

CITY OF ASHTABULA
ASHTABULA COUNTY, OHIO

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Members of Council
City of Ashtabula
4717 Main Ave.
Ashtabula, Ohio 44004

We have reviewed the Independent Auditor's Report of the City of Ashtabula, Ashtabula County, prepared by S. R. Snodgrass, A.C., for the audit period January 1, 2001 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

August 15, 2002

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City of Ashtabula, Ohio

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City of Ashtabula, Ohio
 Schedule of Expenditures of Federal Awards
 For The Year Ended December 31, 2001

Federal Grantor/ Pass Through Grantor Program Title	CFDA Number	Pass Through Entity Number	Disbursements
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
HOME Investment Partnership Program	14.239	A-C-00-085-2	400,000
<i>CDBG - Entitlement and (HUD - Administered) Small Cities Cluster - Passed through Ohio Department of Development:</i>			
<i>Community Development Block Grant/State's Program:</i>			
Community Housing Improvement Program	14.228	A-C-00-085-1	57,999
Rehab Revolving Loan Funds (Note B)	14.228	N/A	8,001
<i>Community Development Block Grant/Small Cities Program:</i>			
Formula Allocation Program	14.228	A-F-00-085-1	146,000
Revolving Loan Funds (Note B)	14.219	N/A	12,429
Total passed through Ohio Department of Development - CDBG Entitlement and (HUD-Administered) Small Cities Cluster			<u>224,429</u>
Total U.S. Department of Housing and Urban Development			<u>624,429</u>
<u>U. S. DEPARTMENT OF JUSTICE</u>			
Public Safety Partnerships and Community Policing Grants- Community Oriented Policing Services (COPS):			
Universal	16.710	95-CF-WX-0647	25,000
More	16.710	97-CM-WX-0866	36,322
Total U.S. Department of Justice			<u>61,322</u>
Total Expenditures of Federal Awards			<u><u>\$ 685,751</u></u>

City of Ashtabula
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2001

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards summarizes activity of the City of Ashtabula'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 of Ashtabula has established revolving loan programs to provide low-interest loans to businesses to create jobs for persons from low to moderate income households and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City of Ashtabula passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Expenditures of Federal Awards. 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 personal guarantees, assigned insurance and/or mortgages on the property. At December 31, 2001, the gross amount of loans outstanding under these programs was \$251,866. This amount was included as part of the federal disbursements by the City in determining the audit requirements for major and nonmajor programs in accordance with the OMB Circular A-133.

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SNODGRASS

Certified Public Accountants and Consultants

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

Members of Council
City of Ashtabula
Ashtabula, Ohio

We have audited the financial statements of the City of Ashtabula as of and for the year ended December 31, 2001, and have issued our report thereon dated June 13, 2002. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Ashtabula's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City of Ashtabula in a separate letter dated June 13, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Ashtabula's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City of Ashtabula in a separate letter dated June 13, 2002.

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

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

S. R. Snodgrass, A.C

June 13, 2002



SNODGRASS

Certified Public Accountants and Consultants

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

Members of Council
City of Ashtabula
Ashtabula, Ohio

Compliance

We have audited the compliance of the City of Ashtabula with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2001. The City of Ashtabula's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Ashtabula's management. Our responsibility is to express an opinion on the City of Ashtabula'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 obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Ashtabula's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Ashtabula's compliance with those requirements.

In our opinion, the City of Ashtabula complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2001.

Internal Control Over Compliance

The management of the City of Ashtabula is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Ashtabula's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order 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.

Members of Council
City of Ashtabula
Report on Compliance With Requirements Applicable to Each Major
Major Program And Internal Control Over Compliance
In Accordance With OMB Circular A-133
Page 2

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 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 that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

S. R. Snodgrass, A.C

June 13, 2002

City of Ashtabula
SCHEDULE OF FINDINGS
For the Year Ended December 31, 2001

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: **Unqualified**

Internal control over financial reporting:

- Material weakness(es) identified? _____yes X no
- Reportable condition(s) identified that are not considered to be material weakness(es)? _____yes X none reported

Noncompliance material to financial statements noted? _____yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____yes X no
- Reportable condition(s) identified that are not considered to be material weakness(es)? _____yes X none reported

Type of auditor’s report issued on compliance for major programs: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____yes X no

Identification of major programs:

CFDA Numbers
14.239

Name of Federal Program or Cluster
HOME Investment
Partnership Program

Dollar threshold used to distinguish between type A and B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes _____no

City of Ashtabula
SCHEDULE OF FINDINGS (Continued)
For the Year Ended December 31, 2001

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

None

CITY OF ASHTABULA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2001

ISSUED BY
AUDITOR'S OFFICE

Michael A. Zullo, CPA
City Auditor

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CITY OF ASHTABULA
OFFICE OF CITY MANAGER

MUNICIPAL BUILDING
4717 MAIN AVENUE
ASHTABULA, OHIO 44004

AUGUST PUGLIESE
CITY MANAGER



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

June 3, 2002

Citizens of Ashtabula

The year 2001 brought with it many improvements for the City of Ashtabula. As we look ahead, the purchase of the Key Bank Building on Main Avenue will be the home of City Hall. This was a major endeavor for City Administration and City Council, but we believe it to be a positive one.

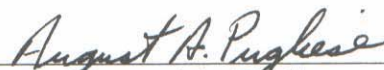
Twenty-one streets were resurfaced within all wards under the annual resurfacing program. The continuation our Issue II Infiltration (I&I) Study of the West 52nd St. Tributary is ongoing and crucial for the repairs of sewer lines in this area as well as the detection of unwanted storm water. We are in the second phase of the five phase project.

In the area of recreation, we have added a warning track around the perimeter of the Smith Field outfield and the fence for the backstop has been raised approximately 15 feet. The walking track has been resurfaced and lights installed around it. A Nature Trail at Walnut Beach was installed which extends thirteen hundred feet to the east from the road with two observation decks. This project was funded in part through a NatureWorks grant.

Many needed improvements have been made to the Walnut Beach Concession Stand. The addition of windows and the enlarged eating area have made it a nice place to enjoy. We have also added a new playground area and playground equipment at Nappi Field for the children to benefit from.

The financial condition of the City along with the rest of the country, has been to hold its own. This is due to the conscientious effort each department has made to stay within the budget as set forth for the year 2002.

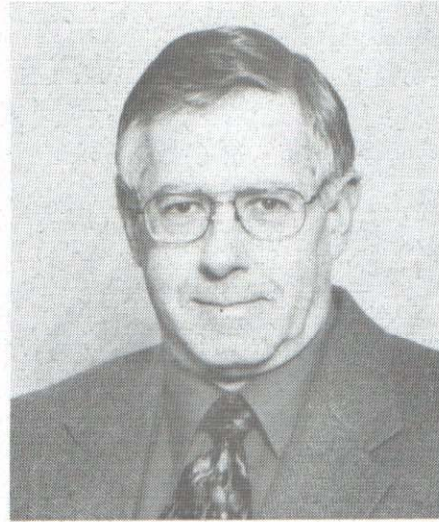
The path of progression is one of which we choose to continue on.


August A. Pugliese

City Council



Josephine Misener
President



Robert E. Beacom
Vice President



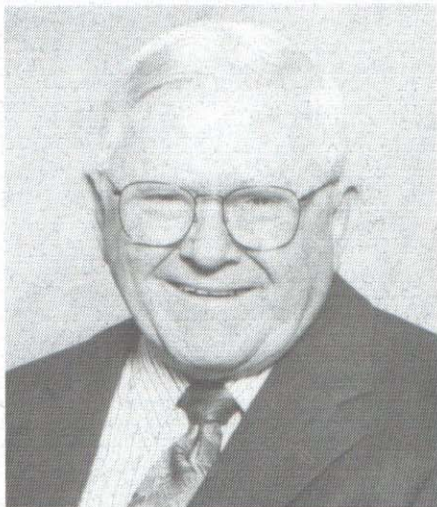
Joseph L. Rose
Ward I



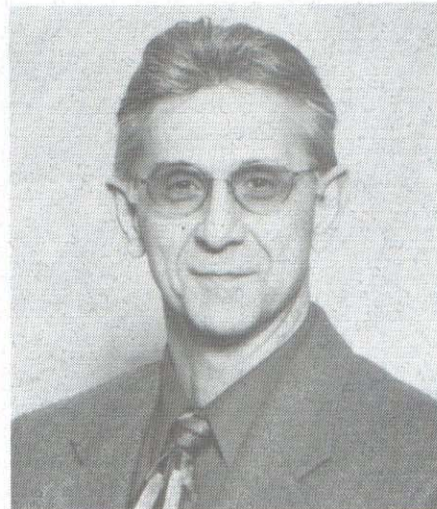
Betty Kist
Ward III



Sue Zaebst-Beacon
Ward V



Clifford D. McClure
Ward IV

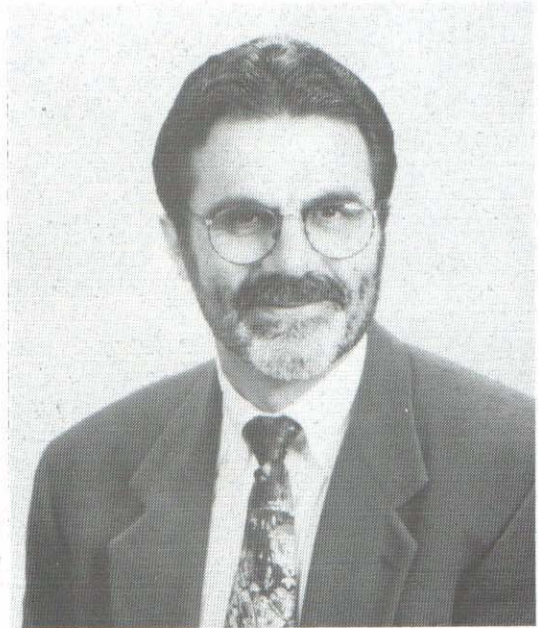


James P. Paulchel
Ward II

City Officials



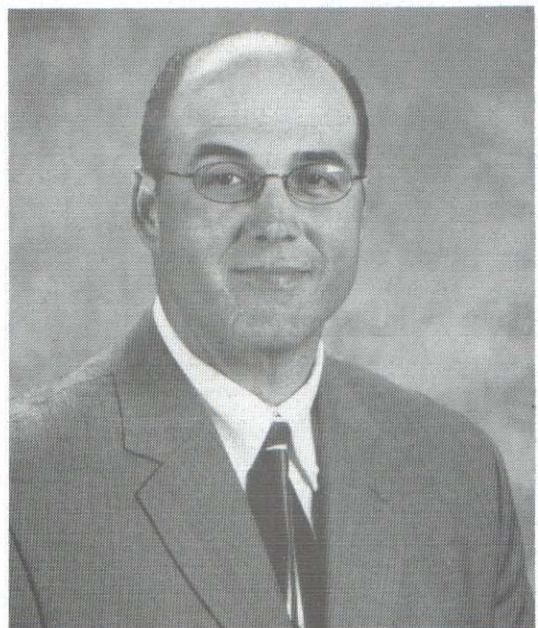
August A. Pugliese
City Manager



Thomas J. Simon
City Solicitor



Lori G. Stillman
City Treasurer



Michael A. Zullo, CPA
City Auditor

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INTRODUCTORY SECTION

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City of Ashtabula, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2001
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CITY OF ASHTABULA
OFFICE OF THE CITY AUDITOR

4717 MAIN AVENUE
ASHTABULA, OHIO 44004

MICHAEL A. ZULLO, CPA
CITY AUDITOR



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FAX (440) 992-9306
E-MAIL michaelz@suite224.net

June 13, 2002

Citizens of Ashtabula
City Manager, August Pugliese
and Members of City Council
City of Ashtabula, Ohio

I am pleased to present the fifteenth Comprehensive Annual Financial Report (CAFR) for the City of Ashtabula. This GASB 34 compliant report, for the year ended December 31, 2001, reflects our intent to provide an organized, comprehensive, and informative presentation of the financial statements and other financial and statistical data that represent a complete and full disclosure of the City's financial activities. This is the third CAFR prepared by the City of Ashtabula using the new GASB standards.

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

In preparing this report, the City Auditor, Deputy City Auditor, and the City Treasurer stress the ongoing commitment of the City of Ashtabula to follow nationally recognized standards of excellence in financial reporting, a commitment shared by a growing number of governmental entities in Ohio.

The CAFR is divided into three sections:

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

REPORTING ENTITY

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

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

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

THE CITY OF ASHTABULA

The City of Ashtabula is located on the south shore of Lake Erie, fifty-six miles east of Cleveland, Ohio. On April 6, 1891, the village of Ashtabula was incorporated into a city under the laws of the State of Ohio. According to the 2000 census, the City's population was 20,962. The Ashtabula County area population is now estimated at approximately 102,728.

The City's area is 7.6 square miles with other areas considering annexation into the City corporation limits. The City of Ashtabula is five hundred ninety feet above sea level.

Ashtabula was named by the Indians. The word was originally pronounced "Hash - Ta La," and its name, meaning in English "River of Many Fish," was first applied to what is now the Ashtabula River.

Those who decided to settle on the west bank of the Ashtabula River Gulf in the early 1800's faced the challenge of clearing forest land with crude tools, raising and storing food, and building shelters to protect themselves from the elements. Although the task was formidable, a small number of settlers responded to the challenge and helped the area become a borough, a village, and eventually, a city.

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

The Port of Ashtabula has also become a fisherman's paradise. The walleye-fishing boom out of Ashtabula has exceeded all expectations. In addition to private boating, the area's charter boat fleet has increased from four boats in 1984 to well over one hundred sport fishing charters running out of the Port of Ashtabula in 2001. The Port of Ashtabula is one of the area's most valuable assets.

The chief industries of the City and surrounding territory are manufacturing, agriculture, dairying, coal, iron ore, rubber and transportation, including shipping. Industries such as Molded Fiberglass, which make fiberglass hoods for the big eighteen-wheelers trucks and many fiberglass parts for the Chevrolet Corvettes, is now expanding into many other car parts as many of these parts are going from steel to fiberglass. Another big industry in Ashtabula is the paint pigment business of Plasticolors. These pigments are used in the coloring of paints used not only in the interior and exterior of your home, but also in paints for automobiles.

Within its boundaries, the City of Ashtabula has twenty-one public and private elementary and secondary schools, including nine public elementary schools; two junior high schools, one of which is a parochial school; two public and one private high schools. Approximately 4,750 students are enrolled in public schools and 370 in parochial and private schools.

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

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

City residents purchase water service from the Ohio American Water Company, located in the City. The daily average water pumpage is 4,300,000 gallons. The Firstenergy/Illuminating Company provides electricity. The newest electrical generating facility available to Firstenergy is the Perry Nuclear Power Plant, which is located approximately twenty-five miles from Ashtabula. Natural gas is supplied by the Dominion East Ohio Gas Company, which has over eight hundred miles of gas lines in the City. ALLTEL provides local telephone service, and Adelphia Cable Company provides cable television services.

CITY GOVERNMENT

The City of Ashtabula is a home rule municipal corporation established under the laws of the State of Ohio and operated under its own charter. The current charter, which provides for a City Manager - City Council form of government, was adopted on January 1, 1916. A council of seven members, five ward and two at-large representatives, is elected to serve for four-year terms. The at-large candidate receiving the most votes becomes the council president, and the other at-large candidate becomes the vice president. The City Manager and the City Solicitor are elected by a vote of the people and also serve for four-year terms. The Council selects the City Auditor and City Treasurer. Good government is reflected in the City's low property tax rate of \$12.31 per \$1,000 of assessed valuation.

To provide necessary services to its citizens, the City of Ashtabula is divided into departments and financial management and control systems. Services provided include police and fire protection, garbage and rubbish disposal, street maintenance, construction and repair, cultural, parks and recreational facilities, a municipal court, and a staff to provide support (i.e., payroll processing and accounts payable) to the service providers. The operation and control of these activities are provided by the City Council through the budgetary process and by the City Manager through administrative and managerial requirements and procedures. All are responsible to the citizens of Ashtabula and are included as part of the reporting entity. All elected officials, with the exception of the City Manager, serve on a part-time basis.

EMPLOYEE RELATIONS

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

Name	Contract Expires	Membership
AFSCME Local #1197	April 30, 2003	74
Fraternal Order of Police, Lodge #26	April 30, 2003	42
International Association of Firefighters, Local #165	April 30, 2003	26

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

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

ECONOMIC CONDITION AND OUTLOOK

The City of Ashtabula is committed to the revitalization of existing resources and the search for new ways to improve the economic outlook of the community. An enterprise zone has been established by the City of Ashtabula. City Council will execute agreements with certain businesses for the purpose of establishing, expanding, renovating or occupying facilities, hiring new employees and preserving jobs within the zone, in exchange for specified local tax incentives granted by the County. The City's newest enterprise zone has grown very rapidly as every piece of property within this zone has either been purchased or has a purchase option on it. The City is very optimistic about future growth of employment in this area.

Using federal funds, the City of Ashtabula has established a revolving loan program. The program provides direct, low-interest construction loans to small businesses and industries to encourage their success and future growth and to create and retain permanent jobs for low and moderate income City residents. The City Department of Housing and Community Development and a five-member Loan Review Committee serve as an independent administrative board and are responsible for administering the revolving loan fund. Since the program's inception, thirteen viable inquiries have been made, eight full applications have been received and five applicants were approved for funding.

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

The Walnut Beach area comprises approximately twenty-two acres with one thousand feet of Lake Erie frontage. This area is important to the City as a prime site for recreation, accommodating over a thousand boats yearly from the Ashtabula River and adjacent marinas. A roped-off swimming area, with anchor docking, should make Walnut Beach attractive to the fast growing boating population. To enhance the area, a revitalization program to clean the beach area continues. Improvements to the existing bathhouse, the building of more pavilions, the construction of a public docking facility and additional lighting continue to be implemented. Private donations continue to be received to help accelerate the planned improvements. These improvements will result in extended boating and swimming hours and a longer season for tourists and the citizens of Ashtabula to enjoy Walnut Beach, a beautiful natural resource.

Another project, known as the Ashtabula River deep water dredging, is scheduled for the year 2004. This project will provide a twelve-foot deep river dredging which will remove toxins. Several government bodies

and agencies have committed funds for this expensive project. The State of Ohio has budgeted seven million dollars, the federal government has committed twenty-two million and the Army Corp of Engineers has pledged eleven million dollars for this project. With the growth of recreational boating on the river and on Lake Erie, the number of boats docked at marinas on the river has grown from 150, eight years ago, to over 1,000 today. Most marinas' dock space is filled to capacity. The dredging of the Ashtabula River should result in more available dock space for this growing recreational activity.

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

The scope of responsibility of the City of Ashtabula's Port Authority was broadened. The Port Authority became active in surveying land Citywide for future industrial development, particularly for an industrial park. The Port Authority has put together the West 38th Street Enterprise Zone, filling every available site with a new business attracted to the area. The newest City industrial park at the end of State Route 11 will hopefully be the new home of the Ohio Department of Transportation's State garage. The Port Authority is working on extending the current transient dock in the river to allow boaters from any other port to tie up their boats and enjoy Bridge Street's many fine shops and restaurants. The Port Authority was also instrumental in building one of the most modern coast guard stations ever built on the great lakes, as they borrowed money from the City's revolving loan fund and built the station for the coast guard who in turn signed a twenty-year lease. Future plans to this area include more transient docks, which will allow additional out of town boaters access to this historic riverfront.

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

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

MAJOR INITIATIVES

Construction and major renovations on many of Ashtabula's roads took place during 2001. The City of Ashtabula spent over to \$228,000 on street paving and reconstruction projects. A major infiltration study has begun by the engineering firm of Burgess and Niple. This study will televise our entire sewer system over a period of five years showing the City exactly where we need to repair broken, plugged or even missing sections of our sanitary sewers. The study will begin at the farthest point from our wastewater treatment plant, with repairs conducted immediately after the problem has been diagnosed. The improvement will reduce the flow of storm water into the treatment plant and possible back-ups in our collection system. The City of Ashtabula did complete the cleaning of the second of three digesters at our wastewater treatment plant in the year 2001. The first digester was cleaned in 2000 at a cost of approximately \$160,000, and the second at a cost of \$135,000. This maintenance has not been done for about fifteen years due to the high cost and strong odor in the surrounding neighborhood caused by the repairs. The third digester is scheduled for the spring of 2002.

The City of Ashtabula's participation in the United States Construction Grants Program has been completed. After a review of the Wastewater Treatment Plant and Sewer Improvements Project Performance Certification Report, the program's certification was approved for 2001 to allow the City to continue operations and maintain its wastewater treatment plant.

The City of Ashtabula focused on recreation, paving and sidewalk reconstruction in 2001. The City of Ashtabula offered a homeowner up to \$2.50 per square foot reimbursement for the replacement of any broken pieces of sidewalks. The reimbursement is equal to approximately sixty percent of the total cost. Several large park projects such as renovations to Nappi Field and West 58th Street Field were continued. Smith Field, which is the City's biggest and most used recreation complex, had the baseball playing field completely redone. New bleachers, fencing and parking area were also added at Smith Field and many improvements to the pond were completed during the year. The biggest improvement was the addition of lights on the walking track. I believe that all members of the administration are very surprised at the amount of usage the walking track is experiencing. With the lights added, the track is now used consistently from 6am to 10pm daily.

With the use of Community Development Block Grant funds, the Division of Housing and Community Development continued its efforts to rehabilitate the existing housing inventory in the City of Ashtabula. Specific activities include the Comprehensive Neighborhood Revitalization Program in Ashtabula Harbor, the Section 17 Rental Rehabilitation Project, scattered site demolition, the Certificate of Occupancy Rental Inspection Program, the Minimum Housing Code Inspection Program and Fair Housing. These activities contribute to the health and safety of the community through rehabilitation and code enforcement efforts. The programs offered and administered by the Division of Housing and Community Development demonstrate the City's commitment to safe, decent and sanitary housing within the community.

The Fire Department answered 1,769 alarms in 2001 including 92 structure fires with building and content losses of \$1,164,330. Fire department employees received 5,628 hours of in-service training. Extensive training continues on the 1998 HME/General 1,250-gallon Paramedic Engine fire truck. Other equipment for the fire department was purchased in 2001 such as two additional vehicles for the fire inspector and a pick-up truck to carry additional equipment and approximately \$18,000 of new turn out gear and helmets with Permanent Improvement fund money.

The Public Works Department kept busy in 2001 patching streets with cold mix, cleaning and maintaining sanitary and storm sewers, picking up leaves in the fall and plowing and controlling ice in the winter. Approximately 419,695 square feet of streets were paved with hot asphalt in 2001. The City of Ashtabula spent over \$228,000 on paving contracts. All paving in 2001 was done by Velotta Paving Company, rather than our City employees, due to their expertise in the field and owning the proper equipment for handling big jobs such as this. The City also purchased several miscellaneous pieces of equipment for our public works department including a two and one half ton dump truck with plow, a new John Deere tractor for mowing big areas as well as a smaller New Holland tractor for mowing smaller confined areas. A diagnostic machine which reads the computers of our police cruisers was also purchased for our Motor Maintenance department.

The City of Ashtabula's Sanitation Department services approximately 7,000 households and 150 commercial accounts per week. In a move toward self-sufficiency, City Council voted to increase the monthly trash service charge from nine to ten dollars per month. The City Manager recommended the higher fee as part of the 2001 budget. The extra money will be used to offset higher labor, fuel and landfill fees. The general fund subsidizes the sanitation department by approximately \$100,000 annually. With a grant from the Ashtabula County Solid Waste District, the City constructed a state-of-the-art-recycling center. This center will handle all types of recyclables. The goal for the recycling center is not to sell the recycled goods for a profit but rather reduce the tonnage that is hauled to the landfill, and reduce the amount of tipping fees paid during the year. The City of Ashtabula took in 962,680 pounds of recyclable materials and 1,800 tires during the year 2001. The City sold the recyclable materials for \$1,811 and avoided paying \$14,200 in landfill tipping fees. The City also purchased a new sanitation truck at a cost of \$122,800 excluding our trade in. The City continues to follow its five-year plan which included replacing one truck per year for four consecutive years, before skipping two years and then starting the cycle over again. The third of the four has been included in the 2002 budget and will be replaced in July of 2002.

The Auditor's and Treasurer's Offices completed their fourteenth Comprehensive Annual Financial Report (CAFR) during May of 2001. The CAFR that was completed in 2001 for year ended December 31, 2000, was the city's second report using the new GASB standards. The process of converting to these new standards was interesting, frustrating and tedious during different phases of the process. By far the biggest challenge was the capital assets portion and how to start the infrastructure valuation process. Special thanks to the City Engineer's Office who spent many hours helping us construct this data, and Traci Vanek of the Auditor's Office who not only spent many hours working on the capital assets, but also designed an Access database to list and depreciate these assets, since no commercial software was available yet which was GASB 34 compliant. Since the initial report was completed, we have tried to continually update the fixed asset information to give the most detail possible. The financial report took all members of the Auditor's and Treasurer's Office hundreds of hours to complete.

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

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

The Ashtabula Police Department's Crime Prevention Unit, funded in part through a grant from the Governor's Office of Criminal Justice Services, provided training, education and materials to the residents of Ashtabula on various crime prevention topics. Crime prevention programs were conducted for senior citizens, residents, businesses and schools from preschool to high school. A weekly crime prevention cable television program was also produced. The Police Department has joined forces with Ashtabula Metropolitan Housing Authority (AMHA) to apply for and receive State funding to increase the police presence in the AMHA projects. We believe that the three extra patrolmen working in those areas have greatly reduced the drug and gang activity. The Police Department also played a major role in instituting the new 911 emergency response program. This enhanced 911 system automatically gives the caller's name and address from the calling location. Any type of emergency response can be achieved by calling this number. The police department is undergoing a complete reorganization by eliminating captain positions through attrition and replacing these positions with additional patrolman. The City's goal is to get more policemen on the road and less in the administration positions.

The caseload for the Municipal Court totaled 10,476 in 2001, representing a decrease of more than eleven percent over 2000. This decrease is hopefully a reflection on the stepped up law enforcement efforts made by all City officials. Crime and drug related offenses in our City have been top priority with the administration during 2001. The City administration has explored many ways to increase revenues and therefore increase funding to our police department. The increased funding allows more officers on the streets, all the time. The municipal court has spent many hours on the new security rules in effect for courts. The City is committed to making this area and the individuals working in the courts very secure. The court is also working on a new network computer system including hardware and software.

ACCOUNTING SYSTEMS AND BUDGETARY CONTROL

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

derived from its implementation and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

The City Auditor reviews the purchase order first to check for availability of funds. Then the City Manager, who is also the Purchasing Agent by City Charter, approves and issues the purchase order. Copies of all approved purchase orders are returned to the department head pending receipt of the goods and invoice. Once the goods or services and the invoice are received, the department head signs his/her copy of the purchase order as verification that all goods or services were received and are in acceptable condition.

Each department head is furnished a monthly report showing the status of the budget accounts for which he/she is responsible. The reports detail monthly transactions and summarize the available balances.

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

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

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

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

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the City. This discussion follows the Independent Auditor's Report, providing an assessment of the City finances for 2001.

Financial Highlights – Internal Service Fund There are two internal service funds carried on the City's financial records, the self-insurance internal service fund with net assets of \$911,694 and the workers' compensation internal service fund with net assets of \$1,830,049 as of December 31, 2001.

CASH MANAGEMENT

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

and checking accounts. The checking account is a sweep account, which daily transfers to a repurchase agreement earning interest at a standard rate.

The City of Ashtabula also utilizes an investment pooling system, STAROhio, instituted and operated by the State of Ohio under the direction of Joseph T. Deters, Treasurer of State. In recent history, this investment option has offered the highest yields available in the State while remaining completely liquid as interest is earned daily and no minimum investment term is required. In the last twelve months, the City of Ashtabula has maintained a daily balance in excess of one million dollars in STAROhio.

As of December 31, 2001, the City of Ashtabula had \$622,675 of deposits classified as uncollateralized and uninsured under Statement 3 of the Government Accounting Standards Board. Although the pledging banks have an investment and securities pool used to collateralize all public deposits, which are held in the financial institutions' names, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

RISK MANAGEMENT

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

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

The City also provides workers' compensation coverage through the State Workers' Compensation retrospective rating and payment system whose operations are reported in the City's workers' compensation internal service fund.

INDEPENDENT AUDIT

State statutes require the City to be subjected to an annual examination by an independent auditor. S. R. Snodgrass was contracted to render an opinion on the City's financial statements as of December 31, 2001. In addition to meeting the requirements set forth in State statutes, the audit was also designed to meet the requirements of the Single Audit Amendments of 1996, as well as GASB 33, 34 and 36. The Report of Independent Accountants on the general-purpose financial statements is included in the financial section of this report.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ashtabula, Ohio, for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2000. This was the City of Ashtabula's fourteenth consecutive year for receiving this award.

In order to be awarded a Certificate of Achievement a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report that conforms to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

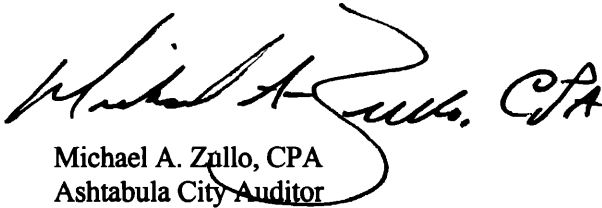
The Certificate of Achievement is the highest form of recognition in the area of Governmental Financial Reporting, and its award represents a significant accomplishment by a government and its management.

ACKNOWLEDGMENTS

A special thanks is extended to the members of City Council and to the Administration whose continued support is necessary for the City of Ashtabula to conform to reporting requirements established for municipal governments.

Sincere thanks also goes to the Local Government Services of Auditor of State Jim Petro's Office for their assistance in the organization and final review of our 2001 Comprehensive Annual Financial Report.

Respectfully submitted,



Michael A. Zullo, CPA
Ashtabula City Auditor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Ashtabula,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2000

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



Timothy A. Brewer
President

Jeffrey L. Esver
Executive Director

City of Ashtabula
List of Principal Officials

City Council

Josephine Misener..... President
Robert E. Beacom Vice President

Joseph L. Rose Ward I
James P. Paulchel..... Ward II
Betty S. Kist..... Ward III
Clifford D. McClure..... Ward IV
Sue Zaebst-Beacon Ward V

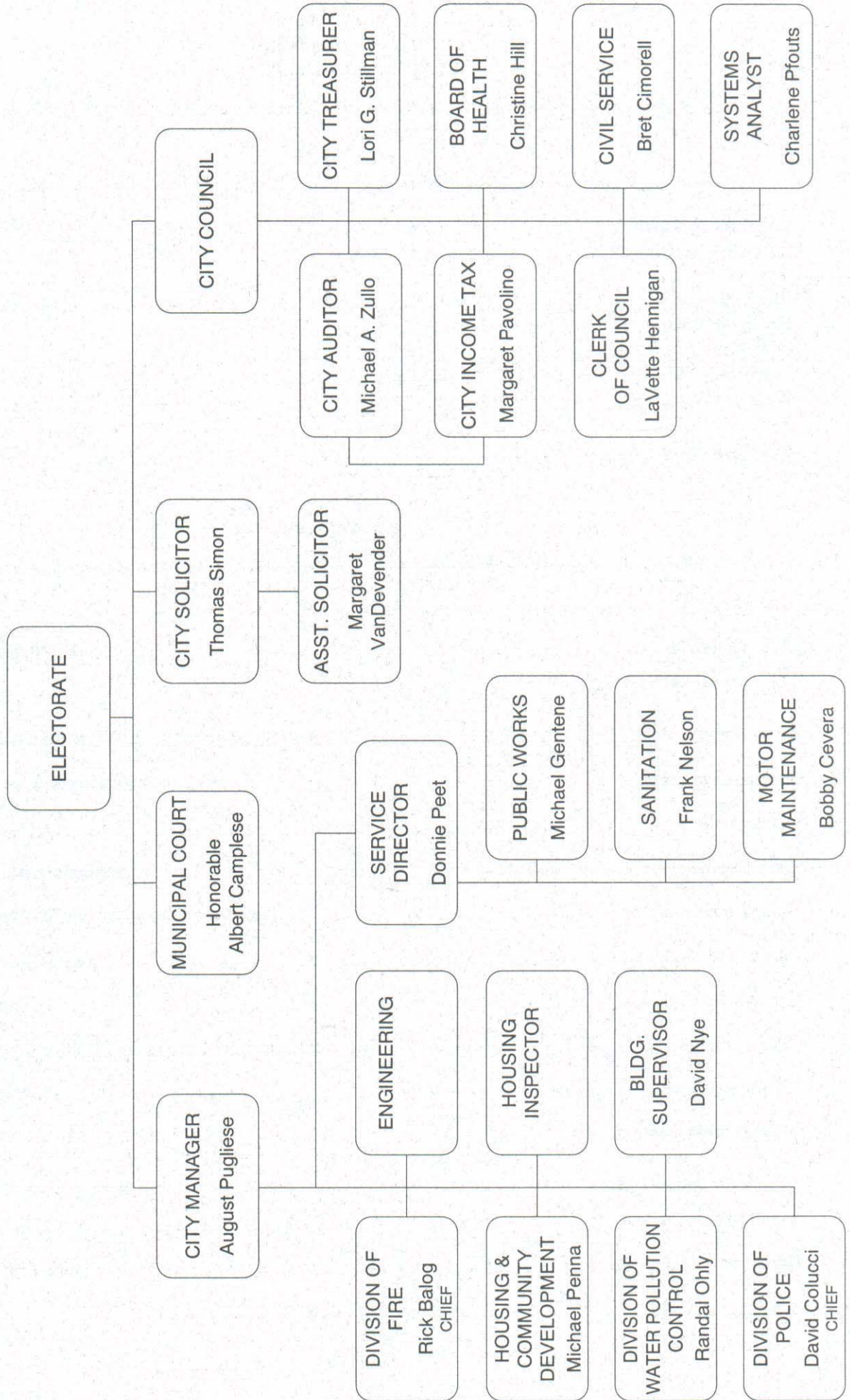
LaVette Hennigan Clerk of Council

City Officials

Rick Balog Chief of Fire
Albert Camplese..... Municipal Court Judge
David Colucci Chief of Police
Greg Foglio Assistant Superintendent of Wastewater Treatment Plant
Michael Gentene Superintendent of Public Works
Karen S. Jury..... Deputy City Auditor
Frank Nelson..... Superintendent of Sanitation
Randal Ohly Superintendent of Wastewater Treatment Plant
Margaret Pavolino..... Income Tax Administrator
Donnie Peet..... Service Director
Michael Penna..... Director of Housing and Community Development
Charlene Pfouts..... Systems Analyst
August A. Pugliese..... City Manager
Thomas J. Simon..... City Solicitor
Lori Stillman City Treasurer
Margaret VanDevender..... Assistant City Solicitor
Michael A. Zullo City Auditor

**CITY OF ASHTABULA, OHIO
ORGANIZATIONAL CHART**

DECEMBER 31, 2001




FINANCIAL SECTION

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SNODGRASS

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT



Members of Council
City of Ashtabula, Ohio

We have audited the accompanying basic financial statements of the City of Ashtabula, Ashtabula County, Ohio, as of and for the year ended December 31, 2001, as listed in the table of contents. These basic financial statements are the responsibility of the City of Ashtabula's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the City of Ashtabula, Ohio, as of December 31, 2001, and the results of its activities, operations and cash flows of its proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 13, 2002, on our consideration of the City of Ashtabula, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Members of Council
City of Ashtabula, Ohio

Required Supplemental Information

The Management's Discussion and Analysis on pages 3-12 is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Combining Financial Statements and Individual Fund Schedules

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City of Ashtabula, Ohio, taken as a whole. The accompanying information identified in the table of contents as combining financial statements and individual fund schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Schedule of Expenditures of Federal Awards

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the City of Ashtabula, Ohio, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A. R. Anodgrass - A.C.

Ashtabula, Ohio
June 13, 2002

City of Ashtabula, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2001
Unaudited

The discussion and analysis of The City of Ashtabula's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2001. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, and the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2001 are as follows:

- ◆ The City of Ashtabula purchased the Keybank Center, which will house our new City Hall Offices. This land and building, which cost approximately \$1,000,000 dollars, was paid for in cash.
- ◆ The City purchased over \$500,000 dollars of equipment including police cars, sanitation trucks, playground equipment and other miscellaneous equipment, all of which is paid for.
- ◆ For the first time ever, the City offered an Income Tax Amnesty Program, which offered removal of any interest and penalty if all the tax was paid. During the thirty-day program, the City was able to collect over \$80,000 dollars of delinquent taxes.
- ◆ Cash and cash equivalents of governmental activities increased \$366,630 or 4.6 percent.
- ◆ Total capital assets from governmental activities increased by \$710,640 or 4.3 percent.
- ◆ The City of Ashtabula was able to sign a ten year lease with Keybank to rent one-half of the first floor of the three story structure. The lease is for \$9,900 per month for 120 months with a five-year extension at Keybank's option.

Using this Annual Financial Report

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

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

Reporting the City of Ashtabula as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and ask the question, "How did we do financially during 2001 and what does the future hold for 2002 and beyond?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of

City of Ashtabula, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2001
Unaudited

accounting similar to the accounting used by the private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid. These two statements report the City's net assets and the changes in those assets. This change in assets is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, nonfinancial information such as changes in the City's tax base and the condition of City capital assets will also need to be evaluated.

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

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

Reporting the City of Ashtabula's Most Significant Funds

Fund Financial Statements

The analysis of the City's major funds begins on page 8. Fund financial reports provide detailed information about the City's major funds. Based on restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents. However, these fund financial statements focus on the City's most significant funds. In the case of the City of Ashtabula, our major funds are the General, Community Development Block Grant, Sanitation, Debt Service, Construction, and Permanent Improvement.

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

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

The City of Ashtabula as a Whole

Recall that the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2001 compared to 2000.

City of Ashtabula, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2001
Unaudited

(Table 1)
 Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2001	2000	2001	2000	2001	2000
Assets						
Current and Other Assets	\$14,526,819	\$15,581,329	\$1,967,173	\$2,132,167	\$16,493,992	\$17,713,496
Capital Assets, Net	17,261,695	16,551,055	9,597,388	9,984,875	26,859,083	26,535,930
<i>Total Assets</i>	<u>31,788,514</u>	<u>32,132,384</u>	<u>11,564,561</u>	<u>12,117,042</u>	<u>43,353,075</u>	<u>44,249,426</u>
Liabilities						
Current and Other Liabilities	(2,917,299)	(2,886,425)	(244,108)	(131,847)	(3,161,407)	(3,018,272)
Long-Term Liabilities:						
Due Within One Year	(1,924,185)	(1,697,300)	(231,085)	(217,273)	(2,155,270)	(1,914,573)
Due in More Than One Year	(4,874,883)	(4,553,311)	(1,877,890)	(1,920,721)	(6,752,773)	(6,474,032)
<i>Total Liabilities</i>	<u>(9,716,367)</u>	<u>(9,137,036)</u>	<u>(2,353,083)</u>	<u>(2,269,841)</u>	<u>(12,069,450)</u>	<u>(11,406,877)</u>
Net Assets						
Invested in Capital Assets Net of Debt	13,777,856	13,648,047	7,874,120	8,177,824	21,651,976	21,825,871
Restricted:						
Capital Projects	1,403,316	823,962	0	0	1,403,316	823,962
Debt Service	1,234,947	1,092,829	0	0	1,234,947	1,092,829
Other Purposes	2,328,379	3,046,617	0	0	2,328,379	3,046,617
Unrestricted	3,327,649	4,383,893	1,337,358	1,669,377	4,665,007	6,053,270
<i>Total Net Assets</i>	<u>\$22,072,147</u>	<u>\$22,995,348</u>	<u>\$9,211,478</u>	<u>\$9,847,201</u>	<u>\$31,283,625</u>	<u>\$32,842,549</u>

Total assets decreased by \$896,351. Current assets were down approximately \$1,200,000 as cash reserves were used during 2001 to purchase our new city hall, which cost \$1,000,000 dollars including land and building. Other projects like cleaning two of three digesters at our wastewater treatment plant which cost in excess of \$300,000 dollars. Although our cash and current assets are less, we did projects with these funds that will make the City a better place to live in the future. The City's capital assets did increase during 2001, which is a reflection on the land, buildings and equipment purchased during 2001. Both short-term liabilities and long term liabilities increased during 2001. Short-term liabilities increased, as this was the first year in six years that the City did not offer the sick time buy back program. This program was allowing the employees to buy back up to nine hundred and sixty hours of accumulated sick time. This program was a win-win situation for the City and the employees. The City won by purchasing these hours at today's rate of pay as opposed to when the employee retired. The employees won, as they were able to deposit these funds into a deferred compensation program and earn interest, dividends and long-term appreciation on their money. With the cash shortfall in 2001, the City felt it was better not to offer the program in 2001 thereby allowing our current liabilities to increase. Long-term liabilities increased in 2001 as the City did borrow \$750,000 dollars to do renovations of our new city hall building. With the building being 99 percent completed as of May 29, 2002, it appears that the City will be paying back \$100,000 dollars of the \$750,000 borrowed as the renovation project came in under budget. The total administration was very change order conscious and watched every dollar that was put into this building.

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The net assets of the City's business type activities decreased in 2001. The City once again aggressively spent money on upgrading our wastewater treatment plant. With usage rates generating revenue, which reasonably matches operating expenses and most capital expenses annually, the financial condition of the business type activity is relatively constant. As extra cash is accumulated such as that during 2000, the City does extra capital improvement projects the following year to make our wastewater treatment plant one of the best in the State of Ohio. Also our whole county is relying on the City's wastewater plant for future growth as this plant is the key for sewers in all areas of our county. The City continues to invest heavily in our wastewater treatment facility, which is our only business type activity. Continual upgrades to the plant and the sewer lines carrying the flow to the plant have been our top priority for at least the last ten years. Continued growth not only in our City but also within our whole county is dependant upon the additional capacity the City is able to offer for sewer expansion. Our wastewater treatment plant itself has plenty of capacity as we treat approximately five million gallons of sewage a day with a plant capacity of approximately 18 million gallons per day. Our biggest problem is line capacity, which is very old and undersized. This is where we currently expend the majority of our capital dollars. We are either expanding line size or trying to reduce the amount of storm water that enters our sanitary lines through illegal connections of home gutters or actual breaks in our lines that allow ground water to enter our sanitary system. In the early 1990's, the Ohio EPA fined the City for not being in compliance with the State's minimum requirements. We have since brought our facility into compliance and were recently awarded a certificate by the Ohio EPA for the turn around our facility has completed. Although a few percent decrease in net assets may be a concern, the reader must remember that this number is net of accumulated depreciation for all capital assets included in our business type activity and that the City's intent is not to profit from this operation, but to recover costs. The City and the County are in negotiations with Nordic Bio Fuels, a large alternative fuel facility that could produce one million gallons of wastewater that would be pretreated at Nordic and then sent to our facility for final treatment and discharge into Lake Erie. Under negotiations are the amount of the tap in fee, the amount of service charge per 750 gallons and the minimum amount to be paid each month if the City is to reserve this one million gallon per day capacity for Nordic. With the one million per day projection, the City's wastewater plant could see additional cash flows of approximately \$50,000 per month. The positive side for the City is virtually no additional treatment cost, as we need to hire only one additional pretreatment inspector to handle just Nordic and very little additional operating cost. This additional cash flow would be used to do additional sewer line improvements to add capacity to our lines. Most of these dollars would be used as matching dollars for Issue II grants.

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2001	2000	2001	2000	2001	2000
Revenues						
Program Revenues						
Charge for Services	\$2,164,092	\$1,976,360	\$2,587,575	\$2,687,820	\$4,751,667	\$4,664,180
Operating Grants, Contributions and Interest	668,034	1,619,910	0	0	668,034	1,619,910
Capital Grants and Contributions	757,833	272,111	256,900	326,365	1,014,733	598,476
General Revenues						
Property Taxes	2,459,838	2,358,145	0	0	2,459,838	2,358,145
Income Taxes	5,660,619	5,979,163	0	0	5,660,619	5,979,163
Grants and Entitlements	1,614,626	2,705,913	0	0	1,614,626	2,705,913
Investment Earnings	426,662	541,246	0	0	426,662	541,246
Other	280,423	283,158	0	0	280,423	283,158
Total Revenues	\$14,032,127	\$15,736,006	\$2,844,475	\$3,014,185	\$16,876,602	\$18,750,191

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	Governmental Activities		Business-Type Activities		Total	
	2001	2000	2001	2000	2001	2000
Program Expenses						
General Government						
Legislative and Executive	\$2,744,011	\$2,691,145	\$0	\$0	\$2,744,011	\$2,691,145
Judicial System	954,289	800,945	0	0	954,289	800,945
Security of Persons and Property:						
Police	3,743,382	3,358,629	0	0	3,743,382	3,358,629
Fire	2,629,702	2,450,731	0	0	2,629,702	2,450,731
Public Health Services	255,630	193,544	0	0	255,630	193,544
Street Maintenance and Repairs	1,956,370	1,316,927	0	0	1,956,370	1,316,927
Housing and Community Development	920,839	573,471	0	0	920,839	573,471
Sanitation Services	1,455,940	1,351,543	0	0	1,455,940	1,351,543
Leisure Time Activities	165,605	68,253	0	0	165,605	68,253
Interest and Fiscal Charges	202,381	206,424	0	0	202,381	206,424
Wastewater Treatment	0	0	3,407,377	3,327,758	3,407,377	3,327,377
<i>Total Expenses</i>	<u>15,028,149</u>	<u>13,011,612</u>	<u>3,407,377</u>	<u>3,327,758</u>	<u>18,435,526</u>	<u>16,339,370</u>
<i>Excess (Deficiency) before Transfers</i>	<u>0</u>	<u>2,724,394</u>	<u>0</u>	<u>(313,573)</u>	<u>0</u>	<u>2,410,821</u>
<i>Transfers</i>	<u>72,821</u>	<u>87,000</u>	<u>(72,821)</u>	<u>(87,000)</u>	<u>0</u>	<u>0</u>
<i>Increase (Decrease) in Net Assets</i>	<u>(\$923,201)</u>	<u>\$2,811,394</u>	<u>(\$635,723)</u>	<u>(\$400,573)</u>	<u>(\$1,558,924)</u>	<u>\$2,410,821</u>

Governmental Activities

Several revenue sources fund our Governmental Activities with the City income tax being the biggest contributor. The income tax rate of 1.8 percent was renewed by a vote of our citizens in May of 2001, which took effect January of 2002. This tax renewal is in effect until December of 2004. The income tax revenue for 2001 exceeded \$6.0 million when the General Fund and the Permanent Improvement allocations are combined. General revenues from grants and entitlements, such as local government funds, are also a large revenue generator. With the combination of income tax and intergovernmental revenue funding 62 percent of all expenses in the Governmental Activities, the City monitors both of these revenue sources very closely for fluctuations.

The City has seen our income tax collection drop in 2001. This is a direct result of the economic downturn in not only our State or County, but also our City. The events of September 11, 2001 across our country seemed to be the event that really put our local economy and the loss of jobs with huge layoffs at not only our industrial plants locally but also employers such as the Ashtabula County Medical Center, our City's single biggest employer has had layoffs and jobs not filled through attrition. All of these events played a part in the first reduction in City income tax collection in over ten years. But despite this and a few smaller displacements, our tax base has seemed to stabilize for the time being. As of this writing in June of 2002, we have met our projections for income tax revenue through April of 2002. The City of Ashtabula has been very aggressive in 2001 collecting delinquent income tax. Five new cases per week are being filed in the Ashtabula Municipal Court against people who have filed returns stating money was owed, and then never paying these taxes. I expect this level of enforcement to continue in the future as our City council has been monitoring the progress on this program. The City also offered an amnesty program in 2001 which allowed delinquent taxpayers to pay any tax due free from interest and penalties. The program did collect approximately \$80,000 dollars. Local government funding from the State was also reduced midway through 2001 as

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the State suffered from reduced sales tax collections as the economy slowed. This reduction cost the City \$60,000 in general fund monies.

Security of persons and property and sanitation services are major activities of the City, generating 52 percent of governmental expenses. Several changes made in these departments, including a complete restructuring of our police department based upon a study by a group known as the Ohio Police Chiefs' Association, which was contracted by the City, has proved very successful. The amount of overtime has been reduced as well as the number of Captains and Sergeants, without reducing personnel. Through attrition, the City has replaced the Captain and Sergeant positions with new patrolmen, which is what our citizens requested. The fire department has worked with the City in reducing costs or holding costs in line with training being done in house, restricted use of comp time, and discipline for abuse of sick time. The City does monitor the police and fire department budgets very closely as these two departments use a significant amount of general revenues. A restructuring of our sanitation department including the combining of jobs has proven to be effective in holding the line on the cost of picking up and transferring resident's trash.

Although the City has worked very hard on increasing our tax base by being proactive with new businesses in our City and reducing cost department by department, we still strive to provide a better service at a lower cost per man-hour. The ability of the City to continue to provide quality services without income tax increases rests on City management's ability to keep these costs in line.

Business-Type Activities

The City's only business-type activity is our Wastewater Treatment Facility. This plant treats sewage from the City of Ashtabula and surrounding townships. This plant generated revenues of \$2,844,475 and had expenses of \$3,407,377. Our expenses are monitored to coincide with our revenues so that at the end of the year, we are looking at our cash balance, which the City has tried to maintain at \$1 million or approximately one third of the annual budget. During 2001, the City did extra maintenance items such as the cleaning two of three digesters at a cost of \$300,000 dollars. The City has also worked hard on expanding line capacity to surrounding townships for other big expansions coming in the near future. To the West, Saybrook Township has boomed with housing projects sprouting up everywhere. The City also has a new housing project, which will require additional sewer capacity on the City's West side. On the East side of the City of Ashtabula, commercial growth is booming despite the economy with Lowe's and Home Depot both opening as well as several other big retailers. Ashtabula Township is also looking at the Nordic Bio fuels and now an Electric Generation Plant. Both of these facilities combined are projected to use approximately 1,000,000 gallons of capacity per day of our wastewater treatment plant. The City has applied for a \$400,000 grant to build new line capacity that will service these areas. These lines, which will service the township, will also service our new Industrial Park at the end of State Route 11. This project is going, but much slower than we had hoped as now we are dealing with a wetlands issue. The City has been able to keep rates low because of increased revenues from adding additional flow from new construction of businesses and homes in our county. The Wastewater Treatment Facility receives no support from tax revenues.

The City's Funds

Information about the City's major governmental funds begins on page 16. These funds are accounted for using the modified accrual basis of accounting. All Governmental funds had total revenues of \$15,274,007 and expenditures of \$15,755,145. The most significant change in our funds is the decrease in cash on hand.

The cash balance of the general fund remained relatively constant, decreasing by slightly more than \$45,000. While expenditures exceeded revenues by \$1,000,000, much of the excess was transferred to other funds. These other funds used the cash from the transfers for street maintenance, sanitation, permanent improvements and for payment of pension obligations.

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General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2001, the City amended its general fund budget numerous times, none significant. All recommendations for a budget change come from the City Auditor to the Finance and Ordinance committee of Council for review before going to the whole council for ordinance enactment on the change. The City does allow small inter-departmental budget changes that modify line items within departments within the same fund. With the general fund supporting many of our major activities such as our police and fire departments, as well as most legislative and executive activities, the general fund is monitored closely looking for possible revenue shortfalls or over spending by individual departments.

For the general fund, original budgeted revenues were \$9,602,150. The final budgeted amount was \$9,609,050. Of this \$6,900 difference, most was due to conservative tax, intergovernmental, and fines and forfeitures estimates. Much of the conservative estimate was offset as the original appropriations were gradually increased during the year as some revenue projections were surpassed. Salary cost proved to be higher than anticipated in the original budget. The comp time and sick time buy-back programs were not offered in 2001 thereby not needing additional line item appropriations to offset this program as in the past.

The City of Ashtabula's ending unencumbered cash balance in the general fund was \$122,988 above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

Table 3
 Capital Assets at December 31, 2001 & 2000

	Governmental Activities		Business-Type Activities		Total	
	2001	2000	2001	2000	2001	2000
Capital Assets, Non depreciable:						
Land	\$1,818,340	\$1,523,347	\$70,125	\$70,125	\$1,888,465	\$1,593,472
Construction in Progress	121,403	0	44,010	0	165,413	0
Total Capital Assets, Non depreciable	1,939,743	1,523,347	114,135	70,125	2,053,878	1,593,472
Capital Assets, being Depreciated:						
Buildings and Improvements	9,260,507	8,435,781	6,691,529	6,678,485	15,952,036	15,114,266
Equipment	2,232,575	2,087,364	1,425,279	1,388,784	3,657,854	3,476,148
Vehicles	3,586,175	3,341,076	520,776	520,776	4,106,951	3,861,852
Furniture and Fixtures	31,924	30,224	3,068	3,068	34,992	33,292
Infrastructure						
Bridges	3,485,757	3,485,757	0	0	3,485,757	3,485,757
Roads	7,770,687	7,769,579	0	0	7,770,687	7,769,579
Storm Sewers	2,421,382	2,421,382	0	0	2,421,382	2,421,382
Traffic Lights	553,995	541,795	0	0	553,995	541,795
Sanitary Sewers	0	0	7,733,887	7,733,887	7,733,887	7,733,887
Total Capital Assets, being Depreciated	29,343,002	\$28,112,958	16,374,539	16,325,000	45,717,541	44,437,958
Accumulated Depreciation	(14,021,050)	(13,085,250)	(6,891,286)	(6,410,250)	(20,912,336)	(19,495,500)
Total Capital Assets,	\$17,261,695	\$16,551,055	\$9,597,388	\$9,984,875	\$26,774,948	\$26,535,930

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The primary increases occurred in Buildings and Improvements and Infrastructure. These improvements were part of the City's long-term goal of a new City Hall and completely rebuilding the infrastructure of our City from our roads and bridges through storm and sanitary sewers. With the increased cash flow from such items as local income tax and local government funds during the years 1997 through 2000, we have had more dollars to use as matching grant dollars to do these expensive infrastructure projects. Even though grants are gradually increasing the required percentage of local matching funds, such as Issue II funds increasing from a 30 percent match to a 40 percent match, the City of Ashtabula has been aggressively seeking these grant dollars knowing that we have the local match dollars available. The major projects during 2001 was three fold. The first being our regular street paving project which cost approximately \$200,000, the second being our commitment to our City sidewalks and the \$80,000 reimbursement to residents who replace the sidewalks in the front of their homes as the City will reimburse you 2.50 per square foot virtually covering the cost 100 percent, and thirdly was the commitment of recreation for all. Continued work on Smith field, Walnut beach and other playgrounds in the City has been given high priority.

As of December 31, 2001, Council has committed \$500,000 per year for five years to use as matching money for five consecutive Issue II projects to continue the rebuilding of the sanitary sewers. The City will also continue to utilize grant money with matching permanent improvement property tax money that the City has budgeted each year for street improvements. The City retains the Burgess and Niple engineering firm to prepare and oversee construction of this five-year plan. Starting in the year 2001, we began in the Bunker Hill area which is the farthest point in our City from our treatment facility and are working our way towards our Wastewater Treatment Plant repairing or replacing sections of sanitary and storm sewer lines as needed based on the televising project currently under way.

Debt

At December 31, 2001 the City of Ashtabula had \$8,908,043 in bonds, notes, claims, judgments, and compensated absences outstanding, \$2,055,270 of which are due within one year.

Table 4
 Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2001	2000	2001	2000	2001	2000
General Obligation Bonds	\$2,490,000	\$2,640,000	\$0	\$0	\$2,490,000	\$2,640,000
Municipal Building Renovations	750,000	0	0	0	750,000	0
Special Assessment Bonds	50,000	60,000	0	0	50,000	60,000
OPWC Loan	180,974	190,756	0	0	180,974	190,756
Police and Fire Loan	553,080	628,998	0	0	553,080	628,998
Claims Payable	438,202	579,605	0	0	438,202	579,605
Judgments Payable	200,000	200,000	0	0	200,000	200,000
Compensated Absences	2,123,947	1,939,000	385,707	330,943	2,509,654	2,269,943
OWDA Loan Payable	0	0	1,723,268	1,807,051	1,723,268	1,807,051
Capital Lease Obligation	12,865	12,252	0	0	12,865	12,252
Total	\$6,799,068	\$6,250,611	\$2,108,975	\$2,137,994	\$8,908,043	\$8,388,605

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

The amount due to Ohio Water Development Authority is paid by sewer revenues collected from the residents for water consumption.

The Judgment Payable was for the New Lyme Landfill clean-up lawsuit. The City settled the suit for \$500,000 with the initial payment of \$200,000 due December 31, 1999, and \$100,000 per year thereafter. During year 2000, the City paid 300,000 to the plaintiffs and also put the other 200,000 which is not due until 2002 and 2003 respectively, in our debt service fund awaiting payment when due. The City tried to negotiate a lower amount due for full payment immediately, but was unsuccessful. We have therefore decided to earn interest on the money until due and payable.

The City's overall legal debt margin was \$20,201,238 at December 31, 2001.

Current Related Financial Activities

The City of Ashtabula is holding its own financially. The City of Ashtabula is being very cautious with its spending in 2002. As we see the Federal, State, and County economy slow down, the City is also seeing the beginning of an economic slowdown with our city income tax. I have stressed to all department heads that they must remain within their appropriated budgets for the year. It was only 15 years ago the City was in fiscal emergency and the State Auditors Office took control. A new administration, including City Manager, Auditor, Deputy Auditor, Treasurer, Solicitor, and others, were hired to turn our City around financially and esthetically and to increase citizen pride in our community. It has taken over eleven years, but we have recovered in a strong way.

The City took a small risk nine years ago by getting into a self-funded health insurance program and the self-funded workers' compensation program. Our premiums for health insurance, based on the plan our unions had negotiated, were extremely high and getting worse each year. The City was also negatively rated in the State funded workers' compensation program. When the City entered the retrospective rating program, both workers' compensation and health insurance monies were put into new funds established by the City as if the premiums were still being paid. The balances have accumulated to over \$3,250,000 in these funds by reducing our annual expenses in both of these areas. The cash in these funds is money that would have gone to Blue Cross or the State of Ohio and can now be used in our City in the future.

The City has also purchased and paid cash for a tremendous amount of new equipment in the last five years. Items include new ladder and pumper trucks, as well as new vehicles for the chief and fire inspector and one new ¾ ton four wheel drive pick-up in our fire department, a complete new fleet of police cars, five new snowplow dump trucks, graders, sanitation equipment including trucks, semis, dumpsters, complete network computers systems for the court system, sewer jets, and all new vehicles for our inspectors.

We have also spent a lot of money on building repairs and maintenance. The municipal building has been our 2001 project as the City purchased the Keybank building for our new city hall. Keybank will lease a portion of the first floor to use as a bank. Lease payments which began April 1, 2001 and extend to February, 2010 will pay approximately \$9,900 per month to the City. The City of Ashtabula and Keybank have come to an agreement that will extend the lease for an additional five years, to 2015, at the option of Keybank. The City is currently in the midst of retrofitting the space on the lower and upper levels to best suit our needs. The building was purchased from SBP Limited Partnership for approximately one million dollars. The City of Ashtabula paid cash for the building, and took out a five year loan for \$750,000 to retrofit and renovate the building.

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

In conclusion, the City of Ashtabula has committed itself to financial excellence for many years. The City has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting since 1987. The City of Ashtabula was one of the first cities in Ohio to report using the new GASB 33 and 34 requirements. Our 2000 CAFR did receive this prestigious award. Our commitment to the residents of the City of Ashtabula has always been full disclosure of the financial position of the City.

I must personally thank Mr. Jim Petro our State Auditor and his staff for their involvement and tremendous amount of help in putting together these statements. Mr. Petro's desire to make the State of Ohio one of the most respected in financial reporting to the citizens has certainly rubbed off in Ashtabula and I am proud to be part of this commitment.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Michael A. Zullo, CPA, Ashtabula City Auditor, 4417 Main Ave., Ashtabula, Ohio 44004, 440-992-7107, or e-mail at michaelz@suite224.net.

City Of Ashtabula, Ohio

Statement of Net Assets

December 31, 2001

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activity	Total	
Assets				
Cash and Cash Equivalents	\$7,955,102	\$787,486	\$8,742,588	\$0
Cash and Cash Equivalents in Segregated Accounts	0	0	0	198,172
Accounts Receivable	737,890	1,149,949	1,887,839	0
Due from Other Governments	1,275,123	0	1,275,123	0
Materials and Supplies Inventory	29,945	8,199	38,144	0
Prepaid Items	125,854	21,539	147,393	0
Due from Component Unit	139,040	0	139,040	0
Loans Receivable	112,826	0	112,826	0
Taxes Receivable	3,924,641	0	3,924,641	0
Special Assessments Receivable	226,398	0	226,398	0
Capital Assets, Nondepreciable	1,939,743	114,135	2,053,878	306,885
Capital Assets, Depreciable, Net	15,321,952	9,483,253	24,805,205	184,490
<i>Total Assets</i>	<u>31,788,514</u>	<u>11,564,561</u>	<u>43,353,075</u>	<u>689,547</u>
Liabilities				
Accounts Payable	82,612	41,336	123,948	0
Contracts Payable	78,591	98,945	177,536	0
Accrued Wages and Benefits	155,838	25,407	181,245	0
Due to Other Governments	369,983	40,939	410,922	234
Deferred Revenue	2,155,431	0	2,155,431	0
Deposits Held and Due to Others	4,285	0	4,285	0
Accrued Interest Payable	70,559	37,481	108,040	0
Due to Primary Government	0	0	0	139,040
Long-Term Liabilities:				
Due Within One Year	1,824,185	231,085	2,055,270	0
Due Within More Than One Year	4,974,883	1,877,890	6,852,773	0
<i>Total Liabilities</i>	<u>9,716,367</u>	<u>2,353,083</u>	<u>12,069,450</u>	<u>139,274</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	13,777,856	7,874,120	21,651,976	491,375
Restricted for:				
Capital Projects	1,403,316	0	1,403,316	0
Debt Service	1,234,947	0	1,234,947	0
Other Purposes	2,328,379	0	2,328,379	0
Unrestricted	3,327,649	1,337,358	4,665,007	58,898
<i>Total Net Assets</i>	<u>\$22,072,147</u>	<u>\$9,211,478</u>	<u>\$31,283,625</u>	<u>\$550,273</u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
Statement of Activities
For the Year Ended December 31, 2001

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities				
General Government:				
Legislative and Executive	\$2,744,011	\$239,782	\$0	\$500,099
Judicial System	954,289	649,760	0	19,934
Security of Persons and Property:				
Police	3,743,382	0	125,508	0
Fire	2,629,702	0	0	0
Public Health Services	255,630	59,714	0	0
Street Maintenance and Repairs	1,956,370	4,739	456,533	212,000
Housing and Community Development	920,839	80,320	45,667	800
Sanitation Services	1,455,940	1,115,302	40,326	25,000
Leisure Time Activities	165,605	14,475	0	0
Interest and Fiscal Charges	202,381	0	0	0
<i>Total Governmental Activities</i>	15,028,149	2,164,092	668,034	757,833
Business-Type Activity				
Wastewater Treatment	3,407,377	2,587,575	0	256,900
<i>Total Primary Government</i>	<u>\$18,435,526</u>	<u>\$4,751,667</u>	<u>\$668,034</u>	<u>\$1,014,733</u>
Component Unit				
Asthtabula Port Authority	<u>\$53,830</u>	<u>\$0</u>	<u>\$83,253</u>	<u>\$0</u>

General Revenues

Property Taxes Levied for:

General Purposes

Special Revenue

Debt Service

Capital Outlay

Income Taxes Levied for:

General Purposes

Capital Outlay

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activity	Total	Component Unit
(\$2,004,130)	\$0	(\$2,004,130)	\$0
(284,595)	0	(284,595)	0
(3,617,874)	0	(3,617,874)	0
(2,629,702)	0	(2,629,702)	0
(195,916)	0	(195,916)	0
(1,283,098)	0	(1,283,098)	0
(794,052)	0	(794,052)	0
(275,312)	0	(275,312)	0
(151,130)	0	(151,130)	0
(202,381)	0	(202,381)	0
(11,438,190)	0	(11,438,190)	0
0	(562,902)	(562,902)	0
(11,438,190)	(562,902)	(12,001,092)	0
0	0	0	29,423
1,080,441	0	1,080,441	0
454,740	0	454,740	0
504,298	0	504,298	0
420,359	0	420,359	0
5,034,519	0	5,034,519	0
593,497	0	593,497	0
1,647,229	0	1,647,229	0
426,662	0	426,662	5,175
280,423	0	280,423	0
10,442,168	0	10,442,168	5,175
72,821	(72,821)	0	0
10,514,989	(72,821)	10,442,168	5,175
(923,201)	(635,723)	(1,558,924)	34,598
22,995,348	9,847,201	32,842,549	515,675
\$22,072,147	\$9,211,478	\$31,283,625	\$550,273

City of Ashtabula, Ohio

Balance Sheet

Governmental Funds

December 31, 2001

	General	Community Development Block Grant	Sanitation	Debt Service	Construction
Assets					
Equity in Pooled Cash and Cash Equivalents	\$403,225	\$453,970	\$342,559	\$1,021,286	\$736,048
Receivables:					
Taxes	2,344,717	0	0	473,362	0
Accounts	103,583	76,123	555,313	0	0
Special Assessments	0	0	0	226,398	0
Due from Other Governments	895,425	55,500	0	23,407	0
Materials and Supplies Inventory	19,055	0	245	0	0
Prepaid Items	125,854	0	0	0	0
Due from Component Unit	0	139,040	0	0	0
Loans Receivable	0	112,826	0	0	0
<i>Total Assets</i>	<u>\$3,891,859</u>	<u>\$837,459</u>	<u>\$898,117</u>	<u>\$1,744,453</u>	<u>\$736,048</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$52,825	\$0	\$7,120	\$361	\$0
Contracts Payable	1,996	0	25,255	0	39,770
Accrued Wages	118,140	0	13,655	0	0
Due to Other Governments	1,891	0	0	0	0
Deferred Revenue	2,713,164	131,623	491,110	723,167	0
Deposits Held and Due to Others	0	0	0	0	0
<i>Total Liabilities</i>	<u>2,888,016</u>	<u>131,623</u>	<u>537,140</u>	<u>723,528</u>	<u>39,770</u>
Fund Balances					
Reserved for Encumbrances	124,438	40,828	17,723	0	515,010
Reserved for Inventory	19,055	0	245	0	0
Reserved for Loans Receivable	0	251,866	0	0	0
Unreserved:					
Designated for Roadway Improvements	0	0	0	0	0
Undesignated, Reported in:					
General Fund	860,350	0	0	0	0
Special Revenue Funds	0	413,142	343,009	0	0
Debt Service Funds	0	0	0	1,020,925	0
Capital Projects Funds	0	0	0	0	181,268
<i>Total Fund Balances</i>	<u>1,003,843</u>	<u>705,836</u>	<u>360,977</u>	<u>1,020,925</u>	<u>696,278</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$3,891,859</u>	<u>\$837,459</u>	<u>\$898,117</u>	<u>\$1,744,453</u>	<u>\$736,048</u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2001*

Permanent Improvement	Other Governmental Funds	Total Governmental Funds
\$504,189	\$1,240,665	\$4,701,942
571,364	535,198	3,924,641
0	2,871	737,890
0	0	226,398
22,275	278,516	1,275,123
0	10,645	29,945
0	0	125,854
0	0	139,040
0	0	112,826
<u>\$1,097,828</u>	<u>\$2,067,895</u>	<u>\$11,273,659</u>
\$0	\$4,350	\$64,656
10,681	889	78,591
0	24,043	155,838
0	0	1,891
549,223	770,901	5,379,188
0	4,285	4,285
<u>559,904</u>	<u>804,468</u>	<u>5,684,449</u>
165,888	210,179	1,074,066
0	10,645	29,945
0	0	251,866
212,000	0	212,000
0	0	860,350
0	1,042,603	1,798,754
0	0	1,020,925
160,036	0	341,304
<u>537,924</u>	<u>1,263,427</u>	<u>5,589,210</u>
<u>\$1,097,828</u>	<u>\$2,067,895</u>	<u>\$11,273,659</u>

Total Governmental Funds Balances \$5,589,210

*Amounts reported for governmental activities in the
statement of net assets are different because*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 17,261,695

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Property and Other Taxes	171,317
Charges for Services	656,605
Income Tax	1,172,941
Intergovernmental	996,496
Special Assessments	226,398
Total	<u>3,223,757</u>

Two internal service funds are used by management to charge the costs of insurance and workers' compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 2,741,743

Due to other governments includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds. (312,833)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (70,559)

Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:

General Obligation Bonds	(3,240,000)
Special Assessment Bonds	(50,000)
OPWC Loan Payable	(180,974)
Police and Fire Loan	(553,080)
Judgments Payable	(200,000)
Compensated Absences	(2,123,947)
Capital Lease Payable	(12,865)
Total	<u>(6,360,866)</u>

Net Assets of Governmental Activities

\$22,072,147

City of Ashtabula, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2001

	General	Community Development Block Grant	Sanitation	Debt Service	Construction
Revenues					
Property and Other Taxes	\$1,013,627	\$0	\$0	\$449,875	\$0
Municipal Income Tax	5,232,636	0	0	0	0
Charges for Services	44,293	0	1,063,529	0	0
Licenses and Permits	56,619	0	0	0	0
Fines and Forfeitures	607,279	0	0	0	0
Intergovernmental	2,063,958	635,432	40,326	32,597	500,099
Special Assessments	0	0	0	27,179	0
Interest	238,893	13,430	0	0	0
Rentals	69,435	0	0	0	0
Other	249,732	0	5,577	0	0
<i>Total Revenues</i>	<u>9,576,472</u>	<u>648,862</u>	<u>1,109,432</u>	<u>509,651</u>	<u>500,099</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	2,523,794	0	0	9,397	0
Judicial System	787,200	0	0	0	0
Security of Persons and Property:					
Police	3,209,871	0	0	0	0
Fire	2,109,332	0	0	0	0
Public Health Services	141,089	0	0	0	0
Street Maintenance and Repairs	3,783	0	0	0	0
Housing and Community Development	89,445	655,891	0	0	0
Sanitation Services	1,708	0	1,341,961	0	0
Leisure Time Activities	64,080	0	0	0	0
Capital Outlay	0	0	0	0	1,089,148
Debt Service:					
Principal Retirement	78,883	112	0	169,782	0
Interest and Fiscal Charges	36,231	104	0	141,822	0
<i>Total Expenditures</i>	<u>9,045,416</u>	<u>656,107</u>	<u>1,341,961</u>	<u>321,001</u>	<u>1,089,148</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>531,056</u>	<u>(7,245)</u>	<u>(232,529)</u>	<u>188,650</u>	<u>(589,049)</u>
Other Financing Sources (Uses)					
General Obligation Bonds Issued	0	0	0	0	750,000
Inception of Capital Lease	0	3,690	0	0	0
Transfers In	0	30,801	88,000	0	72,821
Transfers Out	(661,286)	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(661,286)</u>	<u>34,491</u>	<u>88,000</u>	<u>0</u>	<u>822,821</u>
<i>Net Change in Fund Balances</i>	<u>(130,230)</u>	<u>27,246</u>	<u>(144,529)</u>	<u>188,650</u>	<u>233,772</u>
<i>Fund Balances Beginning of Year</i>	1,135,409	678,829	505,627	832,275	462,506
Increase (Decrease) in Reserve for Inventory	<u>(1,336)</u>	<u>(239)</u>	<u>(121)</u>	<u>0</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$1,003,843</u>	<u>\$705,836</u>	<u>\$360,977</u>	<u>\$1,020,925</u>	<u>\$696,278</u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2001*

Permanent Improvement	Other Governmental Funds	Total Governmental Funds		
			Net Change in Fund Balances - Total Governmental Funds	\$345,373
			Amounts reported for governmental activities in the statement of activities are different because	
\$388,710	\$497,100	\$2,349,312	Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	
586,641	0	5,819,277	Capital Outlay	2,017,134
0	42,808	1,150,630	Depreciation	(1,320,035)
0	116,440	173,059	Total	697,099
19,934	42,481	669,694	The net effect of various miscellaneous transactions involving capital assets (i.e., trade-ins) is to increase net assets	25,800
47,334	716,026	4,035,772	Governmental funds only report the disposal of fixed assets to the extent the extent proceeds are received from the sale. In the statement of statement of activities, a gain or loss is reported for each disposal.	(12,259)
0	0	27,179	Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
0	174,339	426,662	Property and Other Taxes	110,526
69,435	0	138,870	Municipal Income Tax	(179,424)
228,220	23	483,552	Charges for Services	61,379
			Intergovernmental	(1,232,982)
1,340,274	1,589,217	15,274,007	Special Assessments	(27,179)
			Total	(1,267,680)
0	0	2,533,191	Other financing sources in the governmental funds that increase long-term liabilities in the statement of net assets.	
0	36,141	823,341	General Obligation Bonds Issued	(750,000)
0	379,964	3,589,835	Inception of Lease	(3,690)
0	344,257	2,453,589	Total	(753,690)
0	93,833	234,922	Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	248,777
0	1,053,455	1,057,238	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(24,224)
0	156,734	902,070	Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds	
0	0	1,343,669	Compensated absences	(184,947)
0	48,853	112,933	Pension obligation	(32,773)
1,188,275	0	2,277,423	Change in Inventory	54
0	0	248,777	Total	(217,666)
0	0	178,157	The internal service funds used by management to charge the costs of insurance and workers' compensation to individual funds are not reported in the city-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.	
1,188,275	2,113,237	15,755,145	The net revenue (expense) of the internal service funds are allocated among the governmental activities.	35,269
151,999	(524,020)	(481,138)	Change in Net Assets of Governmental Activities	(923,201)
0	0	750,000		
0	0	3,690		
0	607,485	799,107		
0	(65,000)	(726,286)		
0	542,485	826,511		
151,999	18,465	345,373		
385,925	1,243,212	5,243,783		
0	1,750	54		
\$537,924	\$1,263,427	\$5,589,210		

City of Ashtabula, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property and Other Taxes	\$1,003,000	\$1,003,000	\$1,013,627	\$10,627
Municipal Income Tax	5,426,500	5,433,400	5,362,599	(70,801)
Charges for Services	40,799	40,799	44,293	3,494
Licenses and Permits	46,750	46,750	54,467	7,717
Fines and Forfeitures	661,300	661,300	605,956	(55,344)
Intergovernmental	2,027,417	2,027,417	2,051,338	23,921
Interest	237,500	237,500	239,093	1,593
Rentals	0	0	69,435	69,435
Other	158,884	158,884	203,057	44,173
<i>Total Revenues</i>	<u>9,602,150</u>	<u>9,609,050</u>	<u>9,643,865</u>	<u>34,815</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	2,578,807	2,664,094	2,610,180	53,914
Judicial System	783,369	812,430	807,785	4,645
Security of Persons and Property				
Police	3,253,745	3,223,232	3,209,014	14,218
Fire	2,089,266	2,116,250	2,112,473	3,777
Public Health Services	121,872	149,581	143,981	5,600
Street Maintenance and Repair	6,588	6,096	3,783	2,313
Housing and Community Development	111,639	112,364	109,394	2,970
Sanitation Services	2,253	2,128	1,708	420
Leisure Time Activities	46,327	39,827	39,512	315
Debt Service:				
Principal Retirement	78,883	78,883	78,883	0
Interest and Fiscal Charges	36,232	36,232	36,231	1
<i>Total Expenditures</i>	<u>9,108,981</u>	<u>9,241,117</u>	<u>9,152,944</u>	<u>88,173</u>
<i>Excess of Revenues Over Expenditures</i>	493,169	367,933	490,921	122,988
Other Financing Uses				
Transfers Out	(579,286)	(661,286)	(661,286)	0
<i>Net Change in Fund Balance</i>	(86,117)	(293,353)	(170,365)	122,988
<i>Fund Balance Beginning of Year</i>	321,781	321,781	321,781	0
Prior Year Encumbrances Appropriated	88,117	88,117	88,117	0
<i>Fund Balance End of Year</i>	<u>\$323,781</u>	<u>\$116,545</u>	<u>\$239,533</u>	<u>\$122,988</u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Development Block Grant Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$1,040,715	\$1,040,715	\$679,533	(\$361,182)
Interest	19,500	19,500	12,838	(6,662)
<i>Total Revenues</i>	<u>1,060,215</u>	<u>1,060,215</u>	<u>692,371</u>	<u>(367,844)</u>
Expenditures				
Current:				
Housing and Community Development	1,128,799	1,151,499	708,009	443,490
Debt Service:				
Principal Retirement	112	112	112	0
Interest and Fiscal Charges	104	104	104	0
<i>Total Expenditures</i>	<u>1,129,015</u>	<u>1,151,715</u>	<u>708,225</u>	<u>443,490</u>
<i>Excess of Revenues Under Expenditures</i>	(68,800)	(91,500)	(15,854)	75,646
Other Financing Sources				
Transfers In	68,800	68,800	30,801	(37,999)
<i>Net Change in Fund Balance</i>	0	(22,700)	14,947	37,647
<i>Fund Balance Beginning of Year</i>	<u>383,737</u>	<u>383,737</u>	<u>383,737</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$383,737</u></u>	<u><u>\$361,037</u></u>	<u><u>\$398,684</u></u>	<u><u>\$37,647</u></u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Sanitation Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for Services	\$1,059,500	\$1,059,500	\$1,061,620	\$2,120
Intergovernmental	105,000	105,000	40,326	(64,674)
Other	500	500	5,642	5,142
<i>Total Revenues</i>	1,165,000	1,165,000	1,107,588	(57,412)
Expenditures				
Current:				
Sanitation Services	1,364,451	1,481,951	1,355,352	126,599
<i>Excess of Revenues Under Expenditures</i>	(199,451)	(316,951)	(247,764)	69,187
Other Financing Sources				
Transfers In	250,000	250,000	88,000	(162,000)
<i>Net Change in Fund Balance</i>	50,549	(66,951)	(159,764)	(92,813)
<i>Fund Balance Beginning of Year</i>	473,163	473,163	473,163	0
Prior Year Encumbrances Appropriated	11,437	11,437	11,437	0
<i>Fund Balance End of Year</i>	<u>\$535,149</u>	<u>\$417,649</u>	<u>\$324,836</u>	<u>(\$92,813)</u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2001

	Business Type Activity - Wastewater Treatment Fund	Governmental Activities - Internal Service Funds
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$787,486	\$3,253,160
Accounts Receivable	1,149,949	0
Materials and Supplies Inventory	8,199	0
Prepaid Items	21,539	0
<i>Total Current Assets</i>	<u>1,967,173</u>	<u>3,253,160</u>
Noncurrent Assets		
Capital Assets, nondepreciable	114,135	0
Capital Assets, depreciable, net	9,483,253	0
<i>Total Noncurrent Assets</i>	<u>9,597,388</u>	<u>0</u>
<i>Total Assets</i>	<u>11,564,561</u>	<u>3,253,160</u>
Liabilities		
Current Liabilities:		
Accounts Payable	41,336	17,956
Contracts Payable	98,945	0
Accrued Wages	25,407	0
Compensated Absences Payable	143,618	0
Due to Other Governments	40,939	55,259
Accrued Interest Payable	37,481	0
Claims Payable	0	288,202
OWDA Loan Payable	87,467	0
<i>Total Current Liabilities</i>	<u>475,193</u>	<u>361,417</u>
Long-Term Liabilities:		
Compensated Absences Payable	242,089	0
Claims Payable	0	150,000
OWDA Loan Payable	1,635,801	0
<i>Total Long-Term Liabilities</i>	<u>1,877,890</u>	<u>150,000</u>
<i>Total Liabilities</i>	<u>2,353,083</u>	<u>511,417</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	7,874,120	0
Unrestricted	1,337,358	2,741,743
<i>Total Net Assets</i>	<u>\$9,211,478</u>	<u>\$2,741,743</u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
*Statement of Revenues, Expenses
and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2001*

	Business Type Activity - Wastewater Treatment Fund	Governmental Activities - Internal Service Funds
Operating Revenues		
Charges for Services	\$2,587,575	\$2,168,048
Operating Expenses		
Personal Services	1,826,936	0
Contractual Services	546,776	899,086
Materials and Supplies	476,487	0
Depreciation	481,118	0
Claims	0	1,233,693
<i>Total Operating Expenses</i>	<u>3,331,317</u>	<u>2,132,779</u>
<i>Operating Income (Loss)</i>	<u>(743,742)</u>	<u>35,269</u>
Non Operating Expenses		
Loss on Disposal of Fixed Assets	(177)	0
Interest and Fiscal Charges	(75,883)	0
<i>Total Non Operating Expenses</i>	<u>(76,060)</u>	<u>0</u>
<i>Income (Loss) Before Contributions and Transfers</i>	(819,802)	35,269
Capital Contributions	256,900	0
Transfers Out	(72,821)	0
<i>Change in Net Assets</i>	(635,723)	35,269
<i>Net Assets Beginning of Year</i>	<u>9,847,201</u>	<u>2,706,474</u>
<i>Net Assets End of Year</i>	<u><u>\$9,211,478</u></u>	<u><u>\$2,741,743</u></u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2001

	Business Type Activity - Wastewater Treatment Fund	Governmental Activities - Internal Service Funds
<i>Increase (Decrease) In Cash and Cash Equivalents</i>		
Cash Flows from Operating Activities		
Cash Received from Customers	\$2,653,541	\$0
Cash Received from Other Funds	0	2,168,048
Cash Payments to Suppliers for Goods and Services	(942,513)	(1,015,561)
Cash Payments for Claims	0	(1,375,096)
Cash Payments for Employee Services and Benefits	(1,753,803)	0
<i>Net Cash Used for Operating Activities</i>	<u>(42,775)</u>	<u>(222,609)</u>
Cash Flows from Noncapital Financing Activities		
Transfer Out	(72,821)	0
Cash Flows from Capital and Related Financing Activities		
Tap-In Fees	256,900	0
Acquisition of Capital Assets	(80,548)	0
Principal Paid OWDA Loans	(83,783)	0
Interest Paid on OWDA Loans	(77,705)	0
<i>Net Cash Provided by Capital and Related Financing Activities</i>	<u>14,864</u>	<u>0</u>
<i>Net Decrease In Cash and Cash Equivalents</i>	(100,732)	(222,609)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>888,218</u>	<u>3,475,769</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$787,486</u></u>	<u><u>\$3,253,160</u></u>

(continued)

City of Ashtabula, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2001

	Business Type Activity - Wastewater Treatment Fund	Governmental Activities - Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities		
<i>Operating Income (Loss)</i>	(\$743,742)	\$35,269
Adjustments:		
Depreciation	481,118	0
(Increase)/ Decrease in Assets:		
Accounts Receivable	65,966	0
Materials and Supplies Inventory	(775)	0
Prepaid Items	(929)	13,603
Increase/ (Decrease) in Liabilities:		
Accounts Payable	3,800	17,956
Contracts Payable	78,654	0
Accrued Wages	4,618	0
Compensated Absences Payable	54,764	0
Due to Other Governments	13,751	(148,034)
Claims Payable	0	(141,403)
<i>Net Cash Used for Operating Activities</i>	<u>(\$42,775)</u>	<u>(\$222,609)</u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
Statement of Fiduciary Net Assets
Agency Funds
December 31, 2001

Assets	
Equity in Pooled Cash and Cash Equivalents	\$63,840
Cash and Cash Equivalents in Segregated Accounts	<u>101,249</u>
<i>Total Assets</i>	<u><u>\$165,089</u></u>
Liabilities	
Due to Other Governments	\$4,328
Deposits Held and Due to Others	<u>160,761</u>
<i>Total Liabilities</i>	<u><u>\$165,089</u></u>

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2001

Note 1 - Description of the City and Reporting Entity

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

Reporting Entity

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

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

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

Ashtabula Port Authority The Ashtabula Port Authority is a legally separate entity, statutorily created under Section 4582.02 of the Ohio Revised Code, served by a seven-member board of directors appointed by the City Manager with the approval of City Council. Charged with the responsibility of industrial development and the improvement of Ashtabula's interconnecting waterways, the Port Authority is empowered with the ability to carry out the actions they consider necessary to achieve these responsibilities. The Ashtabula Port Authority is fiscally dependent on the City and is therefore presented as a component unit of the City. Financial statements can be obtained from J. A. Valentic & Company Inc., 517 West Prospect Road, Ashtabula, Ohio.

Information in the following notes to the basic financial statements is applicable to the primary government. Information relative to the Ashtabula Port Authority is presented in Note 18.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the City of Ashtabula have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2001

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

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2001

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

Community Development Block Grant Special Revenue Fund The Community Development Block Grant Special Revenue fund is used to account for monies received from the State under the federal Community Development Block Grant and Rental Rehabilitation programs and expended under the guidelines of those programs.

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

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

Construction Capital Projects Fund The Construction Capital Projects fund accounts for the proceeds of bonds and intergovernmental revenues to be used for the acquisition and construction of the new Municipal building.

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

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

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

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

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

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

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2001

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

C. Measurement Focus

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

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

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

D. Basis of Accounting

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

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

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 fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2001

local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from 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), interest, tuition, grants, fees and rentals.

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

Property taxes for which there is an enforceable legal claim as of December 31, 2001, but which were levied to finance year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Budgets

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2001.

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

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2001

F. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

During 2001, investments were limited to STAROhio and nonnegotiable certificates of deposit. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. For investments in open-ended mutual funds, fair value is determined by the fund's current share price. 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, 2001.

Interest is distributed to the general fund and certain special revenue funds of the City. Interest revenue credited to the general fund during 2001 amounted to \$238,893, which includes \$58,287 assigned from other City funds.

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest-bearing depository accounts are presented on the statement of net assets as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the City's treasury. The cash of the Municipal Court and the Ashtabula Port Authority component unit are included in this line item.

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

G. Inventory

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

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2001, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which it was consumed.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2001

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of one thousand dollars. The City's infrastructure consists of bridges, roads, storm sewers, traffic lights and sanitary sewers. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

J. Interfund Balances

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

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

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2001

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Fund Balance Reserves and Designations

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

N. Net Assets

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

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

O. Operating Revenues and Expenses

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

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2001

P. Contributions of Capital

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

Q. Interfund Activity

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

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

R. Estimates

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

Note 3 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses 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 budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2001

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

Net Change in Fund Balance General and Major Special Revenue Funds			
	General	Community Development Block Grant	Sanitation
GAAP Basis	(\$130,230)	\$27,246	(\$144,529)
Net Adjustment for Revenue Accruals	104,573	57,967	(1,844)
Unrecorded Cash	(37,180)	(14,458)	0
Net Adjustment for Expenditure Accruals	18,984	(14,980)	4,332
Encumbrances	(126,512)	(40,828)	(17,723)
Budget Basis	(\$170,365)	\$14,947	(\$159,764)

Note 4 - Change in Accounting Principles

Change in Accounting Principles For 2001, the City has implemented GASB Statement No. 37, “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments: Omnibus” and Statement No. 38, “Certain Financial Statement Note Disclosures”.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the MD&A, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures.

At December 31, 2000 there was no effect on net assets as a result of these changes.

Note 5 - Deposits and Investments

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

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

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

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2001

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentality;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that instruments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

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

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

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2001

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

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

Cash on Hand At year-end, the City had \$65,163 in undeposited cash on hand which is included on the balance sheet of the City as part of "equity in pooled cash and cash equivalents."

Deposits At year-end, the carrying amount of the City's deposits was \$464,687 and the bank balance was \$822,675. Of the bank balance:

\$200,000 was covered by federal depository insurance.

\$622,675 was uncollateralized and uninsured. Although the pledging banks have an investment and securities pool used to collateralize all public deposits which are held in the financial institutions' name, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

	Category 3	Carrying Value	Fair Value
Repurchase Agreements	\$765,900	\$765,900	\$765,900
STAROhio		7,611,927	7,611,927
Total Investments	\$765,900	\$8,377,827	\$8,377,827

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

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
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	Cash and Cash Equivalents	Investments
GASB Statement 9	\$8,907,677	\$0
Investments:		
Repurchase Agreements	(765,900)	765,900
STAROhio	(7,611,927)	7,611,927
Unrecorded Cash	(65,163)	0
GASB Statement 3	\$464,687	\$8,377,827

Note 6 - Receivables

Receivables at December 31, 2001, consisted primarily of taxes, accounts (billings for utility service), special assessments, accrued interest on investments, amounts due from other governments and loans receivable. Loans receivable represent low interest loans for development projects and home improvements granted to eligible City residents and businesses under the Federal Community Development Block Grant program. The loans bear interest at annual rates ranging between three and seven percent. The loans are to be repaid over periods ranging from five to fifteen years. The City has also loaned money to the Ashtabula Port Authority (component unit). The loan has an interest rate of 4.5 percent and is to be repaid over twenty years.

No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

Special assessments expected to be collected in more than one year amount to \$224,046 in the Debt Service Fund. At December 31, 2001 the amount of delinquent special assessments was \$2,352.

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 2001 for real and public utility property taxes represents collections of the 2000 taxes. Property tax payments received during 2001 for tangible personal property (other than public utility property) are for 2001 taxes.

2001 real property taxes are levied after October 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2001 real property taxes are collected in and intended to finance 2002.

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. 2001 public utility property taxes which became a lien December 31, 2000, are levied after October 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after October 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are 25 percent of true value. The full tax rate for all City operations for the year ended December 31, 2001, was \$12.31 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2001 property tax receipts were based are as follows:

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2001

Real Property	\$156,713,860
Public Utility Property	20,506,010
Tangible Personal Property	<u>36,306,920</u>
Total Valuation	<u><u>\$213,526,790</u></u>

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Ashtabula. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2001 and for which there is an enforceable legal claim. In the general fund, debt service fund, permanent improvement fund, fire pension fund and police pension fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2001 operations and the collections of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

B. Income Taxes

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

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

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

In accordance with the City Charter, any income tax ordinance must be approved by a majority vote at a City election prior to the ordinance becoming effective. The current income tax levy has been renewed through December, 2004.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2001

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

	Amounts
Governmental Activities	
Local Government	\$695,000
Gasoline and Excise Tax	185,511
Homestead & Rollback Taxes	126,282
Police Grants	71,477
Permissive Tax	64,547
CHIP Grant	40,500
Fines & Forfeitures	39,869
Estate Tax	32,487
New Horizon Fair Housing Grant	15,000
Liquor Licenses	4,450
Total	\$1,275,123

Note 7 - Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2001, the City contracted with several companies for various types of insurance as follows:

Company	Type of Coverage	Coverage Amounts	Deductible
Clarendon National Insurance Company	General Liability	2,000,000	\$1,000
	Law Enforcement Liability	2,000,000	10,000
	Business Auto - Comprehensive	1,000,000	250
	Business Auto - Collision	Actual cash value	500
Zurich American Insurance Company	Public Officials Liability	1,000,000	10,000

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

The City provides hospital/medical, dental, drug and vision benefits for its employees through a self-insured program. A third party administrator processes and pays the claims. The City is paying self-insurance claims and administrative costs from its insurance internal service fund. An excess coverage insurance (stop loss) policy covers claims in excess of \$50,000 per employee. During 2001, a total of \$2,011,857 was paid in benefits and administrative costs. The liability for unpaid claims cost of \$138,202, reported in the self insurance internal service fund at December 31, 2001, is based on the requirements of Governmental Accounting Standards Board Statement 30. Statement 30 requires that a liability for claims be reported if

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2001

information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liability was determined by reviewing invoices for claims paid in January and February 2002 which were incurred in 2001.

The City participates in the State Workers' Compensation retrospective rating and payment system. This plan involves the payment of a minimum premium for administrative services and stop-loss coverage plus the actual claim costs for employees injured. Incurred but not reported claims of \$300,000 have been accrued as a liability in the workers' compensation internal service fund at December 31, 2001 based on an estimate by the City Auditor.

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

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2000	\$558,918	\$1,144,305	(\$1,123,618)	\$579,605
2001	579,605	1,233,693	(1,375,096)	438,202

Note 8 - Capital Assets

Capital asset activity for the year ended December 31, 2001, was as follows:

	Balance 12/31/2000	Additions	Deductions	Balance 12/31/2001
Governmental Activities				
Capital Assets, Non-depreciable:				
Land	\$1,523,347	\$300,600	(\$5,607)	\$1,818,340
Construction in Progress	0	121,403	0	121,403
Total Capital Assets, Non-depreciable	1,523,347	422,003	(5,607)	1,939,743
Capital Assets, Depreciable:				
Buildings and Improvements	8,435,781	824,726	0	9,260,507
Equipment	2,087,364	172,738	(27,527)	2,232,575
Vehicles	3,341,076	332,554	(87,455)	3,586,175
Furniture and Fixtures	30,224	5,200	(3,500)	31,924
Infrastructure				
Bridges	3,485,757	0	0	3,485,757
Roads	7,769,579	273,513	(272,405)	7,770,687
Storm Sewers	2,421,382	0	0	2,421,382
Traffic Lights	541,795	12,200	0	553,995
Total Capital Assets, Depreciable	\$28,112,958	\$1,620,931	(\$390,887)	\$29,343,002

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2001

	Balance 12/31/2000	Additions	Deductions	Balance 12/31/2001
Less Accumulated Depreciation:				
Buildings and Improvements	(\$2,634,231)	(\$260,359)	\$0	(\$2,894,590)
Equipment	(1,434,742)	(191,855)	24,133	(1,602,464)
Vehicles	(2,126,730)	(296,898)	87,455	(2,336,173)
Furniture and Fixtures	(17,588)	(4,134)	2,261	(19,461)
Infrastructure				
Bridges	(1,372,473)	(35,210)	0	(1,407,683)
Roads	(4,505,555)	(501,562)	270,386	(4,736,731)
Storm Sewers	(937,435)	(24,458)	0	(961,893)
Traffic Lights	(56,496)	(5,559)	0	(62,055)
Total Accumulated Depreciation	<u>(13,085,250)</u>	<u>(1,320,035)*</u>	<u>384,235</u>	<u>(14,021,050)</u>
Total Capital Assets, Depreciable, Net	<u>15,027,708</u>	<u>300,896</u>	<u>(6,652)</u>	<u>15,321,952</u>
Government Activities Capital Assets, Net	<u>\$16,551,055</u>	<u>\$722,899</u>	<u>(\$12,259)</u>	<u>\$17,261,695</u>
 Business-Type Activities				
Capital Assets, Non-depreciable:				
Land	\$70,125	\$0	\$0	\$70,125
Construction in Progress	0	44,010	0	44,010
Total Capital Assets, Non-depreciable	<u>70,125</u>	<u>44,010</u>	<u>0</u>	<u>114,135</u>
Capital Assets, Depreciable:				
Buildings and Improvements	6,678,485	13,044	0	6,691,529
Equipment	1,388,784	36,754	(259)	1,425,279
Vehicles	520,776	0	0	520,776
Furniture and Fixtures	3,068	0	0	3,068
Infrastructure				
Sanitary Sewer System	7,733,887	0	0	7,733,887
Total Capital Assets, Depreciable	<u>16,325,000</u>	<u>49,798</u>	<u>(259)</u>	<u>16,374,539</u>
Less Accumulated Depreciation:				
Building and Improvements	(2,333,329)	(170,513)	0	(2,503,842)
Equipment	(918,933)	(92,996)	82	(1,011,847)
Vehicles	(410,922)	(50,511)	0	(461,433)
Furniture and Fixtures	(1,081)	(350)	0	(1,431)
Infrastructure				
Sanitary Sewer System	(2,745,985)	(166,748)	0	(2,912,733)
Total Accumulated Depreciation	<u>(6,410,250)</u>	<u>(481,118)</u>	<u>82</u>	<u>(6,891,286)</u>
Total Capital Assets, Depreciable, Net	<u>9,914,750</u>	<u>(431,320)</u>	<u>(177)</u>	<u>9,483,253</u>
Business-Type Activities Capital Assets, Net	<u>\$9,984,875</u>	<u>(\$387,310)</u>	<u>(\$177)</u>	<u>\$9,597,388</u>

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2001

* Depreciation expense was charged to governmental functions as follows:

General Government	
Legislative and Executive	\$154,763
Judicial	74,521
Security of Persons and Property	
Police	142,814
Fire	101,408
Public Health Services	3,936
Street Maintenance and Repair	693,580
Housing and Community Development	5,961
Sanitation	103,470
Leisure Time Activities	39,582
	\$1,320,035
Total Depreciation Expense	\$1,320,035

Note 9 - Long-Term Debt

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

	Original Issue Date	Interest Rate	Original Issue Amount
Governmental Activities:			
General Obligation Debt Issues:			
Justice Center	1994	2.6 – 5.5%	\$3,560,000
Building Renovation	2001	4.17	750,000
Special Assessment Debt Issues:			
Main Avenue Widening	1985	9.375	255,000
OPWC Loan	2000	0.0	195,647
Business Type Activities:			
Wastewater Plant Renovation	1999	4.35	1,964,178

A schedule of changes in bonds and other long-term obligations of the City during 2001 follows:

	Principal Outstanding 12/31/2000	Additions	Deletions	Principal Outstanding 12/31/2001	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds					
2.6% - 5.5%					
Justice Center Bonds	\$2,640,000	\$0	\$150,000	\$2,490,000	\$155,000
General Obligation Bonds					
4.71%					
Building Renovation Bonds	0	750,000	0	750,000	136,520
Total General Obligation Bonds	2,640,000	750,000	150,000	3,240,000	291,520
Special Assessment Debt with					
Governmental Commitment					
9.375% Main Avenue Widening	60,000	0	10,000	50,000	10,000

City of Ashtabula, Ohio
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For the Year Ended December 31, 2001

	Principal Outstanding 12/31/2000	Additions	Deletions	Principal Outstanding 12/31/2001	Amounts Due in One Year
OPWC Loan	190,756	0	9,782	180,974	9,783
Police and Fire Loan	628,998	0	75,918	553,080	80,152
Claims Payable	579,605	1,257,461	1,398,864	438,202	288,202
Judgments Payable	200,000	0	0	200,000	100,000
Compensated Absences	1,939,000	1,040,569	855,622	2,123,947	1,040,569
Capital Lease Obligation	12,252	3,690	3,077	12,865	3,959
<i>Total Governmental Activities</i>	<u>\$6,250,611</u>	<u>\$3,051,720</u>	<u>\$2,503,263</u>	<u>\$6,799,068</u>	<u>\$1,824,185</u>
Business Type Activities					
OWDA Loan					
4.35% Wastewater Plant Renovation	\$1,807,051	\$0	\$83,783	\$1,723,268	\$87,467
Compensated Absences	330,943	143,618	88,854	385,707	143,618
<i>Total Business Type Activities</i>	<u>\$2,137,994</u>	<u>\$143,618</u>	<u>\$172,637</u>	<u>\$2,108,975</u>	<u>\$231,085</u>

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

The City's overall legal debt margin was \$20,201,238 at December 31, 2001. Principal and interest requirements to retire OWDA loan, OPWC loan, general obligation bonds, special assessment bonds, and the police and fire pension loan payable at December 31, 2001, are as follows:

	OWDA Loan		OPWC Loan	General Obligation Bonds		Special Assessment Bonds		Police and Fire Pension Loan		Totals
	Principal	Interest		Principal	Interest	Principal	Interest	Principal	Interest	
2002	\$87,467	\$74,021	\$9,782	\$291,520	\$165,215	\$10,000	\$4,688	\$80,151	\$30,842	\$753,686
2003	91,313	70,175	9,782	307,950	151,965	10,000	3,750	84,622	26,372	755,929
2004	95,328	66,160	9,782	319,683	137,642	10,000	2,813	89,280	21,713	752,401
2005	99,520	61,968	9,784	336,733	122,432	10,000	1,875	94,318	16,675	753,305
2006	103,896	57,592	9,782	354,114	106,050	10,000	938	99,578	11,415	753,365
2007 - 2011	592,164	215,276	48,912	1,105,000	331,310	0	0	105,131	5,862	2,403,655
2012 - 2016	653,580	73,115	48,912	525,000	43,450	0	0	0	0	1,344,057
2017 - 2020	0	0	34,238	0	0	0	0	0	0	34,238
Total	<u>\$1,723,268</u>	<u>\$618,306</u>	<u>\$180,974</u>	<u>\$3,240,000</u>	<u>\$1,058,064</u>	<u>\$50,000</u>	<u>\$14,064</u>	<u>\$553,080</u>	<u>\$112,880</u>	<u>\$7,550,636</u>

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2001

Note 10 - Compensated Absences

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

Each year the City determines whether a sick leave buy-out option will be offered to employees. This option with maximum buy-out of 160 hours per year allows employees to receive 100 percent payment for any sick leave balance in excess of 960 hours. This sick leave buy-out was not offered in 2001.

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

Note 11 - Leases

During 2001, the City entered into a new lease agreement for a copier. The City also has two existing leases for copiers. The City's lease obligations meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", and have been recorded on the government-wide statements. The equipment has been capitalized in the amount of \$19,652, the present value of the minimum lease payments at the inception of the lease. The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments is as follows:

	Year ending December 31,
2002	\$4,987
2003	4,987
2004	3,095
2005	1,085
2006	649
Total minimum lease payments	14,803
Less: Amount representing interest	(1,938)
Present value of minimum lease payments	\$12,865

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

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2001

The City, as a lessor, has entered into an agreement leasing a building and accompanying land to Dairy Queen Inc., as well as thirteen and one half percent of an additional building to Keybank National Corporation. The lease with Keybank is for ten years with a five-year extension at Keybank's option. The following schedule provides an analysis of the leased property at December 31, 2001:

	Dairy Queen Incorporated	Keybank National Corporation
Land	\$3,415	\$0
Building	97,000	99,201
Leased property, total value	100,415	99,201
Less: Accumulated Depreciation	(22,091)	(1,875)
Leased property, net of depreciation	<u>\$78,324</u>	<u>\$97,326</u>

The following is a schedule by years of minimum future rentals on the operating leases as of December 31, 2001:

Year ending December 31,	Dairy Queen Incorporated	Keybank National Corporation
2002	\$11,640	\$116,608
2003	10,670	116,608
2004	0	116,608
2005	0	134,062
2006	0	134,062
2007 - 2011	0	710,530
Total minimum lease payments	<u>\$22,310</u>	<u>\$1,328,478</u>

Note 12 - Defined Benefit Pension Plans

A. Public Employees Retirement System

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2001 employer pension contribution rate for the City was 9.25 percent of covered payroll, increased from 6.54 percent in 2000. For 2000, PERS instituted a temporary employer rate rollback for state and local governments. Contributions are authorized by State statute. The contribution rates are determined

City of Ashtabula, Ohio
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actuarially. The City's required contributions to PERS for the years ended December 31, 2001, 2000, and 1999 were \$416,252, \$276,048, and \$368,974, respectively. The full amount has been contributed for 2000 and 1999. 72.99 percent has been contributed for 2001, with the remainder being presented as "due to other governments" in the governmental activities column of the statement of net assets.

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 public employee retirement system administered by the OP&F's Board of Trustees. 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 by Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 12 percent for police and 16.5 percent for firefighters. For 2000, the City contributions were 12.25 percent for police and 16.75 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for police and firefighters were \$229,662 and \$226,365 for the year ended December 31, 2001, \$213,378 and \$225,353 for the year ended December 31, 2000, and \$217,868 and \$216,877 for the year ended December 31, 1999. The full amount has been contributed for 2000 and 1999. 72.91 percent and 73.29 percent, respectively, have been contributed for 2001, with the remainder being presented as "due to other governments" in the governmental activities column of the statement of net assets.

Note 13 - Postemployment Benefits

A. Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. 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 PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2001 employer contribution rate was 13.55 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2001. For 2000, the contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 2000, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

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.

City of Ashtabula, Ohio
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For the Year Ended December 31, 2001

The number of active contributing participants was 411,076. The City's actual contributions for 2001 which were used to fund postemployment benefits were \$193,501. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2000, (the latest information available) were \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$14,364.6 million and \$2,628.7 million, respectively.

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 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 Ohio Police and Fire Pension Fund 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 is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.5 percent of covered payroll was applied to the postemployment health care program during 2001. For 2000 the percent used to fund healthcare was 7.25 percent. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 2001 that were used to fund postemployment benefits were \$143,539 for police and \$102,893 for fire. The OP&F's total health care expense for the year ended December 31, 2000, (the latest information available) was \$106,160,054, which was net of member contributions of \$5,657,431. The number of OP&F participants eligible to receive health care benefits as of December 31, 2000, was 12,853 for police and 10,037 for firefighters.

Note 14 - Contingent Liabilities

A. Litigation

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

B. Federal and State Grants

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by the grantor or their representative. As of December 31, 2001, the audits of certain of these programs have not been completed. Accordingly, the City's compliance with applicable grant requirements will be established at some future date.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2001

Note 15 - Related Party Transactions

The Ashtabula Port Authority, a discretely presented component unit of the City of Ashtabula, receives contributions from the City for salaries for the administration, implementation and supervision of its projects. In 2001, these contributions totaled \$13,700.

Note 16 – Interfund Transfers and Balances

Interfund transfers for the year ended December 31, 2001, consisted of the following:

<u>Transfer to</u>	<u>Transfer From</u>				<u>Total</u>
	<u>General Fund</u>	<u>Motor Vehicle License Tax Fund</u>	<u>State Highway Fund</u>	<u>Wastewater Treatment Fund</u>	
Community Development					
Block Grant	\$30,801	\$0	\$0	\$0	\$30,801
Sanitation	88,000	0	0	0	88,000
Construction	0	0	0	72,821	72,821
Code Enforcement	59,450	0	0	0	59,450
Fire Pension	75,000	0	0	0	75,000
Food Service	30,000	0	0	0	30,000
Police Pension	100,000	0	0	0	100,000
Street Maintenance and Repair	250,000	35,000	30,000	0	315,000
Walnut Beach	28,035	0	0	0	28,035
	<u>\$661,286</u>	<u>\$35,000</u>	<u>\$30,000</u>	<u>\$72,821</u>	<u>\$799,107</u>

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

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

Note 17 - Subsequent Events

On May 7, 2002, the citizens of the City voted down a three-tenths percent increase in the income tax levy to fund the re-opening of the Harbor Fire Station.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2001

Note 18 - Ashtabula Port Authority

A. Description of Reporting Entity

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

B. Summary of Significant Account Policies

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

1. Due to Primary Government

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

2. Property, Plant, Equipment and Depreciation

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

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

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

C. Deposits and Investments

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

At year-end, the carrying amount of the Ashtabula Port Authority's deposits was \$198,172 and the bank balance was \$199,160. Federal Depository Insurance covered the \$78,499 bank balance. The balance of \$120,661 was held in money market accounts with a brokerage house and was covered by Securities Investor Protection Corporation (SIPC) Insurance.

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

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2001

D. Capital Assets

A summary of the Ashtabula Port Authority's capital assets at December 31, 2001 follows:

	<u>Balance 12/31/2000</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 12/31/2001</u>
Governmental Activities				
Capital Assets, Non-depreciable:				
Land	\$318,399	\$7,433	(\$18,947)	\$306,885
Capital Assets, Depreciable:				
Improvements	236,408	0	0	236,408
Less Accumulated Depreciation:				
Improvements	(40,098)	(11,820)	0	(51,918)
Total Assets, Depreciable, net	<u>196,310</u>	<u>(11,820)</u>	<u>0</u>	<u>184,490</u>
Governmental Activities Capital Assets, Net	<u>\$514,709</u>	<u>(\$4,387)</u>	<u>(\$18,947)</u>	<u>\$491,375</u>

E. Long-term Debt

The City has loaned the Ashtabula Port Authority money in the amount of \$150,000. As of December 31, 2001, \$10,960 of this loan has been repaid leaving a balance of \$139,040. The following is a repayment schedule for the loan:

<u>Year Ending December 31</u>	<u>Amount</u>
2002	\$11,388
2003	11,387
2004	11,388
2005	11,387
2006	11,388
2007 - 2011	56,938
2012 - 2016	56,938
2017 - 2019	<u>32,267</u>
Less amount representing interest	<u>(64,041)</u>
Total principal balance	<u>\$139,040</u>

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**Combining Statements and
Individual Fund Schedules**

Combining Statements - Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

(continued)

Combining Statements - Nonmajor Governmental Funds (continued)

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

Street Maintenance and Repair Fund - To account for the portion of the state gasoline tax and motor vehicle registration fees designated for maintenance and repair of dedicated street within the City.

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

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City of Ashtabula, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2001

	Code Enforcement	Fire Pension	Food Service	Indigent Alcohol
Assets				
Equity in Pooled Cash and Cash Equivalents	\$165,134	\$283,182	\$2,145	\$43,990
Receivables:				
Taxes	0	267,599	0	0
Accounts	0	0	0	0
Due from Other Governments	0	0	0	0
Due from Other Funds	0	0	0	0
Internal Receivable	0	0	0	0
Due from Other Governments	0	13,230	0	274
Materials and Supplies Inventory	25	0	0	0
<i>Total Assets</i>	<u>\$165,159</u>	<u>\$564,011</u>	<u>\$2,145</u>	<u>\$44,264</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$0
Contracts Payable	0	0	0	0
Accrued Wages	0	0	943	0
Deferred Revenue	0	280,829	0	0
Deposits Held and Due to Others	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>280,829</u>	<u>943</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	0	80,159	1,344	0
Reserved for Inventory	25	0	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds (Deficit)	165,134	203,023	(142)	44,264
<i>Total Fund Balances</i>	<u>165,159</u>	<u>283,182</u>	<u>1,202</u>	<u>44,264</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$165,159</u>	<u>\$564,011</u>	<u>\$2,145</u>	<u>\$44,264</u>

(continued)

City of Ashtabula, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds (continued)
December 31, 2001

	Marina	Motor Vehicle License Tax	Municipal Probation Services	Police Pension
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,375	\$5,605	\$55,777	\$330,287
Receivables:				
Taxes	0	0	0	267,599
Accounts	0	0	0	0
Due from Other Governments	0	0	0	0
Due from Other Funds	0	0	0	0
Internal Receivable	0	0	0	0
Due from Other Governments	0	21,278	1,724	13,230
Materials and Supplies Inventory	0	0	0	0
<i>Total Assets</i>	<u>\$3,375</u>	<u>\$26,883</u>	<u>\$57,501</u>	<u>\$611,116</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$0
Contracts Payable	0	0	0	0
Accrued Wages	0	0	0	0
Deferred Revenue	0	18,180	0	280,829
Deposits Held and Due to Others	0	0	4,285	0
<i>Total Liabilities</i>	<u>0</u>	<u>18,180</u>	<u>4,285</u>	<u>280,829</u>
Fund Balances				
Reserved for Encumbrances	0	0	0	92,868
Reserved for Inventory	0	0	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds (Deficit)	3,375	8,703	53,216	237,419
<i>Total Fund Balances</i>	<u>3,375</u>	<u>8,703</u>	<u>53,216</u>	<u>330,287</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$3,375</u>	<u>\$26,883</u>	<u>\$57,501</u>	<u>\$611,116</u>

Public Health Nursing	State Highway	Street Maintenance and Repair	Walnut Beach	Total Nonmajor Governmental Funds
\$7,403	\$19,480	\$323,886	\$401	\$1,240,665
0	0	0	0	535,198
0	0	2,871	0	2,871
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	13,086	215,694	0	278,516
0	0	10,620	0	10,645
<u>\$7,403</u>	<u>\$32,566</u>	<u>\$553,071</u>	<u>\$401</u>	<u>\$2,067,895</u>
\$1,102	\$0	\$3,248	\$0	\$4,350
0	0	889	0	889
0	0	23,100	0	24,043
0	10,998	180,065	0	770,901
0	0	0	0	4,285
<u>1,102</u>	<u>10,998</u>	<u>207,302</u>	<u>0</u>	<u>804,468</u>
398	0	35,410	0	210,179
0	0	10,620	0	10,645
<u>5,903</u>	<u>21,568</u>	<u>299,739</u>	<u>401</u>	<u>1,042,603</u>
<u>6,301</u>	<u>21,568</u>	<u>345,769</u>	<u>401</u>	<u>1,263,427</u>
<u>\$7,403</u>	<u>\$32,566</u>	<u>\$553,071</u>	<u>\$401</u>	<u>\$2,067,895</u>

City of Ashtabula, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2001

	Code Enforcement	Fire Pension	Food Service	Indigent Alcohol
Revenues				
Property and Other Taxes	\$0	\$248,550	\$0	\$0
Charges for Services	14,626	0	0	0
Licenses and Permits	65,694	0	36,271	0
Fines and Forfeitures	0	0	0	13,827
Intergovernmental	0	26,542	0	0
Interest	6,616	0	0	0
Other	0	0	0	0
<i>Total Revenues</i>	<u>86,936</u>	<u>275,092</u>	<u>36,271</u>	<u>13,827</u>
Expenditures				
Current:				
General Government:				
Judicial System	0	0	0	12,141
Security of Persons and Property:				
Police	0	0	0	0
Fire	0	344,257	0	0
Public Health Services	0	0	66,886	0
Street Maintenance and Repairs	0	0	0	0
Housing and Community Development	156,734	0	0	0
Leisure Time Activities	0	0	0	0
<i>Total Expenditures</i>	<u>156,734</u>	<u>344,257</u>	<u>66,886</u>	<u>12,141</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(69,798)</u>	<u>(69,165)</u>	<u>(30,615)</u>	<u>1,686</u>
Other Financing Sources (Uses)				
Transfers In	59,450	75,000	30,000	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources and Uses</i>	<u>59,450</u>	<u>75,000</u>	<u>30,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(10,348)	5,835	(615)	1,686
<i>Fund Balances Beginning of Year</i>	176,264	277,347	1,817	42,578
Increase (Decrease) in Reserve for Inventory	(757)	0	0	0
<i>Fund Balances End of Year</i>	<u>\$165,159</u>	<u>\$283,182</u>	<u>\$1,202</u>	<u>\$44,264</u>

Marina	Motor Vehicle License Tax	Municipal Probation Services	Police Pension	Public Health Nursing	State Highway
\$0	\$0	\$0	\$248,550	\$0	\$0
0	0	0	0	23,443	0
14,475	0	0	0	0	0
0	0	28,654	0	0	0
0	36,428	0	26,542	0	38,578
0	0	0	0	0	11,078
0	0	0	0	0	0
<u>14,475</u>	<u>36,428</u>	<u>28,654</u>	<u>275,092</u>	<u>23,443</u>	<u>49,656</u>
0	0	24,000	0	0	0
0	0	0	379,964	0	0
0	0	0	0	0	0
0	0	0	0	26,947	0
0	0	0	0	0	9,600
0	0	0	0	0	0
13,700	0	0	0	0	0
<u>13,700</u>	<u>0</u>	<u>24,000</u>	<u>379,964</u>	<u>26,947</u>	<u>9,600</u>
<u>775</u>	<u>36,428</u>	<u>4,654</u>	<u>(104,872)</u>	<u>(3,504)</u>	<u>40,056</u>
0	0	0	100,000	0	0
0	(35,000)	0	0	0	(30,000)
<u>0</u>	<u>(35,000)</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>(30,000)</u>
775	1,428	4,654	(4,872)	(3,504)	10,056
2,600	7,275	48,562	335,159	9,805	11,512
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$3,375</u>	<u>\$8,703</u>	<u>\$53,216</u>	<u>\$330,287</u>	<u>\$6,301</u>	<u>\$21,568</u>

(continued)

City of Ashtabula, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds (continued)
For the Year Ended December 31, 2001

	Street Maintenance and Repair	Walnut Beach	Total Nonmajor Governmental Funds
Revenues			
Property and Other Taxes	\$0	\$0	\$497,100
Charges for Services	4,739	0	42,808
Licenses and Permits	0	0	116,440
Fines and Forfeitures	0	0	42,481
Intergovernmental	587,936	0	716,026
Interest	156,645	0	174,339
Other	23	0	23
<i>Total Revenues</i>	<u>749,343</u>	<u>0</u>	<u>1,589,217</u>
Expenditures			
Current:			
General Government:			
Judicial System	0	0	36,141
Security of Persons and Property:			
Police	0	0	379,964
Fire	0	0	344,257
Public Health Services	0	0	93,833
Street Maintenance and Repairs	1,043,855	0	1,053,455
Housing and Community Development	0	0	156,734
Leisure Time Activities	0	35,153	48,853
<i>Total Expenditures</i>	<u>1,043,855</u>	<u>35,153</u>	<u>2,113,237</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(294,512)</u>	<u>(35,153)</u>	<u>(524,020)</u>
Other Financing Sources (Uses)			
Transfers In	315,000	28,035	607,485
Transfers Out	0	0	(65,000)
<i>Total Other Financing Sources and Uses</i>	<u>315,000</u>	<u>28,035</u>	<u>542,485</u>
<i>Net Change in Fund Balances</i>	20,488	(7,118)	18,465
<i>Fund Balances Beginning of Year</i>	322,774	7,519	1,243,212
Increase (Decrease) in Reserve for Inventory	<u>2,507</u>	<u>0</u>	<u>1,750</u>
<i>Fund Balances End of Year</i>	<u><u>\$345,769</u></u>	<u><u>\$401</u></u>	<u><u>\$1,263,427</u></u>

Combining Statements - Internal Service Funds

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

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

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

City of Ashtabula, Ohio
Combining Statement of Fund Net Assets
Internal Service Funds
December 31, 2001

	Self Insurance	Workers' Compensation	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,067,852	\$2,185,308	\$3,253,160
Liabilities			
Accounts Payable	17,956	0	17,956
Due to Other Governments	0	55,259	55,259
Claims Payable	138,202	150,000	288,202
<i>Total Current Liabilities</i>	156,158	205,259	361,417
Long-Term Liabilities:			
Claims Payable	0	150,000	150,000
<i>Total Liabilities</i>	156,158	355,259	511,417
Net Assets			
Unrestricted	911,694	1,830,049	2,741,743
<i>Total Net Assets</i>	\$911,694	\$1,830,049	\$2,741,743

City of Ashtabula, Ohio
*Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2001*

	Self Insurance	Workers' Compensation	Total
Revenues			
Charges for Services	\$1,823,048	\$345,000	\$2,168,048
Operating Expenses			
Contractual Services	823,204	75,882	899,086
Claims	1,188,653	45,040	1,233,693
<i>Total Operating Expenses</i>	2,011,857	120,922	2,132,779
<i>Change in Net Assets</i>	(188,809)	224,078	35,269
<i>Net Assets Beginning of Year</i>	1,100,503	1,605,971	2,706,474
<i>Net Assets End of Year</i>	\$911,694	\$1,830,049	\$2,741,743

City of Ashtabula, Ohio
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2001

	Self Insurance	Workers' Compensation	Total
<i>Increase (Decrease) In Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Other Funds	\$1,823,048	\$345,000	\$2,168,048
Cash Payments to Suppliers for Goods and Services	(791,645)	(223,916)	(1,015,561)
Cash Payments for Claims	(1,180,056)	(195,040)	(1,375,096)
<i>Net Decrease In Cash and Cash Equivalents</i>	(148,653)	(73,956)	(222,609)
<i>Cash and Cash Equivalents Beginning of Year</i>	1,216,505	2,259,264	3,475,769
<i>Cash and Cash Equivalents End of Year</i>	<u>\$1,067,852</u>	<u>\$2,185,308</u>	<u>\$3,253,160</u>
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities			
<i>Operating Income (Loss)</i>	(\$188,809)	\$224,078	\$35,269
(Increase)/ Decrease in Assets:			
Prepaid Items	13,603	0	13,603
Increase/ (Decrease) in Liabilities:			
Accounts Payable	17,956	0	17,956
Due to Other Governments	0	(148,034)	(148,034)
Claims Payable	8,597	(150,000)	(141,403)
<i>Net Cash Used for Operating Activities</i>	<u>(\$148,653)</u>	<u>(\$73,956)</u>	<u>(\$222,609)</u>

Combining Statement - Agency Funds

To account for assets held by the City as an agent for individuals, other governmental units and/or other funds. These funds are custodial in nature and do not involve measurement of operations.

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

Law Library Fund – To accumulate monies collected from state patrol fines that are then distributed to the County law library.

Municipal Court Fund – To account for the collection and distribution of court fines and forfeitures.

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

City of Ashtabula, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2001

	Balance 1/1/2001	Additions	Reductions	Balance 12/31/2001
<i>Fire Deposits</i>				
Assets				
Equity Pooled in Cash and Cash Equivalents	\$20,211	\$54,800	\$16,054	\$58,957
Liabilities				
Deposits Held and Due to Others	\$20,211	\$54,800	\$16,054	\$58,957
<i>Law Library</i>				
Assets				
Equity Pooled in Cash and Cash Equivalents	\$5,692	\$51,706	\$53,070	\$4,328
Liabilities				
Due to Other Governments	\$5,692	\$51,706	\$53,070	\$4,328
<i>Municipal Court</i>				
Assets				
Cash and Cash Equivalents in Segregated Accounts	\$74,055	\$1,636,733	\$1,609,539	\$101,249
Liabilities				
Deposits Held and Due to Others	\$74,055	\$1,636,733	\$1,609,539	\$101,249
<i>Street Deposits</i>				
Assets				
Equity Pooled in Cash and Cash Equivalents	\$555	\$0	\$0	\$555
Liabilities				
Deposits Held and Due to Others	\$555	\$0	\$0	\$555

(continued)

City of Ashtabula, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds (continued)
For the Year Ended December 31, 2001

	<u>Balance 1/1/2001</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/2001</u>
<i>Total Agency</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$26,458	\$106,506	\$69,124	\$63,840
Cash and Cash Equivalents in Segregated Accounts	<u>74,055</u>	<u>1,636,733</u>	<u>1,609,539</u>	<u>101,249</u>
<i>Total Assets</i>	<u><u>\$100,513</u></u>	<u><u>\$1,743,239</u></u>	<u><u>\$1,678,663</u></u>	<u><u>\$165,089</u></u>
Liabilities				
Due to Other Governments	\$5,692	\$51,706	\$53,070	\$4,328
Deposits Held and Due to Others	<u>94,821</u>	<u>1,691,533</u>	<u>1,625,593</u>	<u>160,761</u>
<i>Total Liabilities</i>	<u><u>\$100,513</u></u>	<u><u>\$1,743,239</u></u>	<u><u>\$1,678,663</u></u>	<u><u>\$165,089</u></u>

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

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property and Other Taxes	\$1,003,000	\$1,003,000	\$1,013,627	\$10,627
Municipal Income Tax	5,426,500	5,433,400	5,362,599	(70,801)
Charges for Services	40,799	40,799	44,293	3,494
Licenses and Permits	46,750	46,750	54,467	7,717
Fines and Forfeitures	661,300	661,300	605,956	(55,344)
Intergovernmental	2,027,417	2,027,417	2,051,338	23,921
Interest	237,500	237,500	239,093	1,593
Rentals	0	0	69,435	69,435
Other	158,884	158,884	203,057	44,173
<i>Total Revenues</i>	<u>9,602,150</u>	<u>9,609,050</u>	<u>9,643,865</u>	<u>34,815</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Council:				
Personal Services	146,771	153,727	153,703	24
Materials and Supplies	16,050	18,250	17,860	390
Contractual Services	21,500	25,117	24,619	498
Total Council	<u>184,321</u>	<u>197,094</u>	<u>196,182</u>	<u>912</u>
Administration:				
Personal Services	132,248	114,173	114,104	69
Materials and Supplies	9,000	8,290	8,288	2
Contractual Services	2,000	850	850	0
Total Administration	<u>143,248</u>	<u>123,313</u>	<u>123,242</u>	<u>71</u>
Auditor:				
Personal Services	242,404	216,098	215,971	127
Materials and Supplies	18,000	21,000	20,506	494
Contractual Services	4,000	3,500	3,500	0
Total Auditor	<u>264,404</u>	<u>240,598</u>	<u>239,977</u>	<u>621</u>
Treasurer:				
Personal Services	52,901	51,887	51,538	349
Materials and Supplies	4,694	4,694	4,669	25
Total Treasurer	<u>\$57,595</u>	<u>\$56,581</u>	<u>\$56,207</u>	<u>\$374</u>

(continued)

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
City Income Tax:				
Personal Services	\$148,600	\$154,762	\$154,752	\$10
Materials and Supplies	17,000	17,992	17,991	1
Total City Income Tax	165,600	172,754	172,743	11
Solicitor:				
Personal Services	219,959	229,897	229,613	284
Materials and Supplies	10,500	10,500	7,848	2,652
Total Solicitor	230,459	240,397	237,461	2,936
Motor Maintenance:				
Personal Services	160,606	164,616	164,230	386
Materials and Supplies	151,000	152,000	119,139	32,861
Total Motor Maintenance	311,606	316,616	283,369	33,247
Engineering:				
Personal Services	157,465	164,039	163,479	560
Materials and Supplies	15,523	19,690	19,683	7
Contractual Services	1,000	1,000	520	480
Total Engineering	173,988	184,729	183,682	1,047
Affirmative Action:				
Personal Services	1,909	1,913	1,713	200
County Auditor Deductions:				
Contractual Services	82,300	76,300	73,967	2,333
General Services:				
Street and Viaduct Lighting	366,250	360,750	359,123	1,627
Legal Advertising	6,000	4,100	4,081	19
Photocopy Machine	11,000	6,000	5,901	99
Bus Subsidy	30,000	30,000	30,000	0
Indigent Burials	3,000	5,500	5,500	0
Settlement of Claims	6,000	7,224	6,223	1,001
Membership Fees	8,900	8,900	8,776	124
Bank Fees	7,500	7,500	7,319	181
Total General Services	\$438,650	\$429,974	\$426,923	\$3,051

(continued)

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Civil Service:				
Personal Services	\$7,550	\$7,844	\$7,820	\$24
Materials and Supplies	5,756	7,506	7,460	46
Total Civil Service	13,306	15,350	15,280	70
Lands and Buildings:				
Personal Services	153,193	157,710	157,423	287
Materials and Supplies	63,478	62,678	60,338	2,340
Contractual Services	224,681	315,742	309,447	6,295
Total Lands and Buildings	441,352	536,130	527,208	8,922
Systems Analyst:				
Personal Services	63,645	66,006	66,001	5
Materials and Supplies	4,000	4,000	3,889	111
Total Systems Analyst	67,645	70,006	69,890	116
Water Pollution:				
Personal Services	2,424	2,339	2,336	3
Total Legislative and Executive	2,578,807	2,664,094	2,610,180	53,914
Judicial System:				
Municipal Court/Probation:				
Personal Services	711,768	736,329	735,499	830
Materials and Supplies	66,961	66,461	65,326	1,135
Contractual Services	4,640	9,640	6,960	2,680
Total Judicial System	783,369	812,430	807,785	4,645
Total General Government	3,362,176	3,476,524	3,417,965	58,559
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	2,963,009	2,892,496	2,891,587	909
Materials and Supplies	230,312	270,312	258,332	11,980
Contractual Services	60,424	60,424	59,095	1,329
Total Police	\$3,253,745	\$3,223,232	\$3,209,014	\$14,218

(continued)

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Fire:				
Fire Prevention:				
Personal Services	\$1,986,761	\$1,989,125	\$1,987,362	\$1,763
Materials and Supplies	44,165	62,165	60,616	1,549
Contractual Services	58,340	64,960	64,495	465
Total Fire	2,089,266	2,116,250	2,112,473	3,777
Total Security of Persons and Property	5,343,011	5,339,482	5,321,487	17,995
Public Health Services:				
Health:				
Personal Services	105,072	132,081	128,152	3,929
Materials and Supplies	5,500	5,500	4,834	666
Contractual Services	11,300	12,000	10,995	1,005
Total Public Health Services	121,872	149,581	143,981	5,600
Street Maintenance and Repairs:				
Street:				
Personal Services	6,588	6,096	3,783	2,313
Housing and Community Development:				
Housing Inspection:				
Personal Services	73,640	74,365	71,395	2,970
Contractual Services	37,999	37,999	37,999	0
Total Housing and Community Development	111,639	112,364	109,394	2,970
Sanitation Services:				
Sanitation:				
Personal Services	2,253	2,128	1,708	420
Leisure Time Activities:				
Recreation:				
Personal Services	18,991	18,491	18,407	84
Materials and Supplies	21,336	21,336	21,105	231
Contractual Services	6,000	0	0	0
Total Leisure Time Activities	\$46,327	\$39,827	\$39,512	\$315

(continued)

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Debt Service:				
Principal Retirement	\$78,883	\$78,883	\$78,883	\$0
Interest and Fiscal Charges	36,232	36,232	36,231	1
<i>Total Expenditures</i>	<u>9,108,981</u>	<u>9,241,117</u>	<u>9,152,944</u>	<u>88,173</u>
<i>Excess of Revenues Over Expenditures</i>	493,169	367,933	490,921	122,988
Other Financing Uses				
Transfers Out	<u>(579,286)</u>	<u>(661,286)</u>	<u>(661,286)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(86,117)	(293,353)	(170,365)	122,988
<i>Fund Balance Beginning of Year</i>	321,781	321,781	321,781	0
Prior Year Encumbrances Appropriated	<u>88,117</u>	<u>88,117</u>	<u>88,117</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$323,781</u></u>	<u><u>\$116,545</u></u>	<u><u>\$239,533</u></u>	<u><u>\$122,988</u></u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Development Block Grant Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental	\$1,040,715	\$1,040,715	\$679,533	(\$361,182)
Interest	19,500	19,500	12,838	(6,662)
<i>Total Revenues</i>	<u>1,060,215</u>	<u>1,060,215</u>	<u>692,371</u>	<u>(367,844)</u>
Expenditures				
Current:				
Housing and Community Development:				
Community Development Block Grant:				
Personal Services	234,400	258,100	171,929	86,171
Materials and Supplies	15,000	15,000	1,811	13,189
Contractual Services	879,399	878,399	534,269	344,130
Total Housing and Community Development	<u>1,128,799</u>	<u>1,151,499</u>	<u>708,009</u>	<u>443,490</u>
Debt Service:				
Principal Retirement	112	112	112	0
Interest and Fiscal Charges	104	104	104	0
<i>Total Expenditures</i>	<u>1,129,015</u>	<u>1,151,715</u>	<u>708,225</u>	<u>443,490</u>
<i>Excess of Revenues Under Expenditures</i>	(68,800)	(91,500)	(15,854)	75,646
Other Financing Sources:				
Transfers In	<u>68,800</u>	<u>68,800</u>	<u>30,801</u>	<u>(37,999)</u>
<i>Net Change in Fund Balance</i>	0	(22,700)	14,947	37,647
<i>Fund Balance Beginning of Year</i>	<u>383,737</u>	<u>383,737</u>	<u>383,737</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$383,737</u></u>	<u><u>\$361,037</u></u>	<u><u>\$398,684</u></u>	<u><u>\$37,647</u></u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Sanitation Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for Services	\$1,059,500	\$1,059,500	\$1,061,620	\$2,120
Intergovernmental	105,000	105,000	40,326	(64,674)
Other	500	500	5,642	5,142
<i>Total Revenues</i>	<u>1,165,000</u>	<u>1,165,000</u>	<u>1,107,588</u>	<u>(57,412)</u>
Expenditures				
Current:				
Sanitation Services:				
Sanitation:				
Personal Services	717,921	823,980	823,735	245
Materials and Supplies	208,030	216,730	99,986	116,744
Contractual Services	403,500	431,500	423,357	8,143
Capital Outlay	35,000	9,741	8,274	1,467
<i>Total Expenditures</i>	<u>1,364,451</u>	<u>1,481,951</u>	<u>1,355,352</u>	<u>126,599</u>
<i>Excess of Revenues Under Expenditures</i>	(199,451)	(316,951)	(247,764)	69,187
Other Financing Sources				
Transfers In	250,000	250,000	88,000	(162,000)
<i>Net Change in Fund Balance</i>	50,549	(66,951)	(159,764)	(92,813)
<i>Fund Balance Beginning of Year</i>	473,163	473,163	473,163	0
Prior Year Encumbrances Appropriated	11,437	11,437	11,437	0
<i>Fund Balance End of Year</i>	<u>\$535,149</u>	<u>\$417,649</u>	<u>\$324,836</u>	<u>(\$92,813)</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Debt Service Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property and Other Taxes	\$422,500	\$422,500	\$449,875	\$27,375
Intergovernmental	20,937	20,937	32,597	11,660
Special Assessments	36,363	36,363	27,179	(9,184)
<i>Total Revenues</i>	479,800	479,800	509,651	29,851
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Bond Retirement:				
Materials and Supplies	1,500	500	354	146
Contractual Services	8,900	9,900	9,043	857
Total General Government	10,400	10,400	9,397	1,003
Debt Service:				
Principal Retirement	169,783	169,783	169,782	1
Interest and Fiscal Charges	141,820	141,820	141,815	5
<i>Total Expenditures</i>	322,003	322,003	320,994	1,009
<i>Net Change in Fund Balance</i>	157,797	157,797	188,657	30,860
<i>Fund Balance Beginning of Year</i>	832,629	832,629	832,629	0
<i>Fund Balance End of Year</i>	\$990,426	\$990,426	\$1,021,286	\$30,860

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Construction Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental	\$462,000	\$462,000	\$500,099	\$38,099
Expenditures				
Current:				
Capital Outlay:				
Capital Outlay	1,404,000	1,866,000	1,604,158	261,842
<i>Excess of Revenues Under Expenditures</i>	<u>(942,000)</u>	<u>(1,404,000)</u>	<u>(1,104,059)</u>	<u>299,941</u>
Other Financing Sources				
Proceeds of Bonds	750,000	750,000	750,000	0
Transfers In	192,000	192,000	72,821	(119,179)
<i>Total Other Financing Sources</i>	<u>942,000</u>	<u>942,000</u>	<u>822,821</u>	<u>(119,179)</u>
<i>Net Change in Fund Balance</i>	0	(462,000)	(281,238)	180,762
<i>Fund Balance Beginning of Year</i>	<u>462,506</u>	<u>462,506</u>	<u>462,506</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$462,506</u></u>	<u><u>\$506</u></u>	<u><u>\$181,268</u></u>	<u><u>\$180,762</u></u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permanent Improvement Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property and Other Taxes	\$366,200	\$366,200	\$388,710	\$22,510
Municipal Income Tax	575,000	575,000	601,081	26,081
Fines and Forfeitures	0	0	18,871	18,871
Intergovernmental	98,300	98,300	47,834	(50,466)
Rentals	0	0	69,435	69,435
Other	108,000	108,000	220,505	112,505
<i>Total Revenues</i>	<u>1,147,500</u>	<u>1,147,500</u>	<u>1,346,436</u>	<u>198,936</u>
Expenditures				
Capital Outlay:				
Contractual Services	114,480	95,980	89,412	6,568
Capital Outlay	1,175,314	1,269,714	1,254,070	15,644
<i>Total Expenditures</i>	<u>1,289,794</u>	<u>1,365,694</u>	<u>1,343,482</u>	<u>22,212</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(142,294)	(218,194)	2,954	221,148
Other Financing Uses				
Transfers Out	(87,000)	(87,000)	0	87,000
<i>Net Change in Fund Balance</i>	<u>(229,294)</u>	<u>(305,194)</u>	<u>2,954</u>	<u>308,148</u>
<i>Fund Balance Beginning of Year</i>	98,339	98,339	98,339	0
Prior Year Encumbrances Appropriated	229,294	229,294	229,294	0
<i>Fund Balance End of Year</i>	<u>\$98,339</u>	<u>\$22,439</u>	<u>\$330,587</u>	<u>\$308,148</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Wastewater Treatment Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Favorable (Unfavorable)
Revenues				
Charges for Services	\$3,154,807	\$3,154,807	\$2,653,541	(\$501,266)
Tap-In Fees	150,000	150,000	256,900	106,900
<i>Total Revenues</i>	<u>3,304,807</u>	<u>3,304,807</u>	<u>2,910,441</u>	<u>(394,366)</u>
Expenses				
Personal Services	1,848,682	1,875,988	1,791,300	84,688
Contractual Services	532,807	507,500	471,713	35,787
Materials and Supplies	515,268	515,268	480,165	35,103
Capital Outlay	279,395	277,396	234,470	42,926
Debt Service:				
Principal Retirement	83,784	83,784	83,783	1
Interest and Fiscal Charges	77,707	77,707	77,705	2
<i>Total Expenses</i>	<u>3,337,643</u>	<u>3,337,643</u>	<u>3,139,136</u>	<u>198,507</u>
<i>Excess of Revenues Under Expenses</i>	(32,836)	(32,836)	(228,695)	(195,859)
Transfers Out	(87,000)	(87,000)	(72,821)	14,179
<i>Net Change in Fund Equity</i>	(119,836)	(119,836)	(301,516)	(181,680)
<i>Fund Equity Beginning of Year</i>	768,382	768,382	768,382	0
Prior Year Encumbrances Appropriated	119,836	119,836	119,836	0
<i>Fund Equity End of Year</i>	<u>\$768,382</u>	<u>\$768,382</u>	<u>\$586,702</u>	<u>(\$181,680)</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Code Enforcement Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for Services	\$0	\$0	\$9,034	\$9,034
Licenses and Permits	60,000	60,000	65,694	5,694
Intergovernmental	114,550	114,550	0	(114,550)
Interest	7,000	7,000	6,398	(602)
<i>Total Revenues</i>	181,550	181,550	81,126	(100,424)
Expenditures				
Current:				
Housing and Community Development:				
Code Enforcement:				
Personal Services	110,000	110,000	93,729	16,271
Materials and Supplies	40,000	40,000	24,688	15,312
Contractual Services	91,000	91,000	38,317	52,683
<i>Total Expenditures</i>	241,000	241,000	156,734	84,266
<i>Excess of Revenues Under Expenditures</i>	(59,450)	(59,450)	(75,608)	(16,158)
Other Financing Sources				
Transfers In	59,450	59,450	59,450	0
<i>Net Change in Fund Balance</i>	0	0	(16,158)	(16,158)
<i>Fund Balance Beginning of Year</i>	175,482	175,482	175,482	0
<i>Fund Balance End of Year</i>	\$175,482	\$175,482	\$159,324	(\$16,158)

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Pension Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property and Other Taxes	\$227,500	\$227,500	\$248,550	\$21,050
Intergovernmental	47,200	47,200	26,542	(20,658)
<i>Total Revenues</i>	274,700	274,700	275,092	392
Expenditures				
Current:				
Security of Persons and Property:				
Fire:				
Fire Prevention:				
Personal Services	435,045	435,045	419,605	15,440
Contractual Services	5,000	5,000	4,812	188
<i>Total Expenditures</i>	440,045	440,045	424,417	15,628
<i>Excess of Revenues Under Expenditures</i>	(165,345)	(165,345)	(149,325)	16,020
Other Financing Sources				
Transfers In	75,000	75,000	75,000	0
<i>Net Change in Fund Balance</i>	(90,345)	(90,345)	(74,325)	16,020
<i>Fund Balance Beginning of Year</i>	187,002	187,002	187,002	0
Prior Year Encumbrances Appropriated	90,345	90,345	90,345	0
<i>Fund Balance End of Year</i>	\$187,002	\$187,002	\$203,022	\$16,020

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Food Service Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Licenses and Permits	\$41,484	\$41,484	\$36,271	(\$5,213)
Expenditures				
Current:				
Public Health Services:				
Board of Health:				
Personal Services	48,173	62,293	59,871	2,422
Materials and Supplies	5,539	5,339	3,282	2,057
Contractual Services	8,500	8,500	4,752	3,748
<i>Total Expenditures</i>	62,212	76,132	67,905	8,227
<i>Excess of Revenues Under Expenditures</i>	(20,728)	(34,648)	(31,634)	3,014
Other Financing Sources				
Transfers In	20,000	32,213	30,000	(2,213)
<i>Net Change in Fund Balance</i>	(728)	(2,435)	(1,634)	801
<i>Fund Balance Beginning of Year</i>	1,707	1,707	1,707	0
Prior Year Encumbrances Appropriated	728	728	728	0
<i>Fund Balance End of Year</i>	\$1,707	\$0	\$801	\$801

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Indigent Alcohol Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Fines and Forfeitures	\$58,000	\$58,000	\$14,107	(\$43,893)
Expenditures				
Current:				
General Government:				
Judicial System:				
Indigent Alcohol:				
Materials and Supplies	58,000	58,000	12,141	45,859
<i>Net Change in Fund Balance</i>	0	0	1,966	1,966
<i>Fund Balance Beginning of Year</i>	42,024	42,024	42,024	0
<i>Fund Balance End of Year</i>	<u>\$42,024</u>	<u>\$42,024</u>	<u>\$43,990</u>	<u>\$1,966</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Marina Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Licenses and Permits	\$14,000	\$14,000	\$14,475	\$475
Expenditures				
Current:				
Leisure Time Activities:				
Marina:				
Materials and Supplies	300	300	0	300
Contractual Services	13,700	13,700	13,700	0
<i>Total Expenditures</i>	14,000	14,000	13,700	300
<i>Net Change in Fund Balance</i>	0	0	775	775
<i>Fund Balance Beginning of Year</i>	2,600	2,600	2,600	0
<i>Fund Balance End of Year</i>	\$2,600	\$2,600	\$3,375	\$775

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Motor Vehicle License Tax Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental	\$50,000	\$50,000	\$35,295	(\$14,705)
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	50,000	50,000	35,295	(14,705)
Other Financing Uses				
Transfers Out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(35,000)</u>	<u>15,000</u>
<i>Net Change in Fund Balance</i>	0	0	295	295
<i>Fund Balance Beginning of Year</i>	<u>5,370</u>	<u>5,310</u>	<u>5,310</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$5,370</u></u>	<u><u>\$5,310</u></u>	<u><u>\$5,605</u></u>	<u><u>\$295</u></u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Probation Services Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Fines and Forfeitures	\$24,000	\$24,000	\$30,148	\$6,148
Expenditures				
Current:				
General Government:				
Judicial System:				
Municipal Probation Services:				
Materials and Supplies	24,000	24,000	24,000	0
<i>Net Change in Fund Balance</i>	0	0	6,148	6,148
<i>Fund Balance Beginning of Year</i>	45,344	45,344	45,344	0
<i>Fund Balance End of Year</i>	<u>\$45,344</u>	<u>\$45,344</u>	<u>\$51,492</u>	<u>\$6,148</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Property and Other Taxes	\$231,800	\$231,800	\$248,550	\$16,750
Intergovernmental	47,200	47,200	26,542	(20,658)
<i>Total Revenues</i>	279,000	279,000	275,092	(3,908)
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	469,278	469,278	468,020	1,258
Contractual Services	5,000	5,000	4,812	188
<i>Total Expenditures</i>	474,278	474,278	472,832	1,446
<i>Excess of Revenues Under Expenditures</i>	(195,278)	(195,278)	(197,740)	(2,462)
Other Financing Sources				
Transfers In	100,000	100,000	100,000	0
<i>Net Change in Fund Balance</i>	(95,278)	(95,278)	(97,740)	(2,462)
<i>Fund Balance Beginning of Year</i>	239,881	239,881	239,881	0
Prior Year Encumbrances Appropriated	95,278	95,278	95,278	0
<i>Fund Balance End of Year</i>	\$239,881	\$239,881	\$237,419	(\$2,462)

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Public Health Nursing Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for Services	\$25,000	\$25,000	\$23,443	(\$1,557)
Intergovernmental	5,000	5,000	0	(5,000)
Total Revenues	30,000	30,000	23,443	(6,557)
Expenditures				
Current:				
Public Health Services:				
Public Health Nursing:				
Personal Services	9,600	9,600	9,600	0
Materials and Supplies	20,400	20,400	17,745	2,655
Total Expenditures	30,000	30,000	27,345	2,655
<i>Net Change in Fund Balance</i>	0	0	(3,902)	(3,902)
<i>Fund Balance Beginning of Year</i>	9,805	9,805	9,805	0
<i>Fund Balance End of Year</i>	\$9,805	\$9,805	\$5,903	(\$3,902)

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental	\$51,000	\$51,000	\$39,039	(\$11,961)
Interest	3,500	3,500	11,078	7,578
<i>Total Revenues</i>	54,500	54,500	50,117	(4,383)
Expenditures				
Current:				
Street Maintenance and Repairs:				
Public Works:				
Personal Services	9,600	9,600	9,600	0
<i>Excess of Revenues Over Expenditures</i>	44,900	44,900	40,517	(4,383)
Other Financing Uses				
Transfers Out	(44,900)	(44,900)	(30,000)	14,900
<i>Net Change in Fund Balance</i>	0	0	10,517	10,517
<i>Fund Balance Beginning of Year</i>	8,963	8,963	8,963	0
<i>Fund Balance End of Year</i>	\$8,963	\$8,963	\$19,480	\$10,517

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Maintenance and Repair Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for Services	\$1,500	\$1,500	\$3,262	\$1,762
Intergovernmental	762,000	762,000	587,759	(174,241)
Interest	45,000	45,000	156,645	111,645
Other	0	0	23	23
<i>Total Revenues</i>	808,500	808,500	747,689	(60,811)
Expenditures				
Current:				
Street Maintenance and Repairs:				
Public Works:				
Personal Services	818,869	817,755	816,070	1,685
Materials and Supplies	238,500	277,614	239,351	38,263
Contractual Services	24,000	26,000	17,345	8,655
<i>Total Expenditures</i>	1,081,369	1,121,369	1,072,766	48,603
<i>Excess of Revenues Under Expenditures</i>	(272,869)	(312,869)	(325,077)	(12,208)
Other Financing Sources				
Transfers In	252,900	252,900	315,000	62,100
<i>Net Change in Fund Balance</i>	(19,969)	(59,969)	(10,077)	49,892
<i>Fund Balance Beginning of Year</i>	277,695	277,695	277,695	0
Prior Year Encumbrances Appropriated	19,969	19,969	19,969	0
<i>Fund Balance End of Year</i>	\$277,695	\$237,695	\$287,587	\$49,892

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Walnut Beach Fund
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for Services	\$600	\$600	\$0	(\$600)
Other	50	50	0	(50)
<i>Total Revenues</i>	650	650	0	(650)
Expenditures				
Current:				
Leisure Time Activities:				
Walnut Beach:				
Personal Services	23,185	26,735	26,505	230
Materials and Supplies	5,500	8,950	8,648	302
<i>Total Expenditures</i>	28,685	35,685	35,153	532
<i>Excess of Revenues Under Expenditures</i>	(28,035)	(35,035)	(35,153)	(118)
Other Financing Sources				
Transfers In	28,035	28,035	28,035	0
<i>Net Change in Fund Balance</i>	0	(7,000)	(7,118)	(118)
<i>Fund Balance Beginning of Year</i>	7,519	7,519	7,519	0
<i>Fund Balance End of Year</i>	\$7,519	\$519	\$401	(\$118)

City of Ashtabula, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Self Insurance Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	<u>\$1,689,150</u>	<u>\$1,689,150</u>	<u>\$1,823,048</u>	<u>\$133,898</u>
Expenses				
Contractual Services	657,318	851,188	838,925	12,263
Claims	<u>1,031,832</u>	<u>1,173,962</u>	<u>1,132,776</u>	<u>41,186</u>
<i>Total Expenses</i>	<u>1,689,150</u>	<u>2,025,150</u>	<u>1,971,701</u>	<u>53,449</u>
<i>Net Change in Fund Equity</i>	0	(336,000)	(148,653)	187,347
<i>Fund Equity Beginning of Year</i>	<u>1,216,505</u>	<u>1,216,505</u>	<u>1,216,505</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$1,216,505</u></u>	<u><u>\$880,505</u></u>	<u><u>\$1,067,852</u></u>	<u><u>\$187,347</u></u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Workers' Compensation Fund
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	<u>\$435,000</u>	<u>\$435,000</u>	<u>\$345,000</u>	<u>(\$90,000)</u>
Expenses				
Contractual Services	239,960	239,960	223,916	16,044
Claims	<u>195,040</u>	<u>195,040</u>	<u>195,040</u>	<u>0</u>
Total Expenses	<u>435,000</u>	<u>435,000</u>	<u>418,956</u>	<u>16,044</u>
<i>Net Change in Fund Equity</i>	0	0	(73,956)	(73,956)
<i>Fund Equity Beginning of Year</i>	<u>2,259,264</u>	<u>2,259,264</u>	<u>2,259,264</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$2,259,264</u></u>	<u><u>\$2,259,264</u></u>	<u><u>\$2,185,308</u></u>	<u><u>(\$73,956)</u></u>

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STATISTICAL SECTION

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

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Program Revenues			
Charges for Services	\$2,164,092	\$1,976,360	\$1,937,058
Operating Grants and Contributions	668,034	1,619,910	1,152,687
Capital Grants and Contributions	757,833	272,111	273,983
General Revenues			
Taxes (1)	8,087,854	8,337,308	8,370,850
Intergovernmental	1,647,229	2,705,913	1,967,337
Interest	426,662	541,246	301,463
Other	280,423	283,158	555,547
Transfers	<u>72,821</u>	<u>87,000</u>	<u>87,000</u>
Total	<u>\$14,104,948</u>	<u>\$15,823,006</u>	<u>\$14,645,925</u>
Expenses			
General Government:			
Legislative and Executive	\$2,744,011	\$2,691,145	\$2,224,923
Judicial System	954,289	800,945	699,673
Security of Persons and Property:			
Police	3,743,382	3,358,629	3,145,679
Fire	2,629,702	2,450,731	2,308,578
Public Health Services	255,630	193,544	185,638
Street Maintenance and Repairs	1,956,370	1,316,927	1,460,414
Housing and Community Development	920,839	573,471	928,177
Sanitation Services	1,455,940	1,351,543	1,735,442
Leisure Time Activities	165,605	68,253	45,216
Interest and Fiscal Charges	202,381	206,424	228,614
Total	<u>\$15,028,149</u>	<u>\$13,011,612</u>	<u>\$12,962,354</u>

(1) Includes all taxes

Source: City financial records

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

	2001	2000	1999	1998	1997
Revenues					
Taxes (1)	8,168,589	8,345,882	8,166,716	7,884,926	7,318,813
Charges for Services	1,150,630	1,054,206	1,047,848	1,067,188	1,061,614
Licenses and Permits (2)	842,753	840,508	775,534	716,267	752,567
Intergovernmental	4,035,772	3,349,156	3,894,883	4,262,882	4,026,385
Special Assessments	27,179	19,757	15,418	25,983	18,254
Interest	426,662	550,508	391,187	330,945	259,079
Payments in Lieu of Taxes	0	0	0	147,553	92,252
Rentals	138,870	0	0	0	0
Other	483,552	283,158	249,324	224,554	247,846
Total	\$15,274,007	\$14,443,175	\$14,540,910	\$14,660,298	\$13,776,810
Expenditures					
Current					
General Government: (3)				\$2,355,931	\$2,309,263
Legislative and Executive	\$2,533,191	\$2,481,183	\$2,304,022	N/A	N/A
Judicial System	823,341	721,227	630,085	N/A	N/A
Security of Persons and Property: (3)				5,521,578	5,184,637
Police	3,589,835	3,201,760	3,233,705	N/A	N/A
Fire	2,453,589	2,408,233	2,220,244	N/A	N/A
Public Health Services	234,922	196,790	190,748	192,193	175,826
Street Maintenance and Repairs	1,057,238	1,113,876	1,010,610	993,776	1,125,579
Housing and Community Development	902,070	576,470	934,074	839,683	719,616
Sanitation Services	1,343,669	1,063,289	1,329,128	1,456,963	1,604,126
Leisure Time Activities	112,933	103,308	55,703	53,204	62,049
Capital Outlay	2,277,423	1,084,132	1,525,562	1,664,383	798,846
Debt Service:					
Principal Retirement	248,777	944,244	310,260	387,346	480,762
Interest and Fiscal Charges	178,157	209,974	230,968	254,169	276,130
Total	\$15,755,145	\$14,104,486	\$13,975,109	\$13,719,226	\$12,736,834

(1) Includes all taxes

(2) Includes fines and forfeitures

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

Source: City financial records

1996	1995	1994	1993	1992
7,000,932	6,822,002	6,495,905	5,790,981	5,717,783
1,114,490	1,075,225	1,049,762	1,358,556	933,266
664,563	555,380	583,920	555,509	482,083
3,288,794	2,855,252	2,966,985	2,575,822	2,436,856
44,237	23,877	27,972	25,893	25,901
209,756	289,884	257,539	164,449	123,242
118,703	114,710	116,538	91,494	108,190
0	0	0	0	0
421,912	232,324	311,790	354,826	201,239
<u>\$12,863,387</u>	<u>\$11,968,654</u>	<u>\$11,810,411</u>	<u>\$10,917,530</u>	<u>\$10,028,560</u>

\$2,257,874	\$2,253,441	\$2,050,041	\$1,948,589	\$2,030,541
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
5,148,355	4,889,698	4,472,101	4,014,035	4,057,844
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
264,002	174,317	164,070	131,928	143,064
1,030,167	888,208	867,089	819,635	794,429
757,562	701,288	887,631	720,802	730,631
1,301,104	1,387,485	1,357,486	1,462,616	1,139,856
48,626	14,680	49,901	143,533	197,547
1,630,606	3,387,236	1,811,048	831,332	691,484
517,156	1,569,073	403,135	217,946	329,616
292,389	274,793	289,462	121,755	145,086
<u>\$13,247,841</u>	<u>\$15,540,219</u>	<u>\$12,351,964</u>	<u>\$10,412,171</u>	<u>\$10,260,098</u>

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

Collection Year	Current Tax Levy (1)	Current Tax Collections (1)	Percent Collected	Delinquent Tax Collections	Total Tax Collections	Percent Of Total Collections to Current Tax Levy	Outstanding Delinquent Taxes	Percent Of Outstanding Delinquent Taxes To Current Tax Levy
1992	\$1,178,214	\$933,829	79.26%	\$269,040	\$1,202,869	102.09%	\$201,893	17.14%
1993	1,017,125	1,003,990	98.71	43,418	1,047,408	102.98	77,281	7.60
1994	1,590,916	1,529,265	96.12	69,267	1,598,532	100.48	116,245	7.31
1995	1,778,265	1,596,598	89.78	69,326	1,665,924	93.68	110,987	6.24
1996	1,825,150	1,762,365	96.56	92,691	1,855,056	101.64	101,758	5.58
1997	1,848,663	1,767,073	95.59	63,520	1,830,593	99.02	127,827	6.91
1998	1,881,711	1,797,128	95.50	90,488	1,887,616	100.31	128,488	6.83
1999	1,911,466	1,825,329	95.49	82,088	1,907,417	99.79	109,333	5.72
2000	2,079,009	1,973,729	94.94	77,702	2,051,431	98.67	44,273	2.13
2001	2,169,499	2,044,850	94.25	86,347	2,131,197	98.23	171,118	7.89

Source: Ashtabula County, Ohio

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

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

Collection Year	Real Property		Public Utility Property		Tangible Personal Property		Totals		Ratio Of Assessed Value Of Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1992	\$108,602,820	\$310,293,771	\$19,711,640	\$19,711,640	\$29,913,896	\$119,655,584	\$158,228,356	\$449,660,995	35%
1993	110,647,110	316,134,600	22,203,590	22,203,590	27,282,941	109,131,764	160,133,641	447,469,954	36
1994	111,419,990	318,342,829	22,958,040	22,958,040	26,825,798	107,303,192	161,203,828	448,604,061	36
1995	111,738,650	319,253,286	21,119,180	21,119,180	28,030,636	112,122,544	160,888,466	452,495,010	36
1996	132,084,290	377,383,686	20,965,920	20,965,920	32,081,917	128,327,668	185,132,127	526,677,274	35
1997	132,310,970	378,031,343	20,464,150	23,254,716	33,574,780	134,299,120	186,349,900	535,585,179	35
1998	133,986,650	382,819,000	20,563,170	23,367,239	34,919,000	139,676,000	189,468,820	545,862,239	35
1999	152,691,400	436,261,143	20,542,780	23,344,068	35,194,640	140,778,560	208,428,820	600,383,771	35
2000	156,329,630	446,656,086	22,207,110	25,235,352	42,143,680	168,594,720	220,680,420	640,486,158	34
2001	156,713,860	447,753,885	20,506,010	23,302,284	36,306,920	145,227,840	213,526,790	616,284,009	35

Source: Ashtabula County, Ohio; County Auditor

Estimated actual value is calculated by dividing the assessed value by the assessment percentage. The percentages for 2001 were 35% for real property, 88% for public utility tangible, and 25% for tangible personal.

City of Ashtabula, Ohio
Ten Largest Real Property Taxpayers
December 31, 2001

<u>Taxpayer</u>	<u>2000 Real Property Assessed Valuation (Tax Duplicate) For Collection In 2001</u>	<u>Percentage Of Total Real Property Assessed Valuation</u>	<u>2001 Taxes Paid</u>
Ohio American Water	\$8,874,104	5.66%	\$596,893
Cleveland Electric Illuminating	5,410,490	3.45	413,721
Western Reserve Telephone	5,110,990	3.26	382,585
Consolidated Rail	3,810,800	2.43	244,007
Ash-L Associates	2,752,950	1.76	87,340
Pinney Dock	1,414,580	0.90	82,365
Molded Fiber Glass	1,257,660	0.80	73,375
Ashtabula Towers	1,102,960	0.70	99,376
Reliance Business	959,530	0.61	55,918
Iten-Hupco	929,830	0.59	54,157
Total of Above	<u>\$31,623,894</u>	<u>20.18</u>	<u>\$2,089,737</u>
Total Real Property Tax Assessed Value	<u>\$156,713,860</u>		

Source: Ashtabula County, Ohio; County Auditor

Based on valuation of property for taxes to be collected in 2001.

City of Ashtabula, Ohio
Special Assessment Collections
Last Ten Years

<u>Collection Year</u>	<u>Total Billed</u>	<u>Amount Collected</u>	<u>Percent Collected</u>
1992	\$31,383	\$25,901	82.5%
1993	36,195	25,893	71.5
1994	34,746	27,972	80.5
1995	33,298	23,877	71.7
1996	31,850	44,237	138.9
1997	25,251	18,254	72.3
1998	24,285	25,983	107.0
1999	23,319	15,418	66.1
2000	28,574	19,757	69.1
2001	31,628	27,179	85.9

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

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

Year	City of Ashtabula					Ashtabula City School District
	General Fund	Permanent Improvement Fund	Special Revenue Funds	Debt Service Fund	City Total	
1992	\$4.40	\$2.00	\$2.60	\$0.50	\$9.50	\$38.30
1993	4.40	2.00	2.60	2.30	11.30	38.30
1994	5.40	2.00	2.60	2.30	12.30	38.30
1995	5.41	2.00	2.60	2.30	12.31	38.30
1996	5.41	2.00	2.60	2.30	12.31	38.30
1997	5.41	2.00	2.60	2.30	12.31	38.30
1998	5.41	2.00	2.60	2.30	12.31	38.30
1999	5.41	2.00	2.60	2.30	12.31	44.30
2000	5.41	2.00	2.60	2.30	12.31	53.41
2001	5.41	2.00	2.60	2.30	12.31	53.41

Sources: Ashtabula County, Ohio; County Treasurer

Ashtabula County, Ohio; County Auditor

<u>Ashtabula County Vocational School</u>	<u>Buckeye School</u>	<u>Saybrook Township</u>	<u>Ashtabula County</u>	<u>Ashtabula Township</u>	<u>Direct And Overlapping Governments</u>
\$4.11	\$38.81	\$0.92	\$8.86	\$1.42	\$101.92
4.11	38.81	0.92	9.34	1.42	104.20
4.11	47.71	0.92	9.34	1.42	114.10
4.11	47.71	0.92	9.34	1.42	114.11
4.11	47.71	0.92	9.34	1.42	114.11
4.11	47.71	0.92	8.70	1.42	113.47
4.11	47.71	0.92	8.70	1.42	113.47
4.11	38.81	0.92	8.70	1.42	122.88
4.11	47.92	0.92	9.70	1.42	129.79
4.11	47.72	0.92	9.70	1.42	129.59

City of Ashtabula, Ohio
Computation of Legal Debt Margin
December 31, 2001

<i>Total Assessed Value</i>		<u>\$213,526,790</u>
<i>Overall Debt Limitation - 10.5 percent of Assessed Value</i>		\$22,420,313
Debt Applicable to Limitation:		
General Obligation Bonds	\$3,240,000	
OWDA Loans	1,723,268	
Police and Fire Loan	553,080	
OPWC Loan	180,974	
Special Assessment Bonds	<u>50,000</u>	
Total Gross Indebtedness	<u>5,747,322</u>	
Less: Debt Outside Limitations:		
OWDA Loans	1,723,268	
Police and Fire Loan	553,080	
OPWC Loan	180,974	
Special Assessment Bonds	<u>50,000</u>	
Total Debt Outside Limitations	<u>2,507,322</u>	
Total Debt Applicable to Limitation - Within 10.5% Limitations	3,240,000	
Less: Amount Available in Debt Service Funds to pay Debt Applicable to Limitation	<u>(1,020,925)</u>	
Net Debt Within 10.5% Limitation		<u>2,219,075</u>
<i>Overall Debt Margin</i>		<u><u>\$20,201,238</u></u>

<i>Unvoted Debt Limitation - 5.5% of Assessed Valuation</i>		\$11,743,973
Gross Indebtedness Authorized By Council		
General Obligation Bonds	\$3,240,000	
OWDA Loans	1,723,268	
Police and Fire Loan	553,080	
OPWC Loan	180,974	
Special Assessment Bonds	<u>50,000</u>	
Total Gross Indebtedness	<u>5,747,322</u>	
Less: Debt Outside Limitations:		
OWDA Loans	1,723,268	
Police and Fire Loan	553,080	
OPWC Loan	180,974	
Special Assessment Bonds	<u>50,000</u>	
Total Debt Outside Limitations	<u>2,507,322</u>	
Debt Within 5.5% Limitations	3,240,000	
Less: Amount Available in Debt Service Funds to Pay Debt Applicable to Limitation	<u>(1,020,925)</u>	
Net Debt Within 5.5% Limitation		<u>2,219,075</u>
<i>Unvoted Debt Margin</i>		<u><u>\$9,524,898</u></u>

Source: City financial records

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

<u>Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Gross General Bonded Debt (3)</u>	<u>Debt Service Monies Available</u>	<u>Net General Bonded Debt</u>	<u>Ratio of Net General Bonded Debt to Assessed Value</u>	<u>Net General Bonded Debt Per Capita</u>
1992	21,633	\$158,228,356	\$280,000	\$56,945	\$223,055	0.14%	\$10.31
1993	21,736	160,133,641	3,776,000	71,221	3,704,779	2.31	170.44
1994	21,736	161,203,828	3,594,000	47,116	3,546,884	2.20	163.18
1995	22,004	160,888,466	3,439,000	64,507	3,374,493	2.10	153.36
1996	22,004	185,132,127	3,283,000	144,745	3,138,255	1.70	142.62
1997	21,315	186,349,900	3,091,000	204,985	2,886,015	1.55	135.40
1998	21,315	189,468,820	2,925,000	411,341	2,513,659	1.33	117.93
1999	21,472	208,428,820	2,785,000	455,697	2,329,303	1.12	108.48
2000	21,630	220,680,420	2,640,000	832,275	1,807,725	0.82	83.57
2001	20,962	213,526,790	3,240,000	1,020,925	2,219,075	1.04	105.86

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

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

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

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

<u>Year</u>	<u>Principal</u>	<u>Interest And Fiscal Charges</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio Of Debt Service To Total General Governmental Expenditures</u>
1992	\$201,000	\$87,364	\$288,364	\$10,260,098	2.81%
1993	129,000	69,545	198,545	10,412,171	1.91
1994	182,000	192,379	374,379	12,351,964	3.03
1995	187,000	171,902	358,902	15,540,219	2.31
1996	156,000	163,225	319,225	13,247,841	2.41
1997	192,000	159,350	351,350	12,736,834	2.76
1998	166,000	152,308	318,308	13,719,226	2.32
1999	140,000	147,380	287,380	13,975,109	2.06
2000	145,000	141,990	286,990	14,104,486	2.03
2001	150,000	136,190	286,190	15,755,145	1.82

Source: City financial records

City of Ashtabula, Ohio
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2001

<u>Political Subdivision</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable To Ashtabula City</u>	<u>Amount Applicable To Ashtabula City</u>
Direct:			
City of Ashtabula	\$3,240,000	100.00%	\$3,240,000
Overlapping:			
Ashtabula County	<u>7,125,900</u>	14.40%	<u>1,026,130</u>
Totals	<u><u>\$10,365,900</u></u>		<u><u>\$4,266,130</u></u>

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

Source: Ashtabula County, Ohio; County Auditor

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

Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available For Debt Service	Debt Service Requirements		Coverage
				Principal	Interest	
1992	\$2,356,121	\$1,790,955	\$565,166	\$2,800	\$3,086	96.02
1993	2,428,491	1,981,416	447,075	2,800	2,932	78.00
1994	2,496,665	2,052,450	444,215	4,800	2,695	59.27
1995	2,636,389	1,880,033	756,356	4,800	2,501	103.60
1996	2,835,390	2,066,562	768,828	37,236	48,667	8.95
1997	2,907,004	2,320,445	586,559	76,768	92,992	3.46
1998	2,839,329	2,269,722	569,607	70,195	88,820	3.58
1999	2,745,242	2,522,524	222,718	76,873	82,943	1.39
2000	2,687,820	2,736,821	(49,001)	80,254	81,234	(0.30)
2001	2,587,575	2,850,199	(262,624)	83,783	77,705	(1.63)

Source: City financial records

(1) Total revenues exclusive of interest income and grants

(2) Total operating expenses exclusive of depreciation

City of Ashtabula, Ohio

Demographic Statistics

Last Ten Years

<u>Year</u>		<u>Total Population (1) (4)</u>	<u>Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate Ashtabula County (3)</u>
1992	Est.	21,633	0	0.00%	5,300	11.6%
1993	Est.	21,736	103	0.00	5,295	10.4
1994	Est.	21,736	0	0.00	5,276	6.7
1995	Est.	22,004	432	1.99	5,201	6.6
1996	Est.	22,004	0	0.00	5,253	7.2
1997	Est.	21,315	(689)	(3.13)	5,216	6.2
1998	Est.	21,315	0	0.00	5,091	6.3
1999	Est.	21,472	157	0.74	5,437	5.7
2000		21,630	158	0.73	5,364	5.5
2001		20,962	(668)	(3.09)	5,270	7.2

2000 CENSUS INFORMATION:

City of Ashtabula, Ohio:		
Female	11,142	53.2%
Male	9,820	46.8%
Median Age		34.9 years
Black Households		9.8%
Hispanic Households		5.3%
Households 65 Years and Over		15.0%
High School Graduates		68.8%
Households Below Poverty Level		20.7%
Average Household Size		2.45 persons
State of Ohio:		
Per Capita Income		\$20,618
Median Household Income		\$39,659
Median value owner occupied		\$102,822
Median gross monthly rent		\$512

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

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

Year	Estimated Property Value	Total Value of Building Permits Issued	Bank Deposits (1)(2)
1992	\$449,660,995	\$3,951,261	\$99,003,000
1993	447,469,954	2,048,967	11,817,000
1994	448,604,061	7,024,100	402,497,000
1995	452,495,010	5,529,578	414,030,000
1996	526,677,274	16,603,805	424,989,000
1997	535,585,179	4,228,982	453,149,000
1998	545,862,239	12,330,433	164,127,000
1999	600,383,771	9,273,973	175,331,000
2000	640,486,158	6,770,878	199,872,000
2001	616,284,009	7,380,364	239,034,000

Sources: City of Ashtabula, Ohio Building Inspection Department

City of Ashtabula, Ohio, City Treasurer

Federal Reserve Bank - Cleveland for Ashtabula County

(1) As of 4/14/94 Peoples Savings and Loan became a bank
and deposits are now included

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

City of Ashtabula, Ohio

Miscellaneous Statistics

December 31, 2001

Government:	Date of Incorporation: April 6, 1891 Form of Government: Charter - Elected City Manager Founded: 1801 Township: April 4, 1908 Village: 1831
Population:	2000 Census - 20,962
Area:	7.6 square miles - 4,864 acres Residential - 3,569 acres
Altitude:	590 feet above sea level
Climate:	Mean annual temperature - 58.9 max. and 40.5 min. degrees Fahrenheit Average annual rainfall - 35.35 inches
City Statistics:	Streets - 96.66 miles (1.53 unpaved) Sanitation Sewers - 91.03 miles Storm Sewers - 76.3 miles
Highways:	U.S. Route Number 20 State Routes - 11, 45, 84, 531 Interstate 90 (6 miles to the south)
Police:	Stations 1 Policemen and Officers 39 Correction Officers 4 Dispatchers 4 Full Administrative Personnel 2 Animal Control Officer 1
Fire:	Stations 1 Firemen and Officers 27
Number of Dwellings:	Total units 9,151 Occupied 8,435 Owner occupied 58.4% Renter occupied 41.6% Vacant Houses 7.8%
Banks:	Three Banks and Two Savings and Loans
Churches:	63, Representing most Denominations
Building:	2001 Permits Issued 485 2001 Permit Valuation \$7,380,364

(continued)

City of Ashtabula, Ohio
Miscellaneous Statistics (continued)
 December 31, 2001

Industry:	Manufacturing Plants	72
Railroads:	CSX Transportation Norfolk & Western	
Bus Lines:	One	
Medical:	Ashtabula County Medical Center 226 Beds, 20 Bassinets The Regional Cancer Center	
Education:	Public Elementary	9
	Public Junior High	2
	Public Ninth Grade	1
	Public Senior High	1
	Private and Parochial	7
	Special Purpose	1
	Enrollment:	
	Public	4,751
	Parochial	369
	Special Purpose	150
	Teachers (Includes Administrative Personnel):	
	Public	419
	Parochial	22
	Special Purpose	19
Libraries:	Public Libraries	2
	Kent State University, Ashtabula Branch	1
Newspapers:	Daily	1
	Circulation	22,500
	Weekly	1
	Circulation (Direct Mail)	1,072
Lodging:	Motels	10
	Rooms	452
	Bed and Breakfast	4
	Rooms	13
Area Recreation And Culture	10 Parks comprising a total 445.5 acres 4 Campgrounds 16 Historical Covered Bridges 12 Area Public Golf Courses 22 Tennis Courts 3 Museums 10 Yacht Clubs and Marinas 2 Public Beaches on Lake Erie Fishing Charters	
Source:	City records	

Address comments
and suggestions to:

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City Auditor
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Ashtabula, Ohio 44004
(440) 992-7107

Special acknowledgement and appreciation goes out to those who helped in the implementation of this new reporting model. Thank you to Jim Petro, Auditor of State, and his staff for their guidance in making the changes required by Statement 34. To Traci Vanek, for all the time spent in identifying and recording those fixed assets and infrastructure, sincere thanks. And to Lori Stillman, City Treasurer and Karen Jury, Deputy Auditor whose work on this CAFR ties it all together.

Special Thanks To

The Auditor's Staff

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Carolyn Sheldon
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Traci Vanek
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CITY OF ASHTABULA

ASHTABULA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 3, 2002**