

CITY OF ASHTABULA
ASHTABULA COUNTY, OHIO

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2005



**Auditor of State
Betty Montgomery**

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

We have reviewed the *Independent Auditor's Report* of the City of Ashtabula, Ashtabula County, prepared by S.R. Snodgrass, A.C., for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

August 29, 2006

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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, 2005

Federal Grantor/ Pass Through Grantor Program Title	CFDA Number	Pass Through Entity Number	2005	Disbursements
<u>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
HOME Investment Partnership Program	14.239	A-C-04-085-2	2005	\$ 203,181
<i>Passed through the Ohio Department of Development:</i>				
<i>Community Development Block Grant/States Program</i>				
Formula Allocation Program	14.228	A-F-03-085-1	2005	25,000
Formula Allocation Program	14.228	A-F-04-085-1	2005	142,495
Formula Allocation Program	14.228	A-F-05-085-1	2005	126,325
Community Distress Program	14.228	A-X-01-085-1	2005	290,000
Revolving Loan Funds	14.228	N/A	2005	34,809
				<u>618,629</u>
<i>Community Development Block Grant/Small Cities Program:</i>				
Community Housing Improvement Program	14.228	A-C-04-085-1	2005	55,478
<i>Community Development Block Grant/Small Cities Program:</i>				
Revolving Loan Funds	14.219	N/A	2005	192,493
Total passed through Ohio Department of Development				<u>866,600</u>
Total U.S. Department of Housing and Urban Development				<u>1,069,781</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
<i>Passed through the Ohio Department of Transportation (ODOT)</i>				
Federal Highway Administration	20.205	ATB-W. 24th St. Bridge 24372/11245	2004	960,182
Federal Highway Administration	20.205	ATB-W. 24th St. Bridge 24372/11245	2005	51,879
Total U.S. Department of Transportation (Passed through ODOT)				<u>1,012,061</u>
<u>U. S. DEPARTMENT OF JUSTICE</u>				
<i>Public Safety Partnerships and Community Policing Grants- Community Oriented Policing Services (COPS):</i>				
Universal	16.710	2005-CK-WX-0259	2005	59,040
More	16.710	1995-CFW-0647	2002	12,500
Total U.S. Department of Justice				<u>71,540</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>				
Assistance To Firefighters Grant Program	83.554	EMW-2003-FG-06916	2005	6,771
Total Federal Emergency Management Agency				<u>6,771</u>
Total Expenditures of Federal Awards				<u>\$ 2,160,153</u>

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

City of Ashtabula
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2005

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, 2005, the gross amount of loans outstanding under these programs was \$227,302. 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.



**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
In Accordance With Government Auditing Standards**

Members of Council
City of Ashtabula
Ashtabula, Ohio

We have audited the financial statements of the City of Ashtabula, Ohio, as of and for the year ended December 31, 2005, and have issued our report thereon dated June 19, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

Members of Council
City of Ashtabula
Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance With *Government Auditing Standards*
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We noted certain matters that we reported to management of the City of Ashtabula in a separate letter dated June 15, 2006.

This report is intended solely for the information and use 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 15, 2006



**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, Ohio, 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, 2005. 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, 2005. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings as items 2005-1 and 2005-2.

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

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.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the City of Ashtabula's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings as items 2005-1 and 2005-2.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregated remaining fund information of the City of Ashtabula as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 15, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Members of Council
City of Ashtabula
Report on Compliance with Requirements Applicable to
Each Major Program and on Internal Control Over Compliance
in Accordance With OMB Circular A-133
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This report is intended solely 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 15, 2006

City of Ashtabula
SCHEDULE OF FINDINGS
For the Year Ended December 31, 2005

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)? X yes _____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? X yes _____no

Identification of major programs:

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>
20.205	Federal Highway Administration
14.228	Community Development Block Grant/ States Program
14.219	Community Development Block Grant/ Small Cities Program

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

Auditee qualified as low-risk auditee? _____yes X no

City of Ashtabula
SCHEDULE OF FINDINGS (Continued)
For the Year Ended December 31, 2005

Section II – Financial Statement Findings

None

Section III – Federal Award Findings

Compliance/reportable condition-

2005-1 Cash Management

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CFDA 14.228 Community Development Block Grant/States Program
CFDA 14.239 HOME INVESTMENT PARTNERSHIP PROGRAM

Statement of Condition: The following are five separate instances where the City had excess cash on hand:

CFDA 14.228 Community Development Block Grant/States Program

- Cash on hand averaged over \$5,000 for seventeen days.
- Two separate instances where cash on hand averaged over \$10,000 for thirty two days.

CFDA 14.239 HOME INVESTMENT PARTNERSHIP PROGRAM

- Cash on hand averaged over \$20,000 for sixty seven days.
- Cash on hand averaged over \$90,000 for thirty two days.

Criteria: The OHCP Housing Rehabilitation Handbook (in accordance with OMB A-102) requires the grantee to develop a cash management system to ensure compliance with the Fifteen Day Rule relating to disbursement of funds. This rule requires that funds drawn down should be limited to amounts that will enable the grantee to disburse the funds on hand to a balance of less than \$5,000 within fifteen days of receipt.

Cause of Condition: The funds were drawn in anticipation of paying contracts being completed but they were not completed in the estimated time.

Recommendation: The City should use other funds and request the drawdowns on a reimbursement basis.

Response: The City agrees with the finding and has considered other alternatives for fiscal year 2006.

City of Ashtabula
SCHEDULE OF FINDINGS (Continued)
For the Year Ended December 31, 2005

Section III – Federal Award Findings (Continued)

Compliance/reportable condition – (Continued)

2005-2 Reporting

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

CFDA 14.219 Community Development Block Grant/Small Cities Program
CFDA 14.228 Community Development Block Grant/States Program
CFDA 14.239 HOME INVESTMENT PARTNERSHIP PROGRAM

Statement of Condition: The City did not meet the reporting requirements for these programs. Four separate instances were found where no Status Report was provided for the second half of 2005. One instance was found where no Final Performance Report was provided. Two separate instances were found where no Semi-Annual Program Income Report was provided for the second half of 2005.

Criteria: The grant agreements (i.e. CHIP and Formula) state (a) the grantee shall submit a Status Report beginning six months after the effective date of the agreement and every six months thereafter and (b) the grantee shall submit a Final Performance Report at the conclusion of the program which is the subject of the agreement. The grant agreements (i.e. Revolving Loan Funds) state the grantee shall submit a Semi-Annual Program Income Report every six months.

Cause of Condition: The person who used to prepare these reports retired at the end of the year 2005. No one can provide the reports requested.

Recommendation: The City should prepare the reports according to agreements.

Response: The City agrees that the reports should be filed and believes the reports were filed but cannot find the copies. All necessary reports will be filed in the future.

CITY OF ASHTABULA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2005

ISSUED BY AUDITOR'S OFFICE

Michael A. Zullo, CPA
City Auditor

Karen S. Jury
City Deputy Auditor

TREASURER'S OFFICE

Lori Mackey
City Treasurer

CITY OF ASHTABULA
OFFICE OF CITY MANAGER

MUNICIPAL BUILDING
4717 MAIN AVENUE
ASHTABULA, OHIO 44004

ANTHONY J. CANTAGALLO
CITY MANAGER



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

June 19, 2006

Citizens of Ashtabula:

The first five months of this administration has given way to the clean up campaign for our city. Our campaign has seen: 1) 275 plus junk vehicles removed from yards & streets, 2) the removal of 326 plus tons of trash during our May clean up week, which is over and above normal trash pick up for clean up week, 3) the cleaning of Walnut Beach, 4) the ongoing removal of tree stumps throughout the city's tree lawns and cleanup/landscape of city owned property.

The City has acquired an asphalt truck that is used daily to repair the pot holes in city streets. We are enforcing our housing, health, and building codes to bring into compliance our rental and owner occupied residences.

We have restructured our Sanitation, Public Works, Motor Maintenance, and Traffic Departments in an effort to streamline our reporting structure and responsibility structure.

The City has accepted from the State of Ohio, the Ohio Department of Transportation Building located on West Avenue. Plans are being made to relocate the City's functions from West 24th Street to West Avenue.

We are continuing to make improvements to our sanitary and storm sewer systems and we look forward to dredging of the Ashtabula River, which will commence fall 2006.

We are also working with the owners of empty buildings on Main Avenue, West Avenue, Lake Avenue and Bridge Street to develop new and vibrant businesses on those streets.

We will stick to our plan to create a safe, clean, and vibrant city.


Anthony J. Cantagallo

City Council



Robert E. Beacom
President



Josephine Misener
Vice President



Matthew J. Perry
Ward I



James P. Paulchel
Ward II



Betty S. Kist
Ward III

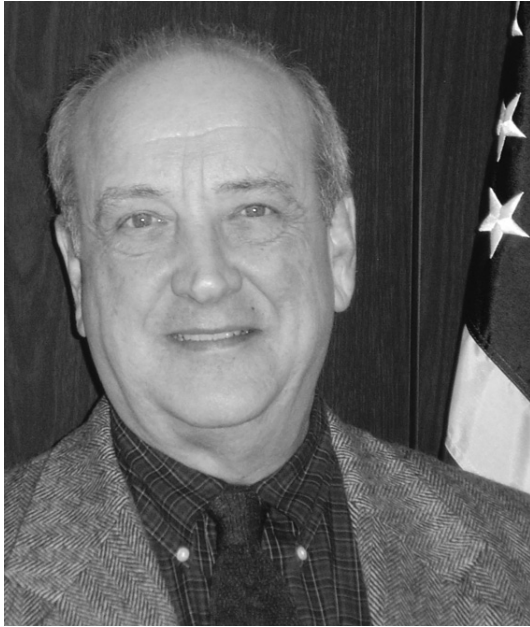


Julie A. Lattimer
Ward IV



Christopher J. McClure
Ward V

City Officials



Anthony J. Cantagallo
City Manager



Thomas J. Simon
City Solicitor



Michael A. Zullo, CPA
City Auditor



Lori G. Mackey
City Treasurer

INTRODUCTORY SECTION

City of Ashtabula, Ohio
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For the Year Ended December 31, 2005
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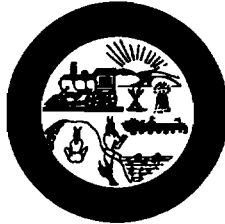
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CITY OF ASHTABULA
OFFICE OF THE CITY AUDITOR

4717 MAIN AVENUE
ASHTABULA, OHIO 44004

MICHAEL A. ZULLO, CPA
CITY AUDITOR



PHONE (440) 992-7107
FAX (440) 992-9306
E-MAIL michaelz@suite224.net

June 15, 2006

Citizens of Ashtabula
City Manager, Anthony Cantagallo
and Members of City Council
City of Ashtabula, Ohio

I am pleased to present the nineteenth Comprehensive Annual Financial Report (CAFR) for the City of Ashtabula. This GASB 34 compliant report, for the year ended December 31, 2005, 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 seventh CAFR prepared by the City of Ashtabula using the new GASB standards.

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

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

The CAFR is divided into three sections:

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

REPORTING ENTITY

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

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

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

THE CITY OF ASHTABULA

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

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

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

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

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

The Port of Ashtabula has also become a fisherman's paradise. The walleye-fishing boom out of Ashtabula has exceeded all expectations. In addition to private boating, the area's charter boat fleet has increased from four boats in 1984 to well over one hundred sport fishing charters running out of the Port of Ashtabula in 2005. 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 today produce compression molded parts, with 500 employees at two Ashtabula plants. The "sandwich" of plastic, resin, glass, resin and plastic is about 30 times stronger than normal plastic. MFG Body Co. was the original molder of the Corvette (in 1953), but today automotive is only one part of its business. Another big industry in Ashtabula is the paint pigment business of Plasticolors. These pigments are used in the coloring of paints used not only in the interior and exterior of your home, but also in paints for automobiles.

Within its boundaries, the City of Ashtabula has twenty-one public and private elementary and secondary schools, including nine public elementary schools; three junior high schools, one of which is a parochial school; one public and one private high school. Approximately 4,425 students are enrolled in public schools and 318 in parochial and private schools.

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

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

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

CITY GOVERNMENT

The City of Ashtabula is a home rule municipal corporation established under the laws of the State of Ohio and operated under its own charter. The current charter, which provides for a City Manager - City Council form of government, was adopted on January 1, 1916. A council of seven members, five ward and two at-large representatives, is elected to serve for four-year terms. The at-large candidate receiving the most votes becomes the council president, and the other at-large candidate becomes the vice president. The City Manager and the City Solicitor are elected by a vote of the people and also serve for four-year terms. The Council selects the City Auditor and City Treasurer. Good government is reflected in the City's low property tax rate of \$11.11 per \$1,000 of assessed valuation.

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

EMPLOYEE RELATIONS

The City has one hundred and sixty 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, 2006	60
Fraternal Order of Police, Lodge #26	April 30, 2006	34
International Association of Firefighters, Local #165	April 30, 2006	24

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. Several enterprise zones have been established by the City of Ashtabula. City Council will execute agreements with certain businesses for the purpose of establishing, expanding, renovating or occupying facilities, hiring new employees and preserving jobs within the zone, in exchange for specified local tax incentives granted by the City. The City's first enterprise zone has grown very rapidly as every piece of property within this zone is occupied by a local small business. The City Port Authority's next enterprise zone is fifty acres of land at the end of State Route 11, within the City boundaries. The City was recently awarded a \$400,000 infrastructure grant to help with the enormous cost of installing the needed infrastructure in this park. City Council is also reviewing a long list of covenants which may be included as part of this Business Park. The City is very optimistic about future growth of businesses and employment in this business park.

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

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

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

Another project, known as the Ashtabula River deep water dredging, is scheduled for the year 2006. The project did go out for bid in January of 2006. This project will provide a twelve-foot deep river dredging which will remove toxins. Several government bodies and agencies have committed funds for this expensive project. The State of Ohio

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

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

The scope of responsibility of the City of Ashtabula's Port Authority was broadened. The Port Authority became active in surveying land Citywide for future industrial development, particularly for an additional industrial park. The Port Authority has put together the West 38th Street Enterprise Zone, filling every available site with new business attracted to the area. The newest City business park at the end of State Route 11 will hopefully be available by the summer of 2006. The Port Authority is working on extending the current transient dock in the river to allow boaters from any other port to tie up their boats and enjoy Bridge Street's many fine shops and restaurants. The 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. The United States Coast Guard has begun construction on expanding our coast guard station to accommodate another crew. This additional staffing is a direct result of September 11, 2001 and the concern for the ports as well as Perry Nuclear Power Plant located 25 miles west of Ashtabula. Security has been dramatically increased at this plant with many hours of patrolling the lakefront.

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

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

MAJOR INITIATIVES

Construction and major renovations on many of Ashtabula's roads took place during 2005. The City of Ashtabula committed over \$715,386 to street paving and infrastructure reconstruction projects. With regular side street paving costing \$66,000, the biggest dollars were spent as matching money for the paving of State Route 20. This project cost was approximately \$870,000 dollars worth of paving with the City match portion costing \$86,984. The Laird Drive street reconstruction project cost \$244,550, with almost all being paid for with a CDBG grant. The City did pay for the engineering of this project at a cost of \$12,500. The City started the process of building a new West Avenue Grade Separation overpass over the Norfolk Southern tracks. During 2005, the City paid \$173,250 to start the engineering work on this project. The City has been awarded a \$4,000,000 grant for future construction of this overpass project which is slated for construction in 2008. The City also paid \$40,840 for engineering for the rehabilitation of the existing West Avenue overpass which spans the main CSX railroad lines. This project has a projected cost of \$1,000,000 and is funded by the State of Ohio, with construction to take place in 2007. The construction group NRP completed construction of forty new homes in the City of Ashtabula. This second round of additional homes has brought the total new construction of homes by NRP to seventy. These new homes are for

moderate-income families who rent to own the homes. After renting the home for ten years, the renter is given the opportunity to purchase the home at a reduced rate. The incentive to maintain the home, as the renter may become the owner was an interesting project to City Council.

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

The City of Ashtabula is in the final stages of designing and constructing a one million gallon retention basin. This basin should stop sanitary and storm water from overflowing into the Ashtabula River. The overflows and backup into household basements only occur during very heavy rain events. The one million gallon basin is projected to cost approximately 3.4 million dollars plus any interest expense. The City was also in discussions with the Federal and Ohio EPA's to look at other projects the City could do in place of the septage receiving station that the City had once agreed to build before the outcry of the residents in the area of our wastewater treatment plant. It was mutually agreed by all parties that the City would give \$150,000 to the Ashtabula River Partnership to help fund the cleaning and dredging of the Strong Brook area where overflows had taken place over the years. The City also began installation of the newest piece of equipment to automate our treatment plant called a centrifuge. This centrifuge takes the place of operators and old belt press machines for pressing the water out of our sludge. We currently run the presses at the wastewater treatment plant sixteen hours per day seven days per week. It takes two operators per shift to handle the process. The new centrifuge should handle all of the sludge in as little as six hours per day, five days per week. The system only requires one operator per day to handle this processing. The cost of the centrifuge carries a big price tag of \$325,000 but payback from reduced wages should take only 2 years when employee benefits are also factored in.

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 2005 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 2005. The City of Ashtabula offered a homeowner up to \$2.50 per square foot reimbursement for the replacement of any broken pieces of sidewalks. The reimbursement is equal to approximately sixty percent of the total cost. Several large park projects including a major study of the walnut beach area and the plants which must be removed were in process. Smith Field, which is the City's biggest and most used recreation complex, had the baseball playing field completely redone. New bleachers, fencing and parking area were also added at Smith Field and many improvements to the pond were completed during the year. The biggest improvement was the addition of lights on the walking track. With the lights added, the track is now used consistently from 6am to 10pm daily. The current project for 2005, which has received a fifty thousand dollar State grant, is the lighting of the field. In the near future, we will see nighttime high school baseball games as well as evening and night softball games at Smith field. I believe that all members of the administration are very surprised at the amount of usage the walking track is experiencing, and we are excited about night time sports at the field.

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

The Fire Department answered 1,601 alarms in 2005 including 75 structure fires with building and content losses of \$2,365,150. Fire department employees received 5,202 hours of in-service training. Extensive training continues on the 1998 HME/General 1,250-gallon Paramedic Engine fire truck. The chief along with our Fire Department union spent many hours reviewing specs for a new 2006 pumper/paramedic engine. The fire department ordered a new 2006

Sutphen Corporation Pumper Fire Truck in 2004. The new truck was delivered in February 2006. The City paid \$100,000 down in 2004, \$100,000 in 2005, and the balance of \$111,422 upon delivery in February 2006. Other equipment and building repairs for the fire department were purchased in 2004 with Permanent Improvement fund money. Several State grants were received by our fire department in response to the September 11th attacks. These grant monies were used to purchase twenty six sets of turn-out gear for our firefighters and to provide hundreds of hours of training.

The Public Works Department kept busy in 2005 patching streets with cold mix, cleaning and maintaining sanitary and storm sewers, picking up leaves in the fall and plowing and controlling ice in the winter. The City of Ashtabula did order a new 1½ ton dump truck/snowplow for the Public Works Department. The City did purchase for \$1 in early 2006 the Ohio Department of Transportation Garage located on West Avenue. This site was closed down by ODOT after construction of their new facility on Seven Hills Road. This six acre four building site will house the City's Public Works, Sanitation, Traffic, and Motor Maintenance Departments in the future. Currently the City is designing the layout of the new facility and cost projections of the retrofit cost. The existing building that houses these departments will be cleared and sold as prime commercial property in the future.

The City of Ashtabula's Sanitation Department services approximately 7,000 households and 160 commercial accounts per week. In a move toward self-sufficiency, City Council passed legislation charging our residents \$12.00 per month for trash collection. Pick-up is mandatory for all residents, and businesses have the option of City pick-up or private hauler. The City contracted with Waste Management for landfill cost pertaining to the rubbish collected by our trucks and the rubbish collected at our landfill. The general fund subsidizes the sanitation department by approximately \$50,000 annually, but with Council increasing the monthly rates, the Sanitation Department is well on its way to becoming self sufficient. With a grant from the Ashtabula County Solid Waste District, the City constructed a state-of-the-art-recycling center. This center will handle all types of recyclables. The goal for the recycling center is not to sell the recycled goods for a profit but rather reduce the tonnage that is hauled to the landfill, and reduce the amount of tipping fees paid during the year. The City of Ashtabula took in 922,690 pounds of recyclable materials and 9,850 tires during 2005. The City sold the recyclable materials for \$6,736 and avoided paying \$19,946 in landfill tipping fees.

The Auditor's and Treasurer's Offices completed their eighteenth Comprehensive Annual Financial Report (CAFR) during May of 2005. The CAFR that was completed in 2005 for year ended December 31, 2004, was the City's sixth 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 Simons of the Auditor's Office who not only spent many hours working on the capital assets, but also designed an Access database to list and depreciate these assets, since no commercial software was available yet which was GASB 34 compliant. Since the initial report was completed, we have tried to continually update the capital asset information to give the most detail possible. The financial report took all members of the Auditor's and Treasurer's Office hundreds of hours to complete.

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

The Income Tax Department's use of an on-line computer system improved compliance with federal and local tax regulations and made collection of current and delinquent taxes more efficient. New tax forms made collection of taxes more accurate, and filing requirements have changed to include submission of various federal forms. Enforcement of late filing penalties and interest has increased timely filings. The City hired the law firm and collection agent Weiner & Associates to pursue collection of delinquent taxes. The program showed very good results as collection of delinquent accounts was increased significantly.

The Police Department played a major role in instituting the new reverse 911 emergency response program. This enhanced reverse 911 system gives Ashtabula County EMA Services the ability to contact many homes at one time to give warning of any local, regional, statewide or national emergency. The Ashtabula Police Department also worked

with George Distel, our State Representative, to help secure a \$90,000 State grant to put laptop computers in our patrol cars. Each officer will have the ability to look up license plate registrations and other vehicle information directly without going through our dispatch center. The grant dollars were received in 2005 and ten notebook computers were purchased as well as a mount and antenna installed in all 32 cruisers owned by the City. The City also upgraded the service to include photo ID, where the officers put in a social security number of anyone and all of their driving records, warrants, and photo ID appear on the computer for the officer to verify the identification. The City did purchase three 2006 Crown Victoria cruisers in December of 2005 and an additional three the first week of January, 2006. This allowed the city to split the six car purchase over two budgets. The City also purchased six new Taser guns to be used by our officers on out of control individuals. Our goal is for less officer injuries with combative subjects.

The caseload for the Municipal Court totaled 8,074 in 2005, representing a 749 case increase from 2004. A majority of the increases are in the traffic citation part of the Court. The State Patrol has gone back to writing actual traffic citations, and less warnings. With the criminal cases reducing slightly again this year as well, is hopefully a reflection of the stepped up law enforcement efforts made by all City officials. Crime and drug related offenses in our City have been top priority with the administration once again during 2005. 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.

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 seventh 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 2005.

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 \$450,783 and the workers' compensation internal service fund with net assets of \$1,555,467 as of December 31, 2005.

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 Jennette B. Bradley, Treasurer of State, as well as other investments through our local banks. In the past, the STAROhio investment option had offered the highest yields available in the State while remaining completely liquid as interest is earned daily and no minimum investment term is required. In the past twelve months the City found better interest rates locally, and therefore invested most of our cash in securities locally. Although the money was not completely liquid, we prepared cash flow projections and planned when our cash would be needed and invested accordingly.

As of December 31, 2005, the City of Ashtabula had \$3,204,584 of deposits classified as uncollateralized and uninsured under Statement 40 of the Government Accounting Standards Board. Although the pledging banks have an investment and securities pool used to collateralize all public deposits, which are held in the financial institutions' names, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

RISK MANAGEMENT

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

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

The City also provides workers' compensation coverage through the State Workers' Compensation group rating and payment system whose operations are reported in the City's workers' compensation internal service fund. Starting January 1, 2004, the City entered a group pool and left the self funded retrospective rating program. As the City has reduced lost time claims and reduced its overall cost, we became more attractive to a group which pools its employees and receives a discounted rate from the Bureau of Workers Compensation. Several programs such as the Transitional Work and Drug Free Workplace have been instrumental in helping reduce our Workers' Compensation cost. The City will continue to fund our Workers' Compensation Internal Service Fund to pay our current group plan premiums and the remaining retrospective rating claims cost. The City is responsible for ten years of actual claims cost under the retrospective ratings system, dropping off the oldest year each year. Since the City exited the retrospective rating system December 31, 2003 we are responsible for claims from January 1, 1996 thru December 31, 2003. The years 2004 and 2005 are not part of this calculation as the City was in the group plan during this period.

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, 2005. 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 basic 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, 2004. This was the City of Ashtabula's eighteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

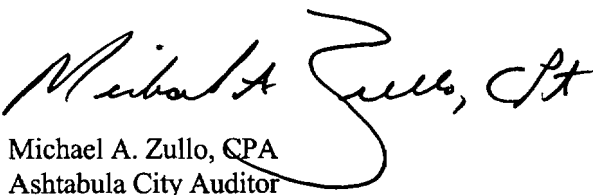
A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

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

Sincere thanks also goes to the Local Government Services of Auditor of State Betty Montgomery's Office for their assistance in the organization and final review of our 2005 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, 2004

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.



Carla E. Perry

President

Jeffrey R. Emor

Executive Director

City of Ashtabula
List of Principal Officials

City Council

Robert E. Beacom President
Josephine Misener Vice President

Matthew J. Perry Ward I
James P. Paulchel Ward II
Betty S. Kist Ward III
Julie A. Lattimer Ward IV
Christopher J. McClure Ward V

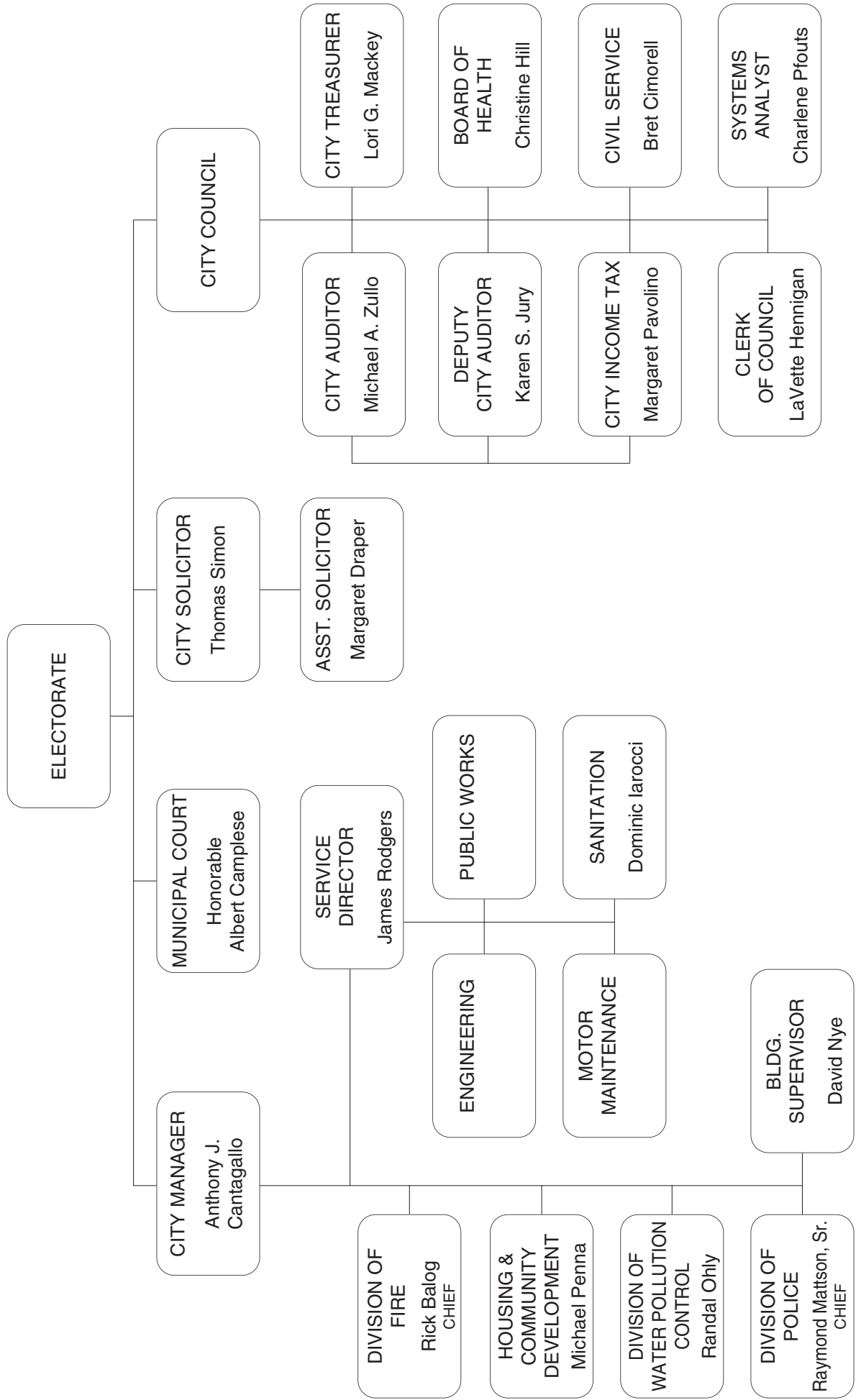
LaVette E. Hennigan Clerk of Council

City Officials

Rick Balog Chief of Fire
Albert Camplese Municipal Court Judge
Anthony J. Cantagallo City Manager
Margaret Draper Assistant City Solicitor
Dominic Iarocci Superintendent of Sanitation
Karen S. Jury Deputy City Auditor
Lori Mackey City Treasurer
Michael Marini Assistant Superintendent of Wastewater Treatment Plant
Raymond E. Mattson Sr. Chief of Police
Randal Ohly Superintendent of Wastewater Treatment Plant
Margaret Pavolino Income Tax Administrator
Michael Penna Director of Housing and Community Development
Charlene Pfouts Systems Analyst
James Rodgers Service Director
Thomas J. Simon City Solicitor
Michael A. Zullo City Auditor

**CITY OF ASHTABULA, OHIO
ORGANIZATIONAL CHART**

DECEMBER 31, 2005



FINANCIAL SECTION



Independent Auditor's Report

Members of Council
City of Ashtabula, Ohio

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ashtabula, Ashtabula County, Ohio, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparisons for the General, Sanitation, Community Development Block Grant, and the Street Maintenance and Repair 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 15, 2006, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in assessing the results of our audit.

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

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

S. R. Snodgrass, A.C

Ashtabula, Ohio
June 15, 2006

City of Ashtabula, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
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, 2005. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, and the basic financial statements to enhance their understanding of the City's financial performance.

Using this Annual Financial Report

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

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

Reporting the City of Ashtabula as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and ask the question, "How did we do financially during 2005 and what does the future hold for 2006 and beyond?" The Statement of Net Assets and the Statement of Activities answer these questions. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

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

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

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Reporting the City of Ashtabula's Most Significant Funds

Fund Financial Statements

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

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

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

The City of Ashtabula as a Whole

Recall that the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2005 compared to 2004.

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Assets						
Current and Other Assets	\$13,585,808	\$12,903,656	\$1,868,870	\$2,125,475	\$15,454,678	\$15,029,131
Capital Assets	17,259,790	17,625,805	10,981,996	10,202,939	28,241,786	27,828,744
<i>Total Assets</i>	30,845,598	30,529,461	12,850,866	12,328,414	43,696,464	42,857,875
Liabilities						
Current and Other Liabilities	(3,561,062)	(2,950,234)	(121,058)	(124,890)	(3,682,120)	(3,075,124)
Long-Term Liabilities:						
Due Within One Year	(1,907,759)	(2,262,692)	(226,279)	(221,094)	(2,134,038)	(2,483,786)
Due in More Than One Year	(2,045,488)	(2,691,028)	(1,383,519)	(1,538,019)	(3,429,007)	(4,229,047)
<i>Total Liabilities</i>	(\$7,514,309)	(\$7,903,954)	(\$1,730,856)	(\$1,884,003)	(\$9,245,165)	(\$9,787,957)

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	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Net Assets						
Invested in Capital						
Assets, Net of Debt	\$16,519,641	\$16,072,672	\$9,632,357	\$8,753,780	\$26,151,998	\$24,826,452
Restricted:						
Capital Projects	768,188	704,115	0	0	768,188	704,115
Debt Service	617,568	926,146	0	0	617,568	926,146
Other Purposes	2,454,533	2,200,932	0	0	2,454,533	2,200,932
Unrestricted	2,971,359	2,721,642	1,487,653	1,690,631	4,459,012	4,412,273
<i>Total Net Assets</i>	<u>\$23,331,289</u>	<u>\$22,625,507</u>	<u>\$11,120,010</u>	<u>\$10,444,411</u>	<u>\$34,451,299</u>	<u>\$33,069,918</u>

The net assets of the City's governmental activities increased by \$705,782. Current assets were up \$682,152. This increase is from higher cash balances. The cash increase is reflective of most City funds which have higher cash balances today than one year ago. The City's capital assets in the Governmental Activities decreased during 2005. Although major street and bridge construction projects such as West 24th Street bridge, Lake Avenue and road and signalization reconstruction were completed, our overall depreciation on roads, bridges, equipment and other capital assets exceeded new assets less construction in progress. Short-term liabilities increased significantly, as deferred revenue increased by approximately \$279,193 and contract payables increased by \$331,076 with a majority owed to engineering firm GGJ, Incorporated for their work on the Retention Basin project. Long-term liabilities decreased in 2005 as the City made all debt payments as scheduled and an additional call of bonds from the Justice Center in the amount of \$430,000.

The net assets of the City's business type activities increased \$675,599 in 2005. Current Assets decreased as cash decreased approximately \$155,000 and accounts receivable decreased by \$104,000. Capital Assets increased by \$779,057 as the City once again aggressively spent money on upgrading our wastewater treatment plant and over \$1,100,000 in improvements in our collection line system less accumulated depreciation on these assets. With usage rates generating revenue, which reasonably matches operating expenses and most capital expenditures annually, the financial condition of the business type activity is relatively constant. The City's wastewater treatment facility is our only business type activity. Continual upgrades to the plant and the sewer lines carrying the flow to the plant have been our top priority for at least the last ten years. Continued growth not only in our City but also within most of our county is dependant upon the additional capacity the City is able to offer for sewer expansion. Our wastewater treatment plant itself has plenty of capacity as we treat approximately five million gallons of sewage a day with a plant capacity of approximately 18 million gallons per day. Our biggest problem is line capacity, which is very old and undersized. This is where we have been expending the majority of our capital dollars as noted above with the improvements to these sewers in 2005 exceeding a million 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. The engineering work has started on the new retention basin which is a below grade one million gallon tank to hold excess storm water in periods of extreme downpours of rain. The project which has an estimated completion date of December of 2007, is a \$4,000,000 project and is a joint project with our County who will contribute 20 percent of the financing of the basin. Multiple grants are being applied for as well as interest free loans from the State of Ohio will help pay the cost of this project. During 2005, the City did not increase sewer rates but have already increased user fees by three percent in 2006. These additional fees were earmarked for operating dollars or for matching grant monies such as Issue II funds. The City has used 19 out of the 20 Issue II rounds strictly for updating our plant and lines coming into our Wastewater

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Treatment Facility. The City is pleased with a few percent increase in net assets, as the reader must remember that this number is net of accumulated depreciation for all capital assets included in our business type activity and that the City's intent is not to profit from this operation, but to recover costs.

The Statement of Changes in Net Assets, Table 2, reviews the Revenue, Expenditures, and Transfers on a comparative analysis between 2005 and 2004. This Statement reflects our Governmental and Business-Type Funds bottom line.

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
Program Revenues						
Charges for Services	\$2,771,954	\$2,519,060	\$3,051,895	\$2,879,182	\$5,823,849	\$5,398,242
Operating Grants, Contributions and Interest	321,274	700,974	0	0	321,274	700,974
Capital Grants and Contributions	1,935,254	82,654	523,003	618,318	2,458,257	700,972
General Revenues						
Property Taxes	2,330,493	2,404,781	0	0	2,330,493	2,404,781
Income Taxes	6,697,167	6,148,340	0	0	6,697,167	6,148,340
Grants and Entitlements	2,741,453	2,608,872	0	0	2,741,453	2,608,872
Investment Earnings	212,687	82,469	0	0	212,687	82,469
Other	20,327	233,763	0	1,395	20,327	235,158
<i>Total Revenues</i>	<u>17,030,609</u>	<u>14,780,913</u>	<u>3,574,898</u>	<u>3,498,895</u>	<u>20,605,507</u>	<u>18,279,808</u>
Program Expenses						
General Government						
Legislative and Executive	3,049,175	3,025,729	0	0	3,049,175	3,025,729
Judicial System	977,279	912,233	0	0	977,279	912,233
Security of Persons and Property:						
Police	3,527,950	3,253,101	0	0	3,527,950	3,253,101
Fire	2,581,467	2,688,346	0	0	2,581,467	2,688,346
Public Health Services	306,416	289,136	0	0	306,416	289,136
Street Maintenance and Repairs	3,201,483	1,296,150	0	0	3,201,483	1,296,150
Housing and Community Development	680,192	649,653	0	0	680,192	649,653
Sanitation Services	1,567,216	1,263,037	0	0	1,567,216	1,263,037
Leisure Time Activities	90,413	137,588	0	0	90,413	137,588
Interest and Fiscal Charges	68,093	99,458	0	0	68,093	99,458
Wastewater Treatment	0	0	3,174,442	2,989,254	3,174,442	2,989,254
<i>Total Expenses</i>	<u>16,049,684</u>	<u>13,614,431</u>	<u>3,174,442</u>	<u>2,989,254</u>	<u>19,224,126</u>	<u>16,603,685</u>

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	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
<i>Excess before Transfers</i>	\$980,925	\$1,116,482	\$400,456	\$509,641	\$1,381,381	\$1,676,123
<i>Transfers</i>	(275,143)	50,000	275,143	(50,000)	0	0
<i>Increase in Net Assets</i>	705,782	1,216,482	675,599	459,641	1,381,381	1,676,123
<i>Net Assets Beginning of Year</i>	22,625,507	21,409,025	10,444,411	9,984,770	33,069,918	31,393,795
<i>Net Assets End of Year</i>	<u>\$23,331,289</u>	<u>\$22,625,507</u>	<u>\$11,120,010</u>	<u>\$10,444,411</u>	<u>\$34,451,299</u>	<u>\$33,069,918</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 2004, which took effect January of 2005. This tax renewal is in effect until December of 2007. The income tax revenue for 2005 exceeded \$6.6 million, with the income tax funding 40 percent of all expenses in the Governmental Activities.

Once again, the City has seen our income tax collections increase by \$548,827 in 2005. This was the second consecutive year that our income tax income increased significantly and is welcomed after several years of decline. The increase in income tax is another step in the process proving that our local economy is finally overcoming the events of September 11, 2001. The City's major employers are beginning to hire more employees and in turn increasing the tax base which the City so strongly needs to survive. As of May 2006, we have taken in approximately \$39,000 more income tax dollars than in May of 2005, which is another sign that our local economy continues to recover and grow. The City of Ashtabula has been very aggressive in 2005 collecting delinquent income tax. Five new cases per week are being filed in court by a law firm hired by the City to collect these delinquent income taxes. The City expects this level of enforcement to continue in the future as our City council has been monitoring the progress on this program.

The elimination by the State of Ohio of the personal property tax that businesses pay on assets and inventory, which is being phased out over a five year period, will reduce the City revenues by \$250,000 annually once the tax has been totally eliminated. The City will either need to increase revenues from other sources or dramatically reduce expenses. The State Legislature did not follow through with the cutting of the local government funds. This cut of ten to twenty percent of the funds which was scheduled to take effect January 1, 2005 would have reduced the revenues of the City of Ashtabula by \$250,000, which would have devastated our General Fund and most likely our safety forces who rely on these dollars to fund their budgets.

Security of persons and property, street maintenance and repair and sanitation services are major activities of the City, expending 65 percent of governmental activity expenses. The City implemented a City wide hiring freeze during 2005 as part of a program to keep all employees working with no lay-offs and very limited and restrictive overtime. The amount of overtime has been reduced with the City and Fraternal Order of Police agreeing that officers that call in sick will not be replaced. The fire department has worked with the City in reducing costs or holding costs in line with training being done in house, restricted use of comp time, and modifying the working agreement to reduce minimum manning from six to five per shift. This has saved the City approximately \$55,000 in 2005. The City does monitor the police and fire department budgets very

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closely as these two departments use a significant amount of general revenues. A restructuring of our contract with Waste Management, our local landfill, will save the City approximately \$80,000. This restructuring was based on the City reserving space in our Wastewater Treatment Plant for Waste Management to discharge 5,000 gallons per day of leachate water from its landfill location until our septage receiving facility is ready for use. Once the City is able to accept this type of wastewater, Waste Management will be allowed to dispose of two trucks per day into our facility at no charge.

Business-Type Activities

The City's only business-type activity is our Wastewater Treatment Facility, which receives no support from tax revenues. This plant treats sewage from the City of Ashtabula and surrounding townships. This plant generated revenues of \$3,574,898 and had expenses of \$3,174,442. Our expenses are monitored to coincide with our revenues so that at the end of the year, we are looking at our cash balance, which the City has tried to maintain at one million dollars or approximately one third of the annual budget. The City has done considerable work on our entire sewer plant and the transportation lines. The City will also install a retention rain basin to help local sewage back-ups in major rain events. The size of the retention basin has been engineered at one million gallons. During 2005, the City worked hard on expanding line capacity to surrounding townships. To the west, Saybrook Township has boomed with housing developments in many parts of the township, especially along the lakeshore area. On the east side of the City commercial growth in Ashtabula Township is booming despite the economy with a new strip mall opening and several other businesses. The City also has several new housing projects, which will require additional sewer capacity on the City's west side. New larger lines are being installed in the City and Townships to handle the extra capacity. These lines, which will service the townships, will also service our new Industrial Park at the end of State Route 11. The Industrial Park wetlands issue have been resolved and with the help of a State of Ohio grant of \$400,000, the City and Port Authority should soon be bidding out construction of the infrastructure. The City has been able to keep rates low because of increased revenues from additional flow from new construction of businesses and homes in our county.

The City's Funds

Information about the City's major governmental funds begins on page 16. These funds are accounted for using the modified accrual basis of accounting. All Governmental funds had total revenues of \$16,848,225 and expenditures of \$16,616,173. The most significant changes in our funds are the increases in the general fund and the permanent improvement funds.

The cash balance of the general fund more than doubled to over \$625,000 which is reflective of the increase in our city income tax collections. While revenues exceeded expenditures by approximately \$1,077,175, much of the excess was transferred to other funds. These other funds used the cash from the transfers for street maintenance, and permanent improvements and for payment of pension obligations.

The City's permanent improvement fund increase the cash balance by \$309,538 which is directly tied to the increase in income tax collections, as the permanent improvement fund receives 10% of all income tax collected, by City Charter. The cash is carried into the 2006 budget where the city plans on using the funds to do extra street paving during 2006.

Although the cash in the debt service fund has decrease by \$242,118, the City has called and paid for \$430,000 on the 2008 and 2009 bonds of Justice Center early. This early call option saved the city residents \$145,330 in interest which was payable in the corresponding year of payment.

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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 2005, the City amended its general fund budget several times, none significant. All recommendations for a budget change come from the City Auditor to the Finance and Ordinance committee of Council for review before going to the whole council for ordinance enactment on the change. The City does allow small inter-departmental budget changes that modify line items within departments within the same fund. With the general fund supporting many of our major activities such as our police and fire departments, as well as most legislative and executive activities, the general fund is monitored closely looking for possible revenue shortfalls or over spending by individual departments.

For the general fund, original budgeted revenues were approximately \$9,000,000 and final budgeted revenues were approximately \$9,500,000. Very conservative revenue projections at the beginning of the year played out as actual revenues were very close to projections. The most significant savings were in our police department as officers were not replaced though attrition. Although the attrition program did save significant dollars, we are short of officers at this time and any additional retirees will have to be replaced. The comp time and sick time buy-back programs were not offered in 2005 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 \$618,045 at year end compared to \$248,057 at year end 2004.

Capital Assets and Debt Administration

Capital Assets

Table 3
 Capital Assets at December 31, 2005 & 2004

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Capital Assets, Non depreciable:						
Land	\$1,983,340	\$1,883,340	\$70,125	\$70,125	\$2,053,465	\$1,953,465
Construction in Progress	426,092	1,538,578	265,045	269,300	691,137	1,807,878
Total Capital Assets, Non depreciable	2,409,432	3,421,918	335,170	339,425	2,744,602	3,761,343
Capital Assets, Depreciable:						
Buildings and Improvements	10,205,644	10,129,258	6,698,213	6,695,868	16,903,857	16,825,126
Equipment	2,920,263	2,826,585	1,564,652	1,510,120	4,484,915	4,336,705
Vehicles	3,669,973	3,650,561	484,756	484,756	4,154,729	4,135,317
Furniture and Fixtures	55,567	55,567	3,068	3,068	58,635	58,635

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	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Infrastructure						
Bridges	4,155,266	3,533,301	0	0	4,155,266	3,533,301
Roads	8,555,279	8,041,625	0	0	8,555,279	8,041,625
Storm Sewers	2,458,027	2,453,915	0	0	2,458,027	2,453,915
Traffic Lights	530,694	530,694	0	0	530,694	530,694
Sanitary Sewers	0	0	10,190,877	9,248,669	10,190,877	9,248,669
Total Capital Assets, being Depreciated	<u>32,550,713</u>	<u>31,221,506</u>	<u>19,141,566</u>	<u>17,942,481</u>	<u>51,692,279</u>	<u>49,163,987</u>
Accumulated Depreciation	<u>(17,700,355)</u>	<u>(17,017,619)</u>	<u>(8,493,740)</u>	<u>(8,078,967)</u>	<u>(26,194,095)</u>	<u>(25,096,586)</u>
Total Capital Assets, Depreciable, Net	14,850,358	14,203,887	10,646,826	9,863,514	25,498,184	24,067,401
Total Capital Assets,	<u>\$17,259,790</u>	<u>\$17,625,805</u>	<u>\$10,981,996</u>	<u>\$10,202,939</u>	<u>\$28,241,786</u>	<u>\$27,828,744</u>

The primary increases in Capital Assets occurred in infrastructure improvements, buildings and improvements, and equipment purchases. These improvements were part of the City's long-term goal of completely rebuilding the infrastructure of our City from our roads and bridges through storm and sanitary sewers. Even though grants are gradually increasing the required percentage of local matching 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 2005 were paving of Lake Avenue at a cost of \$156,657, Laird Drive reconstruction which cost \$232,050, and our local match of the State Route 20 paving project at a cost of \$86,984. The Lake Avenue/West 24th Street project was completed in 2005. This project had received approximately \$1,000,000 in State grants with the City putting in \$378,000 of matching money. The bridge received a new deck, and also our biggest and most heavily used road, Lake Avenue was totally resurfaced from Route 20 to the iron bridge at the West Avenue intersection. We also continued our equipment replacement program with a new fire truck on order, as we made a \$100,000 deposit on the truck in 2004, another \$100,000 payment in 2005, and the balance of \$120,000 will be made upon delivery in January of 2006. We are also still committed to our City sidewalks and the \$2.50 per square foot reimbursement offered by the City. Each property owner in the City is eligible for the reimbursement which covers approximately 60 percent of the cost to install the new sidewalk in front of their homes and businesses. The City has a strong commitment of recreation for all. Continued work on Smith Field, Walnut Beach and other playgrounds in the City has been given high priority.

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

Debt

At December 31, 2005 the City of Ashtabula had \$5,563,045 in bonds, loans, claims, judgments, and compensated absences outstanding, \$1,907,759 of which are due within one year.

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Table 4
 Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
General Obligation Bonds	\$390,000	\$1,000,000	\$0	\$0	\$390,000	\$1,000,000
Municipal Building	111,927	268,660	0	0	111,927	268,660
Mareddy Estates	90,631	111,188	0	0	90,631	111,188
Special Assessment Bonds	10,000	20,000	0	0	10,000	20,000
OPWC Loan	136,954	151,627	0	0	136,954	151,627
Police and Fire Loan	297,824	391,354	0	0	297,824	391,354
Claims Payable	237,680	392,834	0	0	237,680	392,834
Judgments Payable	200,000	200,000	0	0	200,000	200,000
Compensated Absences	2,477,594	2,416,399	260,159	309,954	2,737,753	2,726,353
OWDA Loan Payable	0	0	1,349,639	1,449,159	1,349,639	1,449,159
Capital Lease Obligation	637	1,658	0	0	637	1,658
Total	\$3,953,247	\$4,953,720	\$1,609,798	\$1,759,113	\$5,563,045	\$6,712,833

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

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

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

In March of 2005, the City called an additional \$430,000 worth of Justice Center bonds. These bonds were originally scheduled to be paid in 2010-2013 respectively. This was the second call option exercised by the City.

The City's overall legal debt margin was \$25,318,397 at December 31, 2005. See Note 9 for additional information about the City's long-term debt.

Current Related Financial Activities

The City of Ashtabula has once again seen an improvement in finances during 2005. Unfortunately, this comes as a result of attrition and secondarily an increase in our City income tax. The City of Ashtabula has been very cautious with its spending in 2005. As we see the Federal, State, and County governments struggle financially, the City of Ashtabula finances have seemed to stabilize. The City is budgeting in our 2007 tax budget for approximately the same revenues as 2006 and slightly higher expenses as the phase out

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

of the personal property tax over a five year time period which will eliminate \$50,000 per year of revenue costing the City \$250,000 per year once this tax has been totally eliminated. The city Administration has stressed to all department heads that they must remain within their appropriated budgets for the year. Unfortunately, with these tough economic times we still must watch every dollar spent. Had it not been for every City employee taking a wage concession, giving up overtime pay, and other cash reductions, we were going to lay off approximately 15 employees. These concessions allowed the City stay the course without reducing any services to our citizens. Our City employees and particularly the firefighters worked hand in hand with the administration to make some minor modifications with our health care plans. As of May 2006 Anthem has proposed a 25 percent increase in our monthly premiums based on the usage during 2005. The City is once again exploring the option of going self funded to keep our health insurance cost in line. We are also reviewing our Workers' Compensation group plan and looking at how retrospective rating may once again benefit the City with lower cost workers compensation.

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

The City has also purchased and paid cash for a tremendous amount of new equipment in the last five years. Items include a new paramedic/pumper truck, as well as new vehicles for the chief and fire inspector and one new 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 worked extremely hard in reducing debt in our City. With programs such as the sick time buyback, comp time buyback, twice in three years calling our justice center bonds early to save interest expenses and refinancing our police and fire pension liability, we are able to reduce payment amounts in the future with lower interest rates and shorter payment terms.

In conclusion, the City of Ashtabula has committed itself to financial excellence for many years. The City has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting since 1987. The City of Ashtabula was one of the first cities in Ohio to report using the new GASB 33 and 34 requirements. Our 2004 CAFR did receive this prestigious award. Our commitment to the residents of the City of Ashtabula has always been full disclosure of the financial position of the City.

Contacting the City's Finance Department

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

City Of Ashtabula, Ohio

Statement of Net Assets

December 31, 2005

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activity	Total	
Assets				
Cash and Cash Equivalents	\$6,018,336	\$422,035	\$6,440,371	\$0
Cash and Cash Equivalents in Segregated Accounts	82,471	0	82,471	156,564
Accounts Receivable	1,121,180	1,402,491	2,523,671	0
Due from Other Governments	1,434,232	0	1,434,232	39,697
Materials and Supplies Inventory	42,920	2,900	45,820	0
Prepaid Items	88,626	41,444	130,070	0
Due from Component Unit	116,599	0	116,599	0
Loans Receivable	110,699	0	110,699	0
Taxes Receivable	4,322,340	0	4,322,340	0
Special Assessments Receivable	248,405	0	248,405	0
Capital Assets, Nondepreciable	2,409,432	335,170	2,744,602	321,885
Capital Assets, Depreciable, Net	14,850,358	10,646,826	25,497,184	348,295
<i>Total Assets</i>	<u>30,845,598</u>	<u>12,850,866</u>	<u>43,696,464</u>	<u>866,441</u>
Liabilities				
Accounts Payable	90,035	41,067	131,102	74
Contracts Payable	375,928	6,450	382,378	0
Accrued Wages and Benefits	234,459	38,913	273,372	0
Due to Other Governments	432,230	5,273	437,503	307
Deferred Revenue	2,407,140	0	2,407,140	0
Deposits Held and Due to Others	5,498	0	5,498	0
Accrued Interest Payable	15,772	29,355	45,127	0
Due to Primary Government	0	0	0	116,599
Long-Term Liabilities:				
Due Within One Year	1,907,759	226,279	2,134,038	1,000
Due Within More Than One Year	2,045,488	1,383,519	3,429,007	13,667
<i>Total Liabilities</i>	<u>7,514,309</u>	<u>1,730,856</u>	<u>9,245,165</u>	<u>131,647</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	16,519,641	9,632,357	26,151,998	538,914
Restricted for:				
Capital Projects	768,188	0	768,188	0
Debt Service	617,568	0	617,568	0
Community Development	795,158	0	795,158	0
Sanitation	696,513	0	696,513	0
Street Maintenance and Repair	327,342	0	327,342	0
Other Purposes	635,520	0	635,520	0
Unrestricted	2,971,359	1,487,653	4,459,012	195,880
<i>Total Net Assets</i>	<u>\$23,331,289</u>	<u>\$11,120,010</u>	<u>\$34,451,299</u>	<u>\$734,794</u>

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

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities				
General Government:				
Legislative and Executive	\$3,049,175	\$408,108	\$0	\$0
Judicial System	977,279	632,431	0	0
Security of Persons and Property:				
Police	3,527,950	18,126	28,038	59,040
Fire	2,581,467	42,679	12,081	0
Public Health Services	306,416	180,368	4,125	814,152
Street Maintenance and Repairs	3,201,483	11,958	99,130	1,012,062
Housing and Community Development	680,192	127,042	133,135	50,000
Sanitation Services	1,567,216	1,335,405	44,765	0
Leisure Time Activities	90,413	15,837	0	0
Interest and Fiscal Charges	68,093	0	0	0
<i>Total Governmental Activities</i>	16,049,684	2,771,954	321,274	1,935,254
Business-Type Activity				
Wastewater Treatment	3,174,442	3,051,895	0	523,003
<i>Total Primary Government</i>	<u>\$19,224,126</u>	<u>\$5,823,849</u>	<u>\$321,274</u>	<u>\$2,458,257</u>
Component Unit				
Asthtabula Port Authority	<u>\$111,370</u>	<u>\$0</u>	<u>\$47,326</u>	<u>\$0</u>

General Revenues

Property Taxes Levied for:

- General Purposes
- Fire and Police Pension
- Debt Service
- Capital Outlay

Income Taxes Levied for:

- General Purposes
- Capital Outlay

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

**Net (Expense) Revenue
and Changes in Net Assets**

Primary Government			
Governmental Activities	Business-Type Activity	Total	Component Unit
(\$2,641,067)	\$0	(\$2,641,067)	\$0
(344,848)	0	(344,848)	0
(3,422,746)	0	(3,422,746)	0
(2,526,707)	0	(2,526,707)	0
692,229	0	692,229	0
(2,078,333)	0	(2,078,333)	0
(370,015)	0	(370,015)	0
(187,046)	0	(187,046)	0
(74,576)	0	(74,576)	0
(68,093)	0	(68,093)	0
(11,021,202)	0	(11,021,202)	0
0	400,456	400,456	0
(11,021,202)	400,456	(10,620,746)	0
0	0	0	(64,044)
989,460	0	989,460	0
548,288	0	548,288	0
374,170	0	374,170	0
418,575	0	418,575	0
6,034,703	0	6,034,703	0
662,464	0	662,464	0
2,741,453	0	2,741,453	13,925
212,687	0	212,687	500
20,327	0	20,327	333
12,002,127	0	12,002,127	14,758
(275,143)	275,143	0	0
11,726,984	275,143	12,002,127	14,758
705,782	675,599	1,381,381	(49,286)
22,625,507	10,444,411	33,069,918	784,080
<u>\$23,331,289</u>	<u>\$11,120,010</u>	<u>\$34,451,299</u>	<u>\$734,794</u>

City of Ashtabula, Ohio

Balance Sheet

Governmental Funds

December 31, 2005

	<u>General</u>	<u>Community Development Block Grant</u>	<u>Sanitation</u>	<u>Street Maintenance and Repair</u>	<u>Debt Service</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$625,682	\$458,396	\$375,367	\$282,743	\$347,947
Cash and Cash Equivalents In Segregated Accounts	82,471	0	0	0	0
Receivables:					
Taxes	2,525,683	0	0	0	451,787
Accounts	139,011	209,096	758,980	14,093	0
Special Assessments	0	0	0	0	248,405
Due from Other Governments	919,582	98,919	0	299,901	17,642
Materials and Supplies Inventory	31,152	0	344	11,424	0
Prepaid Items	82,176	0	0	0	0
Due from Component Unit	0	116,599	0	0	0
Loans Receivable	0	110,699	0	0	0
<i>Total Assets</i>	<u>\$4,405,757</u>	<u>\$993,709</u>	<u>\$1,134,691</u>	<u>\$608,161</u>	<u>\$1,065,781</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$58,908	\$0	\$22,983	\$4,394	\$350
Contracts Payable	4,571	110,407	27,104	19,756	0
Accrued Wages	189,452	0	20,742	22,603	0
Due to Other Governments	61,695	0	2,810	3,063	0
Deferred Revenue	2,890,010	330,859	688,150	247,714	717,834
Deposits Held and Due to Others	4,456	0	0	0	0
<i>Total Liabilities</i>	<u>3,209,092</u>	<u>441,266</u>	<u>761,789</u>	<u>297,530</u>	<u>718,184</u>
Fund Balances					
Reserved for Encumbrances	2,186	202,674	0	903	0
Reserved for Inventory	31,152	0	344	11,424	0
Reserved for Loans Receivable	0	227,298	0	0	0
Unreserved:					
Designated for Roadway Improvements	0	0	0	0	0
Undesignated, Reported in:					
General Fund	1,163,327	0	0	0	0
Special Revenue Funds	0	122,471	372,558	298,304	0
Debt Service Fund	0	0	0	0	347,597
Capital Projects Funds	0	0	0	0	0
<i>Total Fund Balances</i>	<u>1,196,665</u>	<u>552,443</u>	<u>372,902</u>	<u>310,631</u>	<u>347,597</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,405,757</u>	<u>\$993,709</u>	<u>\$1,134,691</u>	<u>\$608,161</u>	<u>\$1,065,781</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, 2005*

Permanent Improvement	Other Governmental Funds	Total Governmental Funds		
			Total Governmental Funds Balances	\$3,912,352
			<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$784,572	\$734,408	\$3,609,115	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	17,259,790
0	0	82,471	Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds:	
684,706	660,164	4,322,340	Property and Other Taxes	207,473
0	0	1,121,180	Charges for Services	1,034,053
0	0	248,405	Income Tax	1,222,372
21,575	76,613	1,434,232	Intergovernmental	1,171,933
0	0	42,920	Special Assessments	248,405
0	0	82,176	Total	3,884,236
0	0	116,599	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.	2,006,250
0	0	110,699	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due	(15,772)
<u>\$1,490,853</u>	<u>\$1,471,185</u>	<u>\$11,170,137</u>	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.	
\$2,726	\$394	\$89,755	General Obligation Bonds	(592,558)
214,090	0	375,928	Special Assessment Bond	(10,000)
0	1,662	234,459	OPWC Loan Payable	(136,954)
0	193,201	260,769	Police and Fire Loan	(297,824)
688,553	728,256	6,291,376	Judgments Payable	(200,000)
0	1,042	5,498	Compensated Absences	(2,477,594)
<u>905,369</u>	<u>924,555</u>	<u>7,257,785</u>	Capital Lease Payable	(637)
261,159	208,865	675,787	Total	<u>(3,715,567)</u>
0	0	42,920		
0	0	227,298		
212,000	0	212,000		
0	0	1,163,327		
0	334,454	1,127,787		
0	0	347,597		
<u>112,325</u>	<u>3,311</u>	<u>115,636</u>		
<u>585,484</u>	<u>546,630</u>	<u>3,912,352</u>		
<u>\$1,490,853</u>	<u>\$1,471,185</u>	<u>\$11,170,137</u>	Net Assets of Governmental Activities	<u>\$23,331,289</u>

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

	General	Community Development Block Grant	Sanitation	Street Maintenance and Repair	Debt Service
Revenues					
Property and Other Taxes	\$987,076	\$0	\$0	\$0	\$373,277
Municipal Income Tax	5,886,740	0	0	0	0
Charges for Services	134,613	0	1,313,615	19,455	0
Licenses and Permits	65,228	0	0	0	0
Fines and Forfeitures	559,716	0	0	0	0
Intergovernmental	1,915,137	897,900	44,765	774,619	41,491
Special Assessments	0	0	0	0	56,489
Interest	145,271	9,048	0	52,753	0
Rentals	77,953	0	0	0	0
Other	212,747	0	10,684	0	0
Total Revenues	9,984,481	906,948	1,369,064	846,827	471,257
Expenditures					
Current:					
General Government:					
Legislative and Executive	2,643,285	0	0	0	10,291
Judicial System	820,735	0	0	0	0
Security of Persons and Property:					
Police	2,944,324	0	0	0	0
Fire	2,175,544	0	0	0	0
Public Health Services	196,127	0	0	0	0
Street Maintenance and Repairs	1,365	0	0	1,129,363	0
Housing and Community Development	1,213	1,018,566	0	0	0
Sanitation Services	1,235	0	1,418,222	0	0
Leisure Time Activities	17,947	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service:					
Principal Retirement	93,746	0	0	0	655,230
Interest and Fiscal Charges	11,785	0	0	0	48,204
Total Expenditures	8,907,306	1,018,566	1,418,222	1,129,363	713,725
Excess of Revenues Over (Under) Expenditures	1,077,175	(111,618)	(49,158)	(282,536)	(242,468)
Other Financing Sources (Uses)					
Transfers In	2,486	0	0	306,000	0
Transfers Out	(734,500)	0	0	0	0
Total Other Financing Sources (Uses)	(732,014)	0	0	306,000	0
Net Change in Fund Balances	345,161	(111,618)	(49,158)	23,464	(242,468)
Fund Balances Beginning of Year	855,524	664,061	421,974	284,705	590,065
Increase (Decrease) in Reserve for Inventory	(4,020)	0	86	2,462	0
Fund Balances End of Year	\$1,196,665	\$552,443	\$372,902	\$310,631	\$347,597

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, 2005*

Permanent Improvement	Other Governmental Funds	Total Governmental Funds	Net Change in Fund Balances - Total Governmental Funds	\$282,052
			<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
\$417,607	\$542,890	\$2,320,850	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 depreciation exceeded capital outlay in the current period.	
646,024	0	6,532,764	Capital Outlay	1,182,703
0	48,218	1,515,901	Depreciation	(1,285,735)
0	113,449	178,677	Total	(103,032)
24,824	65,505	650,045	Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of statement of activities, a gain or loss is reported for each disposal.	
1,173,523	160,617	5,008,052		
0	0	56,489		
0	5,615	212,687		
71,162	0	149,115		
214	0	223,645		
<u>2,333,354</u>	<u>936,294</u>	<u>16,848,225</u>		
			Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
0	0	2,653,576	Property and Other Taxes	9,643
0	37,418	858,153	Municipal Income Tax	164,403
0	347,993	3,292,317	Charges for Services	32,863
0	345,194	2,520,738	Intergovernmental	31,964
0	107,662	303,789	Special Assessments	(56,489)
0	11,000	1,141,728	Total	182,384
0	125,735	1,145,514	Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
0	0	1,419,457		
0	17,256	35,203		
2,266,481	0	2,266,481	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	
156,733	805	906,514		
12,654	60	72,703		
<u>2,435,868</u>	<u>993,123</u>	<u>16,616,173</u>		
(102,514)	(56,829)	232,052	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	
			Compensated absences	(61,195)
			Change in Inventory	(2,150)
			Total	(63,345)
170,000	399,500	877,986	The internal service funds used by management to charge the costs of insurance and workers' compensation to individual funds are not reported in the city-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities.	
0	(93,486)	(827,986)		
170,000	306,014	50,000		
67,486	249,185	282,052		
517,998	298,123	3,632,450		
0	(678)	(2,150)		
<u>\$585,484</u>	<u>\$546,630</u>	<u>\$3,912,352</u>	<i>Change in Net Assets of Governmental Activities</i>	
			<u>\$705,782</u>	

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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$948,000	\$948,000	\$987,076	\$39,076
Municipal Income Tax	5,325,000	5,541,850	5,872,891	331,041
Charges for Services	125,400	125,400	147,078	21,678
Licenses and Permits	59,808	59,808	65,396	5,588
Fines and Forfeitures	498,300	498,300	560,727	62,427
Intergovernmental	1,666,220	1,884,220	1,908,739	24,519
Interest	62,500	62,500	145,271	82,771
Rentals	73,200	73,200	78,923	5,723
Other	233,950	233,950	215,676	(18,274)
<i>Total Revenues</i>	8,992,378	9,427,228	9,981,777	554,549
Expenditures				
Current:				
General Government:				
Legislative and Executive	2,616,519	2,708,778	2,651,804	56,974
Judicial System	852,110	828,604	824,618	3,986
Security of Persons and Property				
Police	2,886,246	2,942,978	2,935,438	7,540
Fire	2,135,346	2,179,693	2,174,230	5,463
Public Health Services	179,211	195,851	191,105	4,746
Street Maintenance and Repair	1,657	1,388	1,365	23
Housing and Community Development	16,525	6,758	1,213	5,545
Sanitation Services	1,497	1,256	1,235	21
Leisure Time Activities	0	20,000	20,000	0
Debt Service:				
Principal Retirement	93,746	93,746	93,746	0
Interest and Fiscal Charges	11,786	11,786	11,785	1
<i>Total Expenditures</i>	8,794,643	8,990,838	8,906,539	84,299
<i>Excess of Revenues Over Expenditures</i>	197,735	436,390	1,075,238	638,848
Other Financing Sources (Uses)				
Transfers In	140,000	140,000	2,486	(137,514)
Transfers Out	(364,500)	(734,500)	(734,500)	0
<i>Total Other Financing Sources (Uses)</i>	(224,500)	(594,500)	(732,014)	(137,514)
<i>Net Change in Fund Balance</i>	(26,765)	(158,110)	343,224	501,334
<i>Fund Balance Beginning of Year</i>	248,057	248,057	248,057	0

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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$1,666,248	\$1,817,248	\$945,651	(\$871,597)
Interest	2,630	2,630	9,048	6,418
<i>Total Revenues</i>	1,668,878	1,819,878	954,699	(865,179)
Expenditures				
Current:				
Housing and Community Development	1,842,732	1,863,732	1,242,199	621,533
<i>Net Change in Fund Balance</i>	(173,854)	(43,854)	(287,500)	(243,646)
<i>Fund Balance Beginning of Year</i>	258,961	258,961	258,961	0
Prior Year Encumbrances Appropriated	173,854	173,854	173,854	0
<i>Fund Balance End of Year</i>	<u>\$258,961</u>	<u>\$388,961</u>	<u>\$145,315</u>	<u>(\$243,646)</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$1,306,833	\$1,306,833	\$1,319,710	\$12,877
Intergovernmental	45,000	45,000	44,765	(235)
Other	3,200	3,200	9,878	6,678
<i>Total Revenues</i>	1,355,033	1,355,033	1,374,353	19,320
Expenditures				
Current:				
Sanitation Services	1,361,100	1,486,100	1,393,684	92,416
<i>Net Change in Fund Balance</i>	(6,067)	(131,067)	(19,331)	111,736
<i>Fund Balance Beginning of Year</i>	388,631	388,631	388,631	0
Prior Year Encumbrances Appropriated	6,067	6,067	6,067	0
<i>Fund Balance End of Year</i>	<u>\$388,631</u>	<u>\$263,631</u>	<u>\$375,367</u>	<u>\$111,736</u>

See accompanying notes to the basic financial statements

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$0	\$0	\$5,362	\$5,362
Intergovernmental	905,500	905,500	781,042	(124,458)
Interest	4,500	4,500	52,753	48,253
<i>Total Revenues</i>	910,000	910,000	839,157	(70,843)
Expenditures				
Current:				
Street Maintenance and Repairs:				
Public Works:	1,085,889	1,185,889	1,153,985	31,904
<i>Excess of Revenues Under Expenditures</i>	(175,889)	(275,889)	(314,828)	(38,939)
Other Financing Sources				
Transfers In	162,000	162,000	306,000	144,000
<i>Net Change in Fund Balance</i>	(13,889)	(113,889)	(8,828)	105,061
<i>Fund Balance Beginning of Year</i>	259,726	259,726	259,726	0
Prior Year Encumbrances Appropriated	13,889	13,889	13,889	0
<i>Fund Balance End of Year</i>	<u>\$259,726</u>	<u>\$159,726</u>	<u>\$264,787</u>	<u>\$105,061</u>

See accompanying notes to the basic financial statements

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

	Business Type Activity - Wastewater Treatment Fund	Governmental Activities - Internal Service Funds
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$422,035	\$2,409,221
Accounts Receivable	1,402,491	0
Materials and Supplies Inventory	2,900	0
Prepaid Items	41,444	6,450
<i>Total Current Assets</i>	<u>1,868,870</u>	<u>2,415,671</u>
Noncurrent Assets		
Capital Assets, Nondepreciable	335,170	0
Capital Assets, Depreciable, Net	10,646,826	0
<i>Total Noncurrent Assets</i>	<u>10,981,996</u>	<u>0</u>
<i>Total Assets</i>	<u>12,850,866</u>	<u>2,415,671</u>
Liabilities		
Current Liabilities:		
Accounts Payable	41,067	280
Contracts Payable	6,450	0
Accrued Wages	38,913	0
Compensated Absences Payable	122,383	0
Due to Other Governments	5,273	171,461
Accrued Interest Payable	29,355	0
Claims Payable	0	122,680
OWDA Loan Payable	103,896	0
<i>Total Current Liabilities</i>	<u>347,337</u>	<u>294,421</u>
Long-Term Liabilities:		
Compensated Absences Payable	137,776	0
Claims Payable	0	115,000
OWDA Loan Payable	1,245,743	0
<i>Total Long-Term Liabilities</i>	<u>1,383,519</u>	<u>115,000</u>
<i>Total Liabilities</i>	<u>1,730,856</u>	<u>409,421</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	9,632,357	0
Unrestricted	1,487,653	2,006,250
<i>Total Net Assets</i>	<u>\$11,120,010</u>	<u>\$2,006,250</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, 2005*

	Business Type Activity - Wastewater Treatment Fund	Governmental Activities - Internal Service Funds
Operating Revenues		
Charges for Services	\$3,051,895	\$1,988,960
Miscellaneous	0	1,759
<i>Total Revenues</i>	<u>3,051,895</u>	<u>1,990,719</u>
Operating Expenses		
Personal Services	1,681,739	0
Contractual Services	637,570	1,408,972
Materials and Supplies	376,761	0
Depreciation	418,568	0
Claims	0	822,165
<i>Total Operating Expenses</i>	<u>3,114,638</u>	<u>2,231,137</u>
<i>Operating Loss</i>	(62,743)	(240,418)
Non Operating Expenses		
Interest and Fiscal Charges	(59,804)	0
<i>Loss Before Contributions and Transfers</i>	(122,547)	(240,418)
Capital Contributions	848,146	0
Transfers Out	(50,000)	0
<i>Change in Net Assets</i>	675,599	(240,418)
<i>Net Assets Beginning of Year</i>	<u>10,444,411</u>	<u>2,246,668</u>
<i>Net Assets End of Year</i>	<u><u>\$11,120,010</u></u>	<u><u>\$2,006,250</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, 2005

	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	\$3,156,086	\$0
Cash Received from Other Funds	0	1,990,425
Cash Payments Received from Other Operating Sources	0	1,759
Cash Payments to Suppliers for Goods and Services	(1,022,595)	(1,404,239)
Cash Payments for Claims	0	(978,208)
Cash Payments for Employee Services and Benefits	(1,739,833)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>393,658</u>	<u>(390,263)</u>
Cash Flows from Noncapital Financing Activities		
Transfers Out	(50,000)	0
Cash Flows from Capital and Related Financing Activities		
Tap-In Fees	77,500	0
Acquisition of Capital Assets	(414,775)	0
Principal Paid OWDA Loans	(99,520)	0
Interest Paid on OWDA Loans	(61,968)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(498,763)</u>	<u>0</u>
<i>Net Decrease In Cash and Cash Equivalents</i>	(155,105)	(390,263)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>577,140</u>	<u>2,799,484</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$422,035</u></u>	<u><u>\$2,409,221</u></u>

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

	Business Type Activity - Wastewater Treatment Fund	Governmental Activities - Internal Service Funds
Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities		
<i>Operating Loss</i>	(\$62,743)	(\$240,418)
Adjustments:		
Depreciation	418,568	0
(Increase)/ Decrease in Assets:		
Accounts Receivable	104,191	1,465
Materials and Supplies Inventory	1,845	0
Prepaid Items	(4,536)	(6,450)
Increase/ (Decrease) in Liabilities:		
Accounts Payable	(12,023)	(527)
Contracts Payable	6,450	0
Accrued Wages	2,103	0
Compensated Absences Payable	(49,795)	0
Due to Other Governments	(10,402)	10,821
Claims Payable	0	(155,154)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$393,658</u>	<u>(\$390,263)</u>

Noncash Capital Financing Activities

During 2005, OPWC paid \$449,613 directly to contractors on behalf of the Wastewater Treatment fund. \$90,901 was paid by the City's Permanent Improvement fund and \$230,132 was paid by the Community Development Block Grant fund for capital assets.

These amounts are included in capital contributions.

See accompanying notes to the basic financial statements

City of Ashtabula, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2005

Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$28,585</u>
<i>Total Assets</i>	<u><u>\$28,585</u></u>
Liabilities	
Due to Other Governments	\$2,873
Deposits Held and Due to Others	<u>25,712</u>
<i>Total Liabilities</i>	<u><u>\$28,585</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, 2005

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 interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2005

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

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2005

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

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

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

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

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

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

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

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

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

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

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

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2005

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

C. Measurement Focus

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

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

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

D. Basis of Accounting

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

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2005

local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

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

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 2005.

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, 2005

F. Cash and Cash Equivalents

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

During 2005, investments were limited to nonnegotiable certificates of deposit, reported at cost and STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2005.

Interest is distributed to the general fund and certain special revenue funds of the City. Interest revenue credited to the general fund during 2005 amounted to \$145,271, which includes \$23,011 assigned from other City funds.

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

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

G. Inventory

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

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2005, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which it was consumed.

I. Capital Assets

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

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2005

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

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

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

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

J. Interfund Balances

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

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

K. Compensated Absences

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

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

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2005

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Fund Balance Reserves and Designations

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

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports restricted net assets of \$3,840,289, of which \$2,501,006 is restricted by enabling legislation. Net assets restricted for other purposes include funds for street and highway repairs and the payment of fire and police pensions.

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

O. Operating Revenues and Expenses

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

P. Contributions of Capital

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

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2005

Q. Interfund Activity

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

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

R. Estimates

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

Note 3 – Change in Accounting Principles

For 2005, the City has implemented GASB Statement No. 40, “Deposit and Investment Risk Disclosures” and GASB Statement No. 42, “Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.”

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

GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries.

The implementation of GASB Statement No. 42 did not affect the presentation of the financial statements of the City.

Note 4 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
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3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

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

Net Change in Fund Balance General and Major Special Revenue Funds				
	General	Community Development Block Grant	Sanitation	Street Maintenance And Repair
GAAP Basis	\$345,161	(\$111,618)	(\$49,158)	\$23,464
Net Adjustment for Revenue Accruals	(2,704)	47,751	5,289	(7,670)
Net Adjustment for Expenditure Accruals	8,404	89,448	24,538	(6,666)
Encumbrances	(7,637)	(313,081)	0	(17,956)
Budget Basis	<u>\$343,224</u>	<u>(\$287,500)</u>	<u>(\$19,331)</u>	<u>(\$8,828)</u>

Note 5 - Deposits and Investments

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

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

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

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;

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

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, the carrying amount of the City's deposits was \$1,336,823 and the bank balance was \$1,867,761. Of the bank balance \$300,000 was covered by Federal depository insurance and \$1,567,761 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institutions' trust department or agent, but not in the City's name.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the

City of Ashtabula, Ohio
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City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

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

	Fair Value	Maturity
Repurchase Agreements		
Federal Home Loan Mortgage Note	\$180,597	Daily
Federal National Mortgage Association Note	420,219	Daily
STAROhio	4,596,047	Average 39 days
Total Portfolio	\$5,196,863	

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

Credit Risk The Federal Home Loan Mortgage Note and the Federal National Mortgage Association Note carry a rating of AAA by Standard and Poor's. STAROhio carries a rating of AAA by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that would further limit its investment choices.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Mortgage Note and the Federal National Mortgage Association Note are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the City Treasurer or qualified trustee.

Concentration of Credit Risk is defined by the Governmental Accounting Standards Board as having five percent or more invested in the securities of a single issuer. The City's investment policy places no limit on the amount it may invest in any one issuer. The following is the City's allocation as of December 31, 2005:

Investment Issuer	Percentage of Investments
Repurchase Agreements	11.60%
STAROhio	88.40

Note 6 - Receivables

Receivables at December 31, 2005, 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

City of Ashtabula, Ohio
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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. Although two accounts are delinquent by \$56,265, the City is making every effort to collect these accounts.

Special assessments expected to be collected in more than one year amount to \$247,224 in the Debt Service Fund. At December 31, 2005 the amount of delinquent special assessments was \$1,181.

A. Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2005 for real and public utility property taxes represents collections of the 2004 taxes. Property tax payments received during 2005 for tangible personal property (other than public utility property) are for 2005 taxes.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at rates from 25 to 88 percent of true value. 2005 public utility property taxes which became a lien December 31, 2004, are levied after October 1, 2005, and are collected in 2006 with real property taxes.

2005 tangible personal property taxes are levied after October 1, 2004, on the value as of December 31, 2004. Collections are made in 2005. Tangible personal property assessments are 18.75 percent of true value for capital assets and 18.75 percent of true value for inventory. The full tax rate for all City operations for the year ended December 31, 2005, was \$11.11 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	\$198,647,410
Public Utility Property	20,403,000
Tangible Personal Property	24,410,140
Total Valuation	<u>\$243,460,550</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, 2005 and for which there is an enforceable legal claim. In the general fund, debt service fund, permanent improvement fund, fire pension

City of Ashtabula, Ohio
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fund and police pension fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2005 operations and the collections of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while on a modified accrual basis it is deferred.

B. Income Taxes

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

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

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

In accordance with the City Charter, any income tax ordinance must be approved by a majority vote at a City election prior to the ordinance becoming effective. The current income tax levy has been renewed through December 2007.

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities	
Local Government	\$765,061
Gasoline and Excise Tax	281,355
Homestead & Rollback Taxes	108,296
Grants	98,919
Permissive Tax	67,000
Fines & Forfeitures	42,358
Estate Tax	34,000
Hurricane Katrina Relief	30,881
Liquor Licenses	6,362
Total	<u>\$1,434,232</u>

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 2005, the City contracted with Argonaut Insurance Company for various types of insurance as follows:

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

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

The City provides hospital/medical, dental, drug and vision benefits for its employees through a self-insured program. A third party administrator processes and pays the claims. The City is paying self-insurance claims and administrative costs from its insurance internal service fund. An excess coverage insurance (stop loss) policy covers claims in excess of \$50,000 per employee. During 2005, a total of \$1,981,179 was paid in benefits and administrative costs. The liability for unpaid claims cost of \$7,680, reported in the self insurance internal service fund at December 31, 2005, is based on the requirements of Governmental Accounting Standards Board Statement 30. Statement 30 requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liability was determined by reviewing invoices for claims paid in January and February 2006 which were incurred in 2005.

Starting January 1, 2005, the City entered a group pool and left the self funded retrospective rating program. The City will continue to fund the workers compensation internal service fund to pay current group plan premiums and the remaining retrospective rating claims cost. The City is responsible for claims from January 1, 1995 through December 31, 2003. Incurred but not reported claims of \$230,000 have been accrued as a liability in the workers' compensation internal service fund at December 31, 2005 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
2004	\$491,443	\$1,121,354	(\$1,219,074)	\$393,723
2005	393,723	822,165	(978,208)	237,680

City of Ashtabula, Ohio
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Note 8 - Capital Assets –

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

	Balance 12/31/04	Additions	Deductions	Balance 12/31/05
Governmental Activities:				
Capital Assets, Non-depreciable:				
Land	\$1,883,340	\$100,000	\$0	\$1,983,340
Construction in Progress	1,538,578	314,090	(1,426,576)	426,092
Total Capital Assets, Non-depreciable	<u>\$3,421,918</u>	<u>\$414,090</u>	<u>(\$1,426,576)</u>	<u>\$2,409,432</u>
Capital Assets, Depreciable:				
Buildings and Improvements	\$10,129,258	\$76,386	\$0	\$10,205,644
Equipment	2,826,585	124,741	(31,063)	2,920,263
Vehicles	3,650,561	30,451	(11,039)	3,669,973
Furniture and Fixtures	55,567	0	0	55,567
Infrastructure:				
Bridges	3,533,301	1,109,971	(488,006)	4,155,266
Roads	8,041,625	849,528	(335,874)	8,555,279
Storm Sewers	2,453,915	4,112	0	2,458,027
Traffic Lights	530,694	0	0	530,694
Total Capital Assets, Depreciable	<u>\$31,221,506</u>	<u>\$2,195,189</u>	<u>(\$865,982)</u>	<u>\$32,550,713</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(\$3,826,218)	(\$331,231)	\$0	(\$4,157,449)
Equipment	(2,045,271)	(230,191)	30,596	(2,244,866)
Vehicles	(2,789,793)	(192,295)	11,039	(2,971,049)
Furniture and Fixtures	(34,311)	(4,939)	0	(39,250)
Infrastructure:				
Bridges	(1,514,215)	(38,078)	246,468	(1,305,825)
Roads	(5,707,996)	(458,802)	314,896	(5,851,902)
Storm Sewers	(1,030,800)	(24,788)	0	(1,055,588)
Traffic Lights	(69,015)	(5,411)	0	(74,426)
Total Accumulated Depreciation	<u>(17,017,619)</u>	<u>(1,285,735) *</u>	<u>602,999</u>	<u>(17,700,355)</u>
Total Capital Assets, Depreciable, net	<u>14,203,887</u>	<u>909,454</u>	<u>(262,983)</u>	<u>14,850,358</u>
Governmental Activities Capital Assets, Net	<u>\$17,625,805</u>	<u>\$1,323,544</u>	<u>(\$1,689,559)</u>	<u>\$17,259,790</u>
Business-Type Activities:				
Capital Assets, Non-depreciable:				
Land	\$70,125	\$0	\$0	\$70,125
Construction in Progress	269,300	244,146	(248,401)	265,045
Total Capital Assets, Non-depreciable	<u>339,425</u>	<u>244,146</u>	<u>(248,401)</u>	<u>335,170</u>
Capital Assets, Depreciable:				
Buildings and Improvements	6,695,868	2,345	0	6,698,213
Equipment	1,510,120	57,327	(2,795)	1,564,652
Vehicles	484,756	0	0	484,756
Furniture and Fixtures	3,068	0	0	3,068
Infrastructure:				
Sanitary Sewer System	9,248,669	1,142,208	0	10,390,877
Total Capital Assets, Depreciable	<u>17,942,481</u>	<u>1,201,880</u>	<u>(2,795)</u>	<u>19,141,566</u>

City of Ashtabula, Ohio
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For the Year Ended December 31, 2005

	Balance 12/31/04	Additions	Deductions	Balance 12/31/05
Less Accumulated Depreciation:				
Buildings and Improvements	(\$3,015,645)	(\$169,849)	\$0	(\$3,185,494)
Equipment	(1,182,351)	(60,841)	2,795	(1,240,397)
Vehicles	(448,666)	(7,536)	0	(456,202)
Furniture and Fixtures	(2,480)	(207)	0	(2,687)
Infrastructure:				
Sanitary Sewer System	(3,429,825)	(180,135)	0	(3,609,960)
Total Accumulated Depreciation	(8,078,967)	(418,568)	2,795	(8,494,740)
Total Capital Assets, Depreciable, net	9,863,514	783,312	0	10,646,826
Business-Type Activities Capital Assets Net	<u>\$10,202,939</u>	<u>\$1,027,458</u>	<u>(\$248,401)</u>	<u>\$10,981,996</u>

* Depreciation expense was charged to governmental functions as follows:

General Government	
Legislative and Executive	\$190,965
Judicial	80,736
Security of Persons and Property	
Police	165,455
Fire	99,521
Public Health Services	2,375
Street Maintenance and Repair	614,765
Housing and Community Development	2,243
Sanitation	80,431
Leisure Time Activities	49,244
Total Depreciation Expense	<u>\$1,285,735</u>

Note 9 - Long-Term Debt

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

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

A schedule of changes in bonds and other long-term obligations of the City during 2005 follows:

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For the Year Ended December 31, 2005

	Principal Outstanding 12/31/2004	Additions	Deletions	Principal Outstanding 12/31/2005	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds 2.6% - 5.5%					
Justice Center Bonds	\$1,000,000	\$0	\$610,000	\$390,000	\$190,000
General Obligation Bonds 4.71%					
Building Renovation Bonds	268,660	0	156,733	111,927	111,927
General Obligation Bonds 3.93%					
Mareddy Estates Bonds	111,188	0	20,557	90,631	21,365
Total General Obligation Bonds	\$1,379,848	\$0	\$787,290	\$592,558	\$323,292
Special Assessment Debt with Governmental Commitment					
9.375% Main Avenue Widening	\$20,000	\$0	\$10,000	\$10,000	\$10,000
OPWC Loan	151,627	0	14,673	136,954	4,891
Police and Fire Loan	391,354	0	93,530	297,824	96,347
Claims Payable	392,834	823,054	978,208	237,680	122,680
Judgments Payable	200,000	0	0	200,000	200,000
Compensated Absences	2,416,399	1,149,912	1,088,717	2,477,594	1,149,912
Capital Lease Obligation	1,658	0	1,021	637	637
Total Governmental Activities	\$4,953,720	\$1,972,966	\$2,973,439	\$3,953,247	\$1,907,759
Business Type Activities					
OWDA Loan					
4.35% Wastewater Plant Renovation	\$1,449,159	\$0	\$99,520	\$1,349,639	\$103,896
Compensated Absences	309,954	122,383	172,178	260,159	122,383
Total Business Type Activities	\$1,759,113	\$122,383	\$271,698	\$1,609,798	\$226,279

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. During 2005 the City paid an additional \$430,000 on its justice center bonds. The main avenue widening special assessment bonds and the OPWC loan are secured by the future collection of special assessments. In the event that the benefited property owner would fail to pay the assessment, payment would be made by the City. The amounts due the Ohio Water Development Authority are payable solely from sewer revenues. The judgment will be paid from the sanitation fund. The police and fire loan is paid from revenues of the general fund. Compensated absences will be paid from the general fund, the code enforcement, community development block grant, food service, sanitation, street maintenance and repair, walnut beach special revenue funds and wastewater treatment fund. Claims payable will be paid from the internal service funds (See Note 7). Capital leases are paid from the general fund and the community development block grant fund.

City of Ashtabula, Ohio
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For the Year Ended December 31, 2005

The City's overall legal debt margin was \$25,318,397 at December 31, 2005. 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, 2005, 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	
	2006	103,896	57,592	4,891	323,292	28,924	10,000	938	96,348	
2007	108,465	53,023	9,782	222,205	13,122	0	0	99,248	6,067	511,912
2008	113,234	48,254	9,782	23,077	1,850	0	0	102,228	3,087	301,512
2009	118,214	43,274	9,782	23,984	943	0	0	0	0	196,197
2010	123,412	38,076	9,782							171,270
2011 - 2015	703,395	104,044	48,913	0	0	0	0	0	0	856,352
2016 - 2020	79,023	1,719	44,022	0	0	0	0	0	0	124,764
Total	\$1,349,639	345,982	\$136,954	\$592,558	\$44,839	\$10,000	\$938	\$297,824	\$18,122	\$2,796,856

Note 10 - Compensated Absences

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

Each year the City determines whether a sick leave buy-out option will be offered to employees. This option with maximum buy-out of 160 hours per year allows employees to receive 100 percent payment for any sick leave balance in excess of 960 hours. This sick leave buy-out was not offered in 2005.

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

Note 11 - Leases

The City has one lease for a copier. The City's lease obligation meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", and has been recorded on the government-wide statements. The equipment has been capitalized in the amount of \$4,490. The book value is \$509. 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, 2006	
Total minimum lease payments	\$649
Less: Amount representing interest	(12)
Present value of minimum lease payments	<u>\$637</u>

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2005

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

The City, as a lessor, has entered into an agreement leasing a building and accompanying land to Dairy Queen Inc., as well as thirteen and one half percent of an additional building to Keybank National Corporation. The lease with Keybank is for ten years with a five-year extension at Keybank's option. The following schedule provides an analysis of the leased property at December 31, 2005:

	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	(31,791)	(11,795)
Leased property, net of depreciation	\$68,624	\$87,406

The following is a schedule by years of minimum future rentals on the operating leases as of December 31, 2005:

Year ending December 31,	Dairy Queen Incorporated	Keybank National Corporation
2006	\$12,751	\$134,062
2007	13,134	134,062
2008	13,528	134,062
2009	13,934	134,062
2010	14,352	22,344
2011 - 2013	44,349	0
Total minimum lease payments	\$112,048	\$558,592

Note 12 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2005

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

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The City's contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$416,306, \$420,158, and \$367,832, respectively; 97.93 percent has been contributed for 2005 and 100 percent for 2004 and 2003. There were no contributions to the member-directed plan for 2005.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for the years ended December 31, 2005, 2004, and 2003 were \$431,541, \$446,730 and \$456,559, respectively, equal to the required contributions for each year. The full amount has been contributed for 2004 and 2003. 72.55 percent has been contributed for 2005 with the remainder being reported as a liability.

Note 13 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2005

aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 to 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$174,369. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2005, 2004 and 2003. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2005

The City's actual contributions for 2005 that were used to fund postemployment benefits were \$134,617 for police and \$108,473 for firefighters. The OP&F's total health care expense for the year ended December 31, 2004, (the latest information available) was \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004, was 13,812 for police and 10,528 for firefighters.

Note 14 - Contingent Liabilities

A. Litigation

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

B. Federal and State Grants

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

Note 15 - Related Party Transactions

The Ashtabula Port Authority, a discretely presented component unit of the City of Ashtabula, receives contributions from the City for salaries for the administration, implementation and supervision of its projects. In 2005, these contributions totaled \$13,925.

Note 16 – Contractual Commitments

At December 31, 2005 the City of Ashtabula had contractual commitments for engineering services with GGJ, Incorporated for \$47,000 for the Equalization Basin project, Smolen Engineering for \$68,160 for engineering services for the West Avenue railroad overpass, Union Industrial Contractors for \$389,643 for wastewater treatment plant centrifuge project, and Lake County Sewer Company for \$200,500 for West 36th Street Central Corridor Sanitary Sewer project. Additional contractual commitments with Ashtabula Township Fire Department for \$20,000 for dispatch services, and S R Snodgrass for \$46,500 for audit services. The City also has a purchase commitment with Sutphen Corporation for a new fire truck for \$111,422.

Note 17 – Interfund Transfers

Interfund transfers for the year ended December 31, 2005, consisted of the following:

	Transfer From					Total
	General	Motor Vehicle License Tax	State Highway	FEMA Grant	Wastewater Treatment	
<u>Transfer to</u>						
General	\$0	\$0	\$0	\$2,486	\$0	\$2,486
Street Maintenance and Repair	215,000	43,000	48,000	0	0	306,000
Permanent Improvement	120,000	0	0	0	50,000	170,000

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2005

	Transfer From					Total
	General	Motor Vehicle License Tax	State Highway	FEMA Grant	Wastewater Treatment	
Other Governmental Funds						
Code Enforcement	61,000	0	0	0	0	61,000
Food Service	32,500	0	0	0	0	32,500
Fire Pension	150,000	0	0	0	0	150,000
Police Pension	151,000	0	0	0	0	151,000
Walnut Beach	5,000	0	0	0	0	5,000
Total Other Governmental Funds	<u>399,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>399,500</u>
Total Transfers	<u>\$734,500</u>	<u>\$43,000</u>	<u>\$48,000</u>	<u>\$2,486</u>	<u>\$50,000</u>	<u>\$877,986</u>

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

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

Note 18 - Ashtabula Port Authority

A. Description of Reporting Entity

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

B. Summary of Significant Accounting Policies

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

1. Due to Primary Government

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

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2005

2. Property, Plant, Equipment and Depreciation

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

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

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

C. Deposits and Investments

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

At year-end, the carrying amount of the Ashtabula Port Authority's deposits was \$156,564 and the bank balance was \$156,564. Federal Depository Insurance covered \$100,000 of the bank balance.

\$56,564 was uncollateralized and uninsured. Although the pledging banks have an investment and securities pool used to collateralize all public deposits which are held in the financial institutions' name, noncompliance with federal requirements could potentially subject the Port Authority to a successful claim by the FDIC.

For the purpose of classification under GASB Statement No. 40, the Ashtabula Port Authority did not have any investments at year-end.

D. Capital Assets

A summary of the Ashtabula Port Authority's capital assets at December 31, 2005 follows:

	Balance 12/31/2004	Additions	Deductions	Balance 12/31/2005
Governmental Activities				
Capital Assets, Non-depreciable:				
Land	\$306,885	\$15,000	\$0	\$321,885
Capital Assets, Depreciable:				
Improvements	484,175	0	0	484,175
Less Accumulated Depreciation:				
Improvements	(110,671)	(25,209)	0	(135,880)
Total Assets, Depreciable, net	373,504	(25,209)	0	348,295
Governmental Activities Capital Assets, Net	\$680,389	(\$10,209)	\$0	\$670,180

City of Ashtabula, Ohio
Notes To The Basic Financial Statements
For the Year Ended December 31, 2005

E. Long-term Debt

The City has loaned the Ashtabula Port Authority money in the amount of \$150,000. As of December 31, 2005, \$33,401 of this loan has been repaid leaving a balance of \$116,599. The following is a repayment schedule for the loan:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$6,269	\$5,119	\$11,388
2007	6,557	4,831	11,388
2008	6,858	4,530	11,388
2009	7,173	4,214	11,387
2010 – 2014	41,122	15,816	56,938
2015 – 2019	48,620	5,472	54,092
Total	<u>\$116,599</u>	<u>\$39,982</u>	<u>\$156,581</u>

Combining Statements and Individual Fund Schedules

Combining Statements - Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

(continued)

Combining Statements - Nonmajor Governmental Funds (continued)

Nonmajor Special Revenue Funds

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

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

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

Nonmajor Capital Projects Fund

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

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

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

	Code Enforcement	Fire Pension	Food Service	Indigent Alcohol
Assets				
Equity in Pooled Cash and Cash Equivalents	\$49,730	\$237,908	\$13,606	\$24,834
Receivables:				
Taxes	0	330,082	0	0
Due from Other Governments	0	12,742	0	270
<i>Total Assets</i>	<u>\$49,730</u>	<u>\$580,732</u>	<u>\$13,606</u>	<u>\$25,104</u>
Liabilities and Fund Balances				
Accounts Payable	\$0	\$0	\$244	\$0
Accrued Wages	0	0	1,662	0
Due to Other Governments	0	96,170	645	0
Deferred Revenue	0	342,824	0	0
Deposits Held and Due to Others	0	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>438,994</u>	<u>2,551</u>	<u>0</u>
Fund Balances				
Reserved for Encumbrances	0	101,914	0	0
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	49,730	39,824	11,055	25,104
Capital Projects Funds	0	0	0	0
<i>Total Fund Balances</i>	<u>49,730</u>	<u>141,738</u>	<u>11,055</u>	<u>25,104</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$49,730</u>	<u>\$580,732</u>	<u>\$13,606</u>	<u>\$25,104</u>

(continued)

City of Ashtabula, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds (continued)
December 31, 2005

	Law Enforcement Trust	Marina	Motor Vehicle License Tax	Municipal Probation Services	Police Pension
Assets					
Equity in Pooled Cash and Cash Equivalents	\$18,426	\$4,250	\$6,759	\$81,828	\$245,995
Receivables:					
Taxes	0	0	0	0	330,082
Due from Other Governments	0	0	22,000	2,405	12,742
<i>Total Assets</i>	<u>\$18,426</u>	<u>\$4,250</u>	<u>\$28,759</u>	<u>\$84,233</u>	<u>\$588,819</u>
Liabilities and Fund Balances					
Accounts Payable	\$0	\$0	\$0	\$0	\$0
Accrued Wages	0	0	0	0	0
Due to Other Governments	0	0	0	0	95,436
Deferred Revenue	0	0	19,879	0	342,824
Deposits Held and Due to Others	0	0	0	1,042	0
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>19,879</u>	<u>1,042</u>	<u>438,260</u>
Fund Balances					
Reserved for Encumbrances	0	0	0	0	106,951
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	18,426	4,250	8,880	83,191	43,608
Capital Projects Funds	0	0	0	0	0
<i>Total Fund Balances</i>	<u>18,426</u>	<u>4,250</u>	<u>8,880</u>	<u>83,191</u>	<u>150,559</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$18,426</u>	<u>\$4,250</u>	<u>\$28,759</u>	<u>\$84,233</u>	<u>\$588,819</u>

<u>Public Health Nursing</u>	<u>State Highway</u>	<u>Walnut Beach</u>	<u>Total Nonmajor Special Revenue Funds</u>	<u>Nonmajor Construction Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$27,303	\$11,369	\$9,089	\$731,097	\$3,311	\$734,408
0	0	0	660,164	0	660,164
0	26,454	0	76,613	0	76,613
<u>\$27,303</u>	<u>\$37,823</u>	<u>\$9,089</u>	<u>\$1,467,874</u>	<u>\$3,311</u>	<u>\$1,471,185</u>
\$150	\$0	\$0	\$394	\$0	\$394
0	0	0	1,662	0	1,662
950	0	0	193,201	0	193,201
0	22,729	0	728,256	0	728,256
0	0	0	1,042	0	1,042
<u>1,100</u>	<u>22,729</u>	<u>0</u>	<u>924,555</u>	<u>0</u>	<u>924,555</u>
0	0	0	208,865	0	208,865
26,203	15,094	9,089	334,454	0	334,454
0	0	0	0	3,311	3,311
<u>26,203</u>	<u>15,094</u>	<u>9,089</u>	<u>543,319</u>	<u>3,311</u>	<u>546,630</u>
<u>\$27,303</u>	<u>\$37,823</u>	<u>\$9,089</u>	<u>\$1,467,874</u>	<u>\$3,311</u>	<u>\$1,471,185</u>

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

	Code Enforcement	FEMA Grant	Fire Pension	Food Service	Indigent Alcohol
Revenues					
Property and Other Taxes	\$0	\$0	\$273,301	\$0	\$0
Charges for Services	0	0	0	0	0
Licenses and Permits	54,501	0	0	45,023	0
Fines and Forfeitures	0	0	0	0	9,833
Intergovernmental	0	0	31,823	0	0
Interest	1,860	0	0	0	0
<i>Total Revenues</i>	<u>56,361</u>	<u>0</u>	<u>305,124</u>	<u>45,023</u>	<u>9,833</u>
Expenditures					
Current:					
General Government:					
Judicial System	0	0	0	0	11,962
Security of Persons and Property:					
Police	0	0	0	0	0
Fire	0	0	345,194	0	0
Public Health Services	0	0	0	72,657	0
Street Maintenance and Repairs	0	0	0	0	0
Housing and Community Development	125,735	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Principal Retirement	805	0	0	0	0
Interest and Fiscal Charges	60	0	0	0	0
<i>Total Expenditures</i>	<u>126,600</u>	<u>0</u>	<u>345,194</u>	<u>72,657</u>	<u>11,962</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(70,239)</u>	<u>0</u>	<u>(40,070)</u>	<u>(27,634)</u>	<u>(2,129)</u>
Other Financing Sources (Uses)					
Transfers In	61,000	0	151,000	32,500	0
Transfers Out	0	(2,486)	0	0	0
<i>Total Other Financing Sources and Uses</i>	<u>61,000</u>	<u>(2,486)</u>	<u>151,000</u>	<u>32,500</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(9,239)</u>	<u>(2,486)</u>	<u>110,930</u>	<u>4,866</u>	<u>(2,129)</u>
<i>Fund Balances Beginning of Year</i>	59,647	2,486	30,808	6,189	27,233
Decrease in Reserve for Inventory	(678)	0	0	0	0
<i>Fund Balances End of Year</i>	<u><u>\$49,730</u></u>	<u><u>\$0</u></u>	<u><u>\$141,738</u></u>	<u><u>\$11,055</u></u>	<u><u>\$25,104</u></u>

Law Enforcement Trust	Marina	Motor Vehicle License Tax	Municipal Probation Services	Police Pension	Public Health Nursing
\$0	\$0	\$0	\$0	\$269,589	\$0
0	0	0	0	0	48,218
0	13,925	0	0	0	0
17,614	0	0	38,058	0	0
0	0	41,128	0	31,823	0
0	0	0	0	0	0
<u>17,614</u>	<u>13,925</u>	<u>41,128</u>	<u>38,058</u>	<u>301,412</u>	<u>48,218</u>
0	0	0	25,456	0	0
5,443	0	0	0	342,550	0
0	0	0	0	0	0
0	0	0	0	0	35,005
0	0	0	0	0	0
0	0	0	0	0	0
0	13,925	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>5,443</u>	<u>13,925</u>	<u>0</u>	<u>25,456</u>	<u>342,550</u>	<u>35,005</u>
<u>12,171</u>	<u>0</u>	<u>41,128</u>	<u>12,602</u>	<u>(41,138)</u>	<u>13,213</u>
0	0	0	0	150,000	0
0	0	(43,000)	0	0	0
<u>0</u>	<u>0</u>	<u>(43,000)</u>	<u>0</u>	<u>150,000</u>	<u>0</u>
12,171	0	(1,872)	12,602	108,862	13,213
6,255	4,250	10,752	70,589	41,697	12,990
0	0	0	0	0	0
<u>\$18,426</u>	<u>\$4,250</u>	<u>\$8,880</u>	<u>\$83,191</u>	<u>\$150,559</u>	<u>\$26,203</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, 2005

	State Highway	Walnut Beach	Total Nonmajor Special Revenue Funds	Nonmajor Construction Capital Projects Fund	Total Nonmajor Governmental Funds
Revenues					
Property and Other Taxes	\$0	\$0	\$542,890	\$0	\$542,890
Charges for Services	0	0	48,218	0	48,218
Licenses and Permits	0	0	113,449	0	113,449
Fines and Forfeitures	0	0	65,505	0	65,505
Intergovernmental	55,843	0	160,617	0	160,617
Interest	3,755	0	5,615	0	5,615
<i>Total Revenues</i>	<u>59,598</u>	<u>0</u>	<u>936,294</u>	<u>0</u>	<u>936,294</u>
Expenditures					
Current:					
General Government:					
Judicial System	0	0	37,418	0	37,418
Security of Persons and Property:					
Police	0	0	347,993	0	347,993
Fire	0	0	345,194	0	345,194
Public Health Services	0	0	107,662	0	107,662
Street Maintenance and Repairs	11,000	0	11,000	0	11,000
Housing and Community Development	0	0	125,735	0	125,735
Leisure Time Activities	0	3,331	17,256	0	17,256
Principal Retirement	0	0	805	0	805
Interest and Fiscal Charges	0	0	60	0	60
<i>Total Expenditures</i>	<u>11,000</u>	<u>3,331</u>	<u>993,123</u>	<u>0</u>	<u>993,123</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>48,598</u>	<u>(3,331)</u>	<u>(56,829)</u>	<u>0</u>	<u>(56,829)</u>
Other Financing Sources (Uses)					
Transfers In	0	5,000	399,500	0	399,500
Transfers Out	(48,000)	0	(93,486)	0	(93,486)
<i>Total Other Financing Sources and Uses</i>	<u>(48,000)</u>	<u>5,000</u>	<u>306,014</u>	<u>0</u>	<u>306,014</u>
<i>Net Change in Fund Balances</i>	598	1,669	249,185	0	249,185
<i>Fund Balances Beginning of Year</i>	14,496	7,420	294,812	3,311	298,123
Decrease in Reserve for Inventory	0	0	(678)	0	(678)
<i>Fund Balances End of Year</i>	<u>\$15,094</u>	<u>\$9,089</u>	<u>\$543,319</u>	<u>\$3,311</u>	<u>\$546,630</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, 2005

	Self Insurance	Workers' Compensation	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$452,013	\$1,957,208	\$2,409,221
Prepaid Items	6,450	0	6,450
<i>Total Assets</i>	<u>458,463</u>	<u>1,957,208</u>	<u>2,415,671</u>
Liabilities and Fund Balances			
Accounts Payable	0	280	280
Due to Other Governments	0	171,461	171,461
Claims Payable	7,680	115,000	122,680
<i>Total Current Liabilities</i>	7,680	286,741	294,421
Long-Term Liabilities:			
Claims Payable	0	115,000	115,000
<i>Total Liabilities</i>	<u>7,680</u>	<u>401,741</u>	<u>409,421</u>
Net Assets			
Unrestricted	450,783	1,555,467	2,006,250
<i>Total Net Assets</i>	<u>\$450,783</u>	<u>\$1,555,467</u>	<u>\$2,006,250</u>

City of Ashtabula, Ohio
*Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2005*

	Self Insurance	Workers' Compensation	Total
Revenues			
Charges for Services	\$1,903,960	\$85,000	\$1,988,960
Miscellaneous	0	1,759	1,759
<i>Total Revenues</i>	<u>1,903,960</u>	<u>86,759</u>	<u>1,990,719</u>
Operating Expenses			
Contractual Services	1,345,374	63,598	1,408,972
Claims	635,805	186,360	822,165
<i>Total Operating Expenses</i>	<u>1,981,179</u>	<u>249,958</u>	<u>2,231,137</u>
<i>Change in Net Assets</i>	(77,219)	(163,199)	(240,418)
<i>Net Assets Beginning of Year</i>	<u>528,002</u>	<u>1,718,666</u>	<u>2,246,668</u>
<i>Net Assets End of Year</i>	<u>\$450,783</u>	<u>\$1,555,467</u>	<u>\$2,006,250</u>

City of Ashtabula, Ohio
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2005

	Self Insurance	Workers' Compensation	Total
<i>Increase (Decrease) In Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Other Funds	\$1,905,425	\$85,000	\$1,990,425
Cash Payments Received from Other Operating Sources	0	1,759	1,759
Cash Payments to Suppliers for Goods and Services	(1,350,935)	(53,304)	(1,404,239)
Cash Payments for Claims	(761,848)	(216,360)	(978,208)
<i>Net Decrease In Cash and Cash Equivalents</i>	(207,358)	(182,905)	(390,263)
<i>Cash and Cash Equivalents Beginning of Year</i>	659,371	2,140,113	2,799,484
<i>Cash and Cash Equivalents End of Year</i>	\$452,013	\$1,957,208	\$2,409,221
Reconciliation of Operating Loss to Net Cash Used for Operating Activities			
<i>Operating Loss</i>	(\$77,219)	(\$163,199)	(\$240,418)
(Increase) Decrease in Assets:			
Accounts Receivable	1,465	0	1,465
Prepaid Items	(6,450)	0	(6,450)
Increase (Decrease) in Liabilities:			
Accounts Payable	0	(527)	(527)
Due to Other Governments	0	10,821	10,821
Claims Payable	(125,154)	(30,000)	(155,154)
<i>Net Cash Used for Operating Activities</i>	(\$207,358)	(\$182,905)	(\$390,263)

Combining Statement - Agency Funds

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

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

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

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

City of Ashtabula, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2005

	Balance 1/1/2005	Additions	Reductions	Balance 12/31/2005
<i>Fire Deposits</i>				
Assets				
Equity Pooled in Cash and Cash Equivalents	\$41,157	\$12,660	\$28,660	\$25,157
Liabilities				
Deposits Held and Due to Others	\$41,157	\$12,660	\$28,660	\$25,157
<i>Law Library</i>				
Assets				
Equity Pooled in Cash and Cash Equivalents	\$10	\$37,789	\$34,926	\$2,873
Liabilities				
Due to Other Governments	\$10	\$37,789	\$34,926	\$2,873
<i>Street Deposits</i>				
Assets				
Equity Pooled in Cash and Cash Equivalents	\$555	\$0	\$0	\$555
Liabilities				
Deposits Held and Due to Others	\$555	\$0	\$0	\$555
<i>Total Agency</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$41,722	\$50,449	\$63,586	\$28,585
Liabilities				
Due to Other Governments	\$10	\$37,789	\$34,926	\$2,873
Deposits Held and Due to Others	41,712	12,660	28,660	25,712
<i>Total Liabilities</i>	\$41,722	\$50,449	\$63,586	\$28,585

**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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$948,000	\$948,000	\$987,076	\$39,076
Municipal Income Tax	5,325,000	5,541,850	5,872,891	331,041
Charges for Services	125,400	125,400	147,078	21,678
Licenses and Permits	59,808	59,808	65,396	5,588
Fines and Forfeitures	498,300	498,300	560,727	62,427
Intergovernmental	1,666,220	1,884,220	1,908,739	24,519
Interest	62,500	62,500	145,271	82,771
Rentals	73,200	73,200	78,923	5,723
Other	233,950	233,950	215,676	(18,274)
Total Revenues	8,992,378	9,427,228	9,981,777	554,549
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Council:				
Personal Services	153,876	153,359	152,185	1,174
Materials and Supplies	4,200	4,600	3,112	1,488
Contractual Services	2,500	1,500	1,500	0
Total Council	160,576	159,459	156,797	2,662
Administration:				
Personal Services	126,930	130,242	128,772	1,470
Materials and Supplies	3,907	7,507	7,488	19
Contractual Services	2,000	4,000	3,140	860
Total Administration	132,837	141,749	139,400	2,349
Auditor:				
Personal Services	235,375	232,068	230,850	1,218
Materials and Supplies	11,493	13,493	12,764	729
Contractual Services	3,500	3,500	3,500	0
Total Auditor	250,368	249,061	247,114	1,947
Treasurer:				
Personal Services	55,770	55,655	55,505	150
Materials and Supplies	2,000	2,010	2,007	3
Total Treasurer	\$57,770	\$57,665	\$57,512	\$153

(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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
City Income Tax:				
Personal Services	\$164,888	\$164,544	\$163,768	\$776
Materials and Supplies	14,000	19,600	19,456	144
Total City Income Tax	178,888	184,144	183,224	920
Solicitor:				
Personal Services	180,918	241,225	240,448	777
Materials and Supplies	6,000	8,100	7,288	812
Total Solicitor	186,918	249,325	247,736	1,589
Motor Maintenance:				
Personal Services	112,300	85,628	80,404	5,224
Materials and Supplies	144,227	162,727	154,788	7,939
Total Motor Maintenance	256,527	248,355	235,192	13,163
Engineering:				
Personal Services	171,253	173,059	171,975	1,084
Materials and Supplies	11,078	16,203	16,099	104
Contractual Services	1,000	1,000	422	578
Total Engineering	183,331	190,262	188,496	1,766
Affirmative Action:				
Personal Services	2,249	2,264	2,261	3
Materials and Supplies	200	200	0	200
Total Affirmative Action	2,449	2,464	2,261	203
County Auditor Deductions:				
Contractual Services	161,249	150,149	143,491	6,658
General Services:				
Street and Viaduct Lighting	363,200	363,200	362,069	1,131
Legal Advertising	4,000	4,000	3,639	361
Photocopy Machine	3,000	3,000	1,814	1,186
Bus Subsidy	31,000	31,000	31,000	0
Indigent Burials	3,000	3,000	2,900	100
Settlement of Claims	8,000	6,500	3,386	3,114
Membership Fees	9,200	7,400	7,336	64
Visitors Guide	800	875	875	0
Bank Fees	7,500	13,300	13,297	3
Total General Services	\$429,700	\$432,275	\$426,316	\$5,959

(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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Civil Service:				
Personal Services	\$9,538	\$9,688	\$9,470	\$218
Materials and Supplies	9,000	19,526	19,119	407
Total Civil Service	18,538	29,214	28,589	625
Lands and Buildings:				
Personal Services	162,707	150,522	145,846	4,676
Materials and Supplies	59,142	81,800	80,399	1,401
Contractual Services	301,579	307,079	294,570	12,509
Total Lands and Buildings	523,428	539,401	520,815	18,586
Systems Analyst:				
Personal Services	67,793	68,879	68,551	328
Materials and Supplies	3,956	4,506	4,467	39
Total Systems Analyst	71,749	73,385	73,018	367
Water Pollution:				
Personal Services	2,191	1,870	1,843	27
Total Legislative and Executive	2,616,519	2,708,778	2,651,804	56,974
Judicial System:				
Municipal Court/Probation:				
Personal Services	775,029	753,523	752,197	1,326
Materials and Supplies	65,071	63,071	61,361	1,710
Contractual Services	12,010	12,010	11,060	950
Total Judicial System	852,110	828,604	824,618	3,986
Total General Government	3,468,629	3,537,382	3,476,422	60,960
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	2,609,250	2,572,482	2,567,039	5,443
Materials and Supplies	240,296	338,523	338,424	99
Contractual Services	36,700	31,973	29,975	1,998
Total Police	\$2,886,246	\$2,942,978	\$2,935,438	\$7,540

(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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fire:				
Fire Prevention:				
Personal Services	\$2,044,581	\$2,082,928	\$2,081,575	\$1,353
Materials and Supplies	12,765	18,765	17,500	1,265
Contractual Services	78,000	78,000	75,155	2,845
Total Fire	<u>2,135,346</u>	<u>2,179,693</u>	<u>2,174,230</u>	<u>5,463</u>
Total Security of Persons and Property	<u>5,021,592</u>	<u>5,122,671</u>	<u>5,109,668</u>	<u>13,003</u>
Public Health Services:				
Health:				
Personal Services	141,411	150,975	150,780	195
Materials and Supplies	2,800	3,400	3,010	390
Contractual Services	35,000	41,476	37,315	4,161
Total Public Health Services	<u>179,211</u>	<u>195,851</u>	<u>191,105</u>	<u>4,746</u>
Street Maintenance and Repairs:				
Street:				
Personal Services	1,657	1,388	1,365	23
Housing and Community Development:				
Housing Inspection:				
Personal Services	16,525	6,758	1,213	5,545
Sanitation Services:				
Sanitation:				
Personal Services	1,497	1,256	1,235	21
Leisure Time Activities:				
Recreation:				
Materials and Supplies	0	20,000	20,000	0
Debt Service:				
Principal Retirement	93,746	93,746	93,746	0
Interest and Fiscal Charges	11,786	11,786	11,785	1
Total Expenditures	<u>\$8,794,643</u>	<u>\$8,990,838</u>	<u>\$8,906,539</u>	<u>\$84,299</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, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<i>Excess of Revenues Over Expenditures</i>	<u>\$197,735</u>	<u>\$436,390</u>	<u>\$1,075,238</u>	<u>\$638,848</u>
Other Financing Sources (Uses)				
Transfers In	140,000	140,000	2,486	(137,514)
Transfers Out	<u>(364,500)</u>	<u>(734,500)</u>	<u>(734,500)</u>	<u>0</u>
<i>Total Other Financing Uses</i>	<u>(224,500)</u>	<u>(594,500)</u>	<u>(732,014)</u>	<u>(137,514)</u>
<i>Net Change in Fund Balance</i>	(26,765)	(158,110)	343,224	501,334
<i>Fund Balance Beginning of Year</i>	248,057	248,057	248,057	0
Prior Year Encumbrances Appropriated	<u>26,764</u>	<u>26,764</u>	<u>26,764</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$248,056</u>	<u>\$116,711</u>	<u>\$618,045</u>	<u>\$501,334</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$1,666,248	\$1,817,248	\$945,651	(\$871,597)
Interest	2,630	2,630	9,048	6,418
<i>Total Revenues</i>	<u>1,668,878</u>	<u>1,819,878</u>	<u>954,699</u>	<u>(865,179)</u>
Expenditures				
Current:				
Housing and Community Development:				
Community Development Block Grant:				
Personal Services	329,879	329,879	166,433	163,446
Materials and Supplies	5,000	5,000	1,760	3,240
Contractual Services	1,507,853	1,528,853	1,074,006	454,847
<i>Total Expenditures</i>	<u>1,842,732</u>	<u>1,863,732</u>	<u>1,242,199</u>	<u>621,533</u>
<i>Net Change in Fund Balance</i>	(173,854)	(43,854)	(287,500)	(243,646)
<i>Fund Balance Beginning of Year</i>	258,961	258,961	258,961	0
Prior Year Encumbrances Appropriated	173,854	173,854	173,854	0
<i>Fund Balance End of Year</i>	<u>\$258,961</u>	<u>\$388,961</u>	<u>\$145,315</u>	<u>(\$243,646)</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$1,306,833	\$1,306,833	\$1,319,710	\$12,877
Intergovernmental	45,000	45,000	44,765	(235)
Other	3,200	3,200	9,878	6,678
<i>Total Revenues</i>	<u>1,355,033</u>	<u>1,355,033</u>	<u>1,374,353</u>	<u>19,320</u>
Expenditures				
Current:				
Sanitation Services:				
Sanitation:				
Personal Services	930,600	931,700	874,086	57,614
Materials and Supplies	75,000	113,400	96,215	17,185
Contractual Services	355,500	441,000	423,383	17,617
<i>Total Expenditures</i>	<u>1,361,100</u>	<u>1,486,100</u>	<u>1,393,684</u>	<u>92,416</u>
<i>Net Change in Fund Balance</i>	(6,067)	(131,067)	(19,331)	111,736
<i>Fund Balance Beginning of Year</i>	388,631	388,631	388,631	0
Prior Year Encumbrances Appropriated	6,067	6,067	6,067	0
<i>Fund Balance End of Year</i>	<u>\$388,631</u>	<u>\$263,631</u>	<u>\$375,367</u>	<u>\$111,736</u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$0	\$0	\$5,362	\$5,362
Intergovernmental	905,500	905,500	781,042	(124,458)
Interest	4,500	4,500	52,753	48,253
<i>Total Revenues</i>	<u>910,000</u>	<u>910,000</u>	<u>839,157</u>	<u>(70,843)</u>
Expenditures				
Current:				
Street Maintenance and Repairs:				
Public Works:				
Personal Services	808,675	839,675	826,491	13,184
Materials and Supplies	247,214	306,214	294,867	11,347
Contractual Services	30,000	40,000	32,627	7,373
<i>Total Expenditures</i>	<u>1,085,889</u>	<u>1,185,889</u>	<u>1,153,985</u>	<u>31,904</u>
<i>Excess of Revenues Under Expenditures</i>	(175,889)	(275,889)	(314,828)	(38,939)
Other Financing Sources				
Transfers In	162,000	162,000	306,000	144,000
<i>Net Change in Fund Balance</i>	(13,889)	(113,889)	(8,828)	105,061
<i>Fund Balance Beginning of Year</i>	259,726	259,726	259,726	0
Prior Year Encumbrances Appropriated	13,889	13,889	13,889	0
<i>Fund Balance End of Year</i>	<u>\$259,726</u>	<u>\$159,726</u>	<u>\$264,787</u>	<u>\$105,061</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$818,300	\$818,300	\$373,277	(\$445,023)
Intergovernmental	52,500	52,500	41,491	(11,009)
Special Assessments	49,504	49,504	56,489	6,985
<i>Total Revenues</i>	<u>920,304</u>	<u>920,304</u>	<u>471,257</u>	<u>(449,047)</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Bond Retirement:				
Materials and Supplies	1,350	850	350	500
Contractual Services	9,830	10,830	9,941	889
Total General Government	<u>11,180</u>	<u>11,680</u>	<u>10,291</u>	<u>1,389</u>
Debt Service:				
Principal Retirement	670,558	670,558	655,230	15,328
Interest and Fiscal Charges	238,566	238,066	47,854	190,212
Total Debt Service	<u>909,124</u>	<u>908,624</u>	<u>703,084</u>	<u>205,540</u>
<i>Total Expenditures</i>	<u>920,304</u>	<u>920,304</u>	<u>713,375</u>	<u>206,929</u>
<i>Net Change in Fund Balance</i>	0	0	(242,118)	(242,118)
<i>Fund Balance Beginning of Year</i>	<u>590,065</u>	<u>590,065</u>	<u>590,065</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$590,065</u></u>	<u><u>\$590,065</u></u>	<u><u>\$347,947</u></u>	<u><u>(\$242,118)</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$397,000	\$397,000	\$417,607	\$20,607
Municipal Income Tax	530,000	630,000	644,485	14,485
Fines and Forfeitures	35,000	35,000	25,438	(9,562)
Intergovernmental	173,917	223,917	200,421	(23,496)
Rentals	58,200	58,200	71,162	12,962
Other	1,165	1,165	214	(951)
<i>Total Revenues</i>	<u>1,195,282</u>	<u>1,345,282</u>	<u>1,359,327</u>	<u>14,045</u>
Expenditures				
Capital Outlay:				
Materials and Supplies	197,627	197,627	177,627	20,000
Contractual Services	123,370	115,370	65,370	50,000
Capital Outlay	951,284	1,109,284	1,071,290	37,994
Total Capital Outlay	<u>1,272,281</u>	<u>1,422,281</u>	<u>1,314,287</u>	<u>107,994</u>
Debt Service:				
Principal Retirement	156,733	156,733	156,733	0
Interest and Fiscal Charges	13,267	13,267	12,654	613
Total Debt Service	<u>170,000</u>	<u>170,000</u>	<u>169,387</u>	<u>613</u>
<i>Total Expenditures</i>	<u>1,442,281</u>	<u>1,592,281</u>	<u>1,483,674</u>	<u>108,607</u>
<i>Excess of Revenues Under Expenditures</i>	(246,999)	(246,999)	(124,347)	122,652
Other Financing Sources				
Transfers In	<u>50,000</u>	<u>50,000</u>	<u>170,000</u>	<u>120,000</u>
<i>Net Change in Fund Balance</i>	(196,999)	(196,999)	45,653	242,652
<i>Fund Balance Beginning of Year</i>	278,035	278,035	278,035	0
Prior Year Encumbrances Appropriated	<u>196,999</u>	<u>196,999</u>	<u>196,999</u>	<u>0</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, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for Services	\$3,082,461	\$3,432,461	\$3,156,086	(\$276,375)
Tap-In Fees	100,000	100,000	77,500	(22,500)
<i>Total Revenues</i>	<u>3,182,461</u>	<u>3,532,461</u>	<u>3,233,586</u>	<u>(298,875)</u>
Expenses				
Personal Services	1,775,286	1,757,486	1,739,833	17,653
Contractual Services	608,776	694,776	639,516	55,260
Materials and Supplies	327,949	419,949	394,026	25,923
Capital Outlay	291,891	531,691	431,720	99,971
Debt Service:				
Principal Retirement	99,520	99,520	99,520	0
Interest and Fiscal Charges	61,968	61,968	61,968	0
<i>Total Expenses</i>	<u>3,165,390</u>	<u>3,565,390</u>	<u>3,366,583</u>	<u>198,807</u>
<i>Excess of Revenues Over (Under) Expenses</i>	17,071	(32,929)	(132,997)	(100,068)
Transfers Out	(84,163)	(84,163)	(50,000)	34,163
<i>Net Change in Fund Equity</i>	(67,092)	(117,092)	(182,997)	(65,905)
<i>Fund Equity Beginning of Year</i>	510,047	510,047	510,047	0
Prior Year Encumbrances Appropriated	67,093	67,093	67,093	0
<i>Fund Equity End of Year</i>	<u>\$510,048</u>	<u>\$460,048</u>	<u>\$394,143</u>	<u>(\$65,905)</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Licenses and Permits	\$126,000	\$126,000	\$54,501	(\$71,499)
Interest	300	300	1,860	1,560
<i>Total Revenues</i>	<u>126,300</u>	<u>126,300</u>	<u>56,361</u>	<u>(69,939)</u>
Expenditures				
Current:				
Housing and Community Development:				
Code Enforcement:				
Personal Services	159,000	155,000	110,561	44,439
Materials and Supplies	11,435	15,435	5,870	9,565
Contractual Services	16,000	16,000	9,304	6,696
Total Housing and Community Development	<u>186,435</u>	<u>186,435</u>	<u>125,735</u>	<u>60,700</u>
Debt Service:				
Principal Retirement	805	805	805	0
Interest and Fiscal Charges	60	60	60	0
Total Debt Service	<u>865</u>	<u>865</u>	<u>865</u>	<u>0</u>
<i>Total Expenditures</i>	<u>187,300</u>	<u>187,300</u>	<u>126,600</u>	<u>60,700</u>
<i>Excess of Revenues Under Expenditures</i>	(61,000)	(61,000)	(70,239)	(9,239)
Other Financing Sources				
Transfers In	61,000	61,000	61,000	0
<i>Net Change in Fund Balance</i>	0	0	(9,239)	(9,239)
<i>Fund Balance Beginning of Year</i>	<u>58,969</u>	<u>58,969</u>	<u>58,969</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$58,969</u></u>	<u><u>\$58,969</u></u>	<u><u>\$49,730</u></u>	<u><u>(\$9,239)</u></u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
FEMA Grant Fund
For the Year Ended December 31, 2005

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

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$272,500	\$272,500	\$273,301	\$801
Intergovernmental	30,500	30,500	31,823	1,323
<i>Total Revenues</i>	<u>303,000</u>	<u>303,000</u>	<u>305,124</u>	<u>2,124</u>
Expenditures				
Current:				
Security of Persons and Property:				
Fire:				
Fire Prevention:				
Personal Services	481,312	478,812	437,304	41,508
Contractual Services	6,000	8,500	8,086	414
<i>Total Expenditures</i>	<u>487,312</u>	<u>487,312</u>	<u>445,390</u>	<u>41,922</u>
<i>Excess of Revenues Under Expenditures</i>	(184,312)	(184,312)	(140,266)	44,046
Other Financing Sources				
Transfers In	101,000	101,000	151,000	50,000
<i>Net Change in Fund Balance</i>	(83,312)	(83,312)	10,734	94,046
<i>Fund Balance Beginning of Year</i>	41,949	41,949	41,949	0
Prior Year Encumbrances Appropriated	83,312	83,312	83,312	0
<i>Fund Balance End of Year</i>	<u>\$41,949</u>	<u>\$41,949</u>	<u>\$135,995</u>	<u>\$94,046</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Food Service Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Licenses and Permits	\$40,915	\$40,915	\$45,023	\$4,108
Expenditures				
Current:				
Public Health Services:				
Board of Health:				
Personal Services	66,388	65,683	64,480	1,203
Materials and Supplies	2,500	2,500	2,390	110
Contractual Services	5,000	5,705	5,412	293
<i>Total Expenditures</i>	<u>73,888</u>	<u>73,888</u>	<u>72,282</u>	<u>1,606</u>
<i>Excess of Revenues Under Expenditures</i>	(32,973)	(32,973)	(27,259)	5,714
Other Financing Sources				
Transfers In	32,500	32,500	32,500	0
<i>Net Change in Fund Balance</i>	(473)	(473)	5,241	5,714
<i>Fund Balance Beginning of Year</i>	7,892	7,892	7,892	0
Prior Year Encumbrances Appropriated	473	473	473	0
<i>Fund Balance End of Year</i>	<u><u>\$7,892</u></u>	<u><u>\$7,892</u></u>	<u><u>\$13,606</u></u>	<u><u>\$5,714</u></u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Indigent Alcohol Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$35,000	\$35,000	\$9,928	(\$25,072)
Expenditures				
Current:				
General Government:				
Judicial System:				
Indigent Alcohol:				
Materials and Supplies	35,000	35,000	11,962	23,038
<i>Net Change in Fund Balance</i>	0	0	(2,034)	(2,034)
<i>Fund Balance Beginning of Year</i>	26,868	26,868	26,868	0
<i>Fund Balance End of Year</i>	\$26,868	\$26,868	\$24,834	(\$2,034)

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Trust Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Fines and Forfeitures	\$50,000	\$50,000	\$17,614	(\$32,386)
Expenditures				
Current:				
Security of Persons and Property				
Law Enforcement Trust:				
Materials and Supplies	50,000	50,000	5,443	44,557
<i>Net Change in Fund Balance</i>	0	0	12,171	12,171
<i>Fund Balance Beginning of Year</i>	6,255	6,255	6,255	0
<i>Fund Balance End of Year</i>	<u>\$6,255</u>	<u>\$6,255</u>	<u>\$18,426</u>	<u>\$12,171</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Licenses and Permits	\$14,000	\$14,000	\$13,925	(\$75)
Expenditures				
Current:				
Leisure Time Activities:				
Marina:				
Contractual Services	14,000	14,000	13,925	75
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	4,250	4,250	4,250	0
<i>Fund Balance End of Year</i>	\$4,250	\$4,250	\$4,250	\$0

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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$44,000	\$44,000	\$42,170	(\$1,830)
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	44,000	44,000	42,170	(1,830)
Other Financing Uses				
Transfers Out	<u>(44,000)</u>	<u>(44,000)</u>	<u>(43,000)</u>	<u>1,000</u>
<i>Net Change in Fund Balance</i>	0	0	(830)	(830)
<i>Fund Balance Beginning of Year</i>	<u>7,589</u>	<u>7,589</u>	<u>7,589</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,589</u></u>	<u><u>\$7,589</u></u>	<u><u>\$6,759</u></u>	<u><u>(\$830)</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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$50,000	\$50,000	\$37,533	(\$12,467)
Expenditures				
Current:				
General Government:				
Judicial System:				
Municipal Probation Services:				
Materials and Supplies	50,000	50,000	25,456	24,544
<i>Net Change in Fund Balance</i>	0	0	12,077	12,077
<i>Fund Balance Beginning of Year</i>	68,709	68,709	68,709	0
<i>Fund Balance End of Year</i>	\$68,709	\$68,709	\$80,786	\$12,077

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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$272,500	\$272,500	\$269,589	(\$2,911)
Intergovernmental	30,500	30,500	31,823	1,323
<i>Total Revenues</i>	<u>303,000</u>	<u>303,000</u>	<u>301,412</u>	<u>(1,588)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Law Enforcement:				
Personal Services	481,480	481,480	447,523	33,957
Contractual Services	6,000	6,000	2,590	3,410
<i>Total Expenditures</i>	<u>487,480</u>	<u>487,480</u>	<u>450,113</u>	<u>37,367</u>
<i>Excess of Revenues Under Expenditures</i>	(184,480)	(184,480)	(148,701)	35,779
Other Financing Sources				
Transfers In	100,000	100,000	150,000	50,000
<i>Net Change in Fund Balance</i>	(84,480)	(84,480)	1,299	85,779
<i>Fund Balance Beginning of Year</i>	53,265	53,265	53,265	0
Prior Year Encumbrances Appropriated	84,480	84,480	84,480	0
<i>Fund Balance End of Year</i>	<u>\$53,265</u>	<u>\$53,265</u>	<u>\$139,044</u>	<u>\$85,779</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Public Health Nursing Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$28,000	\$28,000	\$48,218	\$20,218
Intergovernmental	3,000	3,000	0	(3,000)
Total Revenues	31,000	31,000	48,218	17,218
Expenditures				
Current:				
Public Health Services:				
Public Health Nursing:				
Personal Services	12,000	12,000	11,000	1,000
Materials and Supplies	19,990	23,990	23,855	135
<i>Total Expenditures</i>	<i>31,990</i>	<i>35,990</i>	<i>34,855</i>	<i>1,135</i>
<i>Net Change in Fund Balance</i>	<i>(990)</i>	<i>(4,990)</i>	<i>13,363</i>	<i>18,353</i>
<i>Fund Balance Beginning of Year</i>	<i>12,000</i>	<i>12,000</i>	<i>12,000</i>	<i>0</i>
Prior Year Encumbrances Appropriated	990	990	990	0
<i>Fund Balance End of Year</i>	<u><u>\$12,000</u></u>	<u><u>\$8,000</u></u>	<u><u>\$26,353</u></u>	<u><u>\$18,353</u></u>

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$63,500	\$63,500	\$55,745	(\$7,755)
Interest	1,500	1,500	3,755	2,255
<i>Total Revenues</i>	65,000	65,000	59,500	(5,500)
Expenditures				
Current:				
Street Maintenance and Repairs:				
Public Works:				
Personal Services	12,000	12,000	11,000	1,000
<i>Excess of Revenues Over Expenditures</i>	53,000	53,000	48,500	(4,500)
Other Financing Uses				
Transfers Out	(53,000)	(53,000)	(48,000)	5,000
<i>Net Change in Fund Balance</i>	0	0	500	500
<i>Fund Balance Beginning of Year</i>	10,869	10,869	10,869	0
<i>Fund Balance End of Year</i>	<u>\$10,869</u>	<u>\$10,869</u>	<u>\$11,369</u>	<u>\$500</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Walnut Beach Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$3,000	\$3,000	\$0	(\$3,000)
Expenditures				
Current:				
Leisure Time Activities:				
Walnut Beach:				
Materials and Supplies	8,000	8,000	3,331	4,669
<i>Excess of Revenues Under Expenditures</i>	(5,000)	(5,000)	(3,331)	1,669
Other Financing Sources				
Transfers In	5,000	5,000	5,000	0
<i>Net Change in Fund Balance</i>	0	0	1,669	1,669
<i>Fund Balance Beginning of Year</i>	7,420	7,420	7,420	0
<i>Fund Balance End of Year</i>	<u>\$7,420</u>	<u>\$7,420</u>	<u>\$9,089</u>	<u>\$1,669</u>

City of Ashtabula, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Construction Fund
For the Year Ended December 31, 2005

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

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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$2,189,885	\$2,189,885	\$1,905,425	(\$284,460)
Expenses				
Contractual Services	1,350,114	1,363,668	1,350,935	12,733
Claims	839,771	826,218	761,848	64,370
<i>Total Expenses</i>	2,189,885	2,189,886	2,112,783	77,103
<i>Net Change in Fund Equity</i>	0	(1)	(207,358)	(207,357)
<i>Fund Equity Beginning of Year</i>	659,371	659,371	659,371	0
<i>Fund Equity End of Year</i>	\$659,371	\$659,370	\$452,013	(\$207,357)

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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$495,000	\$495,000	\$85,000	(\$410,000)
Intergovernmental	500	500	1,759	1,259
Total Revenues	495,500	495,500	86,759	(408,741)
Expenses				
Contractual Services	57,320	57,320	53,304	4,016
Claims	439,919	439,919	217,844	222,075
Total Expenses	497,239	497,239	271,148	226,091
<i>Net Change in Fund Equity</i>	(1,739)	(1,739)	(184,389)	(182,650)
<i>Fund Equity Beginning of Year</i>	2,138,374	2,138,374	2,138,374	0
Prior Year Encumbrances Appropriated	1,739	1,739	1,739	0
<i>Fund Equity End of Year</i>	<u>\$2,138,374</u>	<u>\$2,138,374</u>	<u>\$1,955,724</u>	<u>(\$182,650)</u>

STATISTICAL SECTION

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City of Ashtabula, Ohio

*Governmental Activities Revenues by Source
and Expenses by Function - Full Accrual Basis
Last Seven Years*

	2005	2004	2003	2002	2001	2000	1999
Program Revenues							
Charges for Services	\$2,747,130	\$2,519,060	\$2,159,424	\$2,320,718	\$2,164,092	\$1,976,360	\$1,937,058
Operating Grants and Contributions	321,274	700,974	796,779	648,848	668,034	1,619,910	1,152,687
Capital Grants and Contributions	1,991,678	82,654	41,264	269,196	757,833	272,111	273,983
General Revenues							
Taxes (1)	9,027,660	8,553,121	8,388,287	8,233,759	8,087,854	8,337,308	8,370,850
Intergovernmental	2,709,853	2,608,872	2,828,530	2,555,737	1,647,229	2,705,913	1,967,337
Interest	212,687	82,469	128,801	184,076	426,662	541,246	301,463
Other	20,327	233,763	241,484	180,476	280,423	283,158	555,547
Total	\$17,030,609	\$14,780,913	\$14,584,569	\$14,392,810	\$14,032,127	\$15,736,006	\$14,558,925
Expenses							
General Government:							
Legislative and Executive	\$3,049,175	\$3,025,729	\$3,037,163	\$2,867,586	\$2,744,011	\$2,691,145	\$2,224,923
Judicial System	977,279	912,233	963,286	964,850	954,289	800,945	699,673
Security of Persons and Property:							
Police	3,527,950	3,253,101	3,666,800	3,696,384	3,743,382	3,358,629	3,145,679
Fire	2,581,467	2,688,346	2,750,698	2,652,673	2,629,702	2,450,731	2,308,578
Public Health Services	306,416	289,136	285,124	260,491	255,630	193,544	185,638
Street Maintenance and Repairs	3,201,483	1,296,150	1,472,369	2,001,502	1,956,370	1,316,927	1,460,414
Housing and Community Development	680,192	649,653	617,274	512,695	920,839	573,471	928,177
Sanitation Services	1,567,216	1,263,037	1,383,682	1,437,356	1,455,940	1,351,543	1,735,442
Leisure Time Activities	90,413	137,588	134,896	185,589	165,605	68,253	45,216
Interest and Fiscal Charges	68,093	99,458	128,486	195,014	202,381	206,424	228,614
Total	\$16,049,684	\$13,614,431	\$14,439,778	\$14,774,140	\$15,028,149	\$13,011,612	\$12,962,354

(1) Includes all taxes

Source: City financial records

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

	2005	2004	2003	2002	2001
Revenues					
Taxes (1)	\$8,853,614	\$8,482,006	\$8,376,299	\$8,386,740	\$8,168,589
Charges for Services	1,515,901	1,486,186	1,218,014	1,185,472	1,150,630
Licenses and Permits (2)	828,722	782,414	825,471	939,500	842,753
Intergovernmental	5,008,052	3,290,131	3,572,612	3,225,243	4,035,772
Special Assessments	56,489	56,100	22,493	21,613	27,179
Interest	212,687	82,469	128,801	184,076	426,662
Payments in Lieu of Taxes	0	0	0	0	0
Rentals	149,115	117,563	127,279	115,262	138,870
Other	223,645	233,763	241,484	180,476	483,552
Total	\$16,848,225	\$14,530,632	\$14,512,453	\$14,238,382	\$15,274,007
Expenditures					
Current					
General Government: (3)					
Legislative and Executive	\$2,653,576	\$2,653,009	\$2,604,032	\$2,672,685	\$2,533,191
Judicial System	858,153	843,475	850,465	858,364	823,341
Security of Persons and Property: (3)					
Police	3,292,317	3,257,335	3,504,702	3,565,496	3,589,835
Fire	2,520,738	2,509,403	2,469,614	2,448,741	2,453,589
Public Health Services	303,789	282,206	275,209	247,001	234,922
Street Maintenance and Repairs	1,141,728	1,091,528	1,070,944	1,148,641	1,057,238
Housing and Community Development	1,145,514	645,029	982,658	502,248	902,070
Sanitation Services	1,419,457	1,291,793	1,309,650	1,358,517	1,343,669
Leisure Time Activities	35,203	63,520	68,120	75,684	112,933
Capital Outlay	2,266,481	1,437,938	877,867	1,647,616	2,277,423
Debt Service:					
Principal Retirement	906,514	447,489	1,356,140	447,484	248,777
Interest and Fiscal Charges	72,703	103,418	159,274	201,762	178,157
Total	\$16,616,173	\$14,626,143	\$15,528,675	\$15,174,239	\$15,755,145

(1) Includes all taxes

(2) Includes fines and forfeitures

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

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

Source: City financial records

2000	1999	1998	1997	1996
\$8,345,882	\$8,166,716	\$7,884,926	\$7,318,813	\$7,000,932
1,054,206	1,047,848	1,067,188	1,061,614	1,114,490
840,508	775,534	716,267	752,567	664,563
3,349,156	3,894,883	4,262,882	4,026,385	3,288,794
19,757	15,418	25,983	18,254	44,237
550,508	391,187	330,945	259,079	209,756
0	0	147,553	92,252	118,703
0	0	0	0	0
283,158	249,324	224,554	247,846	421,912
<u>\$14,443,175</u>	<u>\$14,540,910</u>	<u>\$14,660,298</u>	<u>\$13,776,810</u>	<u>\$12,863,387</u>

		\$2,355,931	\$2,309,263	\$2,257,874
\$2,481,183	\$2,304,022	N/A	N/A	N/A
721,227	630,085	N/A	N/A	N/A
		5,521,578	5,184,637	5,148,355
3,201,760	3,233,705	N/A	N/A	N/A
2,408,233	2,220,244	N/A	N/A	N/A
196,790	190,748	192,193	175,826	264,002
1,113,876	1,010,610	993,776	1,125,579	1,030,167
576,470	934,074	839,683	719,616	757,562
1,063,289	1,329,128	1,456,963	1,604,126	1,301,104
103,308	55,703	53,204	62,049	48,626
1,084,132	1,525,562	1,664,383	798,846	1,630,606
944,244	310,260	387,346	480,762	517,156
209,974	230,968	254,169	276,130	292,389
<u>\$14,104,486</u>	<u>\$13,975,109</u>	<u>\$13,719,226</u>	<u>\$12,736,834</u>	<u>\$13,247,841</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
1996	\$1,825,150	\$1,762,365	96.56	\$92,691	\$1,855,056	101.64%	\$101,758	557.53%
1997	1,848,663	1,767,073	95.59	63,520	1,830,593	99.02	127,827	6.91
1998	1,881,711	1,797,128	95.50	90,488	1,887,616	100.31	128,488	6.83
1999	1,911,466	1,825,329	95.49	82,088	1,907,417	99.79	109,333	5.72
2000	2,079,009	1,973,729	94.94	77,702	2,051,431	98.67	44,273	2.13
2001	2,169,499	2,044,850	94.25	86,347	2,131,197	98.23	171,118	7.89
2002	2,207,921	2,087,008	94.52	132,989	2,219,997	100.55	177,610	8.04
2003	2,468,112	2,333,525	94.55	126,580	2,460,105	99.68	73,270	2.97
2004	2,376,787	2,241,709	94.32	117,869	2,359,578	99.28	219,056	9.22
2005	2,376,787	2,111,372	88.83	133,089	2,244,461	94.43	211,873	8.91

Source: Ashtabula County, Ohio

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

City of Ashtabula, Ohio

*Assessed and Estimated Actual Value of Taxable Property
Last Ten Years*

Collection Year	Real Property		Public Utility Property		Tangible Personal Property		Totals		Ratio Of Assessed Value To Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
1996	\$132,084,290	\$377,383,686	\$20,965,920	\$20,965,920	\$32,081,917	\$128,327,668	\$185,132,127	\$526,677,274	35%
1997	132,310,970	378,031,343	20,464,150	23,254,716	33,574,780	134,299,120	186,349,900	535,585,179	35
1998	133,986,650	382,819,000	20,563,170	23,367,239	34,919,000	139,676,000	189,468,820	545,862,239	35
1999	152,691,400	436,261,143	20,542,780	23,344,068	35,194,640	140,778,560	208,428,820	600,383,771	35
2000	156,329,630	446,656,086	22,207,110	25,235,352	42,143,680	168,594,720	220,680,420	640,486,158	34
2001	156,713,860	447,753,885	20,506,010	23,302,284	36,306,920	145,227,840	213,526,790	616,284,009	35
2002	181,124,990	518,785,686	18,870,460	21,443,705	33,520,280	134,081,120	233,515,730	674,310,511	35
2003	181,039,860	517,542,457	20,640,590	23,455,215	25,041,220	104,338,416	226,821,670	645,336,088	35
2004	181,963,770	519,896,486	19,956,700	22,678,068	24,088,000	96,352,000	226,008,470	638,926,554	35
2005	198,647,410	567,564,402	20,403,000	23,185,227	24,410,140	130,187,413	243,460,550	720,957,042	34

Source: Ashtabula County, Ohio; County Auditor

Estimated actual value is calculated by dividing the assessed value by the assessment percentage. The percentages for 2005 were 35% of actual value for real property, public utility is assessed at various rates from 25 to 88% of actual value, 18.75% of actual value for tangible personal capital assets and 18.75% of actual value for tangible personal inventory.

City of Ashtabula, Ohio
Ten Largest Real Property Taxpayers
December 31, 2005

Taxpayer	2004 Real Property Assessed Valuation (Tax Duplicate) For Collection In 2005	Percentage Of Total Real Property Assessed Valuation	2005 Taxes Paid (1)
Ohio American Water	\$8,515,340	4.29%	\$676,249
Western Reserve Telephone	4,676,310	2.35	360,176
Cleveland Electric Illuminating	4,566,570	2.30	360,653
Norfolk Southern	3,637,873	1.83	232,439
Pinney Dock	2,708,920	1.36	153,870
Molded Fiber Glass	1,667,010	0.84	95,033
Ashtabula Care Center	1,332,100	0.67	75,932
Ash-L Associates	1,172,270	0.59	66,819
Ashtabula Towers	1,092,840	0.55	62,299
Reliance Electric Park	848,130	0.43	48,346
Total of Above	<u>\$30,217,363</u>	<u>15.21</u>	<u>\$2,131,816</u>
Total Real Property Tax Assessed Value	<u>\$198,647,410</u>		

Source: Ashtabula County, Ohio; County Auditor

Based on valuation of property for taxes to be collected in 2005.

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

City of Ashtabula, Ohio
Special Assessment Collections
Last Ten Years

<u>Collection Year</u>	<u>Total Billed</u>	<u>Amount Collected</u>	<u>Percent Collected</u>
1996	\$31,850	\$44,237	138.9%
1997	25,251	18,254	72.3
1998	24,285	25,983	107.0
1999	23,319	15,418	66.1
2000	28,574	19,757	69.1
2001	31,628	27,179	85.9
2002	22,373	21,613	96.6
2003	23,532	22,493	95.6
2004	47,521	56,100	118.1
2005	46,584	56,489	121.3

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

City of Ashtabula, Ohio

Property Tax Rates - Direct and Overlapping Governments

(Per \$1000 of Assessed Valuation)

Last Ten Years

City of Ashtabula					
Year	General Fund	Permanent Improvement Fund	Special Revenue Funds	Debt Service Fund	City Total
1996	\$5.41	\$2.00	\$2.60	\$2.30	\$12.31
1997	5.41	2.00	2.60	2.30	12.31
1998	5.41	2.00	2.60	2.30	12.31
1999	5.41	2.00	2.60	2.30	12.31
2000	5.41	2.00	2.60	2.30	12.31
2001	5.41	2.00	2.60	2.30	12.31
2002	5.71	2.00	2.60	2.30	12.61
2003	5.71	2.00	2.60	2.30	12.61
2004	4.71	2.00	2.60	1.80	11.11
2005	4.71	2.00	2.60	1.80	11.11

Sources: Ashtabula County, Ohio; County Treasurer

Ashtabula County, Ohio; County Auditor

Ashtabula City School District	Ashtabula County Vocational School	Buckeye School	Saybrook Township	Ashtabula County	Ashtabula Township
\$38.30	\$4.11	\$47.71	\$0.92	\$9.34	\$1.42
38.30	4.11	47.71	0.92	8.70	1.42
38.30	4.11	47.71	0.92	8.70	1.42
44.30	4.11	38.81	0.92	8.70	1.42
53.41	4.11	47.92	0.92	9.70	1.42
53.41	4.11	47.72	0.92	9.70	1.42
55.56	4.11	47.72	0.30	9.70	1.42
55.66	4.11	47.72	0.30	11.03	0.24
56.11	4.11	47.72	0.30	11.03	0.24
56.11	4.11	49.42	0.30	11.03	0.24

City of Ashtabula, Ohio
Computation of Legal Debt Margin
December 31, 2005

<i>Total Assessed Value</i>	\$243,460,550
<i>Overall Debt Limitation - 10.5 percent of Assessed Value</i>	\$25,563,358
Debt Outstanding	
General Obligation Bond	\$592,558
OWDA Loans	1,349,639
Police and Fire Loan	297,824
OPWC Loan	136,954
Special Assessment Bonds	10,000
Total Gross Indebtedness:	2,386,975
Less: Debt Outside Limitations	
OWDA Loans	1,349,639
Police and Fire Loan	297,824
OPWC Loan	136,954
Special Assessment Bonds	10,000
Total Debt Outside Limitation:	1,794,417
Total Debt Applicable to Limitation	592,558
Within 10.5% Limitation:	
Less: Amount Available in Debt Service Fund	
to pay Debt Applicable to Limitation	(347,597)
Net Debt Within 10.5% Limitation	244,961
<i>Overall Debt Margin</i>	\$25,318,397

<i>Unvoted Debt Limitation - 5.5% of Assessed Valuation</i>	\$13,390,330
Gross Indebtedness Authorized By Council:	
General Obligation Bond	\$592,558
OWDA Loans	1,349,639
Police and Fire Loan	297,824
OPWC Loan	136,954
Special Assessment Bonds	10,000
Total Gross Indebtedness:	2,386,975
Less: Debt Outside Limitations	
OWDA Loans	1,349,639
Police and Fire Loan	297,824
OPWC Loan	136,954
Special Assessment Bonds	10,000
Total Debt Outside Limitation:	1,794,417
Debt Within 5.5% Limitation:	592,558
Less: Amount Available in Debt Service Fund	
to Pay Debt Applicable to Limitation	(347,597)
Net Debt Within 5.5% Limitation	244,961
<i>Unvoted Debt Margin</i>	\$13,145,369

Source: City financial record:

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

Year	Population (1)	Assessed Value (2)	Gross General Bonded Debt (3)	Debt Service Monies Available	Net General Bonded Debt	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt Per Capita
1996	22,004	\$185,132,127	\$3,283,000	\$144,745	\$3,138,255	1.70%	\$142.62
1997	21,315	186,349,900	3,091,000	204,985	2,886,015	1.55	135.40
1998	21,315	189,468,820	2,925,000	411,341	2,513,659	1.33	117.93
1999	21,472	208,428,820	2,785,000	455,697	2,329,303	1.12	108.48
2000	21,630	220,680,420	2,640,000	832,275	1,807,725	0.82	83.57
2001	20,962	213,526,790	3,240,000	1,020,925	2,219,075	1.04	105.86
2002	20,962	233,515,730	3,046,293	1,217,065	1,829,228	0.78	87.26
2003	20,962	226,821,670	1,719,311	408,641	1,310,670	0.58	62.53
2004	20,962	226,008,470	1,379,848	590,065	789,783	0.35	37.68
2005	20,962	243,460,550	592,558	347,597	244,961	0.10	11.69

(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*

Year	Principal (1)(2)	Interest And Fiscal Charges	Total Debt Service	Total General Governmental Expenditures	Ratio Of Debt Service To Total General Governmental Expenditures
1996	\$156,000	\$163,225	\$319,225	\$13,247,841	2.41%
1997	192,000	159,350	351,350	12,736,834	2.76
1998	166,000	152,308	318,308	13,719,226	2.32
1999	140,000	147,380	287,380	13,975,109	2.06
2000	145,000	141,990	286,990	14,104,486	2.03
2001	150,000	136,190	286,190	15,755,145	1.82
2002	343,707	165,215	508,922	15,174,239	3.35
2003	1,326,982	157,860	1,484,842	15,528,675	9.56
2004	339,463	85,331	424,794	14,626,143	2.90
2005	787,290	57,729	845,019	16,442,923	5.14

Source: City financial records

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

(2) - During 2005, the City paid an additional \$430,000 on its justice center bonds.

City of Ashtabula, Ohio
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2005

<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	\$592,558	100.00%	\$592,558
Overlapping:			
Ashtabula County	7,265,911	13.70%	995,430
Totals	\$7,858,469		\$1,587,988

(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	
1996	\$2,835,390	\$2,066,562	\$768,828	\$37,236	\$48,667	8.95
1997	2,907,004	2,320,445	586,559	76,768	92,992	3.46
1998	2,839,329	2,269,722	569,607	70,195	88,820	3.58
1999	2,745,242	2,522,524	222,718	76,873	82,943	1.39
2000	2,687,820	2,736,821	(49,001)	80,254	81,234	(0.30)
2001	2,587,575	2,850,199	(262,624)	83,783	77,705	(1.63)
2002	2,801,467	2,774,960	26,507	87,467	74,021	0.16
2003	2,871,360	2,628,308	243,052	91,314	70,174	1.51
2004	2,880,449	2,493,765	386,684	95,328	66,160	2.39
2005	3,051,895	2,696,070	355,825	99,520	61,968	2.20

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>
1996	Est. 22,004	0	0.00%	5,253	7.2%
1997	Est. 21,315	(689)	(3.13)	5,216	6.2
1998	Est. 21,315	0	0.00	5,091	6.3
1999	Est. 21,472	157	0.74	5,437	5.7
2000	21,630	158	0.73	5,364	5.5
2001	20,962	(668)	(3.09)	5,270	7.2
2002	Est. 20,962	0	0.00	5,252	8.1
2003	Est. 20,962	0	0.00	5,170	8.1
2004	Est. 20,962	0	0.00	5,057	7.3
2005	Est. 20,962	0	0.00	4,743	7.3

2000 CENSUS INFORMATION (5):

City of Ashtabula, Ohio:

Female	11,142	53.2%
Male	9,820	46.8%
Median Age		34.9 years
Black Households		11.2%
Hispanic Households		5.3%
Households 65 Years and Over		29.3%
High School Graduates		78.0%
Households Below Poverty Level		17.8%
Average Household Size		2.45 persons

State of Ohio:

Per Capita Income	\$21,003
Median Household Income	\$40,956
Median value owner occupied	\$103,700
Median gross monthly rent	\$515

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

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

Year	Estimated Property Value	Total Value of Building Permits Issued	Bank Deposits (1)
1996	\$526,677,274	\$16,603,805	\$424,989,000
1997	535,585,179	4,228,982	453,149,000
1998	545,862,239	12,330,433	164,127,000
1999	600,383,771	9,273,973	175,331,000
2000	640,486,158	6,770,878	199,872,000
2001	616,284,009	7,380,364	239,034,000
2002	674,310,511	3,767,988	272,106,000
2003	645,336,088	7,893,977	283,361,000
2004	638,926,554	8,347,191	213,036,000
2005	720,957,042	4,898,765	288,450,000

Sources: City of Ashtabula, Ohio Building Inspection Department

City of Ashtabula, Ohio, City Treasurer

Federal Reserve Bank - Cleveland for Ashtabula County

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

City of Ashtabula, Ohio

Miscellaneous Statistics

December 31, 2005

Government:	Date of Incorporation: April 6, 1891 Form of Government: Charter - Elected City Manager Founded: 1801 Township: April 4, 1908 Village: 1831
Population:	2000 Census - 20,962
Area:	7.6 square miles - 4,864 acres Residential - 3,569 acres
Altitude:	590 feet above sea level
Climate:	Mean annual temperature - 58.9 max. and 40.5 min. degrees Fahrenheit Average annual rainfall - 35.35 inches
City Statistics:	Streets - 97.02 miles (1.53 unpaved) Sanitation Sewers - 91.94 miles Storm Sewers - 76.18 miles
Highways:	U.S. Route Number 20 State Routes - 11, 45, 84, 531 Interstate 90 (6 miles to the south)
Police:	Stations 1 Policemen and Officers 32 Dispatchers 2 Administrative Personnel 2 Animal Control Officer 1
Fire:	Stations 1 Firemen and Officers 26
Number of Dwellings:	Total units 9,151 Occupied 8,435 Owner occupied 58.4% Renter occupied 41.6% Vacant Houses 7.8%
Banks:	Three Banks and Two Savings and Loans
Churches:	63, Representing most Denominations
Building:	2005 Permits Issued 311 2005 Permit Valuation \$4,898,765
Industry:	Manufacturing Plants 72

(continued)

City of Ashtabula, Ohio
Miscellaneous Statistics (continued)
 December 31, 2005

Railroads:	CSX Transportation	
	Norfolk & Southern	
Bus Lines:	One	
Medical:	Ashtabula County Medical Center	
	226 Beds, 20 Bassinets	
	The Regional Cancer Center	
Education:	Public Elementary	9
	Public Junior High	2
	Public Ninth Grade	1
	Public Senior High	1
	Private and Parochial	7
	Special Purpose	1
	Enrollment:	
	Public	4,425
	Parochial	318
	Special Purpose	149
	Teachers (Incudes Administrative Personnel):	
	Public	380
	Parochial	23
	Special Purpose	23
Libraries:	Public Libraries	2
	Kent State University, Ashtabula Branch	1
Newspapers:	Daily	1
	Circulation	19,756
	Weekly	1
	Circulation (Direct Mail)	22,007
Lodging:	Motels	10
	Rooms	452
	Bed and Breakfast	4
	Rooms	13
Area Recreation And Culture	10 Parks comprising a total 445.5 acres	
	4 Campgrounds	
	16 Historical Covered Bridges	
	12 Area Public Golf Courses	
	22 Tennis Courts	
	3 Museums	
	10 Yacht Clubs and Marinas	
	2 Public Beaches on Lake Erie	
	Fishing Charters	

Source: City records

Address comments
and suggestions to:

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

Special acknowledgement and appreciation goes out to those who helped in the implementation of this GABS compliant report. Thank you to Betty Montgomery, Auditor of State, and her staff for their guidance. To Lori Mackey, City Treasurer and Karen Jury, Deputy Auditor whose work on this CAFR ties it all together.

Special Thanks To

The Auditor's Staff

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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 12, 2006**