,260	11,985	275
Purchased Services	4,321	2,021	794	1,227
<i>Total Recreation</i>	<u>25,325</u>	<u>25,325</u>	<u>20,233</u>	<u>5,092</u>
Parks				
Personal Services	29,300	29,300	23,196	6,104
Materials and Supplies	5,169	5,169	3,173	1,996
Contractual Services	825	825	825	0
Purchased Services	14,223	14,223	8,908	5,315
Capital Outlay	64,994	74,497	57,780	16,717
<i>Total Parks</i>	<u>114,511</u>	<u>124,014</u>	<u>93,882</u>	<u>30,132</u>
<i>Total Expenditures</i>	<u>139,836</u>	<u>149,339</u>	<u>114,115</u>	<u>35,224</u>
<i>Excess of Revenues Under Expenditures</i>	(15,870)	(16,701)	(25,475)	(8,774)
<b>Other Financing Sources</b>				
Transfers In	12,000	12,000	22,000	10,000
<i>Net Change in Fund Balance</i>	(3,870)	(4,701)	(3,475)	1,226
<i>Fund Balance Beginning of Year</i>	957	957	957	0
Prior Year Encumbrances Appropriated	6,685	6,685	6,685	0
<i>Fund Balance End of Year</i>	<u>\$3,772</u>	<u>\$2,941</u>	<u>\$4,167</u>	<u>\$1,226</u>

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Police Pension Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property and Other Taxes	\$147,098	\$147,098	\$154,910	\$7,812
Intergovernmental	22,099	22,099	21,262	(837)
<i>Total Revenues</i>	169,197	169,197	176,172	6,975
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Police Pension				
Personal Services	207,000	211,900	211,894	6
Other	4,200	4,200	2,906	1,294
<i>Total Expenditures</i>	211,200	216,100	214,800	1,300
<i>Net Change in Fund Balance</i>	(42,003)	(46,903)	(38,628)	8,275
<i>Fund Balance Beginning of Year</i>	110,172	110,172	110,172	0
<i>Fund Balance End of Year</i>	\$68,169	\$63,269	\$71,544	\$8,275

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Fire Pension Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property and Other Taxes	\$66,450	\$66,450	\$67,987	\$1,537
Intergovernmental	8,800	8,800	8,942	142
<i>Total Revenues</i>	<u>75,250</u>	<u>75,250</u>	<u>76,929</u>	<u>1,679</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Fire Pension				
Personal Services	167,000	167,770	167,764	6
Other	1,450	1,450	1,271	179
<i>Total Expenditures</i>	<u>168,450</u>	<u>169,220</u>	<u>169,035</u>	<u>185</u>
<i>Excess of Revenues Under Expenditures</i>	(93,200)	(93,970)	(92,106)	1,864
<b>Other Financing Sources</b>				
Transfers In	94,000	94,000	94,000	0
<i>Net Change in Fund Balance</i>	800	30	1,894	1,864
<i>Fund Balance Beginning of Year</i>	<u>1,099</u>	<u>1,099</u>	<u>1,099</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,899</u></u>	<u><u>\$1,129</u></u>	<u><u>\$2,993</u></u>	<u><u>\$1,864</u></u>

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Street Improvement Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$143,987	\$143,987	\$74,860	(\$69,127)
<b>Expenditures</b>				
Capital Outlay:				
Street Improvement				
Capital Outlay	109,100	109,100	0	109,100
Debt Service:				
Principal Retirement	70,000	70,000	70,000	0
Interest and Fiscal Charges	4,887	4,887	4,860	27
<i>Total Expenditures</i>	183,987	183,987	74,860	109,127
<i>Excess of Revenues Under Expenditures</i>	(40,000)	(40,000)	0	40,000
<b>Other Financing Sources (Uses)</b>				
General Obligation Notes Issued	240,000	240,000	200,000	(40,000)
Current Refunding	(200,000)	(200,000)	(200,000)	0
Total Other Financing Sources (Uses)	40,000	40,000	0	(40,000)
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Community Development Block Grant Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$4,000	\$4,000	\$4,000	\$0
<b>Expenditures</b>				
Capital Outlay:				
Community Development Block Grant				
Capital Outlay	5,367	5,367	3,316	2,051
<i>Net Change in Fund Balance</i>	(1,367)	(1,367)	684	2,051
<i>Fund Balance Beginning of Year</i>	1,367	1,367	1,367	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$2,051	\$2,051

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Municipal Court Improvement Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and Forfeitures	\$51,500	\$51,500	\$53,204	\$1,704
<b>Expenditures</b>				
Capital Outlay:				
Municipal Court Improvement				
Capital Outlay	49,170	129,310	44,912	84,398
<i>Net Change in Fund Balance</i>	2,330	(77,810)	8,292	86,102
<i>Fund Balance Beginning of Year</i>	145,274	145,274	145,274	0
Prior Year Encumbrances Appropriated	170	170	170	0
<i>Fund Balance End of Year</i>	<u>\$147,774</u>	<u>\$67,634</u>	<u>\$153,736</u>	<u>\$86,102</u>



**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Fiscal Year 2004 Formula Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$85,000	\$90,000	\$3,080	(\$86,920)
<b>Expenditures</b>				
Capital Outlay:				
Fiscal Year 2004 Formula				
Capital Outlay	85,000	90,000	3,080	86,920
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Capital Improvement Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Municipal Income Taxes	\$45,798	\$45,798	\$47,443	\$1,645
<b>Expenditures</b>				
Capital Outlay:				
Capital Improvement				
Capital Outlay	46,650	46,650	29,686	16,964
<i>Net Change in Fund Balance</i>	(852)	(852)	17,757	18,609
<i>Fund Balance Beginning of Year</i>	2,018	2,018	2,018	0
<i>Fund Balance End of Year</i>	<u>\$1,166</u>	<u>\$1,166</u>	<u>\$19,775</u>	<u>\$18,609</u>

**City of Conneaut, Ohio**  
*Schedule of Revenues, Expenses and Changes*  
*In Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*Cemetery Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest	\$600	\$600	\$346	(\$254)
<b>Expenses</b>				
Contractual Services	800	800	76	724
<i>Net Change in Fund Equity</i>	(200)	(200)	270	470
<i>Fund Equity Beginning of Year</i>	29,397	29,397	29,397	0
<i>Fund Equity End of Year</i>	<u>\$29,197</u>	<u>\$29,197</u>	<u>\$29,667</u>	<u>\$470</u>

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## Statistical Section

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

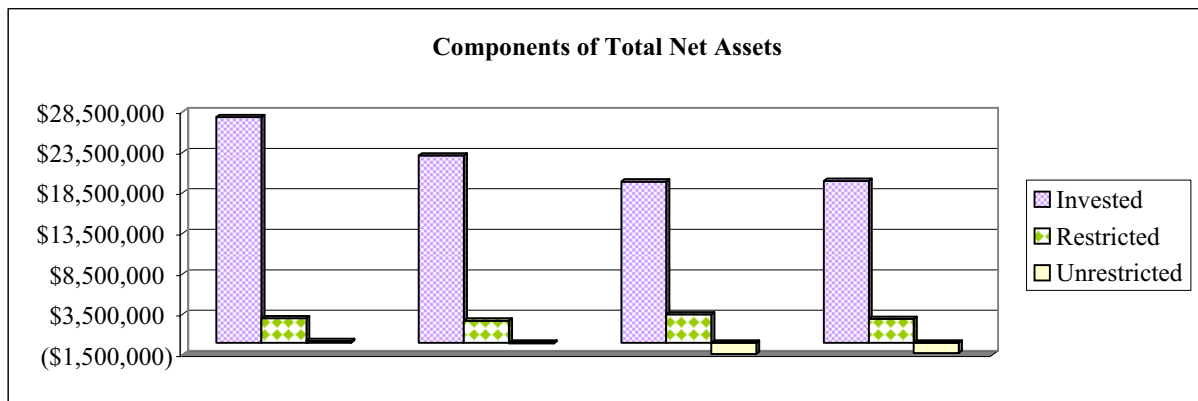
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<b>Contents</b>	<b>Pages(s)</b>
<b><i>Financial Trends</i></b> .....	<b><i>S2 – S9</i></b>
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<b><i>Revenue Capacity</i></b> .....	<b><i>S10 – S19</i></b>
These schedules contain information to help the reader assess the City's most significant local revenue, the property tax and the municipal income tax.	
<b><i>Debt Capacity</i></b> .....	<b><i>S20 – S26</i></b>
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<b><i>Economic and Demographic Information</i></b> .....	<b><i>S27 – S29</i></b>
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
<b><i>Operating Information</i></b> .....	<b><i>S30 – S35</i></b>
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

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

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

	2005	2004	2003	2002
<b>Governmental Activities</b>				
Invested in Capital Assets	\$17,803,818	\$13,885,124	\$14,369,780	\$14,187,443
Restricted:				
Capital Projects	153,012	165,563	440,452	389,896
Debt Service	1,064,561	978,890	1,723,937	1,259,673
Street Construction, Maintenance and Repair	499,673	427,146	0	0
Community Housing	163,939	102,376	0	0
Economic Development	483,025	476,127	0	0
Ambulance Services	313,409	288,155	0	0
Other Purposes	352,894	279,820	1,336,163	1,295,364
Unrestricted (Deficit)	(108,071)	(461,221)	(1,292,211)	(782,351)
<i>Total Governmental Activities Net Assets</i>	<u>\$20,726,260</u>	<u>\$16,141,980</u>	<u>\$16,578,121</u>	<u>\$16,350,025</u>
<b>Business Type - Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$10,040,089	\$9,226,252	\$5,527,010	\$5,787,226
Unrestricted (Deficit)	326,986	347,250	(122,561)	(481,075)
<i>Total Business-Type Activities Net Assets</i>	<u>\$10,367,075</u>	<u>\$9,573,502</u>	<u>\$5,404,449</u>	<u>\$5,306,151</u>
<b>Primary Government</b>				
Invested in Capital Assets, Net of Related Debt	\$27,843,907	\$23,111,376	\$19,896,790	\$19,974,669
Restricted	3,030,513	2,718,077	3,500,552	2,944,933
Unrestricted (Deficit)	218,915	(113,971)	(1,414,772)	(1,263,426)
<i>Total Primary Government Net Assets</i>	<u>\$31,093,335</u>	<u>\$25,715,482</u>	<u>\$21,982,570</u>	<u>\$21,656,176</u>



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

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

	2005	2004	2003
<b>Program Revenues</b>			
Governmental Activities:			
Charges for Services:			
General Government	\$177,001	\$219,503	\$173,490
Security of Persons and Property	442,365	420,384	419,527
Public Health Services	41,523	38,628	27,573
Leisure Time Activities	39,984	38,274	38,016
Community Development	59,353	58,627	54,662
Transportation	0	0	3,817
Subtotal - Charges for Services	<u>760,226</u>	<u>775,416</u>	<u>717,085</u>
Operating Grants and Contributions:			
General Government	6,721	7,216	10,310
Security of Persons and Property	21,894	29,577	19,143
Public Health Services	60,738	47,785	27,494
Leisure Time Activities	54,191	331	1,608
Community Development	326,568	388,570	237,914
Transportation	693,931	625,609	573,917
Subtotal - Operating Grants and Contributions	<u>1,164,043</u>	<u>1,099,088</u>	<u>870,386</u>
Capital Grants and Assessments:			
General Government	98,004	0	5,803
Security of Persons and Property	141,361	0	0
Public Health Services	23,767	0	0
Leisure Time Activities	596	0	0
Community Development	8,830	156,358	215,639
Transportation	4,614,458	4,476,233	1,792
Subtotal - Capital Grants and Assessments	<u>4,887,016</u>	<u>4,632,591</u>	<u>223,234</u>
<i>Total Governmental Activities Program Revenues</i>	<u>6,811,285</u>	<u>6,507,095</u>	<u>1,810,705</u>
Business-Type Activities:			
Charges for Services:			
Water	1,802,540	1,842,561	1,604,060
Sewer	1,847,344	1,706,244	1,500,517
Operating Grants and Contributions			
Sewer	0	10,003	0
Capital Grants and Assessments			
Water	0	0	9,938
Sewer	504,342	0	137,903
<i>Total Business-Type Activities Program Revenues</i>	<u>4,154,226</u>	<u>3,558,808</u>	<u>3,252,418</u>
<i>Total Primary Government Program Revenues</i>	<u>\$10,965,511</u>	<u>\$10,065,903</u>	<u>\$5,063,123</u>

(continued)

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

	2005	2004	2003
<b>Expenses</b>			
<i>Governmental Activities:</i>			
General Government	\$1,183,087	\$1,463,838	\$998,850
Security of Persons and Property	3,299,875	3,039,526	3,097,076
Public Health Services	355,171	320,256	353,790
Leisure Time Activities	94,950	92,522	100,480
Basic Utility Services	32,500	32,500	0
Community Development	411,062	583,977	437,292
Transportation	2,232,242	2,265,269	1,677,028
Interest and Fiscal Charges	191,188	229,363	259,709
<i>Total Governmental Activities Expenses</i>	<u>7,800,075</u>	<u>8,027,251</u>	<u>6,924,225</u>
<i>Business-Type Activities</i>			
Water	1,743,464	1,627,086	1,560,300
Sewer	1,623,308	1,400,021	1,622,502
<i>Total Business-Type Activities Expenses</i>	<u>3,366,772</u>	<u>3,027,107</u>	<u>3,182,802</u>
<i>Total Primary Government Program Expenses</i>	<u>11,166,847</u>	<u>11,054,358</u>	<u>10,107,027</u>
<b>Net (Expense)/Revenue</b>			
Governmental Activities	(988,790)	(1,520,156)	(5,113,520)
Business-Type Activities	<u>789,908</u>	<u>531,701</u>	<u>69,616</u>
<i>Total Primary Government Net Expense</i>	<u><u>(\$201,336)</u></u>	<u><u>(\$988,455)</u></u>	<u><u>(\$5,043,904)</u></u>

(continued)

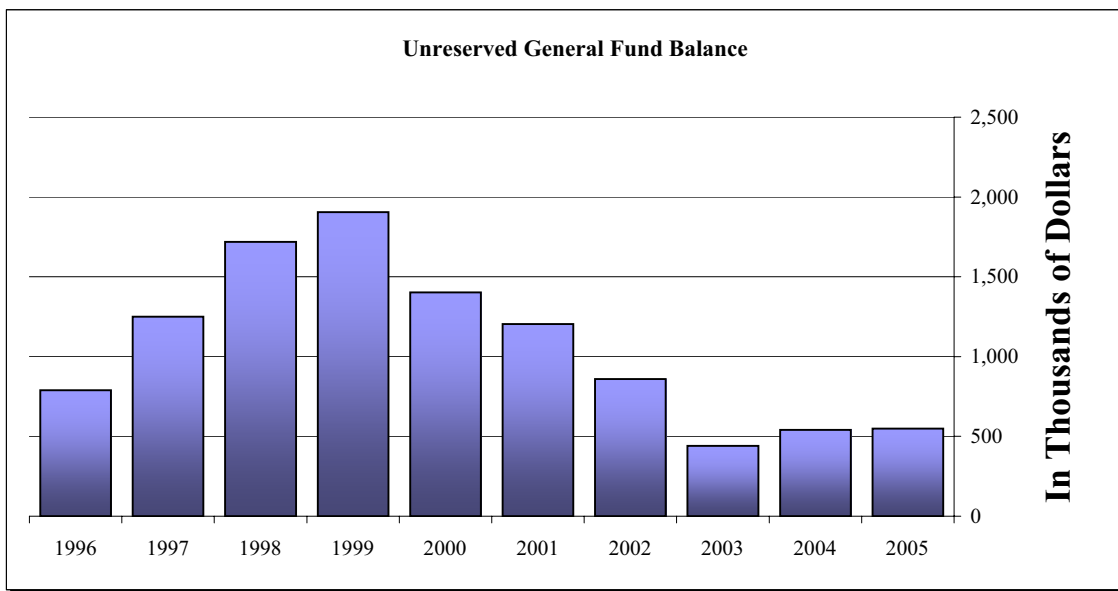


**City of Conneaut, Ohio**  
*Changes in Net Assets (continued)*  
*Last Three Years*  
*(Accrual Basis of Accounting)*

	2005	2004	2003
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental Activities			
Taxes:			
Property and Other Local Taxes Levied For:			
General Purposes	\$390,798	\$311,222	\$279,872
Debt Service	312,684	309,290	564,949
Other Purposes	666,808	719,660	552,003
Municipal Income Taxes levied for:			
General Purposes	2,035,114	1,960,666	1,948,508
Capital Outlay	47,183	45,457	45,174
Street Construction, Maintenance and Repair	847,493	816,488	0
Other Purposes	56,441	54,374	862,927
Grants and Entitlements not Restricted to			
Specific Programs	1,045,596	937,225	1,015,299
Investment Income	73,016	25,400	20,472
Gain on Sale of Capital Assets	3,593	0	8,277
Miscellaneous	94,344	170,568	55,158
Transfers	0	0	(11,023)
<i>Total Governmental Activities</i>	<u>5,573,070</u>	<u>5,350,350</u>	<u>5,341,616</u>
Business-Type Activities			
Miscellaneous	6,119	4,136	17,659
Transfers	0	0	11,023
<i>Total Business-Type Activities Expenses</i>	<u>6,119</u>	<u>4,136</u>	<u>28,682</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>5,579,189</u>	<u>5,354,486</u>	<u>5,370,298</u>
<b>Change in Net Assets</b>			
Governmental Activities	4,584,280	3,830,194	228,096
Business-Type Activities	793,573	535,837	98,298
<i>Total Primary Government Change in Net Assets</i>	<u><u>\$5,377,853</u></u>	<u><u>\$4,366,031</u></u>	<u><u>\$326,394</u></u>

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

	2005	2004	2003	2002
<b>General Fund</b>				
Reserved	\$37,837	\$18,093	\$37,759	\$55,890
Unreserved	549,024	541,313	440,468	860,023
<b>Total General Fund</b>	<b>586,861</b>	<b>559,406</b>	<b>478,227</b>	<b>915,913</b>
<b>All Other Governmental Funds</b>				
Reserved	335,390	318,871	357,704	397,945
Unreserved, Undesignated, Reported in:				
Special Revenue funds	1,122,472	880,223	697,461	1,190,000
Debt Service funds	812,744	823,267	1,019,542	987,926
Capital Projects funds	347,238	430,440	432,388	(160,321)
<b>Total All Other Governmental Funds</b>	<b>2,617,844</b>	<b>2,452,801</b>	<b>2,507,095</b>	<b>2,415,550</b>
<b>Total Governmental Funds</b>	<b>\$3,204,705</b>	<b>\$3,012,207</b>	<b>\$2,985,322</b>	<b>\$3,331,463</b>



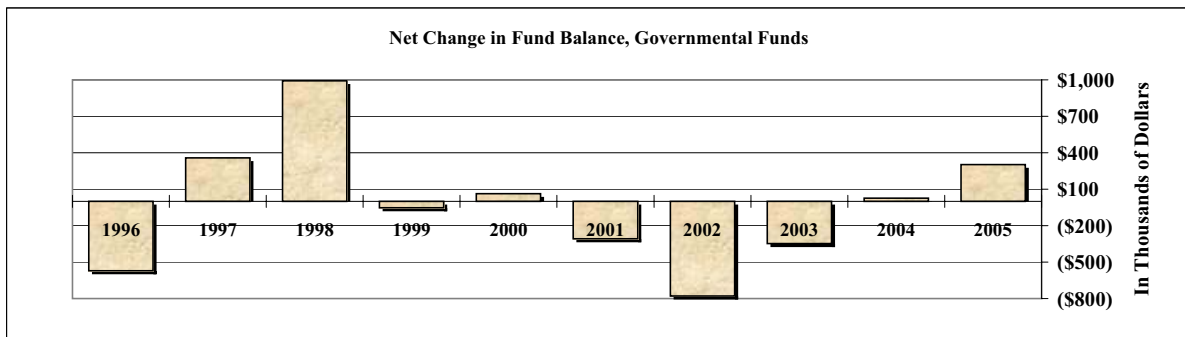
2001	2000	1999	1998	1997	1996
\$105,632	\$192,067	\$78,899	\$100,596	\$308,282	\$68,293
1,204,410	1,402,455	1,905,115	1,719,016	1,250,323	788,899
1,310,042	1,594,522	1,984,014	1,819,612	1,558,605	857,192
328,576	369,855	370,873	536,626	2,046,444	2,427,239
1,333,532	1,395,282	1,340,603	1,300,743	982,473	1,374,688
1,116,240	942,616	564,217	676,364	856,133	735,621
22,804	117,330	97,052	77,262	(2,024,126)	(2,333,816)
2,801,152	2,825,083	2,372,745	2,590,995	1,860,924	2,203,732
\$4,111,194	\$4,419,605	\$4,356,759	\$4,410,607	\$3,419,529	\$3,060,924

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

	2005	2004	2003	2002	2001
<b>Revenues</b>					
Property and Other Taxes	\$1,363,150	\$1,337,280	\$1,384,418	\$1,167,642	\$1,505,844
Municipal Income Taxes	2,943,847	2,923,195	2,853,586	2,915,116	2,478,260
Special Assessments	189,379	180,452	192,303	193,627	281,762
Intergovernmental	2,216,747	2,229,617	2,061,404	2,382,224	2,097,717
Fees, Licenses and Permits	220,080	215,398	203,354	160,328	255,063
Fines and Forfeitures	242,279	266,244	205,562	316,122	300,675
Rentals	50,300	48,175	50,650	53,700	55,450
Charges for Services	271,404	206,512	215,756	299,190	231,127
Contributions and Donations	31,183	31,101	21,796	15,693	0
Interest	73,016	25,400	20,472	49,366	184,173
Other	94,344	170,568	55,158	125,119	349,235
<i>Total Revenues</i>	<u>7,695,729</u>	<u>7,633,942</u>	<u>7,264,459</u>	<u>7,678,127</u>	<u>7,739,306</u>
<b>Expenditures</b>					
Current:					
General Government	1,151,220	1,327,360	933,160	1,229,947	1,030,226
Security of Persons and Property	3,237,997	2,956,531	2,893,422	3,157,782	3,007,278
Public Health Services	353,791	316,299	345,026	309,837	208,721
Leisure Time Activities	123,314	73,907	81,764	89,930	82,593
Community Development	405,487	526,196	419,650	435,169	609,272
Basic Utilities Services	32,500	32,500	0	0	137,159
Transportation	1,390,496	1,496,163	1,486,627	1,634,703	1,591,213
Capital Outlay	81,983	291,904	706,298	856,052	559,806
Debt Service:					
Principal Retirement	434,866	1,180,444	1,226,119	461,268	493,541
Interest and Fiscal Charges	195,981	225,379	246,288	283,170	345,733
<i>Total Expenditures</i>	<u>7,407,635</u>	<u>8,426,683</u>	<u>8,338,354</u>	<u>8,457,858</u>	<u>8,065,542</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>288,094</u>	<u>(792,741)</u>	<u>(1,073,895)</u>	<u>(779,731)</u>	<u>(326,236)</u>
<b>Other Financing Sources (Uses)</b>					
Sale of Capital Assets	13,456	0	8,277	0	1,825
General Obligation Bonds Issued	0	0	0	0	0
General Obligation Notes Issued	493,000	788,000	730,500	0	0
OPWC Loans Issued	0	31,626	0	0	0
OWDA Loans Issued	0	0	0	0	16,000
Current Refunding	(493,000)	0	0	0	0
Transfers In	143,406	279,950	312,411	314,800	455,906
Transfers Out	(143,406)	(279,950)	(323,434)	(314,800)	(455,906)
<i>Total Other Financing Sources (Uses)</i>	<u>13,456</u>	<u>819,626</u>	<u>727,754</u>	<u>0</u>	<u>17,825</u>
<i>Net Change in Fund Balances</i>	<u>\$301,550</u>	<u>\$26,885</u>	<u>(\$346,141)</u>	<u>(\$779,731)</u>	<u>(\$308,411)</u>

Debt Service as a Percentage of Noncapital Expenditures

9.4%      20.9%      23.9%      10.9%      12.6%



2000	1999	1998	1997	1996
\$1,748,186	\$1,536,820	\$1,501,115	\$1,612,008	\$1,351,015
2,825,034	2,779,711	2,631,855	2,509,253	2,206,301
116,085	114,308	113,106	316,766	66,862
2,090,096	2,005,315	2,266,540	2,018,696	1,674,706
151,922	76,188	93,650	121,808	113,765
293,085	328,439	191,115	193,072	220,629
85,575	40,200	36,525	41,550	22,100
236,494	257,771	239,782	249,148	229,660
0	0	0	0	0
304,892	216,299	286,626	319,760	271,967
170,625	168,331	270,761	162,243	122,348
<u>8,021,994</u>	<u>7,523,382</u>	<u>7,631,075</u>	<u>7,544,304</u>	<u>6,279,353</u>
911,328	788,472	802,038	811,851	704,222
2,855,072	2,780,219	2,694,068	2,318,538	2,320,147
187,764	168,570	163,426	161,339	144,896
75,854	55,688	140,380	57,929	53,782
201,486	513,106	453,055	204,396	172,337
115,150	123,259	124,532	116,736	136,552
1,524,804	1,663,097	1,550,185	1,107,726	1,042,603
1,491,760	416,543	1,784,722	1,497,801	1,468,203
610,537	596,901	489,404	483,615	472,647
326,766	442,676	325,864	374,818	368,019
<u>8,300,521</u>	<u>7,548,531</u>	<u>8,527,674</u>	<u>7,134,749</u>	<u>6,883,408</u>
<u>(278,527)</u>	<u>(25,149)</u>	<u>(896,599)</u>	<u>409,555</u>	<u>(604,055)</u>
49,275	16,052	1,610	17,772	1,130
0	0	2,062,874	100,000	0
0	0	0	0	0
0	0	0	0	0
295,090	0	0	0	0
0	0	0	0	0
473,326	410,645	452,285	405,255	364,460
<u>(476,318)</u>	<u>(455,396)</u>	<u>(629,092)</u>	<u>(573,977)</u>	<u>(333,356)</u>
<u>341,373</u>	<u>(28,699)</u>	<u>1,887,677</u>	<u>(50,950)</u>	<u>32,234</u>
<u>\$62,846</u>	<u>(\$53,848)</u>	<u>\$991,078</u>	<u>\$358,605</u>	<u>(\$571,821)</u>
16.0%	17.1%	13.8%	18.0%	18.4%

**City of Conneaut, Ohio**  
*Assessed Valuation and Estimated True Values of Taxable Property*  
*Last Ten Years*

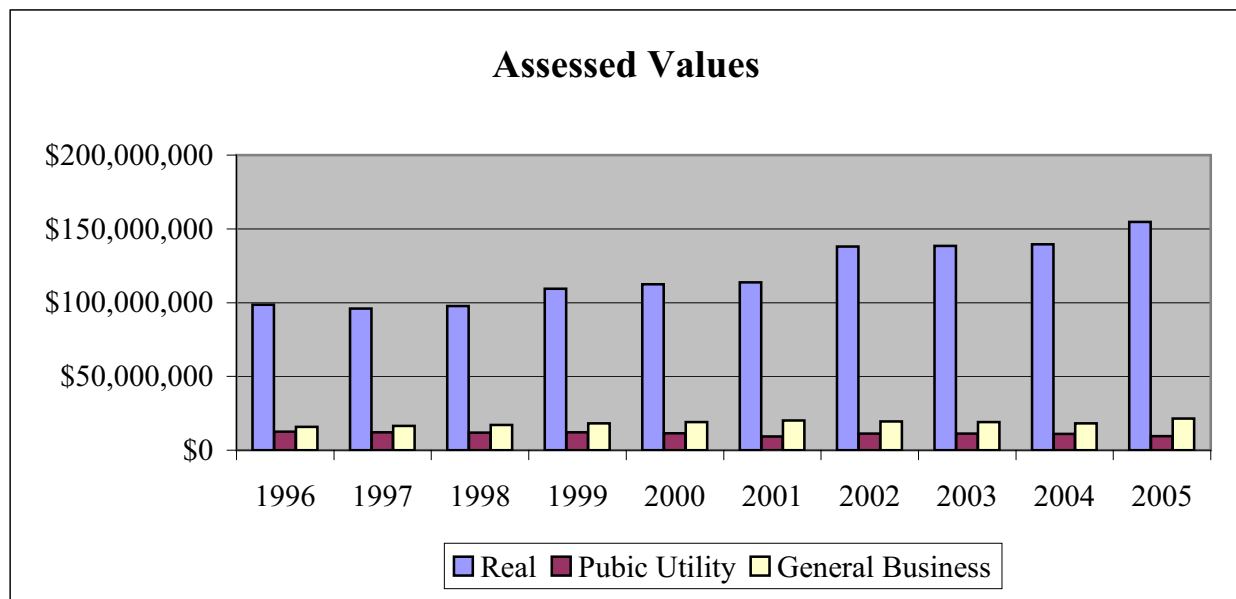
Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2005	\$122,461,990	\$32,194,020	\$441,874,314	\$9,628,160	\$10,941,091
2004	109,856,550	29,606,730	398,466,514	10,951,410	12,444,784
2003	109,067,100	29,429,220	395,703,771	11,255,570	12,790,420
2002	108,672,030	29,298,090	394,200,343	11,317,330	12,860,602
2001	89,226,340	24,606,000	325,235,257	9,291,890	10,558,966
2000	88,265,910	24,088,920	321,013,800	11,449,120	13,010,364
1999	87,248,500	22,271,210	312,913,457	12,173,790	13,833,852
1998	75,123,000	22,629,830	279,293,800	11,973,670	13,606,443
1997	74,480,060	21,437,800	274,051,029	12,183,270	13,844,625
1996	74,079,070	24,520,640	281,713,457	12,492,750	14,196,307

Property is assessed every year. The assessed value of real property (including public utility real property) is 35 percent of estimated true value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property is assessed at 23 percent for everything except inventories, which are assessed at 23 percent. For collection year 2006 both types of general business tangible personal property will be assessed at 18.75 percent.

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

Source: Ashtabula County, Ohio; County Auditor

Tangible Personal Property					Weighted Average Tax Rate (per \$1,000 of Assessed Value)
General Business		Total			
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$21,491,570	\$85,966,280	\$185,775,740	\$538,781,685	34.48%	\$8.56
18,222,780	72,891,120	168,637,470	483,802,418	34.86	8.56
19,020,650	76,082,600	168,772,540	484,576,791	34.83	8.99
19,503,980	78,015,920	168,791,430	485,076,865	34.80	8.99
20,105,970	80,423,880	143,230,200	416,218,103	34.41	11.29
18,973,930	75,895,720	142,777,880	409,919,884	34.83	12.29
18,300,360	73,201,440	139,993,860	399,948,749	35.00	13.72
17,094,050	68,376,200	126,820,550	361,276,443	35.10	14.02
16,373,918	65,495,672	124,475,048	353,391,326	35.22	14.73
15,845,643	63,382,572	126,938,103	359,292,336	35.33	14.60



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

	2005	2004	2003	2002
<b>Unvoted Millage</b>				
Operating	\$2.19000	\$1.79000	\$1.59000	\$1.59000
Fire Pension	0.44000	0.44000	0.44000	0.44000
Police Pension	1.00000	1.40000	1.40000	1.40000
Bond Sinking Fund	0.00000	0.00000	0.20000	0.20000
Parks	0.00000	0.00000	0.00000	0.00000
<i>Total Unvoted Millage</i>	<u>3.63000</u>	<u>3.63000</u>	<u>3.63000</u>	<u>3.63000</u>
<b>Charter Millage</b>				
2003 Police Operating	<u>2.00000</u>	<u>2.00000</u>	<u>0.00000</u>	<u>0.00000</u>
<b>Voted Millage - by levy</b>				
1977 Bond	0.0000	0.0000	1.0500	1.0500
1977 Police				
Residential/Agricultural Real	0.0000	0.0000	0.6137	0.6137
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.7790	0.7790
General Business and Public Utility Personal	0.0000	0.0000	2.0000	2.0000
1986 Bond	0.9500	0.9500	1.0500	1.0500
1987 Park District				
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000
1994 Fire				
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000
1995 Library Bond	1.0900	1.0900	1.2400	1.2400
1996 Fire				
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000
1997 Park District				
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000
2000 Fire				
Residential/Agricultural Real	0.8273	0.8273	0.8270	0.8270
Commercial/Industrial and Public Utility Real	0.8491	0.8488	0.8472	0.8472
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000



2001	2000	1999	1998	1997	1996
\$1.59000	\$1.59000	\$1.59000	\$1.59000	\$1.59000	\$1.59000
0.44000	0.44000	0.44000	0.44000	0.44000	0.44000
1.40000	1.40000	1.40000	1.40000	1.40000	1.40000
0.20000	0.20000	0.20000	0.20000	0.20000	0.20000
0.15000	0.15000	0.15000	0.15000	0.15000	0.15000
3.78000	3.78000	3.78000	3.78000	3.78000	3.78000
0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
1.3700	1.7000	1.7000	1.8000	2.6000	2.6000
0.7419	0.7416	0.8490	0.8486	0.8475	0.8475
0.9194	0.9185	0.9185	0.9173	0.8950	0.8950
2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
1.4000	1.8000	1.8000	1.9000	2.0000	2.0000
0.0000	0.0000	0.0000	0.0000	0.7166	0.7166
0.0000	0.0000	0.0000	0.0000	0.7562	0.7562
0.0000	0.0000	0.0000	0.0000	1.0000	1.0000
0.0000	0.0000	1.1668	1.1662	1.1647	1.1647
0.0000	0.0000	1.2903	1.2885	1.2572	1.2572
0.0000	0.0000	1.5000	1.5000	1.5000	1.1000
1.5700	2.0000	2.0000	2.1000	2.1000	2.1000
0.0000	0.6794	0.7779	0.7774	0.7764	0.7764
0.0000	0.8601	0.8602	0.8590	0.8382	0.8382
0.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.8651	0.8647	0.9900	0.9900	0.0000	0.0000
0.9900	0.9899	0.9900	0.9900	0.0000	0.0000
0.9900	0.9900	0.9900	0.9900	0.0000	0.0000
1.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1.0000	0.0000	0.0000	0.0000	0.0000	0.0000

(continued)

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

	2005	2004	2003	2002
<i>Total Voted Millage by Type of Property</i>				
Residential/Agricultural Real	\$2.86730	\$2.86730	\$4.78070	\$4.78070
Commercial/Industrial and Public Utility Real	2.88910	2.88880	4.96620	4.96620
General Business and Public Utility Personal	3.04000	3.04000	6.34000	6.34000
<i>Total Millage by Type of Property</i>				
Residential/Agricultural Real	8.49730	8.49730	8.41070	8.41070
Commercial/Industrial and Public Utility Real	8.51910	8.51880	8.59620	8.59620
General Business and Public Utility Personal	8.67000	8.67000	9.97000	9.97000

**Overlapping Rates by Taxing District**

<b>Conneaut City School District</b>				
Residential/Agricultural Real	26.0001	25.9999	25.9940	25.9940
Commercial/Industrial and Public Utility Real	28.3117	28.3061	28.2686	28.2686
General Business and Public Utility Personal	45.8300	45.8300	45.8300	45.8300
<b>Ashtabula County</b>				
Residential/Agricultural Real	9.0059	9.0043	7.6712	7.6712
Commercial/Industrial and Public Utility Real	9.8486	9.8242	8.4814	8.4814
General Business and Public Utility Personal	11.0300	11.0300	9.7000	9.7000
<b>Special Taxing Districts (1)</b>				
Residential/Agricultural Real	3.6199	3.6197	3.1184	3.1184
Commercial/Industrial and Public Utility Real	3.8448	3.8353	3.3287	3.3287
General Business and Public Utility Personal	5.7500	5.7500	5.2500	5.2500

Source: Ashtabula County Auditor

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

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

Charter millage is consistently applied to all types of property as opposed to voted millage.

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

(1) Park District, Joint Vocational School

2001	2000	1999	1998	1997	1996
\$6.94700	\$7.78570	\$9.28370	\$9.58220	\$10.20520	\$10.20520
7.24940	8.26850	9.55900	9.85480	10.44660	10.44660
8.33000	9.49000	10.99000	11.29000	12.20000	11.80000
10.72700	11.56570	13.06370	13.36220	13.98520	13.98520
11.02940	12.04850	13.33900	13.63480	14.22660	14.22660
12.11000	13.27000	14.77000	15.07000	15.98000	15.58000

27.1228	23.8502	26.2983	27.1875	27.1639	27.1639
31.0717	27.9141	27.9154	28.7862	28.2726	28.2726
45.8300	42.8400	42.8400	43.7400	43.7400	43.7400

8.5833	7.5805	7.8252	7.8234	6.7003	6.7003
9.4864	8.4853	8.2625	8.2596	7.5393	7.5393
9.7000	8.7000	8.7000	8.7000	8.8400	8.8400

2.1762	2.1760	2.3839	2.2216	2.2202	2.2202
2.7205	2.7176	2.7180	2.6187	2.5981	2.5981
4.1100	4.1100	4.1100	4.1100	4.1100	4.1100

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

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections (1)
2005	\$1,462,087	\$1,431,518	97.91 %	\$56,018	\$1,487,536
2004	1,463,258	1,401,487	95.78	58,205	1,459,692
2003	1,682,851	1,437,095	85.40	60,626	1,497,721
2002	1,428,005	1,241,322	86.93	56,236	1,297,558
2001	1,566,273	1,395,931	89.12	42,731	1,438,662
2000	1,698,126	1,491,712	87.84	52,627	1,544,339
1999	1,728,564	1,519,218	87.89	50,769	1,569,987
1998	1,733,937	1,542,332	88.95	44,726	1,587,058
1997	1,882,492	1,640,787	87.16	63,292	1,704,079
1996	1,478,631	1,271,623	86.00	64,396	1,336,019

Source:

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

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

<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
101.74 %	\$106,404	7.28 %
99.76	130,407	8.91
89.00	88,892	5.28
90.87	85,187	5.97
91.85	75,630	4.83
90.94	77,706	4.58
90.83	35,380	2.05
91.53	129,173	7.45
90.52	23,570	1.25
90.36	76,609	5.18

**City of Conneaut, Ohio**  
*Principal Real Property Taxpayers*  
*Current Year and Nine Years Ago*

<i>December 31, 2005</i>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
Cleveland Electric Illuminating Company	\$3,562,580	1.92 %
Conneaut Telephone	3,190,460	1.72
Inn at the Lake	1,548,090	0.83
Millwork Properties	1,509,220	0.81
Union Court Apartments	1,421,690	0.77
CSP of Ohio	1,392,060	0.75
Highland Place	1,034,680	0.56
Inn Conn Health	985,710	0.53
Norfolk Southern	833,800	0.45
Union Railroad	828,250	0.45
<b>Total</b>	<b>\$16,306,540</b>	<b>8.78 %</b>
<b>Total Assessed Valuation</b>	<b>\$185,775,740</b>	

<i>December 31, 1996</i>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
Cleveland Electric Illuminating Company	\$5,978,690	4.71 %
Conneaut Telephone	2,963,770	2.33
Theresa Talarico	1,223,200	0.96
East Ohio Gas	1,073,710	0.85
Highland Place	980,580	0.77
Norfolk Southern	852,410	0.67
Consolidated Rail Corp.	796,040	0.63
Union Railroad	789,700	0.62
Bessemer and Lake Erie Railroad	700,750	0.55
General Electric	613,070	0.48
<b>Total</b>	<b>\$15,971,920</b>	<b>12.58 %</b>
<b>Total Assessed Valuation</b>	<b>\$126,938,103</b>	

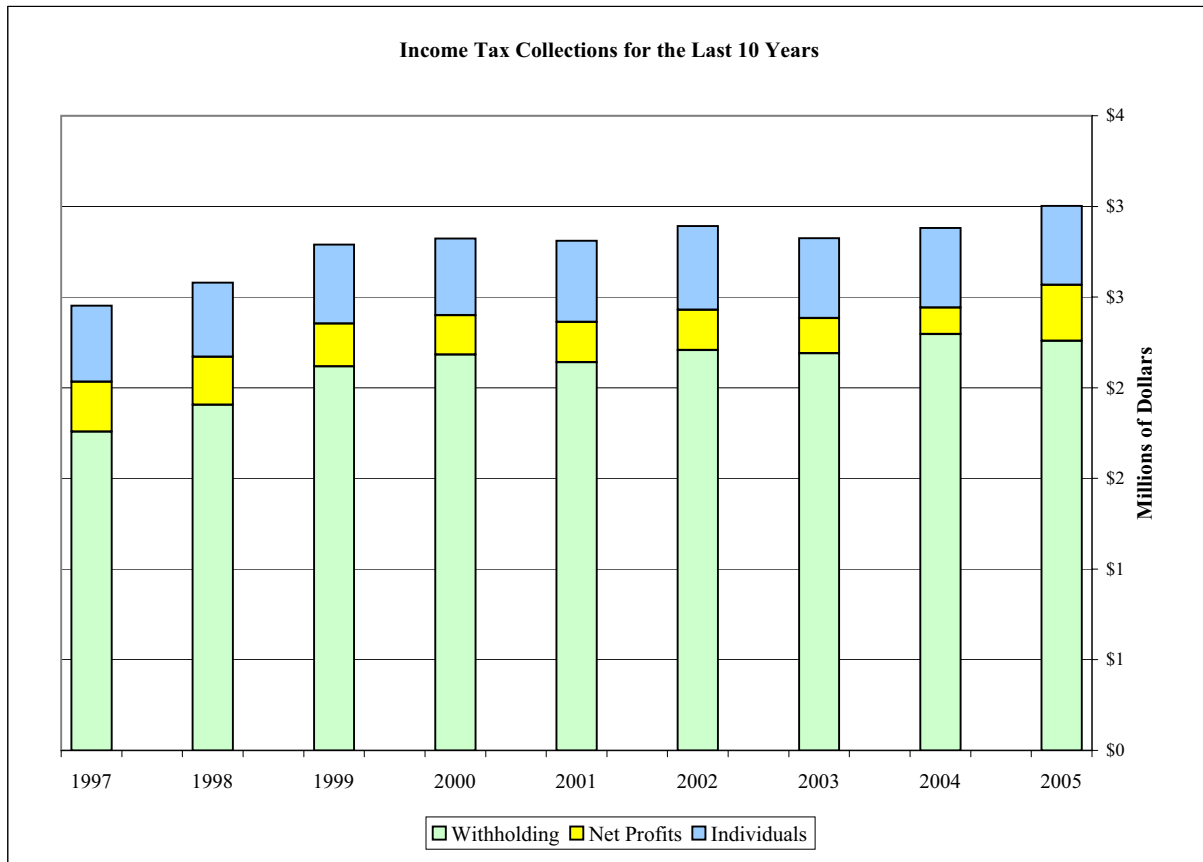
**City of Conneaut, Ohio**  
*Income Tax Revenue Base and Collections*  
*Last Nine Years (1)*

Tax Year	Tax Rate	Total Tax Collected (2)	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2005	1.65%	\$3,002,703	\$2,258,747	75.22%	\$308,814	10.28%	\$435,241	14.49%
2004	1.65	2,881,056	2,296,181	79.70	145,282	5.04	439,593	15.26
2003	1.65	2,825,316	2,190,711	77.54	193,293	6.84	441,312	15.62
2002	1.65	2,891,951	2,207,448	76.33	221,900	7.67	462,603	16.00
2001	1.65	2,811,397	2,140,404	76.13	223,122	7.94	447,871	15.93
2000	1.65	2,823,337	2,183,448	77.34	216,967	7.68	422,922	14.98
1999	1.65	2,790,121	2,117,190	75.88	236,660	8.48	436,271	15.64
1998	1.65	2,579,153	1,905,960	73.90	263,893	10.23	409,300	15.87
1997	1.65	2,453,262	1,757,893	71.66	275,498	11.23	419,871	17.11

(1) Information prior to 1997 is not available.

(2) Cash Basis of Accounting

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



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

Year	Governmental Activities						General Obligation Bonds
	General Obligation Bonds	Special Assessment Bonds	OWDA Loans	OPWC Loans	Police and Fire Pension	Bond Anticipation Notes	
2005	\$1,965,000	\$0	\$1,435,168	\$30,835	\$0	\$663,000	\$880,000
2004	2,170,000	0	1,539,243	31,626	0	788,000	950,000
2003	2,525,000	0	1,634,187	0	0	730,500	1,020,000
2002	2,880,000	0	1,713,717	0	0	0	1,090,000
2001	3,235,000	22,000	1,797,985	0	0	0	1,160,000
2000	3,595,000	43,000	1,960,356	0	0	0	1,230,000
1999	4,115,000	63,000	1,732,310	0	0	0	1,300,000
1998	4,637,000	82,000	1,602,586	0	121,114	0	1,370,000
1997	2,925,000	100,000	1,413,638	0	122,541	0	0
1996	3,321,000	15,000	1,385,016	0	123,803	0	0

(1) Personal Income and Population Data are located on S28.



Business-Type Activities					
OWDA Loans	OPWC Loans	Bond Anticipation Notes	Total Debt	Percentage of Personal Income (1)	Per Capita
\$5,030,125	\$504,456	\$20,000	\$10,528,584	5.74%	\$84,329.87
2,788,046	528,865	30,000	8,825,780	4.81	70,691.07
3,039,770	530,142	40,000	9,519,599	5.19	76,248.29
3,262,042	451,445	50,000	9,447,204	5.15	75,668.43
3,487,830	491,232	60,000	10,254,047	5.59	82,130.93
3,652,728	539,623	60,000	11,080,707	6.04	88,752.16
3,497,857	61,243	70,000	10,839,410	7.97	81,862.47
3,667,983	77,991	90,000	11,648,674	8.56	87,974.28
3,837,724	94,738	100,000	8,593,641	6.32	64,901.75
3,861,252	105,327	0	8,811,398	6.48	66,546.32

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

Year	Population (1)		Estimated True Values of Taxable Property (2)	Gross Bonded Debt	Debt Service Monies Available
2005	12,485	b	\$538,781,685	\$2,845,000	\$548,375
2004	12,485	b	483,802,418	3,120,000	529,397
2003	12,485	b	484,576,792	3,545,000	691,568
2002	12,485	b	485,076,865	3,970,000	649,469
2001	12,485	b	416,218,103	4,395,000	360,000
2000	12,485	b	409,919,884	4,825,000	520,000
1999	13,241	a	399,948,749	5,415,000	522,000
1998	13,241	a	361,276,443	6,007,000	403,000
1997	13,241	a	353,391,326	2,925,000	396,000
1996	13,241	a	359,292,336	3,321,000	388,000

Sources:

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

(a) 1990 Federal Census

(b) 2000 Federal Census

(2) Ashtabula County Auditor

Net Bonded Debt	Ratio of Net Bonded Debt to Estimated True Values of Taxable Property	Net Bonded Debt Per Capital
\$2,296,625	0.43%	\$183.95
2,590,603	0.54	207.50
2,853,432	0.59	228.55
3,320,531	0.68	265.96
4,035,000	0.97	323.19
4,305,000	1.05	344.81
4,893,000	1.22	369.53
5,604,000	1.55	423.23
2,529,000	0.72	191.00
2,933,000	0.82	221.51

**City of Conneaut, Ohio**  
*Ratios of Bonded Debt Outstanding and Legal Debt Margin*  
*Last Six Years (1)*

	2005	2004	2003
Total Assessed Property Value	\$185,775,740	\$168,637,470	\$168,772,540
General Bonded Debt Outstanding:			
General Obligation Notes/Bonds	\$2,845,000	\$3,120,000	\$3,545,000
Special Assessment Bonds	0	0	0
Bond Anticipation Notes	1,168,000	1,358,000	1,390,500
OPWC Loans	535,291	560,491	530,142
OWDA Loans	6,465,293	4,327,289	4,673,957
Total Gross Indebtedness	11,013,584	9,365,780	10,139,599
Less:			
General Obligation Notes/Bonds	(1,168,000)	(1,358,000)	(1,300,000)
Special Assessment Bonds	0	0	0
OWDA Loans	(6,465,293)	(4,327,289)	(4,673,957)
General Obligation Bond Retirement Fund Balance	(548,375)	(529,397)	(691,568)
Total Net Debt Applicable to Debt Limit	2,831,916	3,151,094	3,474,074
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	19,506,453	17,706,934	17,721,117
Legal Debt Margin Within 10 ½ % Limitations	\$16,674,537	\$14,555,840	\$14,247,043
Legal Debt Margin as a Percentage of the Debt Limit	85.48%	82.20%	80.40%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	\$10,217,666	\$9,275,061	\$9,282,490
Total Gross Indebtedness	11,013,584	9,365,780	10,139,599
Less:			
General Obligation Notes/Bonds	(1,168,000)	(1,358,000)	(1,300,000)
Special Assessment Bonds	0	0	0
OWDA Loans	(6,465,293)	(4,327,289)	(4,673,957)
General Obligation Bond Retirement Fund Balance	(548,375)	(529,397)	(691,568)
Net Debt Within 5 ½ % Limitations	2,831,916	3,151,094	3,474,074
Unvoted Legal Debt Margin Within 5 ½ % Limitations	\$7,385,750	\$6,123,967	\$5,808,416
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	72.28%	66.03%	62.57%

Source: City Financial Records

(1) Information prior to 2000 was not available

2002	2001	2000
<u>\$168,791,430</u>	<u>\$143,230,200</u>	<u>\$142,777,880</u>
\$3,970,000	\$4,395,000	\$4,825,000
0	22,000	43,000
2,067,000	1,190,000	1,379,000
451,445	491,232	539,623
<u>4,975,759</u>	<u>5,285,815</u>	<u>5,613,084</u>
11,464,204	11,384,047	12,399,707
(2,067,000)	(1,190,000)	(1,379,000)
0	(22,000)	(43,000)
(4,975,759)	(5,285,815)	(5,613,084)
<u>(649,469)</u>	<u>(1,477,897)</u>	<u>(721,881)</u>
<u>3,771,976</u>	<u>3,408,335</u>	<u>4,642,742</u>
<u>17,723,100</u>	<u>15,039,171</u>	<u>14,991,677</u>
<u>\$13,951,124</u>	<u>\$11,630,836</u>	<u>\$10,348,935</u>
78.72%	77.34%	69.03%
<u>\$9,283,529</u>	<u>\$7,877,661</u>	<u>\$7,852,783</u>
11,464,204	11,384,047	12,399,707
(2,067,000)	(1,190,000)	(1,379,000)
0	(22,000)	(43,000)
(4,975,759)	(5,285,815)	(5,613,084)
<u>(649,469)</u>	<u>(1,477,897)</u>	<u>(721,881)</u>
<u>3,771,976</u>	<u>3,408,335</u>	<u>4,642,742</u>
<u>\$5,511,553</u>	<u>\$4,469,326</u>	<u>\$3,210,041</u>
59.37%	56.73%	40.88%

**City of Conneaut, Ohio**  
*Computation of Direct and Overlapping Governmental Activities Debt*  
*December 31, 2005*

Jurisdiction	Governmental Activites Debt	Percentage Applicable to City (1)	Amount Applicable to City of Conneaut
<b>Direct</b>			
General Obligation Bonds	\$1,965,000	100.00 %	\$1,965,000
Bond Anticipation Notes	663,000	100.00	663,000
OPWC Loans	30,835	100.00	30,835
OWDA Loans	<u>1,435,168</u>	100.00	<u>1,435,168</u>
<i>Total Direct Debt</i>	<u>4,094,003</u>		<u>4,094,003</u>
<b>Overlapping</b>			
Ashtabula County	7,265,603	9.83	714,209
Conneaut City School District	<u>6,150,895</u>	88.27	<u>5,429,395</u>
<i>Total Overlapping Debt</i>	<u>13,416,498</u>		<u>6,143,604</u>
Total	<u><u>\$17,510,501</u></u>		<u><u>\$10,237,607</u></u>

Source: Ashtabula County, Ohio; County Auditor

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

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

<b>2005</b>		
Employer	Employees	Percentage of Total City Employment
Conneaut Schools	501	13.06%
Cascade Ohio	422	11.00
University Heights Hospital System	310	8.08
General Aluminum	304	7.93
Management Training Corporation	301	7.85
City of Conneaut	218	5.68
Lukjan Metal Products	191	4.98
CSP	158	4.12
General Electric	103	2.69
CN-P & C Dock	92	2.39
<b>Total</b>	<b>2,600</b>	<b>67.80%</b>
<b>Total Employment within the City</b>	<b>3,835</b>	

<b>1996</b>		
Employer	Employees	Percentage of Total City Employment
General Aluminum	527	13.95%
Conneaut Schools	386	10.22
Venture Holdings	380	10.06
Cascade Ohio	316	8.36
Brown Memorial Hospital	288	7.62
City of Conneaut	223	5.90
General Electric	142	3.76
P & C Dock	135	3.57
Lukjan Metal Products	134	3.55
Millennium Inorganic	77	2.04
<b>Total</b>	<b>2,608</b>	<b>69.03%</b>
<b>Total Employment within the City</b>	<b>3,778</b>	

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

**City of Conneaut, Ohio**  
*Demographic and Economic Statistics*  
*Last Ten Years*

Year	Population (1)	Total Personal Income (3)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)
2005	12,485	\$183,566,955	\$14,703	\$31,717	38
2004	12,485	183,566,955	14,703	31,717	38
2003	12,485	183,566,955	14,703	31,717	38
2002	12,485	183,566,955	14,703	31,717	38
2001	12,485	183,566,955	14,703	31,717	38
2000	12,485	183,566,955	14,703	31,717	38
1999	13,241	136,064,516	10,276	21,144	N/A
1998	13,241	136,064,516	10,276	21,144	N/A
1997	13,241	136,064,516	10,276	21,144	N/A
1996	13,241	136,064,516	10,276	21,144	N/A

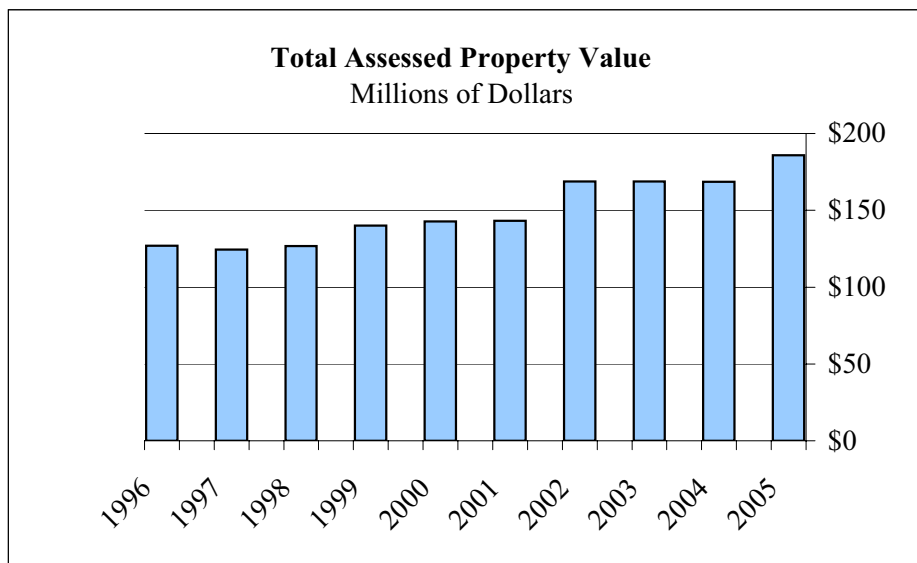
(1) Source: U. S. Census

(a) Years 2000 through 2005 - 2000 Federal Census

(b) Years 1996 through 1999 - 1990 Federal Census

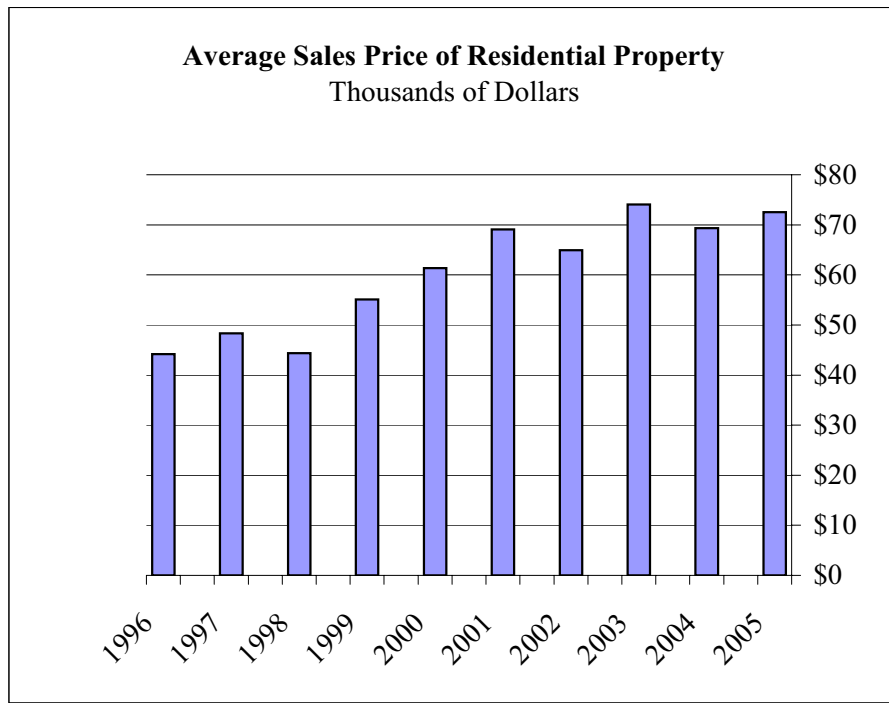
(2) Source: Ohio Department of Education Website: "<http://www.ode.state.oh.us/data/>"

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





Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Ashtabula County Unemployment Rate	Average Sales Price of Residential Property	Total Assessed Property Value
9.9%	2,508	7.2%	\$72,549	\$185,775,740
9.9	2,547	7.3	69,336	168,637,470
9.9	2,547	8.1	74,034	168,772,540
9.9	2,528	8.1	64,925	168,791,430
9.9	2,585	7.2	69,060	143,230,200
9.9	2,608	5.5	61,341	142,777,880
6.4	2,607	5.7	55,095	139,993,860
6.4	2,637	6.3	44,390	126,820,550
6.4	2,676	6.2	48,361	124,475,048
6.4	2,570	7.2	44,200	126,938,103



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

Function/Program	2005	2004	2003
<b>General Government</b>			
Council	7.00	7.00	7.00
Clerk of Council	1.00	1.00	1.00
City Manager	2.00	2.00	2.00
Finance	4.00	4.00	4.00
Law	2.50	2.50	2.50
Court	6.00	6.00	6.00
Public Building	1.00	1.00	1.00
<b>Security of Persons and Property</b>			
Police	20.00	21.00	20.00
Police - Dispatchers	4.00	4.00	4.00
Police - Jailers	2.00	2.00	2.00
Fire	12.00	12.00	12.00
Ambulance	5.00	5.00	5.00
<b>Public Health Services</b>			
Health	4.00	4.00	4.00
Cemetery	1.00	1.00	1.00
<b>Leisure Time Activities</b>			
Recreation	1.50	2.50	2.50
<b>Community Environment</b>			
Litter Control/Recycling	1.00	1.50	1.50
Housing/Zoning	1.00	1.00	1.00
<b>Transportation</b>			
Street/Public Works	19.00	20.00	21.00
<b>Basic Utility Services</b>			
Water	16.00	17.00	17.00
Sewer	12.00	12.00	13.00
<b>Totals:</b>	<u>122.00</u>	<u>126.50</u>	<u>127.50</u>

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

(1) Information prior to 2003 is not available

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

Function/Program	2005	2004	2003	2002
<b>General Government</b>				
<i><b>Council and Clerk</b></i>				
Number of Ordinances Passed	103	113	71	107
Number of Resolutions Passed	14	15	25	14
<i><b>Finance Department</b></i>				
Number of checks/vouchers issued	4,028	4,057	4,261	4,349
Amount of checks written	\$14,585,601	\$12,809,304	\$12,324,078	\$12,784,149
Interest earnings for fiscal year (cash basis)	\$72,406	\$25,819	\$21,034	\$46,589
Number of Receipts issued	605	647	690	632
Number of Budget Adjustments issued	228	153	104	176
Agency Ratings - Moody's Financial Services	Aaa	Aaa	Aaa	Aaa
Health Insurance Costs vs General Fund Expenditures %	27.08%	22.24%	15.81%	17.09%
General Fund Receipts (cash basis)	\$4,285,854	\$4,359,963	\$4,147,920	\$3,831,131
General Fund Expenditures (cash basis)	\$4,220,797	\$4,548,212	\$4,218,236	\$4,348,569
General Fund Cash Balances	\$475,564	\$410,507	\$598,756	\$612,777
<i><b>Income Tax Department</b></i>				
Number of Individual Returns	4,690	4,502	4,408	4,500
Number of Business Returns	549	527	516	528
Number of business withholding accounts	402	411	390	394
Amount of Penalties and Interest Collected	\$13,628	\$17,483	\$16,724	\$20,403
Annual number of Corporate withholding forms processed	2,188	2,214	2,228	2,228
Annual number of balance due statements forms processed	560	543	527	511
Annual number of estimated payment forms processed	130	126	122	119
Annual number of reconciliations of withholdings processed	402	411	390	394
<i><b>Engineer Contracted Services</b></i>				
Dollar amount of Construction overseen by Engineer	\$3,101,284	\$216,293	\$220,197	\$438,302
<i><b>Municipal Court</b></i>				
Number of Civil Cases	377	323	357	356
Number of Criminal cases	648	638	559	493
<i><b>Vital Statistics</b></i>				
Certificates Filed				
Number of Births	2	148	357	204
Number of Deaths	129	109	559	137
Certificates Issued				
Number of Births	641	854	768	853
Number of Deaths	643	662	505	611
Burial Permits Issued	163	161	166	180
<i><b>Civil Service</b></i>				
Number of police entry tests administered	1	0	1	0
Number of fire entry tests administered	0	1	0	1
Number of fire promotional tests administered	0	1	0	0
Number of promotions from fire certified lists	0	1	0	0

(continued)

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

Function/Program	2005	2004	2003	2002
<b><i>Building Department Indicators</i></b>				
Construction Permits				
Estimated Value of Construction	\$5,670,500	\$12,043,897	\$32,931,058	\$15,212,407
Number of permits issued	174	203	245	264
Amount of Revenue generated from permits	\$12,012	\$12,572	\$16,061	\$20,174
<b>Security of Persons and Property</b>				
<b><i>Police</i></b>				
Total Calls for Services	20,700	19,542	19,315	19,875
911 Calls Answered	4,000	3,315	3,300	3,250
Arrests/Citations	2,558	2,525	2,440	2,907
Community Policing Hours	4,872	5,875	6,371	4,822
DARE Graduates	250	225	275	280
Investigations	3,709	3,301	3,549	4,623
Jail Inmates	404	459	552	618
Vehicle Crashes	343	337	340	365
Prisoner costs	\$12,190	\$10,631	\$11,352	\$10,152
Gasoline costs of fleet	\$30,705	\$23,548	\$24,147	\$19,709
<b><i>Fire</i></b>				
EMS Calls	2,228	1,930	1,901	2,222
Fire Calls	120	136	92	104
Fires with Loss	22	35	25	23
Fires with Losses exceeding \$10K	6	5	7	9
Fire Losses \$	\$325,300	\$167,105	\$546,150	\$500,005
Fire Safety Inspections	90	105	110	130
Number of times Mutual Aid given to Fire and EMS	5	12	16	20
Number of times Mutual Aid received for Fire and EMS	10	10	12	15
<b>Public Health and Welfare</b>				
Cemetery burials	50	52	44	54
Cemetery sale of lots	27	22	26	26
Cemetery receipts	\$32,552	\$32,449	\$30,333	\$34,496
<b>Leisure Time Activities</b>				
<b><i>Recreation</i></b>				
City Tax	\$26,123	\$25,065	\$24,581	\$25,160
Softball Fees	830	900	450	900
Facilities rentals	33,300	31,175	32,400	34,300
Total Recreation Department receipts	<u>\$60,253</u>	<u>\$57,140</u>	<u>\$57,431</u>	<u>\$60,360</u>

(continued)

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

Function/Program	2005	2004	2003	2002
<b>Transportation</b>				
Street Improvements - asphalt overlay (linear feet)	55,940	3,700	21,950	39,750
Crackseal Coating Program (Miles)	20	20	15	10
Street Repair (Curbs, aprons, berms, asphalt) (hours)	864	768	672	576
Paint Striping (hours)	400	400	400	400
Street Sweeper (hours)	480	490	450	370
Cold Patch (hours)	900	1,020	1,180	1,120
Snow and Ice Removal regular hours	9,600	10,240	10,880	11,520
Snow and Ice Removal overtime hours	641	580	670	502
Storm Sewer Calls for Service - Sewer Jet Regular Hours	2,080	2,080	2,080	2,080
Sewer Crew (hours)	1,500	1,500	1,500	1,500
Landscaping Stump-Chipper service (hours)	130	90	120	100
Leaf collection (hours)	3,100	3,400	3,500	3,800
Holiday lights setup (hours)	16	16	16	16
Street/Traffic Signs (Hours)	240	240	240	240
Equipment repair/body shop (hours)	6,240	6,240	6,240	6,240
Number of Trees Planted per year	0	400	0	0
Tons of snow melting salt purchased (Nov-Mar)	1,000	1,350	1,400	1,700
Cost of salt purchased	\$44,304	\$42,655	\$36,291	\$54,152
<b>Water Department</b>				
Water Rates per 1st 2,000 gallons of water	\$14.37	\$13.82	\$13.82	\$11.18
Avg. number of water accounts billed monthly (Cubic Feet)	4,880	4,880	4,875	4,862
Total Water Collections Annually (Including Principals and Interest)	\$1,754,163	\$1,734,988	\$1,690,796	\$1,445,843
<b>Wastewater Department</b>				
Wastewater Rates per 1st 300 Cubic feet of water used	\$13.98	\$12.84	\$12.47	\$11.64
Total flow of wastewater treatment plant (Billions of Gallons)	0.916	0.927	0.954	0.750
Average daily flow (Millions of gallons per day)	2.515	2.539	2.608	2.476
Tons of dry sludge removed	599.16	452.42	364.00	250.82

(1) Information prior to 2002 is not available

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

Function/Program	2005	2004	2003	2002
<b>General Government</b>				
Square Footage Occupied	11,580	11,580	11,580	11,580
Inspection Vehicles	1	1	1	1
<b>Police</b>				
Stations	1	1	1	1
Square Footage Occupied	8,944	8,944	8,944	8,944
Vehicles	20	22	19	21
<b>Fire</b>				
Stations	3	3	3	3
Square Footage Occupied	14,880	14,880	14,880	14,880
Vehicles	10	10	10	10
<b>Recreation</b>				
Number of Parks	5	5	5	5
Number of Tennis Courts	2	2	2	2
Number of Skateboarding Areas	1	1	1	1
Number of Baseball Diamonds	2	2	2	2
Square Footage Occupied	1,790	1,790	1,790	1,790
Vehicles	2	2	2	2
<b>Other Public Works</b>				
Streets (lane miles)	565	565	564	564
Service Vehicles	22	23	23	23
<b>Wastewater</b>				
Sanitary Sewers (miles)	60.00	60.00	60.00	60.00
Storm Sewers (miles)	35.00	35.00	35.00	35.00
<b>Water Department</b>				
Water Lines (miles)	91	91	91	91
Vehicles	9	9	9	10

2001	2000	1999	1998	1997	1996
11,580	11,580	11,580	11,580	11,580	11,580
1	1	1	1	1	1
1	1	1	1	1	1
8,944	8,944	8,944	8,944	8,944	8,944
20	20	19	18	17	17
3	3	3	3	3	3
14,880	14,880	14,880	14,880	14,880	14,880
10	11	9	9	9	9
5	5	5	5	5	5
2	2	2	2	2	2
1	1	1	1	1	1
2	2	2	2	2	2
1,790	1,790	1,790	1,790	1,790	1,790
2	2	2	2	2	2
564	564	564	564	564	564
22	22	21	21	19	19
60.00	57.50	57.50	55.50	53.00	53.00
35.00	35.00	35.00	35.00	35.00	35.00
91	91	91	89	89	89
10	10	10	9	9	9







**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**CITY OF CONNEAUT**

**ASHTABULA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 17, 2006**