



Dave Yost • Auditor of State

CITY OF CONNEAUT
ASHTABULA COUNTY

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Dave Yost • Auditor of State

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

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

To the Members of Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Conneaut, Ashtabula County, Ohio, (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

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

City of Conneaut
Ashtabula County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required By *Government Auditing Standards*
Page 2

We did note certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated June 28, 2011.

We intend this report solely for the information and use of management, the audit committee, City Council, and others within the City. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

June 28, 2011

CITY OF CONNEAUT, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2010

ISSUED BY THE DEPARTMENT OF FINANCE

John Williams, J.D., CPA,

FINANCE DIRECTOR

City of Conneaut, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2010
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CITY OF CONNEAUT
FINANCE DEPARTMENT
294 MAIN STREET, CONNEAUT, OHIO 44030

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June 28, 2011

Citizens of Conneaut
City Manager, Timothy Eggleston
And Honorable Members of City Council
Conneaut, Ohio

It is my privilege to present to you the City of Conneaut's (the City) Comprehensive Annual Financial Report (CAFR). This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38, which requires the cities reporting on a GAAP basis to file an unaudited annual report with the Auditor of State within 150 days of fiscal year end.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Ohio State Auditor's Office has issued an unqualified ("clean") opinion of the City of Conneaut's financial statements for the year ended December 31, 2010. The State Auditor's report is located at the front of this financial report.

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

Profile of Government

The City of Conneaut, Ohio, is located in the most northeastern section of Ohio, along the Lake Erie shore, with a population of 12,841 and has 27 square miles within the City limits. The City was incorporated as a borough in 1832, and eventually achieved City status in 1902.

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

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

The City operated under the statutory Mayor-Council form of government until the electors of the City passed the City Charter with a Council-Manager form of government. Members of the Conneaut Charter Commission were elected at the general election held November 7, 1989 to frame and submit a Charter to the electors of the City. In the general election held Tuesday, November 6, 1990, the electors of the City of Conneaut approved the proposed charter and the City's first City Manager began serving in February of 1992. Beginning in January, 1997, and at least every seven years thereafter, City Council must appoint a Committee to review the Charter and propose any amendments, as the Committee deems advisable. Amendments shall be submitted to the electorate at the next November general election. The last major amendment occurred in November 2010, changing City Council terms from staggered four-year terms to non-staggered two-year terms, beginning January 1, 2012. The City has all powers of a local self-government and home rule subject to certain general laws applicable to all Ohio cities.

Legislative authority is vested in a seven-member Council, with an elected President of Council, two at large, and one from each of the City's four wards. The Council has the authority to: appoint and remove the City Manager; establish, combine, or separate administrative departments, but shall not abolish any office, department, or agency established by the charter; adopt the budget of the City; authorize the issuance of debt; inquire into the conduct of any office, department or agency of the City and make investigation into municipal affairs; adopt and amend zoning, building, and sanitary regulations; adopt, modify, or reject plans proposed by the Planning Commission; fix the compensation of all City officials employees, including that of its own members, and has various other municipal powers. Council does not have administrative authority, and except for the purpose of inquiry, the Council and its members shall deal with the administrative service solely through the City Manager, and neither the Council nor any member thereof shall give orders to any subordinates of the City, either publicly or privately.

The City Charter vests administrative authority in the City Manager, who is the chief administrative official. The City Manager has the authority to: appoint and, when necessary for the good of the service, remove all officers and employees of the City, not selected or appointed by the Council, in the manner provided by the charter; prepare the tax budget, the annual budget and appropriation ordinance, with assistance of the Director of Finance; keep council informed of the financial condition of the City; sign all contracts, bonds, notes and certificates of indebtedness on behalf of the City; delegate to subordinate officers and employees of the City any duties conferred upon him by the Charter; appoint most boards and commissions; have charge of the administration of all programs related to public safety, including the Division of Police and Fire; and various other powers.

There are three named departments: the Department of Finance, the Department of Law, and the Department of Public Service. All other departments, including police, fire, water, wastewater, ambulance, planning/zoning and recreation are created by City Council. The City provides basic services to its residents including water, sewer, police and fire protection, ambulance, planning, housing-zoning, street maintenance and repair, and general administrative services.

The City Council adopts an annual appropriation measure by December 31 of each year. This annual budget serves as the foundation for the City of Conneaut's financial planning and control. The budget is prepared by fund and department. Transfers between departments or appropriation line items require approval by Council.

Local Economy

Although financial conditions have generally stabilized, many of the City's largest employers have not returned to pre-recession levels. Employment by the City's ten largest employers has decreased by sixteen percent from a few years ago, but employment by this group has increased by approximately four percent since 2009. Unemployment in Ashtabula County, which was over fourteen percent in 2009, has decreased to about twelve percent in 2010. While the effects of the recession linger, there were a few signs indicative of a slow, albeit weak, economic recovery. An automotive parts producer, CSP (Continental Structural Plastics), added nearly two hundred jobs in 2010, and several other large companies in the City increased the size of their workforce as well. The City has several large employers affiliated with the housing and automotive industry, but those related to housing industry have been more adversely impacted by the economic slowdown, and the recovery in this sector has been slower .

Home sales were up slightly, but the average price of a home sold remained depressed. Foreclosures continue to present a problem, as more people have been unable to make their mortgage payments. The value of new construction increased by approximately thirty seven percent from 2009, while the number of zoning permits increased by eight percent for the same period. Residential real estate assessed valuation was \$172,598,510, which was a decrease of less than one percent or \$397,535 from 2009.

For several years, The Conneaut Port Authority has been working diligently with the City Manager, City Council, and other agencies to help create a container shipping port, with the potential of creating thousands of jobs. They have attended numerous meetings to discuss the feasibility of such a venture. They have also been collaborating with Erie Port Authority to ensure this project moves forward as quickly as possible.

The construction of the Love's Travel Center at the intersection of I-90 and State Route 7 has been completed. Love's already has invested over \$6,000,000 to complete the project. The travel center employs forty people, and is helping support the local tax base through income, real estate, and sales taxes. Utilizing the City's City-Wide Community Reinvestment Area (CRA), the company is receiving a fifty percent tax abatement for fifteen years. It is anticipated that other development will follow, as other businesses have expressed interest in land near the interchange. Development of the I-90 interchange and State Route 7 has been a top priority.

With each passing year, tourism is becoming a more vital component of the City's economy and the City's Board of Tourism is taking a very aggressive approach in promoting the City. Over the past several years, the Board has increased the number of members, as well as the size of its operating budget. It has defined its mission and objectives with the goal attracting more tourists to visit the City each year and generating revenue for local economy. Conneaut has many tourist attractions including Conneaut Creek, which has been declared a "Wild and Scenic River" and is the number one ranked trout stream in the USA. It has a premier marina with multiple boat launching ramps, four covered bridges, some of the best local wineries, seven miles of shoreline with some of the best perch and walleye fishing in Lake Erie, a historical railroad museum and a sixty-acre lake shore park with an expansive one-half mile long public beach. The Board of Tourism and Conneaut Chamber of Commerce continue to promote the City's tourism industry, and with each passing year, more tourists are visiting the City of Conneaut, which helps support the local economy.

Of paramount importance are the City of Conneaut's goals to aggressively pursue economic growth, promote business retention, assist with business expansion and create a pro-business environment. To help accomplish these goals, the City's economic development committee holds monthly meetings to discuss strategy and monitor the implementation of objectives. The committee is comprised of the City Manager, council members, and business leaders. The City continues to remain the focal point for new and existing businesses to obtain assistance with and information about some of the programs available through the City, including the community reinvestment areas, enterprise zones, downtown revitalization, economic development funding and the new industrial park. A partnership has been developed between the City's economic development committee and the Conneaut Area Chamber of Commerce to combine resources in an effort to facilitate business progress. Furthermore, CRA has been established. The CRA provides a tax reduction on the increase in taxable value of a property for new construction and renovation of existing structures. The City offers up to 100 percent real estate tax abatement for fifteen years for new commercial or industrial facilities and up to 100 percent real estate tax abatement for twelve years for the renovation of an existing commercial or industrial facility.

Long-Term Financial Planning

While no formal plan has been adopted by City Council, both the City Manager and City Council advocate sound financial practices to help ensure that adequate undesignated fund balances are maintained in all of the operating funds. Council's long-term goal is to create a twenty percent general fund carryover by attempting to add \$75,000 per year to the fund balance until this goal is achieved. Key to achieving Council's long-term goals and objectives are revenue enhancement and economic development, with particular emphasis on growing the City's tax base to help maintain financial stability.

Revenue enhancement is critical to long-term financial stability of the City. In pursuit of this goal, the City has entered into its second gas lease agreement with a new company, Reserve Energy, to explore possible drilling of gas wells on other parcels of land on the west side. The City has already contracted with American Energy to drill gas wells on the City's eastside industrial park. Three wells have been drilled with the possibility of one more at the site. Gas royalty revenue is being generated by these wells, and the amount is increasing dramatically on a quarterly basis. It is estimated that gas royalties from these wells could generate at least \$40,000 annually. All of the revenue generated from these wells will be used to build the City's general fund balance.

Meeting the City's capital needs is of paramount importance to the successful operation of the City. The administration, with assistance of City Council, has created a long-term capital improvement plan to address ageing vehicles, equipment, and infrastructure, while attempting to find innovative ways to fund these capital requirements. Securing grants through Community Development Block Grants, Ohio Public Works Commission, and other agencies has been essential to funding most of the capital needs of the City. Funding from the City's income tax supported capital improvement fund is being utilized to help fund capital needs as well. Issues with ageing storm water pipes are plaguing the City and assessments are being evaluated as a means to replace this ageing infrastructure. The City is considering other ways of funding the long-term capital requirements, including establishing capital improvement funds for the water and sewer departments. Both departments are reviewing the current rate structure annually to assist funding future capital needs.

For some time, it has been a challenge to fund the Fire and Ambulance departments. To ensure the long-term viability of both of these departments, the City Manager's plan to consolidate these departments has been fully implemented. Full integration of these departments has resulted in reducing the cost of these operations and it has increased ambulance billing revenue significantly. Consequently, all revenue generated from the emergency service calls is being receipted into the City's general fund as billing revenue. The additional revenue is being used to help fund Fire-EMS operations, as well as fund capital equipment needs for this department. Funds generated from this operation allowed the department to purchase a new ambulance and brush fire truck. The net effect of this consolidation, with both reductions in expense and increase in revenue, has resulted in an increase in positive cash flow of nearly \$300,000.

Relevant Financial Policies

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

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

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

The City's largest revenue source is the income tax. Beginning January 1, 2006 the income tax was increased .15 percent, from 1.65 percent to 1.80 percent. City council can allocate the one percent however they wish, but the .80 percent is allocated by City ordinance, as directed by the voters through specific ballot language. At 1.80 percent the City's income tax on a cash basis generated \$2,360,141 in 2010 and was allocated as follows: General Fund: 77.26 percent or \$1,823,483, which is used to fund the fire, police, municipal court and administrative offices; Street Department: 5.72 percent or \$134,892, which is used to fund a wide variety of public works' projects, including paving, road maintenance, and storm water management; Street Improvement: 9.38 percent or \$221,490, which is used exclusively for the resurfacing of local streets; Reserve Fund: 4.07 percent or \$95,988, which is used for financial support for various programs as determined by City council; Capital Improvement: 1.62 percent or \$38,287, which is used for infrastructure repairs and the acquisition of capital assets; Street Lighting: 1.06 percent or \$24,994, which is used to pay for street lighting along state routes, the downtown district, and traffic lights throughout the City; and Recreation: .89 percent or \$21,007, which is used to maintain the City's seven parks, playgrounds, and other recreational activities. The one percent allocation of the income tax is reviewed by City council on an as needed basis.

Within the City's inside ten mill limitation, the City levies 3.63 mills. The general fund allocation on a cash basis was 2.00 mills or \$372,744 the police pension fund allocation 1.00 mills or \$195,176 and the fire pension fund allocation was .63 mills or \$85,509. Outside millage of 1.27 is levied to pay debt service on two general obligation bonds, with collections totaling \$217,570. Police and fire levies generated \$515,000 with 3.00 mills. Total millage levied by the City in 2010 was 7.90. Millage allocations are reviewed by the Finance Department and City Council before the annual tax budget is prepared.

Major Initiatives

For the Year In 2010, the City of Conneaut embarked on a variety of capital improvement and infrastructure projects, with the assistance of grants and zero interest loans. Infrastructure repair and replacement is a high priority for the City.

A major repair project at Wastewater Treatment Facility has been approved for funding by the Ohio Public Works Commission. It is a \$497,000 project consisting of the replacement of the aeration tank diffusers with fine bubble diffusers. The existing diffusers are the coarse bubble diffusers and do not meet current design standards. They are thirty-five years old and have greatly exceeded their useful life. The new diffusers are much more energy efficient, resulting in projected energy savings of \$22,000 annually or a thirty three percent reduction in electricity usage. Significant repairs will be made to aeration tank concrete structure. The tanks are nearly forty years old, severely decayed, and present workers with a safety hazard. Grant funding has been approved for \$198,500, a zero percent loan for \$50,000 and the City's share of \$248,500 will be provided by a one percent EPA loan with fifty percent principal forgiveness.

Numerous large equipment purchases were made in 2010, totaling over \$500,000. The Public Works Department purchased a new street sweeper at a cost of \$110,000, a crack sealing machine at a cost of \$38,500, and a tandem dump truck at a cost of \$90,000. The water and sewer departments each purchased a new one ton dump truck at a total cost of \$42,000 and the sewer department purchased a new one ton pickup truck at a cost of \$21,700. The fire/ambulance department purchased a new Life Alert Rescue Ambulance at a cost of \$79,500 and a new brush fire truck at a cost of \$22,400. The police department purchased three 2010 Ford Explorers at a cost of \$75,000 and new communication recording system and server at a cost of \$28,000.

City Council approved a contract with Neptune Equipment Company to replace all existing water meters within the City, both commercial and residential, with radio reads. This project was substantially complete by the end of the year, with an anticipated cost of \$1.3 million. Financing of this project is through a

lease/purchase program, payable over a seven year term with payments totaling \$238,000 annually. The City incurred the cost of replacing the meters for all residential and commercial water customers. Radio read meters are saving a tremendous amount of time and money by permitting one person to obtain water meter readings for the entire City in less than one day, which used to take two meter readers, with two vehicles, an entire month to complete. The City also plans to conduct a water and sewer rate study after the City-wide meter replacement, so that rates are sufficient to meet future operational and capital needs.

City crews have begun replacing the Lake Road Water Main. This project will improve the quality of water for a large number of our residents by replacing 3,000 linear feet of existing 6-inch water main with a new 8-inch water main and it will improve safety by increasing water flow to the fire hydrants. The City was approved for Ohio Public Works Commission funding to replace this section of water line along Lake Road. It is a \$409,000 project, of which approximately \$150,000 of the funding is a grant, \$50,000 is a loan, \$13,100 is a cash match by the City, and City workers will perform the majority of the labor as in kind contributions of \$196,000.

Much progress was made with the \$200,000 hazardous assessment grant received from the United States Environmental Protection Agency. Funds were used to conduct environmental site assessments for properties in which there is a potential of hazardous substances having affecting soil, sediment, surface water and groundwater. It targets three main districts: the downtown, the harbor, and the U.S. Route 20 corridor. If the investigation and evaluation determines there is a need for rehabilitation, then this grant will allow the City to apply for a remediation grant.

CT Consultants, the City's engineering adviser, has completed the engineering design services on a plan to replace a decaying water tank on Creek Road. This water tank is vital to supplying the west end of the City with adequate water supply, as well as residents along Creek Road in Kingsville Township. OPWC has provided the City with a \$36,500 grant to pay for half of the \$73,000 engineering cost. This is a high priority project, as the water tank is in deplorable condition. The City plans to replace the 175,000 steel tank with a similar capacity tank but in a new location that will be more centrally located. A site location study has been conducted, and a potential site has been identified. Negotiations are underway with the current property owners.

The City was also approved for Ohio Public Works funding to replace screens, which remove debris from lake water before it enters the water plant, and to replace piping to the backwash facility. This is a \$342,000 project, of which approximately \$121,000 of the funding is a grant; \$50,000 is a zero interest loan, and \$171,000 in a cash match by the City. This project will enable the water filtration plant to provide a peak flow of 3.5 million gallons of water per day. Preliminary work has begun on this project but completion has been delayed to lack of bidders. The project is expected to be bid out and completed by the end of 2011.

The Ohio Public Works Commission approved funding for some very large roadway safety projects but work on these projects will not commence until 2011. This project will widen Brown Avenue to bring it in compliance with City and County standards, and improve the intersection with U.S. Route 20. Brown Avenue is a major artery for several of the City's largest employers. The construction of the new Parrish Road Overpass necessitated the closing of a portion of Maple Avenue, which had been the major truck route to these large employers. Due to the closing of Maple Avenue, Brown Avenue became the new truck route but it did not have a sufficient road base and road width to accommodate a large volume of truck traffic. Also included in this project is a plan to improve the site distance at a large intersection at Lake Erie and Detroit Street. Funding for this project will include a \$149,900 grant, a \$50,000 zero interest loan, an \$82,100 City cash match, and \$136,000 in City in-kind labor.

The Public Works Department, utilizing funds from the street improvement tax and other revenue sources, was able to pave seven local roads, accounting for 1.7 lane miles at a cost of over \$204,000. Local roads paved include: Grove Street, Ackerman Street, Sunset Drive, Lakeshore Court, and portions of Sandusky Street, Lake Erie Street, and Wrights Avenue. The voters passed an income tax increase of 0.15 percent in May 2005 to help fund an aggressive street paving program. The increase will be in effect for seven years and is projected to generate over two million dollars over the life of the tax, which took effect January 1, 2006. This tax is designated for local streets only, and will be used exclusively for the construction of roads,

resurfacing and street maintenance. It is estimated that the seven-year income tax increase will be enough to pave at least half of the roads in the City of Conneaut. At the end of the seven-year period, the voters will be asked to pass the levy again to complete the remaining roads. The City street department will be responsible for the entire road paving, which will save the taxpayers a substantial amount of money.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Conneaut for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2009. This was the fifth year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) that satisfied both generally accepted accounting principles and applicable legal requirements.

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

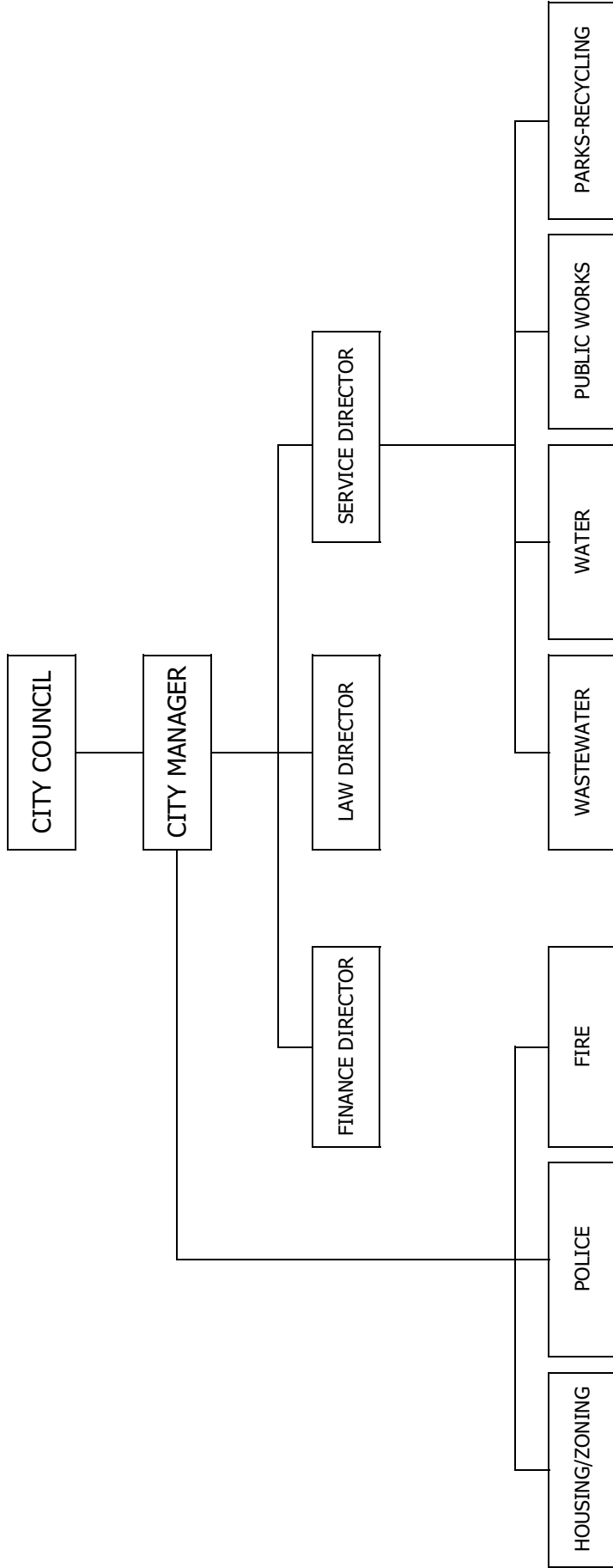
The successful preparation of the Comprehensive Annual Financial Report required the contribution and dedication of the Finance Department. Sincere appreciation is extended to City Council and City Manager Timothy Eggleston for their commitment to sound financial reporting. Gratitude is also expressed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

Respectfully submitted,

A handwritten signature in black ink that reads "John P. Williams". The signature is written in a cursive style with a large initial "J" and "W".

John Williams, J.D., CPA
Finance Director

CITY ORGANIZATIONAL CHART - ESTABLISHED BY CITY CHARTER



CITY OF CONNEAUT
ELECTED AND APPOINTED CITY OFFICIALS

CITY COUNCIL

Tom Udell, President

John Roach, At Large

Neil LaRusch, At Large

Dave Campbell, Ward 1

Charles Lewis, Ward 2

Greg Mooney, Ward 3

Tom Kosesky, Ward 4

CITY MANAGER

Robert A. Schaumleffel, Jr.*

APPOINTED OFFICIALS

John Williams, Director of Finance

David Schroeder, Director of Law

Jon Arcaro, Chief of Police

Steve Lee, Chief of Fire

Steve Kehoe, Water Superintendent

Craig Pierce, Wastewater Superintendent

Robert Mannion, Public Service Director

Luciana Ratermann, Planning Zoning Manager

*Robert A. Schaumleffel, Jr. was City Manager until December 31, 2010. Timothy Eggleston was hired as the new City Manager, effective June 27, 2011.

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Conneaut
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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.



President

Executive Director

FINANCIAL SECTION

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities,, each major fund, and the aggregate remaining fund information of the City of Conneaut, Ashtabula County, Ohio (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Conneaut, Ashtabula County, Ohio, as of December 31, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund and the Street, Construction, Maintenance and Repair Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provides additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



Dave Yost
Auditor of State

June 28, 2011

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

The management's discussion and analysis for the City of Conneaut's financial statements provides an overall review of the financial activity of the City for the twelve months ended December 31, 2010. The intent of this discussion and analysis is to provide a narrative that describes the City's performance as a whole; readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and the notes.

Financial Highlights

Financial highlights for 2010 are as follows:

- During 2010, the City began work on installing new water meters throughout the City in order to better track water usage, save time and money and provide the citizens a quicker, more accurate reading.
- Construction was completed on the Love's Travel Center and its long anticipated opening in 2010. The opening of the travel center created forty jobs for the City and created an opportunity for future growth at the I-90 interchange and State Route 7.
- The City continues to focus on the maintenance and repair of streets. In 2010, the City successfully paved a number of streets including Grove Street, Sandusky and Main, Lake Erie to Detroit Street, Sunset Drive, Wrights Avenue to Liberty Street, Ackerman Street and Lake Shore Court.
- A review of the enterprise funds reflects an operating income for both the water and sewer fund. This increase is largely due to diligent financial management. Rates for all enterprise funds are monitored by the City to maintain the revenue needed to operate these activities.

Using this Annual Financial Report

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

The Statement of Net Assets and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2010 and how they affected the operations of the City as a whole.

Reporting the City of Conneaut as a Whole

Statement of Net Assets and Statement of Activities

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

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

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

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

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

Reporting on the Most Significant Funds of the City of Conneaut

Fund Financial Statements

The analysis of the City's major funds begins on page 7. The fund financial reports give a detailed report of the activities within the funds. The City's funds are in existence to provide a multitude of services to the citizens of Conneaut. Each fund is in some ways an entity unto itself. Each fund has a designated revenue stream and restricted uses for the monies within the fund.

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

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

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

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City's fiduciary fund is an agency fund.

The City of Conneaut as a Whole

The Statement of Net Assets provides an overall view of the City. Table 1 shows a summary of the City's net assets for 2010 as they compare to 2009.

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

(Table 1)
 Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Current and Other Assets	\$7,188,870	\$7,674,808	\$1,838,769	\$1,539,412	\$9,027,639	\$9,214,220
Capital Assets, Net	29,894,160	30,796,191	17,871,602	17,037,617	47,765,762	47,833,808
<i>Total Assets</i>	<u>37,083,030</u>	<u>38,470,999</u>	<u>19,710,371</u>	<u>18,577,029</u>	<u>56,793,401</u>	<u>57,048,028</u>
Liabilities						
Current and Other Liabilities	1,810,907	1,976,485	467,482	962,419	2,278,389	2,938,904
Long-Term Liabilities:						
Due Within One Year	636,896	652,120	869,365	798,648	1,506,261	1,450,768
Due in More than One Year	3,194,279	3,069,093	5,614,633	5,259,590	8,808,912	8,328,683
<i>Total Liabilities</i>	<u>5,642,082</u>	<u>5,697,698</u>	<u>6,951,480</u>	<u>7,020,657</u>	<u>12,593,562</u>	<u>12,718,355</u>
Net Assets						
Invested in Capital Assets						
Net of Debt	28,696,100	29,749,095	11,515,121	10,970,211	40,211,221	40,719,306
Restricted:						
Capital Projects	616,736	996,700	0	0	616,736	996,700
Debt Service	576,190	686,581	0	0	576,190	686,581
Street Construction,						
Maintenance and Repair	342,702	357,308	0	0	342,702	357,308
Community Housing	4,778	12,013	0	0	4,778	12,013
Economic Development	223,752	223,301	0	0	223,752	223,301
Ambulance Services	74,222	57,306	0	0	74,222	57,306
USEPA	184,960	193,195	0	0	184,960	193,195
Other Purposes	395,117	454,658	0	0	395,117	454,658
Unrestricted	326,391	43,144	1,243,770	586,161	1,570,161	629,305
<i>Total Net Assets</i>	<u>\$31,440,948</u>	<u>\$32,773,301</u>	<u>\$12,758,891</u>	<u>\$11,556,372</u>	<u>\$44,199,839</u>	<u>\$44,329,673</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The largest portion of the City's net assets reflects investments in capital assets (e.g. land, construction in progress, buildings, improvements, machinery and equipment, vehicles, and infrastructure), less any related debt to purchase or construct those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these are assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Debt service on the debt issued to acquire assets in the governmental activities is paid from income tax, property tax, gas tax, interest income, fees, licenses, permits and other various revenue sources. In the business-type activities, user fees are the primary revenue source for the repayment of debt.

At the end of the current year, the City of Conneaut is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. During 2010, the City saw a significant decrease in net assets in governmental activities largely due to the decrease in municipal income tax revenue. Business-type activities saw an increase in net assets. This is largely due to managements diligent spending and also the receipt of increased water and sewer rates.

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

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

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues						
Charges for Services	\$1,125,165	\$1,310,508	\$4,525,155	\$4,079,265	\$5,650,320	\$5,389,773
Operating Grants and Contributions	802,350	1,034,740	0	0	802,350	1,034,740
Capital Grants and Assessments	24,626	288,425	203,890	296,852	228,516	585,277
Total Program Revenues	1,952,141	2,633,673	4,729,045	4,376,117	6,681,186	7,009,790
General Revenues						
Property Taxes	1,170,382	1,220,595	0	0	1,170,382	1,220,595
Municipal Income Taxes	2,352,179	2,769,540	0	0	2,352,179	2,769,540
Hotel Taxes	15,925	18,902	0	0	15,925	18,902
Grants and Entitlements not						
Restricted to Specific Programs	897,681	800,550	0	0	897,681	800,550
Franchise Taxes	125,997	152,708	0	0	125,997	152,708
Investment Earnings	4,071	7,655	0	0	4,071	7,655
Gain on Sale of Capital Assets	0	6,469	0	0	0	6,469
Miscellaneous	62,040	57,142	8,952	3,577	70,992	60,719
Total General Revenues	4,628,275	5,033,561	8,952	3,577	4,637,227	5,037,138
Total Revenues	6,580,416	7,667,234	4,737,997	4,379,694	11,318,413	12,046,928
Program Expenses						
General Government	1,226,765	1,167,792	0	0	(1,226,765)	(1,167,792)
Security of Persons and Property	3,362,411	3,590,030	0	0	(3,362,411)	(3,590,030)
Public Health Services	312,558	148,494	0	0	(312,558)	(148,494)
Leisure Time Activities	136,287	131,575	0	0	(136,287)	(131,575)
Community Development	310,981	150,557	0	0	(310,981)	(150,557)
Basic Utility Services	109,837	149,308	0	0	(109,837)	(149,308)
Transportation	2,321,555	1,917,512	0	0	(2,321,555)	(1,917,512)
Interest and Fiscal Charges	132,375	135,715	0	0	(132,375)	(135,715)
Water	0	0	1,576,246	2,350,298	(1,576,246)	(2,350,298)
Sewer	0	0	1,959,232	1,899,102	(1,959,232)	(1,899,102)
Total Program Expenses	7,912,769	7,390,983	3,535,478	4,249,400	(11,448,247)	(11,640,383)
Increase (Decrease) in Net Assets						
<i>Before Special Item and Transfers</i>	<i>(1,332,353)</i>	<i>276,251</i>	<i>1,202,519</i>	<i>130,294</i>	<i>(129,834)</i>	<i>146,417</i>
Special Item - Capital Contribution	0	12,595,661	0	0	0	12,595,661
Transfers	0	(13,755)	0	13,755	0	0
Total Special Item and Transfers	0	12,581,906	0	13,755	0	12,595,661
Change in Net Assets	(1,332,353)	12,858,157	1,202,519	144,049	(129,834)	12,742,078
Net Assets Beginning of Year	32,773,301	19,915,144	11,556,372	11,412,323	44,329,673	31,327,467
Net Assets End of Year	\$31,440,948	\$32,773,301	\$12,758,891	\$11,556,372	\$44,199,839	\$44,069,545

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Governmental Activities

Funding for governmental activities is derived from several sources, the largest of which is the City's municipal income tax. Beginning January 1, 2006 the City's income tax rate is 1.80 percent, up from 1.65 percent in 2005. The tax revenue collected from the income tax was recorded into the general fund, street construction maintenance and repair, street lighting and recreation special revenue funds, and street improvement and capital improvement capital projects funds.

Local government funding represents a large share of unrestricted grants and entitlement revenue for the City and has remained stagnant for the past eight years. In prior years, the City could rely on annual increases of around 3 percent. However, due to a decline in the economy, State sales, income, and other taxes have decreased, which has negatively impacted our share of local government funds. Although changes in the sources and method of funding have been broadened to provide more stability to this critical funding source, local government funds continued to decrease during the year. The local fund distributions will be derived from a percentage of all State General Revenue Fund (GRF) tax sources. Local government funds are receipted into the City's general fund and are used to help pay for police, fire, administrative, and a wide variety of other programs and departments.

The largest program function for the City is security of persons and property. This includes expenses of the police and fire departments. The police department employs nineteen officers and four full-time dispatchers. The fire department has ten full-time positions. There are two fire stations within the City, one staffed by the full-time firefighters, while the other station is staffed by part-time or volunteer personnel. The City also operates its own ambulance service with five full-time employees. During 2010, there was a decrease in expenses for the police and fire departments due to layoffs made as a result of budget cuts in order for the City to lower its spending.

The City's Public Works Department (transportation) has seventeen employees, including three mechanics, twelve equipment operators, one manager, and one full-time administrative assistant. The public works department is responsible for maintaining 565 lane miles of roads, including the paving of local streets, as well as snow plowing, storm sewer and ditch maintenance, tree trimming/removal, park maintenance, litter pick up, recycling programs and various other duties.

Business-Type Activities

The City operates two business-type activities: the water and sewer treatment facilities. The major revenue sources for these activities are charges for services. During 2010, there was an increase in charges for services due to a half percent rate increase implemented at the end of the previous year. The water plant provides water to approximately 4,900 customers. Approximately fifty million gallons of water and seventy one million gallons of wastewater are processed each month.

The City's Funds

A review of the City's governmental funds provides information on near-term flows and balances of expendable resources and serves as a useful measure of a government's net resources. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the year. Information about the City's governmental funds begins on page 16. These funds are accounted for using the modified accrual method of accounting.

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

The City's major governmental funds are the general fund, street construction, maintenance and repair special revenue fund and the special assessment bond retirement debt service fund. Revenues exceeded expenditures for the year in the general fund due to an increase in property taxes and municipal income taxes allocated to the general fund during the year. This was offset by an increase in expenditures due to advances made to other governmental funds to provide resources to support various programs. Overall, the general fund saw a fund balance increase during the year. Expenditures exceeded revenues in the street construction, maintenance and repair fund and special assessment bond retirement fund due to increased paving projects completed and principal payments made during the year. The City's funds are monitored consistently with adjustments made throughout the year in budgets to accommodate yearly revenues.

Information about the proprietary funds starts on page 22. These funds are accounted for on an accrual basis.

All business type funds had increased operating revenues which exceeded operating expenses. These increases are due to increased rates for both water and sewer collections. The City is consistent with reviews of these funds, and the necessary adjustments are made to ensure strength in our enterprise funds.

General Fund Budgeting Highlights

Budgeting is prescribed by the Ohio Revised Code. Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the Ohio Revised Code. In 2010, actual revenues were less than estimated revenues. A large part of the difference was made from less than anticipated municipal income tax collections. In order to offset the continued decline in revenue, the City has lowered their expenditures from the previous year by making reductions in their staff. Actual expenditures were lower than final appropriations. This difference is made from the City becoming more conservative in spending due to the current economic conditions that entities are facing State-wide.

Capital Assets and Debt Administration

Capital Assets

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

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$554,972	\$554,972	\$6,880	\$6,880	\$561,852	\$561,852
Construction in Progress	117,200	105,672	1,295,397	74,566	1,412,597	180,238
Buildings and Improvements	429,863	475,168	45,850	52,478	475,713	527,646
Equipment	577,859	641,060	1,901,601	2,013,285	2,479,460	2,654,345
Vehicles	434,796	231,603	556,822	533,972	991,618	765,575
Furniture and Fixtures	1,119	2,067	0	0	1,119	2,067
Infrastructure						
Traffic Signals	217,326	224,076	0	0	217,326	224,076
Roads	14,110,152	14,819,868	0	0	14,110,152	14,819,868
Bridges	12,238,411	13,015,517	0	0	12,238,411	13,015,517
Storm Sewers	1,212,462	726,188	0	0	1,212,462	726,188
Water and Sewer Lines	0	0	14,065,052	14,356,436	14,065,052	14,356,436
Total	\$29,894,160	\$30,796,191	\$17,871,602	\$17,037,617	\$47,765,762	\$47,833,808

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

The largest increase in governmental capital assets was the completed paving projects on a number of streets throughout the City. In addition, a street sweeper was purchased in the street department, three 2010 Ford explorers were purchased for the police department and a new ambulance was purchased for the fire department. These additions were offset by another year of depreciation.

The largest increase in business-type activities was the addition to construction in progress for the installation and replacement of water meters throughout the City in order to cut costs significantly and to provide more accurate readings. Radio read meters will permit one person to obtain water meter readings for the entire City in less than one day, which currently takes two meter readers, with two vehicles, an entire month to complete. The City also continues to work on the Creek Road Water Tank and the Lake Road Water Line.

For additional information regarding the City's capital assets, see Note 8 to the basic financial statements.

Long-term Obligations

The City's long-term obligations are comprised of general obligation bonds, OPWC and OWDA loans, notes payable, loans payable, capital leases and compensated absences.

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

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
General Obligation Bonds	\$940,000	\$1,145,000	\$530,895	\$601,018	\$1,470,895	\$1,746,018
OWDA Loans	879,237	999,827	3,750,911	4,236,568	4,630,148	5,236,395
OPWC Loans	22,930	24,511	305,621	345,077	328,551	369,588
Notes Payable	125,000	151,000	240,000	280,000	365,000	431,000
Loans Payable	1,193,481	653,334	1,379,949	306,666	2,573,430	960,000
Capital Leases	80,649	158,346	0	0	80,649	158,346
Compensated Absences	589,878	589,195	276,622	288,909	866,500	878,104
Total	\$3,831,175	\$3,721,213	\$6,483,998	\$6,058,238	\$10,315,173	\$9,779,451

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

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

In 2008, the City issued a \$500,000 industrial park loan to develop and construct an industrial park. This loan will be paid from the industrial park capital project fund from revenues generated from the sale, lease, or transfer of industrial park property.

There are five OPWC and fourteen OWDA loans, all of which are being funded by special assessments and water and sewer user fees.

During 2010, the City established a line of credit with Key Bank to begin installation of new water meters throughout the City. The loan bears an interest rate of 4.31 percent and will mature in 2017.

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

The City has entered into capitalized lease obligations for three Ford Crown Victorias vehicles and a street sweeper. The minimum lease payments required under the capital leases are being paid from the general fund and the street construction, maintenance and repair special revenue fund.

For more information about the City's long-term obligations, see Note 15 to the basic financial statements.

Current Financial Issues

Although many of the financial issues encountered in the last several years continue to impact the City, financial conditions have stabilized. The economic recovery has not restored some the City's more cyclical industries to their pre-recession levels, resulting in stagnating revenue, particularly with respect to income tax collections. Operating costs, especially fuel, utilities, and health insurance, continue to increase and some capital needs cannot be funded unless grant funding is obtained.

The City's enterprise funds have been adversely impacted by the decline in water production and usage. Between the years 2005-2010, water production has decreased by 120 million gallons or about 19.50 percent over this period. Due to the replacement of water meters City-Wide, both commercial and residential, the net effect on water revenue collections is an increase of approximately 1percent from 2009, but when evaluated in combination with the decline in water production, the overall difference has been around 10 percent, but still far below some initial estimates of 20 to 30 percent. To finance the cost of installing new meters throughout the city, bank financing was utilized to fund the \$1.3 million dollar project. This financing requires principal and interest payments of approximately \$238,000 per year, which is paid entirely from the water fund. When planning for the debt service payments, revenue projections were more optimistic than what has materialized. However, the City's water fund continues to generate sufficient funds to cover the debt payments on this project.

For nearly a decade, the general fund unencumbered balance has been declining steadily. In 1998, the general fund balance peaked at \$1.2 million, but ten years later, the general fund cash balance had decreased to around \$75,000. Some of this decline can be attributed to decreases and/or stagnation of income tax revenues for this period, combined with escalating operating and capital costs. At the height of the recession, income tax revenues decrease by 11 percent compared to prior years, and as a result, the City has had to make substantial budget cuts in order to lower costs. To compound the issue, the State of Ohio is considering reducing local government funding by 50 percent, which could result in a \$300,000 reduction in general fund revenue by 2013. Local government revenue accounts for approximately 15 percent of the general fund revenue budget. The City has already implemented numerous cost savings measures, including staff reductions, changes to health care benefits, and restructuring of departments. There has been a concerted effort by the City Manager and staff to curtail spending wherever possible without compromising City services. As part of the annual goals and objectives, the City continues to explore new ways to improve efficiency, cut costs and increase revenue.

Providing health insurance benefits to City personnel accounts for approximately fifteen percent of the total wage and benefit package offered to City employees or about \$800,000 in 2010, which is a decrease of approximately \$200,000 from the prior year. This was accomplished, in part, by requiring all of the City's personnel to enroll in a Health Savings Account (H.S.A.), which is a more cost effective alternative to the traditional health insurance plan. Additional savings were realized when the City raised the employee health insurance stipend from \$200 per month to \$400 per month to those employees who enrolled in their spouse's employer sponsored plan. All of the City's unions have agreed that each of their members will pay 5 percent of the health insurance premium to help defray some of the costs incurred by the City. Finally, personnel reductions in various departments helped to reduce the cost as well. However, even with these changes, paying for future increases in health insurance will continue to pose a financial challenge, as health insurance premiums tend to increase at a rate much faster than inflation.

City of Conneaut, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Personnel costs account for approximately 75 percent of operating expenditures in the City, and while this is comparable to most governmental entities, it is a significant financial commitment. The total personnel cost, including salary, pension, and health insurance for 2010 was approximately \$6,000,000, which is decrease of approximately \$500,000 from 2009. Due to staff reductions and attrition, gross payroll decreased by \$235,000, pension/other decreased by \$65,000 and health insurance costs decreased by nearly \$200,000, when compared to 2009. The City provided a 4.00 percent wage increase to members of the police and fire unions in 2010, which was partially offset by the elimination of a 4 percent pension pickup, a wage freeze for year 2011, and they will receive a 4.00 percent wage increase in 2012. The City's largest union, AFSCME, experienced a wage freeze in 2010, and they will receive a 4.00 percent wage increase in 2011, which will be partially offset by the elimination of a 4 percent pension pickup, and they will receive a 4.00 percent wage increase in 2012. The approximate cost, with benefits, of the 4.00 percent increase was \$16,000 in 2010. Estimated cost of the wage increase in 2011 is \$32,000, and \$227,000 in 2012. In the long term, if sufficient revenue is not generated to cover operating and capital expenditures, then further budget cuts will be necessary.

Personal property tax collections in 2010 decreased to \$5,185, based upon a 2009 tax valuation of approximately \$642,000. With a personal property tax valuation of approximately \$0 in 2010, compared with \$170,000 in collections and an assessed valuation for personal property of about \$21 million at its peak in tax year 2005, represents a 100 percent reduction in personal property tax valuation, primarily due to the passage of House Bill 66, which phased out the tax on tangible personal property of general business, telephone and telecommunications companies and railroads beginning in 2006. For the first five years of the phase out the City will be fully reimbursed for the last revenue, however from years 2011-2017 the City will receive a declining percentage reimbursement from the 2005 base year. After 2017, the phase out will be complete. In preparing for this phase out of personal property tax, the City must begin to find other revenue sources to replace this critical funding source.

While the City continues to be very aggressive in pursuing delinquent income taxpayers, a substantial amount of income tax due the City is delinquent. As of December 31, 2010, delinquent income tax were estimated at around \$571,000 for various tax years. The income tax department utilizes a variety of methods to collect delinquent income taxes, including the City's municipal court and a collection agency. Revenues from accounts sent to collections average \$3,500 per month.

Contacting the City's Finance Department

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

Basic Financial Statements

City of Conneaut, Ohio

Statement of Net Assets

December 31, 2010

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and			
Cash Equivalents	\$2,366,982	\$1,050,219	\$3,417,201
Accounts Receivable	113,763	672,822	786,585
Internal Balances	34,323	(34,323)	0
Intergovernmental Receivable	1,117,278	0	1,117,278
Materials and Supplies Inventory	99,243	112,858	212,101
Property Taxes Receivable	1,027,148	0	1,027,148
Municipal Income Taxes Receivable	896,778	0	896,778
Special Assessments Receivable	1,526,638	37,193	1,563,831
Loans Receivable	6,717	0	6,717
Nondepreciable Capital Assets	672,172	1,302,277	1,974,449
Depreciable Capital Assets, Net	29,221,988	16,569,325	45,791,313
<i>Total Assets</i>	<u>37,083,030</u>	<u>19,710,371</u>	<u>56,793,401</u>
Liabilities			
Accounts Payable	100,933	70,008	170,941
Contracts Payable	2,355	14,833	17,188
Accrued Wages	160,239	71,637	231,876
Intergovernmental Payable	239,720	78,767	318,487
Accrued Interest Payable	35,172	82,237	117,409
Matured Compensated Absences Payable	74,639	0	74,639
Deferred Revenue	1,021,849	0	1,021,849
Notes Payable	176,000	150,000	326,000
Long-Term Liabilities:			
Due Within One Year	636,896	869,365	1,506,261
Due In More Than One Year	3,194,279	5,614,633	8,808,912
<i>Total Liabilities</i>	<u>5,642,082</u>	<u>6,951,480</u>	<u>12,593,562</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	28,696,100	11,515,121	40,211,221
Restricted for:			
Capital Projects	616,736	0	616,736
Debt Service	576,190	0	576,190
Street Construction, Maintenance and Repair	342,702	0	342,702
Community Housing	4,778	0	4,778
Economic Development	223,752	0	223,752
Ambulance Services	74,222	0	74,222
USEPA	184,960	0	184,960
Other Purposes	395,117	0	395,117
Unrestricted	326,391	1,243,770	1,570,161
<i>Total Net Assets</i>	<u>\$31,440,948</u>	<u>\$12,758,891</u>	<u>\$44,199,839</u>

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
Statement of Activities
For the Year Ended December 31, 2010

	Program Revenues			
	Expenses	Charges for Services and Assessments	Operating Grants and Contributions	Capital Grants
Governmental Activities:				
General Government	\$1,226,765	\$302,039	\$0	\$0
Security of Persons and Property	3,362,411	457,176	175,617	0
Public Health Services	312,558	64,244	44,121	0
Leisure Time Activities	136,287	52,911	1,940	0
Community Development	310,981	65,170	219,613	0
Basic Utility Services	109,837	125,004	0	0
Transportation	2,321,555	58,621	361,059	24,626
Interest and Fiscal Charges	132,375	0	0	0
<i>Total Governmental Activities</i>	<u>7,912,769</u>	<u>1,125,165</u>	<u>802,350</u>	<u>24,626</u>
Business-Type Activities:				
Water	1,576,246	2,116,230	0	91,414
Sewer	1,959,232	2,408,925	0	112,476
<i>Total Business-Type Activities</i>	<u>3,535,478</u>	<u>4,525,155</u>	<u>0</u>	<u>203,890</u>
<i>Total - Primary Government</i>	<u>\$11,448,247</u>	<u>\$5,650,320</u>	<u>\$802,350</u>	<u>\$228,516</u>

General Revenues

Property Taxes Levied for:
 General Purposes
 Debt Service
 Other Purposes
Municipal Income Taxes Levied for:
 General Purposes
 Capital Outlay
 Street Construction, Maintenance and Repair
 Other Purposes
Hotel Taxes
Grants and Entitlements not Restricted to Specific Programs
Franchise Taxes
Investment Earnings
Miscellaneous

Total General Revenues

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 Activities	Total
(\$924,726)	\$0	(\$924,726)
(2,729,618)	0	(2,729,618)
(204,193)	0	(204,193)
(81,436)	0	(81,436)
(26,198)	0	(26,198)
15,167	0	15,167
(1,877,249)	0	(1,877,249)
(132,375)	0	(132,375)
<u>(5,960,628)</u>	<u>0</u>	<u>(5,960,628)</u>
0	631,398	631,398
0	562,169	562,169
<u>0</u>	<u>1,193,567</u>	<u>1,193,567</u>
<u>(5,960,628)</u>	<u>1,193,567</u>	<u>(4,767,061)</u>
345,426	0	345,426
198,163	0	198,163
626,793	0	626,793
1,913,724	0	1,913,724
258,999	0	258,999
133,594	0	133,594
45,862	0	45,862
15,925	0	15,925
897,681	0	897,681
125,997	0	125,997
4,071	0	4,071
62,040	8,952	70,992
4,628,275	8,952	4,637,227
(1,332,353)	1,202,519	(129,834)
<u>32,773,301</u>	<u>11,556,372</u>	<u>44,329,673</u>
<u>\$31,440,948</u>	<u>\$12,758,891</u>	<u>\$44,199,839</u>

City of Conneaut, Ohio

Balance Sheet

Governmental Funds

December 31, 2010

	General	Street Construction, Maintenance and Repair	Special Assessment Bond Retirement
Assets			
Equity in Pooled Cash and			
Cash Equivalents	\$326,954	\$117,456	\$71,596
Materials and Supplies Inventory	35,305	63,938	0
Interfund Receivable	49,363	0	0
Accounts Receivable	40,103	0	0
Intergovernmental Receivable	439,031	223,319	0
Municipal Income Taxes Receivable	647,344	146,240	0
Property Taxes Receivable	290,847	0	0
Loans Receivable	0	0	0
Special Assessments Receivable	430,045	95,099	1,001,494
Restricted Assets:			
Equity in Pooled Cash and			
Cash Equivalents	17,772	0	0
Total Assets	\$2,276,764	\$646,052	\$1,073,090
Liabilities			
Accounts Payable	\$44,469	\$25,358	\$0
Contracts Payable	2,265	45	0
Accrued Wages	48,196	18,129	0
Intergovernmental Payable	119,893	31,391	0
Interfund Payable	0	0	0
Matured Compensated Absences Payable	74,639	0	0
Accrued Interest Payable	1,644	476	0
Deferred Revenue	1,246,335	298,625	1,001,494
Notes Payable	150,000	26,000	0
Total Liabilities	1,687,441	400,024	1,001,494
Fund Balances			
Reserved for Encumbrances	16,935	2,974	0
Reserved for Unclaimed Funds	17,772	0	0
Reserved for Loans Receivable	0	0	0
Unreserved			
Undesignated, Reported in:			
General Fund	554,616	0	0
Special Revenue Funds	0	243,054	0
Debt Service Funds	0	0	71,596
Capital Projects Funds	0	0	0
Total Fund Balances	589,323	246,028	71,596
Total Liabilities and Fund Balances	\$2,276,764	\$646,052	\$1,073,090

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2010*

Other Governmental Funds	Total Governmental Funds	Total Governmental Funds Balances	\$2,586,569
		<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
\$1,833,204	\$2,349,210	Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	29,894,160
0	99,243		
0	49,363		
73,660	113,763		
454,928	1,117,278	Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	
103,194	896,778	Property Taxes	32,593
736,301	1,027,148	Municipal Income Taxes	333,458
6,717	6,717	Intergovernmental	849,125
0	1,526,638	Special Assessments	1,526,638
		Charges for Services	69,320
0	17,772	Franchise Taxes	13,312
\$3,208,004	\$7,203,910	Total	2,824,446
\$31,106	\$100,933	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(33,052)
45	2,355		
93,914	160,239	Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
88,436	239,720	General Obligation Bonds	(940,000)
15,040	15,040	OWDA Loans Payable	(879,237)
0	74,639	Loans Payable	(1,193,481)
0	2,120	OPWC Loans Payable	(22,930)
1,299,841	3,846,295	Notes Payable	(125,000)
0	176,000	Capital Leases Payable	(80,649)
1,528,382	4,617,341	Compensated Absences	(589,878)
34,002	53,911	Total	(3,831,175)
0	17,772	<i>Net Assets of Governmental Activities</i>	\$31,440,948
2,267	2,267		
0	554,616		
289,210	532,264		
394,447	466,043		
959,696	959,696		
1,679,622	2,586,569		
\$3,208,004	\$7,203,910		

City of Conneaut, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General	Street Construction, Maintenance and Repair	Special Assessment Bond Retirement
Revenues			
Property Taxes	\$375,163	\$0	\$0
Municipal Income Taxes	1,943,175	140,247	0
Hotel Taxes	15,925	0	0
Special Assessments	369	5,644	111,434
Intergovernmental	943,457	183,688	0
Fees, Licenses and Permits	508,477	32,755	0
Fines and Forfeitures	189,034	0	0
Rentals	20,000	0	0
Charges for Services	0	0	0
Contributions and Donations	19,013	0	0
Interest	2,035	97	0
Franchise Taxes	125,799	0	0
Other	25,291	31,410	0
<i>Total Revenues</i>	<u>4,167,738</u>	<u>393,841</u>	<u>111,434</u>
Expenditures			
Current:			
General Government	1,195,724	0	3,373
Security of Persons and Property	2,257,891	0	0
Public Health Services	312,852	0	0
Leisure Time Activities	40,889	0	0
Community Development	69,966	0	0
Basic Utility Services	3,112	0	0
Transportation	0	919,497	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	50,914	37,113	120,590
Principal Retirement - Current Refunding	0	26,000	0
Interest and Fiscal Charges	8,776	12,334	38,552
<i>Total Expenditures</i>	<u>3,940,124</u>	<u>994,944</u>	<u>162,515</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>227,614</u>	<u>(601,103)</u>	<u>(51,081)</u>
Other Financing Sources (Uses)			
Loans Issued	0	574,435	0
General Obligation Notes Issued	0	125,000	0
Current Refunding	0	(125,000)	0
Transfers In	0	0	0
Transfers Out	(60,750)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(60,750)</u>	<u>574,435</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	166,864	(26,668)	(51,081)
<i>Fund Balances Beginning of Year</i>	<u>422,459</u>	<u>272,696</u>	<u>122,677</u>
<i>Fund Balances End of Year</i>	<u>\$589,323</u>	<u>\$246,028</u>	<u>\$71,596</u>

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2010*

Other Governmental Funds	Total Governmental Funds		
		Net Change in Fund Balances - Total Governmental Funds	\$134,243
		<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
		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.	
\$910,271	\$1,285,434	Capital Outlay	583,399
309,556	2,392,978	Depreciation	<u>(1,484,764)</u>
0	15,925	Total	(901,365)
0	117,447		
833,182	1,960,327	Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	
157,763	698,995		(666)
67,930	256,964	Revenue in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
31,000	51,000	Property Taxes	(115,052)
31,000	31,000	Municipal Income Taxes	(40,799)
8,904	27,917	Intergovernmental	(263,587)
1,939	4,071	Special Assessments	(44,613)
0	125,799	Franchise Taxes	198
5,339	62,040	Charges for Services	<u>14,372</u>
		Total	(449,481)
<u>2,356,884</u>	<u>7,029,897</u>	Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.	
		General Obligation Bonds Payable	205,000
6,352	1,205,449	OWDA Loans Payable	120,590
947,696	3,205,587	Loans Payable	34,288
0	312,852	OPWC Loans Payable	1,581
72,502	113,391	Notes Payable	151,000
232,151	302,117	Capital Leases Payable	<u>77,697</u>
106,725	109,837	Total	590,156
170,620	1,090,117	In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	
538,330	538,330		(5,122)
230,539	439,156	Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
0	26,000		(683)
67,591	127,253	Other financing sources in the governmental funds that increase long-term liabilities in the statement of net assets are not reported as revenues in the statement of activities.	
<u>2,372,506</u>	<u>7,470,089</u>	Loans Issued	(574,435)
(15,622)	(440,192)	General Obligation Notes Issued	<u>(125,000)</u>
		Total	(699,435)
0	574,435	Change in Net Assets of Governmental Activities	
0	125,000		<u>(\$1,332,353)</u>
0	(125,000)		
60,750	60,750		
0	(60,750)		
<u>60,750</u>	<u>574,435</u>		
45,128	134,243		
1,634,494	2,452,326		
<u>\$1,679,622</u>	<u>\$2,586,569</u>		

City of Conneaut, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$376,000	\$376,000	\$375,163	(\$837)
Municipal Income Taxes	2,000,000	2,000,000	1,919,471	(80,529)
Hotel Taxes	15,000	15,000	18,630	3,630
Special Assessments	0	0	369	369
Intergovernmental	853,547	853,547	926,096	72,549
Fees, Licenses and Permits	515,350	515,350	508,477	(6,873)
Fines and Forfeitures	180,550	180,550	190,650	10,100
Rentals	20,000	20,000	20,000	0
Contributions and Donations	13,500	13,500	19,013	5,513
Interest	5,000	5,000	2,035	(2,965)
Franchise Taxes	116,000	116,000	126,148	10,148
Other	112,057	112,057	25,291	(86,766)
<i>Total Revenues</i>	4,207,004	4,207,004	4,131,343	(75,661)
Expenditures				
Current:				
General Government	1,204,707	1,254,429	1,136,233	118,196
Security of Persons and Property	2,697,978	2,532,290	2,370,629	161,661
Public Health Services	212,814	322,251	315,786	6,465
Leisure Time Activities	46,790	46,790	43,345	3,445
Community Development	79,415	79,415	73,179	6,236
Debt Service:				
Principal Retirement	175,000	175,000	175,000	0
Interest and Fiscal Charges	5,900	7,900	7,060	840
<i>Total Expenditures</i>	4,422,604	4,418,075	4,121,232	296,843
<i>Excess of Revenues Over (Under) Expenditures</i>	(215,600)	(211,071)	10,111	221,182
Other Financing Sources (Uses)				
General Obligation Notes Issued	150,000	150,000	150,000	0
Advances Out	0	(95,366)	(49,363)	46,003
Transfers Out	(85,750)	(85,750)	(60,750)	25,000
<i>Total Other Financing Sources (Uses)</i>	64,250	(31,116)	39,887	71,003
<i>Net Change in Fund Balance</i>	(151,350)	(242,187)	49,998	292,185
<i>Fund Balance Beginning of Year</i>	245,952	245,952	245,952	0
Prior Year Encumbrances Appropriated	18,392	18,392	18,392	0
<i>Fund Balances End of Year</i>	\$112,994	\$22,157	\$314,342	\$292,185

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$452,000	\$452,000	\$134,892	(\$317,108)
Special Assessments	10,000	10,000	5,644	(4,356)
Intergovernmental	455,500	455,500	181,086	(274,414)
Fees, Licenses and Permits	23,000	23,000	32,755	9,755
Interest	300	300	97	(203)
Other	20,000	20,000	31,410	11,410
<i>Total Revenues</i>	960,800	960,800	385,884	(574,916)
Expenditures				
Current:				
Transportation	1,005,367	1,019,867	922,630	97,237
Debt Service:				
Principal Retirement	213,159	213,159	212,113	1,046
Interest and Fiscal Charges	15,339	15,339	12,283	3,056
<i>Total Expenditures</i>	1,233,865	1,248,365	1,147,026	101,339
<i>Excess of Revenues Under Expenditures</i>	(273,065)	(287,565)	(761,142)	(473,577)
Other Financing Sources				
Loans Issued	0	0	574,435	574,435
General Obligation Notes Issued	151,000	151,000	151,000	0
<i>Total Other Financing Sources</i>	151,000	151,000	725,435	574,435
<i>Net Change in Fund Balance</i>	(122,065)	(136,565)	(35,707)	100,858
<i>Fund Balance Beginning of Year</i>	129,615	129,615	129,615	0
Prior Year Encumbrances Appropriated	7,027	7,027	7,027	0
<i>Fund Balance End of Year</i>	\$14,577	\$77	\$100,935	\$100,858

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2010

	Business-Type Activities		
	Water	Sewer	Total
Assets			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$735,801	\$314,418	\$1,050,219
Materials and Supplies Inventory	64,545	48,313	112,858
<i>Receivables:</i>			
Accounts	324,498	348,324	672,822
Special Assessments	3,826	5,628	9,454
<i>Total Current Assets</i>	<u>1,128,670</u>	<u>716,683</u>	<u>1,845,353</u>
<i>Noncurrent Assets:</i>			
Special Assessment Receivable	19,671	8,068	27,739
<i>Capital Assets:</i>			
Nondepreciable Capital Assets	1,291,766	10,511	1,302,277
Depreciable Capital Assets, Net	6,518,663	10,050,662	16,569,325
<i>Total Noncurrent Assets</i>	<u>7,830,100</u>	<u>10,069,241</u>	<u>17,899,341</u>
<i>Total Assets</i>	<u>8,958,770</u>	<u>10,785,924</u>	<u>19,744,694</u>
Liabilities			
<i>Current Liabilities:</i>			
Accounts Payable	32,141	37,867	70,008
Contracts Payable	1,604	13,229	14,833
Accrued Wages	38,165	33,472	71,637
Intergovernmental Payable	42,701	36,066	78,767
Interfund Payable	34,323	0	34,323
Compensated Absences Payable	25,289	36,909	62,198
Accrued Interest Payable	7,664	74,573	82,237
General Obligation Bonds Payable	70,000	0	70,000
OPWC Loans Payable	25,174	1,892	27,066
OWDA Loans Payable	31,027	477,413	508,440
Notes Payable	0	150,000	150,000
Loans Payable	186,328	15,333	201,661
<i>Total Current Liabilities</i>	<u>494,416</u>	<u>876,754</u>	<u>1,371,170</u>
<i>Long-Term Liabilities (net of current portion):</i>			
Compensated Absences Payable	83,372	131,052	214,424
General Obligation Bonds Payable	460,895	0	460,895
OPWC Loans Payable	253,966	24,589	278,555
OWDA Loans Payable	196,708	3,045,763	3,242,471
Notes Payable	0	240,000	240,000
Loans Payable	1,055,621	122,667	1,178,288
<i>Total Long-Term Liabilities</i>	<u>2,050,562</u>	<u>3,564,071</u>	<u>5,614,633</u>
<i>Total Liabilities</i>	<u>2,544,978</u>	<u>4,440,825</u>	<u>6,985,803</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	5,531,605	5,983,516	11,515,121
Unrestricted	882,187	361,583	1,243,770
<i>Total Net Assets</i>	<u>\$6,413,792</u>	<u>\$6,345,099</u>	<u>\$12,758,891</u>

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2010*

	Business-Type Activities		
	Water	Sewer	Total
Operating Revenues			
Charges for Services	\$2,091,132	\$2,365,027	\$4,456,159
Tap-In Fees	21,130	38,000	59,130
Special Assessments	3,468	5,898	9,366
Rentals	500	0	500
Other	3,379	5,573	8,952
<i>Total Operating Revenues</i>	<u>2,119,609</u>	<u>2,414,498</u>	<u>4,534,107</u>
Operating Expenses			
Personal Services	1,024,898	901,871	1,926,769
Purchased Services	6,651	365,507	372,158
Contractual Services	100,156	83,532	183,688
Materials and Supplies	153,969	100,105	254,074
Depreciation	213,678	344,247	557,925
Other	1,458	3,158	4,616
<i>Total Operating Expenses</i>	<u>1,500,810</u>	<u>1,798,420</u>	<u>3,299,230</u>
<i>Operating Income</i>	<u>618,799</u>	<u>616,078</u>	<u>1,234,877</u>
Non-Operating Expenses			
Interest and Fiscal Charges	(75,436)	(160,812)	(236,248)
<i>Income before Contributions</i>	543,363	455,266	998,629
Capital Contributions	91,414	112,476	203,890
<i>Change in Net Assets</i>	634,777	567,742	1,202,519
<i>Net Assets Beginning of Year</i>	<u>5,779,015</u>	<u>5,777,357</u>	<u>11,556,372</u>
<i>Net Assets End of Year</i>	<u><u>\$6,413,792</u></u>	<u><u>\$6,345,099</u></u>	<u><u>\$12,758,891</u></u>

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2010

	Business-Type Activities		
	Water	Sewer	Total
Increase in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Customers	\$2,068,181	\$2,301,722	\$4,369,903
Cash Received from Tap-In Fees	21,130	38,000	59,130
Cash Received from Special Assessments	4,556	2,641	7,197
Cash Received from Rentals	500	0	500
Other Cash Receipts	3,379	5,573	8,952
Cash Payments to Employees for Services	(1,015,153)	(878,187)	(1,893,340)
Cash Payments for Goods and Services	(619,024)	(571,834)	(1,190,858)
Other Cash Payments	(1,458)	(3,158)	(4,616)
<i>Net Cash Provided by Operating Activities</i>	<u>462,111</u>	<u>894,757</u>	<u>1,356,868</u>
Cash Flows from Noncapital Financing Activities			
Financing Activities			
Advances In	<u>34,323</u>	<u>0</u>	<u>34,323</u>
Cash Flows from Capital and Related Financing Activities			
Capital Grants	91,414	112,476	203,890
Proceeds from General Obligation Notes	0	390,000	390,000
Proceeds from Loans	1,134,867	0	1,134,867
Principal Paid on Loans	(46,251)	(15,333)	(61,584)
Interest Paid on Loans	(34,595)	(6,000)	(40,595)
Principal Paid on OWDA Loans	(29,720)	(455,937)	(485,657)
Interest Paid on OWDA Loans	(10,882)	(158,406)	(169,288)
Principal Paid on OPWC Loans	(25,174)	(14,282)	(39,456)
Principal Paid on General Obligation Bond	(70,000)	0	(70,000)
Interest Paid on General Obligation Bond	(30,300)	0	(30,300)
Principal Paid on Long-term Notes	0	(280,000)	(280,000)
Interest Paid on Long-term Notes	0	(10,238)	(10,238)
Principal Paid on Short-term Notes	(68,260)	(230,835)	(299,095)
Interest Paid on Short-term Notes	(500)	(500)	(1,000)
Payments for Capital Acquisitions	(1,284,625)	(107,285)	(1,391,910)
<i>Net Cash Used in Capital and Related Financing Activities</i>	<u>(374,026)</u>	<u>(776,340)</u>	<u>(1,150,366)</u>
<i>Net Increase in Cash and Cash Equivalent</i>	122,408	118,417	240,825
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>613,393</u>	<u>196,001</u>	<u>809,394</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$735,801</u>	<u>\$314,418</u>	<u>\$1,050,219</u>

(continued)

City of Conneaut, Ohio
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended December 31, 2010

	Business-Type Activities		
	Water	Sewer	Total
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$618,799	\$616,078	\$1,234,877
Adjustments:			
Depreciation	213,678	344,247	557,925
(Increase) Decrease in Assets:			
Accounts Receivable	(22,951)	(63,305)	(86,256)
Special Assessments Receivable	1,088	(3,257)	(2,169)
Materials and Supplies Inventory	(277)	(4,153)	(4,430)
Increase (Decrease) in Liabilities:			
Accounts Payable	(18,376)	12,312	(6,064)
Contracts Payable	(327,428)	(18,507)	(345,935)
Accrued Wages	13,717	11,260	24,977
Compensated Absences Payable	(14,591)	2,304	(12,287)
Intergovernmental Payable	(1,548)	(2,222)	(3,770)
<i>Total Adjustments</i>	(156,688)	278,679	121,991
<i>Net Cash Provided by Operating Activities</i>	\$462,111	\$894,757	\$1,356,868

See accompanying notes to the basic financial statements

City Of Conneaut, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2010

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$10,520
Cash and Cash Equivalents in Segregated Accounts	<u>9,727</u>
<i>Total Assets</i>	<u><u>\$20,247</u></u>
Liabilities	
Deposits Held and Due to Others	<u><u>\$20,247</u></u>

See accompanying notes to the basic financial statements

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

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

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

The City is associated with the Ohio Municipal League Workers' Compensation Group Rating Plan, an insurance purchasing pool, the Conneaut Public Library, a related organization and the Northeast Ohio Public Energy Council (NOPEC), a jointly governed organization. These organizations are presented in Notes 13, 14 and 20 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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

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

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

Fund Accounting

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

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

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

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

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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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

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

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

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

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

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

Measurement Focus

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

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

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

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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

accounting; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

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

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

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2010, but which were levied to finance year 2011 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.

Cash and Cash Equivalents

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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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

During 2010, investments were limited to STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2010.

Interest earnings are allocated to City funds according to State statutes, City Charter, grant requirements, or debt related restrictions. Interest revenue credited to the general fund during 2010 amounted to \$2,035 which includes \$1,756 assigned from other City funds.

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

Inventory

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

Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	15 - 45 years
Equipment	3 - 10 years
Vehicles	5 - 20 years
Furniture and Fixtures	3 - 10 years
Infrastructure	25 - 40 years
Water and Sewer Lines	50 years

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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

Compensated Absences

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

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

The entire compensated absences liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments came due each period upon the occurrence of employee retirements. These amounts are recorded in the account "matured compensated absences payable" in the funds from which the employees who have retired will be paid.

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances, unclaimed monies and loans receivable. The reserve for unclaimed monies represents cash that, under Ohio law, must remain unclaimed for five years before it becomes available for appropriation.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for security of persons and property through the police and fire departments and recreational activities.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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

Operating Revenues and Expenses

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

Contributions of Capital

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

Interfund Activity

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

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

Bond Premium

On the City-wide and the proprietary fund financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an increase of the face amount of the bonds payable.

Extraordinary and Special Items

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

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.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Budgetary Process

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

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

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

Note 3 – Change in Accounting Principle

For fiscal year 2010, the City has implemented Governmental Accounting Standard Board (GASB) Statement No. 51, "Accounting and Reporting for Intangible Assets". GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any change to the City's financial statements.

Note 4 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

4. Unreported cash represents amounts received but not included as revenue on the budgetary statements, but reported on the operating statements prepared using GAAP.
5. Proceeds from and principal payment on short-term note obligations are reported on the operating statement (budget) rather than on the balance sheet (GAAP).
6. Advances-out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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

Net Change in Fund Balances

	General	Street Construction, Maintenance and Repair
GAAP Basis	\$166,864	(\$26,668)
Net Adjustment for Revenue Accruals	(37,734)	(582,492)
Net Adjustment for Expenditures Accruals	25,258	201,552
Beginning Unrecorded Cash	357	100
Ending Unrecorded Cash	982	0
Proceeds of Loans	0	574,435
Proceeds of Notes	150,000	26,000
Principal Retirement	(175,000)	(212,113)
Advances Out	(49,363)	0
Encumbrances	(31,366)	(16,521)
Budget Basis	\$49,998	(\$35,707)

Note 5 - Fund Deficits

Fund balance at December 31, 2010, included the following individual fund deficits:

Fund	Amount
<i>Special Revenue Funds:</i>	
Auto Permissive Tax	\$2,723
Street Lighting	15,380
USEPA Grant	15,040
Police Pension	68,331
Fire Pension	42,689

The special revenue funds' deficits were caused by the recognition of expenditures on the modified accrual basis of accounting which are substantially greater than expenditures recognized on the cash basis. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Note 6 - Deposits and Investments

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

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

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

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

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

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

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

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

1. Bonds of the State of Ohio;

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that, in the event of the failure of the counterparty, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,512,339 of the City's bank balance of \$2,012,339 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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

Investments

At December 31, 2010, the City had \$1,470,334 invested in STAR Ohio with an average maturity of 58 days.

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

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

Note 7 - Receivables

Receivables at December 31, 2010, consisted primarily of municipal income taxes, property taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, loans and accounts (billings for user charged services, including unbilled utility services).

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivable except property taxes, special assessments, and loans receivable are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Special assessments expected to be collected in more than one year amount to \$858,333 in the special assessment bond retirement fund, \$19,671 in the water enterprise fund and \$8,068 in the sewer enterprise fund. At December 31, 2010, the amount of delinquent special assessments was \$605,476.

The loans receivable at December 31, 2010, are revolving loans made to private enterprises under the United States Department of Housing and Urban Development Community Development Block Grant Program. The loans are due on various dates with a large portion not due until the related property is sold or the debtor becomes deceased. Loans expected to be collected in more than one year amount to \$2,267.

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 2010 for real and public property taxes represents collections of 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) are for 2010 taxes.

2010 real property taxes are levied after October 1, 2010 on the assessed value as of January 1, 2010 the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2010 public utility property taxes which became a lien December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes.

Tangible personal property tax revenue received during 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures, as of 2009, is no longer levied and collected. 2010 is the last year for the collection of tangible personal property taxes from telephone companies; however, the City received no tangible personal property tax revenue from telephone company property. Payments 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 full tax rate for all City operations for the year ended December 31, 2010, was \$7.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2010 property tax receipts were based are as follows:

Category	Assessed Value
Real Estate	
Residential/Agricultural	\$131,694,650
Other Real Estate	35,376,140
Tangible Personal Property	
Public Utility	5,527,720
Total Assessed Values	\$172,598,510

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Conneaut. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes and public utility taxes and outstanding delinquencies which are measurable as of December 31, 2010 and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2010 operations and the collections of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and a revenue while the remainder of the receivable is deferred.

Income Taxes

The City levies a municipal income tax of 1.80 percent on gross salaries, wages and other compensation, and net profits earned within the City, as well as incomes of residents earned outside of the City. In the latter case, the City allows a credit of 100 percent of the tax paid to another municipality to a maximum of the total amount assessed.

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

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

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Local Government	\$343,219
Brownfield Grant	200,000
Gasoline Tax	199,778
Homestead and Rollback	90,947
Permissive Tax	67,218
Inheritance Tax	63,178
Formula Grant	59,217
Auto License Tax	41,648
Office of Justice Grant	23,313
Personal Property Tax Reimbursement	18,261
Gateway Signal Grant	10,499
Total	<u><u>\$1,117,278</u></u>

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Note 8 - Capital Assets

Capital asset activity for the year ended December 31, 2010, was as follows:

Governmental Activities	Balance 12/31/2009	Additions	Deductions	Balance 12/31/2010
<i>Capital Assets not being Depreciated:</i>				
Land	\$554,972	\$0	\$0	\$554,972
Construction in Progress	105,672	11,528	0	117,200
<i>Total Capital Assets not being Depreciated</i>	<u>660,644</u>	<u>11,528</u>	<u>0</u>	<u>672,172</u>
<i>Capital Assets being Depreciated:</i>				
Buildings and Improvements	1,773,805	7,861	0	1,781,666
Equipment	1,845,742	36,690	(3,426)	1,879,006
Vehicles	3,769,842	323,999	(10,043)	4,083,798
Furniture and Fixtures	9,482	0	0	9,482
Infrastructure:				
Traffic Lights	279,503	0	0	279,503
Roads	21,939,908	203,321	0	22,143,229
Bridges	13,258,591	0	0	13,258,591
Storm Sewers	1,720,708	0	0	1,720,708
<i>Total Capital Assets being Depreciated</i>	<u>44,597,581</u>	<u>571,871</u>	<u>(13,469)</u>	<u>45,155,983</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(1,298,637)	(53,166)	0	(1,351,803)
Equipment	(1,204,682)	(99,225)	2,760	(1,301,147)
Vehicles	(3,538,239)	(120,806)	10,043	(3,649,002)
Furniture and Fixtures	(7,415)	(948)	0	(8,363)
Infrastructure:				
Traffic Lights	(55,427)	(6,750)	0	(62,177)
Roads	(7,120,040)	(913,037)	0	(8,033,077)
Bridges	(243,074)	(265,172)	0	(508,246)
Storm Sewers	(994,520)	(25,660)	0	(1,020,180)
<i>Total Accumulated Depreciation</i>	<u>(14,462,034)</u>	<u>(1,484,764) *</u>	<u>12,803</u>	<u>(15,933,995)</u>
Total Capital Assets being Depreciated, Net	<u>30,135,547</u>	<u>(912,893)</u>	<u>(666)</u>	<u>29,221,988</u>
Governmental Activities Capital Assets, Net	<u>\$30,796,191</u>	<u>(\$901,365)</u>	<u>(\$666)</u>	<u>\$29,894,160</u>

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

	Balance 12/31/2009	Additions	Deductions	Balance 12/31/2010
Business Type Activities:				
<i>Capital Assets not being Depreciated:</i>				
Land	\$6,880	\$0	\$0	\$6,880
Construction in Progress	74,566	1,220,831	0	1,295,397
<i>Total Capital Assets not being Depreciated</i>	<u>81,446</u>	<u>1,220,831</u>	<u>0</u>	<u>1,302,277</u>
<i>Capital Assets being Depreciated:</i>				
Buildings and Improvements	654,921	0	0	654,921
Equipment	4,266,462	20,696	0	4,287,158
Vehicles	765,348	94,519	0	859,867
Infrastructure:				
Water and Sewer Lines	18,592,011	55,864	0	18,647,875
<i>Total Capital Assets being Depreciated</i>	<u>24,278,742</u>	<u>171,079</u>	<u>0</u>	<u>24,449,821</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(602,443)	(6,628)	0	(609,071)
Equipment	(2,253,177)	(144,365)	0	(2,397,542)
Vehicles	(231,376)	(59,684)	0	(291,060)
Infrastructure:				
Water and Sewer Lines	(4,235,575)	(347,248)	0	(4,582,823)
<i>Total Accumulated Depreciation</i>	<u>(7,322,571)</u>	<u>(557,925)</u>	<u>0</u>	<u>(7,880,496)</u>
Total Capital Assets being Depreciated, Net	<u>16,956,171</u>	<u>(386,846)</u>	<u>0</u>	<u>16,569,325</u>
Business Type Activities Capital Assets, Net	<u>\$17,037,617</u>	<u>\$833,985</u>	<u>\$0</u>	<u>\$17,871,602</u>

* Depreciation expense was charged to governmental functions as follows:

General Government	\$47,946
Security of Persons and Property	151,990
Leisure Time Activities	22,896
Community Development	9,418
Transportation	1,252,514
Total Depreciation Expense	<u>\$1,484,764</u>

Note 9 – Interfund Transfers and Balances

Interfund Transfers

The general fund transferred \$750 and \$60,000 to the tree commission and fire pension special revenue funds, respectively, to provide additional resources for current operations. 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.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Interfund Balances

Interfund balances at December 31, 2010 consisted of a general fund advance of \$15,040 to the USEPA grant special revenue fund and \$34,323 to the water enterprise fund in order to support projects pending the receipt of grant money. This advance is expected to be repaid within one year.

Note 10 - Compensated Absences

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

Note 11 - Notes Payable

Changes in the City's note activity for the year ended December 31, 2010, were as follows:

	Outstanding 12/31/2009	Additions	(Reductions)	Outstanding 12/31/2010
<i>General Fund:</i>				
Prison Land, 3.15%	\$60,000	\$50,000	(\$60,000)	\$50,000
Madison Street Storm Sewer, 3.15%	115,000	100,000	(115,000)	100,000
Total General Fund	175,000	150,000	(175,000)	150,000
<i>Special Revenue Fund:</i>				
Street Equipment, 2.25%	14,000	16,000	(14,000)	16,000
Street Equipment, 2.25%	5,000	5,000	(5,000)	5,000
Street Equipment, 3.15%	5,000	5,000	(5,000)	5,000
Street Improvement, 3.75%	2,395	0	(2,395)	0
Total Special Revenue Fund	26,395	26,000	(26,395)	26,000
<i>Capital Projects Fund:</i>				
Street Improvement, 3.75%	9,062	0	(9,062)	0
Street Improvement, 3.75%	10,144	0	(10,144)	0
Street Improvement, 3.75%	139,304	0	(139,304)	0
Total Capital Projects Funds	158,510	0	(158,510)	0
Total Governmental Activities	\$359,905	\$176,000	(\$359,905)	\$176,000
<i>Enterprise Funds:</i>				
<i>Sewer</i>				
Waste Water Improvement, 3.15%	\$130,000	\$110,000	(\$130,000)	\$110,000
Sewer Jet, 3.15%	45,000	40,000	(45,000)	40,000
Street Improvement, 3.75%	55,835	0	(55,835)	0
Total Sewer	230,835	150,000	(230,835)	150,000
<i>Water</i>				
Street Improvement, 3.75%	68,260	0	(68,260)	0
Total Enterprise Funds	\$299,095	\$150,000	(\$299,095)	\$150,000

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

In 2010, the City issued \$50,000, \$100,000, \$5,000, \$110,000 and \$40,000 in various purpose improvement notes to help finance the purchase of land for the prison, to help finance the Madison Street storm sewer project, additional street equipment waste water improvements and a new sewer jet. These projects have been completed by December 31, 2010 and the notes mature on June 17, 2011.

In 2010, the City issued \$21,000 in various improvement notes for the purchase of new street equipment. The purchases have been made by December 31, 2010, and the notes mature on February 8, 2011.

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

Note 12 - Contingencies

Grants

The City receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2010.

Litigation

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

Note 13 – Insurance Purchasing Pool

Ohio Municipal League Workers' Compensation Group Rating Plan – The City participates in the Ohio Municipal League Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Board of directors. The board is a self-appointing board that coordinates the program. Each year, the participating members pay an enrollment fee to the GRP to cover the costs of administering the program.

Note 14 – Related Organization

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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Note 15 - Long-Term Obligations

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

Debt Issue	Original Issue Date	Interest Rate	Original Issue Amount	Year of Maturity
Governmental Activities				
<i>General Obligation Bonds:</i>				
City Hall Annex	1986	6.88%	\$1,500,000	2011
Library	1998	5.05	2,115,000	2018
<i>Special Assessment Loans:</i>				
East Conneaut Sewer Phase II	1996	4.16	746,716	2016
East/West Gateway	1993	4.80	554,029	2013
Gateway Phase II	1993	4.80	87,255	2014
I-90 Sewer	1998	3.98	167,329	2018
East Conneaut Sewer Phase III	1999	3.50	679,445	2020
<i>Loans:</i>				
Industrial Park	2008	3.25	500,000	N/A
Road Equipment Acquisition	2009	4.125	153,334	2019
State Infrastructure Loan - Parish Road	2010	8.00	574,435	2018
<i>Ohio Public Works Commission Loan:</i>				
Under Ridge Road Culvert	2004	0.00	31,626	2025
<i>Notes:</i>				
Street Equipment	2010	2.25	76,000	2011
Street Equipment	2010	2.25	35,000	2011
Street Equipment	2010	3.15	40,000	2011
Business-Type Activities				
<i>Special Assessment Loans:</i>				
East Conneaut Sewer Phase II	1996	4.16	215,671	2016
I-90 Sewer	1998	3.98	94,123	2020
East Conneaut Sewer Phase III	1999	3.50	132,997	2020
<i>Ohio Water Development Authority:</i>				
Wastewater Plant Improvement	1971	5.25	853,796	2013
Wastewater Plant Improvement	1987	9.06	557,110	2013
Wastewater	1988	4.80	2,580,000	2011
Water III	1995	4.35	543,845	2017
Dechlorination Project	1997	4.12	89,144	2017
Wastewater Improvement Loan	2006	3.25	3,258,282	2026
<i>Ohio Public Works Commission</i>				
Wastewater Treatment Plant	1992	0.00	123,926	2010
South Conneaut Water Tank	2000	0.00	385,000	2021
Liberty Water Line	2003	0.00	118,483	2023
Madison Sanitary Sewer	2004	0.00	37,833	2024
<i>Loans:</i>				
Road Equipment Acquisition	2009	4.125	306,666	2019
Water Meters	2010	4.31	1,134,867	2017
<i>Notes:</i>				
Sewer Jet	2010	3.15	280,000	2011
<i>General Obligation Bond:</i>				
Water III	1998	5.05	1,370,000	2018

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

A schedule of changes in bonds and other long-term obligations of the City during 2010 follows:

	Outstanding 12/31/2009	Additions	Reductions	Outstanding 12/31/2010	Amount Due In one Year
Governmental Activities:					
<i>General Obligation Bonds</i>					
City Hall Annex	\$200,000	\$0	\$100,000	\$100,000	\$100,000
Library	945,000	0	105,000	840,000	105,000
Total General Obligation Bonds	1,145,000	0	205,000	940,000	205,000
<i>Special Assessment OWDA Loans</i>					
<i>with Governmental Commitment:</i>					
East Conneaut Sewer Phase II	300,344	0	37,792	262,552	39,381
East/West Gateway	156,267	0	36,330	119,937	38,095
Gateway Phase II	27,370	0	5,588	21,782	5,859
I-90 Sewer	91,623	0	8,651	82,972	8,999
East Conneaut Sewer Phase III	424,223	0	32,229	391,994	33,367
Total Special Assessment OWDA Loans	999,827	0	120,590	879,237	125,701
<i>Loans:</i>					
Industrial Park	500,000	0	0	500,000	0
Road Equipment Acquisition	153,334	0	15,334	138,000	15,334
SIB - Parrish Road	0	574,435	18,954	555,481	67,095
Total Loans:	653,334	574,435	34,288	1,193,481	82,429
<i>OPWC Loan:</i>					
Under Ridge Road Culvert	24,511	0	1,581	22,930	1,581
<i>Long - Term Notes Payable:</i>					
Street Equipment	76,000	60,000	76,000	60,000	0
Street Equipment	35,000	30,000	35,000	30,000	0
Street Equipment	40,000	35,000	40,000	35,000	0
Total Long - Term Notes Payable	151,000	125,000	151,000	125,000	0
<i>Other Long-Term Liabilities:</i>					
Capital Leases	158,346	0	77,697	80,649	43,545
Compensated Absences	589,195	232,601	231,918	589,878	178,640
Total Other Long-Term Liabilities	747,541	232,601	309,615	670,527	222,185
Total Governmental Activities					
Long-Term Obligations	\$3,721,213	\$932,036	\$822,074	\$3,831,175	\$636,896
Business-Type Activities:					
<i>Special Assessment OWDA Loans</i>					
<i>with Governmental Commitment:</i>					
East Conneaut Sewer Phase II	\$100,114	\$0	\$12,597	\$87,517	\$13,127
I-90 Sewer	51,539	0	4,866	46,673	5,061
East Conneaut Sewer Phase III	93,123	0	7,075	86,048	7,324
Total Special Assessment OWDA Loans	244,776	0	24,538	220,238	25,512
<i>OWDA Loans</i>					
Wastewater Plant Improvement	188,351	0	43,371	144,980	45,648
Wastewater Plant Improvement	184,387	0	40,288	144,099	43,938
Wastewater	406,656	0	198,507	208,149	208,149
Water III	257,455	0	29,720	227,735	31,027
Dechlorination Project	40,121	0	4,667	35,454	4,863
Wastewater Improvement Loan	2,914,822	0	144,566	2,770,256	149,303
Total OWDA Loans	3,991,792	0	461,119	3,530,673	482,928
Total OWDA Obligations	\$4,236,568	\$0	\$485,657	\$3,750,911	\$508,440

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

	Outstanding 12/31/2009	Additions	Reductions	Outstanding 12/31/2010	Amount Due In one Year
Business-Type Activities (continued)					
<i>OPWC Loans:</i>					
Wastewater Treatment Plant	\$12,390	\$0	\$12,390	\$0	\$0
South Conneaut Water Tank	221,375	0	19,250	202,125	19,250
Liberty Water Line	82,939	0	5,924	77,015	5,924
Madison Sanitary Sewer	28,373	0	1,892	26,481	1,892
<i>Total OPWC Loans</i>	<u>345,077</u>	<u>0</u>	<u>39,456</u>	<u>305,621</u>	<u>27,066</u>
<i>General Obligation Bonds:</i>					
Water III	600,000	0	70,000	530,000	70,000
Unamortized Premium	1,018	0	123	895	0
<i>Total Bonds</i>	<u>601,018</u>	<u>0</u>	<u>70,123</u>	<u>530,895</u>	<u>70,000</u>
<i>Loans:</i>					
Road Equipment Acquisition Loan	306,666	0	30,666	276,000	30,666
Water Meter Loan	0	1,134,867	30,918	1,103,949	170,995
<i>Total Loans</i>	<u>306,666</u>	<u>1,134,867</u>	<u>61,584</u>	<u>1,379,949</u>	<u>201,661</u>
<i>Other Long-Term Liabilities:</i>					
Compensated Absences	288,909	160,582	172,869	276,622	62,198
Sewer Jet Note	280,000	240,000	280,000	240,000	0
<i>Total Other Long-Term Liabilities</i>	<u>568,909</u>	<u>400,582</u>	<u>452,869</u>	<u>516,622</u>	<u>62,198</u>
<i>Total Business-Type Activities</i>					
<i>Long-Term Obligations</i>	<u>\$6,058,238</u>	<u>\$1,535,449</u>	<u>\$1,109,689</u>	<u>\$6,483,998</u>	<u>\$869,365</u>

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

The road equipment acquisition and water meter enterprise fund loans are being paid from the water and sewer enterprise fund user fees. In the event that the water and sewer enterprise funds would fail to pay the loans, payment would be made by any general tax revenues collected in the general or bond retirement fund.

A line of credit has been established with the Ohio Water Development Authority in the amount of \$3,600,000 for a Wastewater Improvement Loan for improvements to the Sewer system, however, since this loan is not finalized, the repayment schedule is not included in the schedule of debt service payments. The City has received \$3,258,282 in proceeds.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

A line of credit has been established with Key Bank in the amount of \$1,314,552 for the purpose of installing new water meters throughout the City, however, since this loan is not finalized, the repayment schedule is not included in the schedule of debt service payments. The loan has an interest rate of 4.31 percent and matures on January 15, 2017. The City has received \$1,134,867 in proceeds all of which have been fully expended.

The City has pledged future revenues, net of operating expenses, to repay OPWC and OWDA loans in the water enterprise fund. The debt is payable solely from net revenues and are payable through 2023. Annual principal payments on the debt issues are expected require 12.66 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$543,040. Principal and interest paid for the current year and total net revenues were \$65,776 and \$832,477 respectively.

The City has pledged future revenues, net of operating expenses, to repay OPWC and OWDA loans in the sewer enterprise fund. The debt is payable solely from net revenues and are payable through 2024. Annual principal payments on the debt issues are expected require 1.53 percent of net revenues. The total principal and interest remaining to be paid on the debt is \$3,641,420. Principal paid for the current year and total net revenues were \$628,625 and \$960,325 respectively.

In 2008, the City issued a \$500,000 industrial park loan for the purpose of developing and constructing an industrial park. This loan will not accrue interest for the first five years. No principal payments will come due within the first five years unless there is a sale, lease, or transfer of any portion of the property. The amount payable at that time will be 50 percent of the amount received as payment for the sale or lease of the property. Beginning in the sixth year, the principal balance of the loan will be subject to a 3.25 percent interest rate and an amortization schedule will be constructed to repay the loan over a 120 month period. A debt schedule is not included for this loan because payments have not been determined as of December 31, 2010. This note will be paid from the industrial park capital projects fund.

In 2010, the City issued \$90,000 and \$275,000 various purpose improvement notes for the purchase of street equipment and for a new sewer jet. These purchases have been made by December 31, 2010 and the notes mature on February 8, 2011 and June 17, 2011, respectively. The short-term portion of these notes of \$21,000 and \$45,000 are presented in Note 11.

The City's overall legal debt margin was \$14,083,861 with an unvoted debt margin of \$5,453,935 at December 31, 2010. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2010, are as follows:

	<i>Governmental Activities</i>						
	General Obligation Bonds		Special Assessment Loans		OPWC Loans	Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2011	\$205,000	\$49,295	\$125,701	\$33,443	\$1,581	\$82,429	\$21,776
2012	105,000	37,118	131,030	28,112	1,582	84,457	19,107
2013	105,000	31,815	136,601	22,542	1,582	86,546	16,377
2014	105,000	26,512	95,050	17,270	1,582	88,699	13,583
2015	105,000	21,212	95,303	13,606	1,582	90,917	10,724
2016-2020	315,000	31,815	295,552	24,968	7,910	260,433	14,819
2021-2025	0	0	0	0	7,111	0	0
Total	\$940,000	\$197,767	\$879,237	\$139,941	\$22,930	\$693,481	\$96,386

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

<i>Business-Type Activities</i>							
	General Obligation Bonds		OWDA Loans		OPWC Loans	Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2011	\$70,000	\$26,765	\$359,137	\$47,434	\$27,066	\$30,666	11,222
2012	70,000	23,230	159,948	30,954	27,066	30,666	9,940
2013	65,000	19,695	170,201	20,700	27,066	30,666	8,658
2014	65,000	16,412	69,473	11,174	27,066	30,666	7,374
2015	65,000	13,130	72,396	8,251	27,066	30,666	6,092
2016-2020	195,000	19,695	149,500	9,415	135,330	122,670	11,542
2021-2024	0	0	0	0	34,961	0	0
Total	\$530,000	\$118,927	\$980,655	\$127,928	\$305,621	\$276,000	\$54,828

Note 16 – Capital Lease

In prior years, the City entered into capitalized leases for three Ford Crown Victoria's and one International dump truck. These leases meet the criteria for a capital lease as defined by the Statement of Financial Accounting Standards No. 13 "Accounting for Lease" and have been recorded on the governmental-wide statements. The original amounts capitalized for the capital leases and the book value as of December 31, 2010 for governmental activities follows:

	Governmental Activities
Asset:	
Vehicles	\$474,347
Less: Accumulated depreciation	(207,016)
Current Book Value	\$267,331

The following is a schedule of the future minimum leases payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2010.

	Governmental Activities
2011	\$46,780
2012	19,616
2013	19,618
Total Minimum Lease Payments	86,014
Less: Amount Representing Interest	(5,365)
Present Value of Minimum Lease Payments	\$80,649

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

Note 17 - Risk Management

Property and Liability

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 2010, the City contracted with Wells Fargo Insurance Services for various types of insurance as follows:

<u>Type of Coverage</u>	<u>Coverage</u>
Property/Boilers and Machinery	\$21,742,444
Inland Marine	1,586,163
Vehicles	
Comprehensive	3,000,000
Valuable Papers and Records	100,000
Police	3,000,000
Public Officials	3,000,000
Business Electronics Equipment	188,022
Fire Vehicles and Ambulances	250,000

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

Worker's Compensation

For fiscal year 2010, the City participated in the Ohio Municipal League Worker's Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 13). The intent of the GRP is to achieve the benefit of a reduced premium for the City by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating city is calculated as one experience and a common premium rate is applied to all cities in the GRP. Each participant pays its worker's compensation premium to the State based on the rate for the GRP rather than its individual rate.

Participation in the GRP is limited to cities that can meet the GRP's selection criteria. The firm CompManagement, Inc. provides administrative, cost control and rating services to the GRP.

Note 18 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2010, member and employer contribution rates were consistent across all three plans.

The City's 2010 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.87 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009 and 2008 were \$132,937, \$126,980 and \$209,321, respectively. For 2010, 70 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008. Contributions to the Member-Directed Plan for 2010 were \$455 made by the City and \$325 made by plan members.

Ohio Police and Fire Pension Fund

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

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

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contributions to OP&F for police and firefighters pension were \$121,779 and \$88,362 for the year ended December 31, 2010, \$111,687 and \$95,754 for the year ended December 31,

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

2009, and \$109,338 and \$104,745 for the year ended December 31, 2008, respectively. For 2010, 72 percent for police and 73 percent for firefighters has been contributed with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

Note 19 - Postemployment Benefits

Ohio Public Employees Retirement System

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

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

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009 and 2008 were \$96,660, \$107,866 and \$209,321, respectively. For 2010, 70 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

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

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police and firefighters were \$64,471 and \$34,576 for the year ended December 31, 2010, \$59,128 and \$37,469 for the year ended December 31, 2009, and \$72,117 and \$49,955 for the year ended December 31, 2008. For 2010, 72 percent has been contributed for police and 73 percent has been contributed for firefighters with the balance for both police and firefighters being report as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

Note 20 – Jointly Governed Organization

The City is a member of the Northeast Ohio Public Energy Council (NOPEC), a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and natural gas. NOPEC is currently comprised of 126 communities who have been authorized by ballot to purchase electricity on behalf of their citizens.

The intent of NOPEC is to provide electricity and natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and natural gas to the citizens of its member communities.

NOPEC is governed by General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of Conneaut did not contribute to NOPEC during 2010. Financial information can be obtained by contacting 31320 Solon Road, Suite 20, Solon, Ohio 11120.

Note 21 – Subsequent Event

On February 8, 2011, the City retired \$111,000 in general obligation bond anticipation notes and issued \$90,000 in new notes. The new notes have a maturity date of February 9, 2012 and an interest rate of 2.19 percent. The following table summarizes the activity.

Note Issuance	Retired	Issued
Street Equipment	\$76,000	\$60,000
Street Equipment	35,000	30,000
Total Notes	\$111,000	\$90,000

City of Conneaut, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2010

On June 17, 2011, the City retired \$580,000 in general obligation bond anticipation notes and issued \$490,000 in new notes. The new notes have a maturity date of June 15, 2012 and an interest rate of 1.50 percent. The following table summarizes the activity.

<u>Note Issuance</u>	<u>Retired</u>	<u>Issued</u>
Prison Land	\$50,000	\$40,000
Madison Street Storm Sewer	100,000	85,000
Street Equipment	40,000	35,000
Waste Water Improvement	110,000	90,000
Sewer Jet	280,000	240,000
Total Notes	<u>\$580,000</u>	<u>\$490,000</u>

**Combining and Individual Fund Statements and Schedules
Combining Statements – Nonmajor Governmental Funds**

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

Indigent Monitoring Fund The Indigent Monitoring Fund accounts for municipal court interlock alcohol monitoring for indigent offenders.

OPOTA Grant Fund The OPOTA Grant Fund accounts for the reimbursement for the training of police officers through the Ohio Police Officers Training Academy.

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

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

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

(continued)

Combining Statements – Nonmajor Governmental Funds (continued)

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

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

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

USEPA Grant Fund The USEPA Grant Fund accounts for Brownfield Hazardous Substance Assessment Grant monies received to inventory, characterize, assess, and conduct planning and community involvement related to brownfield sites.

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

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

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

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

Nonmajor Debt Service Fund

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term and special assessment principal, interest, and related costs.

General Obligation Bond Retirement Fund The General Obligation Bond Retirement Fund accounts for resources used for the payment of principal and interest and fiscal charges on general obligation debt.

Nonmajor Capital Projects Funds

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

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

Office of Justice Grant Fund The Office of Justice Grant Fund accounts for grant monies received through the Department of Justice for equipment in the police department.

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

(continued)

Combining Statements – Nonmajor Governmental Funds (continued)

Gateway Signal Fund The Gateway Signal Fund accounts for monies received from grants and expenditures to install new light poles and traffic signals.

Roadway Safety Improvement Fund The Road Safety Improvement Fund accounts for grant monies received from the Ohio Public Works Commission for roadway safety improvements on Lake Erie Street and Brown Avenue.

Formula Grant Fund The Formula Grant Fund accounts for funds used to construct a new water chlorination system for the water treatment plant.

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

EDA Grant Fund The EDA Grant Fund accounts for grant monies received to assist with the construction of the East Conneaut Industrial Park.

USDA Grant Fund The USDA Grant Fund accounts for grant monies received to assist with the construction of the East Conneaut Industrial Park.

Industrial Park Fund The Industrial Park Fund accounts for loan monies received and expenditures to develop the industrial park.

City of Conneaut, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$504,825	\$394,447	\$933,932	\$1,833,204
Accounts Receivable	69,775	0	3,885	73,660
Intergovernmental Receivable	346,472	15,427	93,029	454,928
Municipal Income Taxes Receivable	15,541	0	87,653	103,194
Property Taxes Receivable	614,031	122,270	0	736,301
Loans Receivable	6,717	0	0	6,717
<i>Total Assets</i>	<u>\$1,557,361</u>	<u>\$532,144</u>	<u>\$1,118,499</u>	<u>\$3,208,004</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$29,343	\$0	\$1,763	\$31,106
Contracts Payable	45	0	0	45
Accrued Wages	93,914	0	0	93,914
Intergovernmental Payable	88,436	0	0	88,436
Interfund Payable	15,040	0	0	15,040
Deferred Revenue	1,036,522	137,697	125,622	1,299,841
<i>Total Liabilities</i>	<u>1,263,300</u>	<u>137,697</u>	<u>127,385</u>	<u>1,528,382</u>
Fund Balances				
Reserved for Encumbrances	2,584	0	31,418	34,002
Reserved for Loans Receivable	2,267	0	0	2,267
Unreserved				
Undesignated, Reported in:				
Special Revenue Funds	289,210	0	0	289,210
Debt Service Fund	0	394,447	0	394,447
Capital Projects Funds	0	0	959,696	959,696
<i>Total Fund Balances</i>	<u>294,061</u>	<u>394,447</u>	<u>991,114</u>	<u>1,679,622</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,557,361</u>	<u>\$532,144</u>	<u>\$1,118,499</u>	<u>\$3,208,004</u>

City of Conneaut, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	\$692,701	\$217,570	\$0	\$910,271
Municipal Income Taxes	46,569	0	262,987	309,556
Intergovernmental	491,944	0	341,238	833,182
Fees, Licenses and Permits	157,763	0	0	157,763
Fines and Forfeitures	4,571	0	63,359	67,930
Rentals	31,000	0	0	31,000
Charges for Services	31,000	0	0	31,000
Contributions and Donations	8,904	0	0	8,904
Interest	671	0	1,268	1,939
Other	5,339	0	0	5,339
<i>Total Revenues</i>	<u>1,470,462</u>	<u>217,570</u>	<u>668,852</u>	<u>2,356,884</u>
Expenditures				
Current:				
General Government	0	6,322	30	6,352
Security of Persons and Property	947,696	0	0	947,696
Leisure Time Activities	72,502	0	0	72,502
Community Development	232,151	0	0	232,151
Basic Utility Services	106,725	0	0	106,725
Transportation	170,620	0	0	170,620
Capital Outlay	0	0	538,330	538,330
Debt Service:				
Principal Retirement	10,205	205,000	15,334	230,539
Interest and Fiscal Charges	251	61,472	5,868	67,591
<i>Total Expenditures</i>	<u>1,540,150</u>	<u>272,794</u>	<u>559,562</u>	<u>2,372,506</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(69,688)	(55,224)	109,290	(15,622)
Other Financing Sources				
Transfers In	60,750	0	0	60,750
<i>Net Change in Fund Balances</i>	(8,938)	(55,224)	109,290	45,128
<i>Fund Balances Beginning of Year</i>	<u>302,999</u>	<u>449,671</u>	<u>881,824</u>	<u>1,634,494</u>
<i>Fund Balances End of Year</i>	<u><u>\$294,061</u></u>	<u><u>\$394,447</u></u>	<u><u>\$991,114</u></u>	<u><u>\$1,679,622</u></u>

City of Conneaut, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2010

	Auto Permissive Tax	State Highway	Restaurant Vending	Marina	Enforcement and Education
Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$4,211	\$4,671	\$3,515	\$5,215	\$3,826
Accounts Receivable	0	0	0	0	178
Intergovernmental Receivable	67,218	18,107	0	0	0
Municipal Income Taxes Receivable	0	0	0	0	0
Property Taxes Receivable	0	0	0	0	0
Loans Receivable	0	0	0	0	0
<i>Total Assets</i>	<u>\$71,429</u>	<u>\$22,778</u>	<u>\$3,515</u>	<u>\$5,215</u>	<u>\$4,004</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$0	\$0	\$0	\$0	\$0
Contracts Payable	0	0	0	0	0
Accrued Wages	0	0	0	0	0
Intergovernmental Payable	0	0	415	0	0
Interfund Payable	0	0	0	0	0
Deferred Revenue	74,152	12,093	0	0	0
<i>Total Liabilities</i>	<u>74,152</u>	<u>12,093</u>	<u>415</u>	<u>0</u>	<u>0</u>
Fund Balances					
Reserved for Encumbrances	0	0	0	0	0
Reserved for Loans Receivable	0	0	0	0	0
Unreserved, Undesignated (Deficit)	(2,723)	10,685	3,100	5,215	4,004
<i>Total Fund Balances (Deficit)</i>	<u>(2,723)</u>	<u>10,685</u>	<u>3,100</u>	<u>5,215</u>	<u>4,004</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$71,429</u>	<u>\$22,778</u>	<u>\$3,515</u>	<u>\$5,215</u>	<u>\$4,004</u>

<u>Indigent Drivers</u>	<u>Cemetery</u>	<u>Police Levy</u>	<u>Fire Levy</u>	<u>Litter Control</u>	<u>Indigent Monitoring</u>	<u>OPOTA Grant</u>
\$48,252	\$41,730	\$12,415	\$9,543	\$636	\$4,346	\$2,080
77	0	0	0	0	200	0
0	0	23,705	15,985	0	0	0
0	0	0	0	0	0	0
0	0	129,934	248,554	0	0	0
0	0	0	0	0	0	0
<u>\$48,329</u>	<u>\$41,730</u>	<u>\$166,054</u>	<u>\$274,082</u>	<u>\$636</u>	<u>\$4,546</u>	<u>\$2,080</u>
\$0	\$462	\$0	\$0	\$0	\$0	\$0
0	45	0	0	0	0	0
0	1,423	0	0	0	0	0
0	1,240	0	0	0	0	0
0	0	0	0	0	0	0
0	0	153,639	264,539	0	0	0
0	3,170	153,639	264,539	0	0	0
0	319	0	0	0	0	0
0	0	0	0	0	0	0
<u>48,329</u>	<u>38,241</u>	<u>12,415</u>	<u>9,543</u>	<u>636</u>	<u>4,546</u>	<u>2,080</u>
<u>48,329</u>	<u>38,560</u>	<u>12,415</u>	<u>9,543</u>	<u>636</u>	<u>4,546</u>	<u>2,080</u>
<u>\$48,329</u>	<u>\$41,730</u>	<u>\$166,054</u>	<u>\$274,082</u>	<u>\$636</u>	<u>\$4,546</u>	<u>\$2,080</u>

(continued)

City of Conneaut, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2010

	<u>Street Lighting</u>	<u>Tree Commission</u>	<u>Demolition</u>	<u>Community Housing</u>	<u>Economic Development</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$6,296	\$1,529	\$255	\$4,778	\$217,035
Accounts Receivable	0	0	0	0	0
Intergovernmental Receivable	0	0	0	0	0
Municipal Income Taxes Receivable	8,418	0	0	0	0
Property Taxes Receivable	0	0	0	0	0
Loans Receivable	0	0	0	0	6,717
<i>Total Assets</i>	<u>\$14,714</u>	<u>\$1,529</u>	<u>\$255</u>	<u>\$4,778</u>	<u>\$223,752</u>
Liabilities and Fund Balances					
Liabilities					
Accounts Payable	\$26,964	\$0	\$0	\$0	\$0
Contracts Payable	0	0	0	0	0
Accrued Wages	0	0	0	0	0
Intergovernmental Payable	0	0	0	0	0
Interfund Payable	0	0	0	0	0
Deferred Revenue	3,130	0	0	0	0
<i>Total Liabilities</i>	<u>30,094</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances					
Reserved for Encumbrances	0	0	0	0	0
Reserved for Loans Receivable	0	0	0	0	2,267
Unreserved, Undesignated (Deficit)	(15,380)	1,529	255	4,778	221,485
<i>Total Fund Balances (Deficit)</i>	<u>(15,380)</u>	<u>1,529</u>	<u>255</u>	<u>4,778</u>	<u>223,752</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$14,714</u>	<u>\$1,529</u>	<u>\$255</u>	<u>\$4,778</u>	<u>\$223,752</u>

CHIPS Fund	USEPA Grant	Ambulance	Recreation	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
\$49,742		\$4,902	\$12,511	\$58,784	\$8,553	\$504,825
0	0	69,320	0	0	0	69,775
0	200,000	0	0	13,359	8,098	346,472
0	0	0	7,123	0	0	15,541
0	0	0	0	145,011	90,532	614,031
0	0	0	0	0	0	6,717
<u>\$49,742</u>	<u>\$200,000</u>	<u>\$74,222</u>	<u>\$19,634</u>	<u>\$217,154</u>	<u>\$107,183</u>	<u>\$1,557,361</u>
\$0	\$0	\$0	\$1,917	\$0	\$0	\$29,343
0	0	0	0	0	0	45
0	0	0	0	74,605	17,886	93,914
0	0	0	915	52,510	33,356	88,436
0	15,040	0	0	0	0	15,040
0	200,000	69,320	2,649	158,370	98,630	1,036,522
<u>0</u>	<u>215,040</u>	<u>69,320</u>	<u>5,481</u>	<u>285,485</u>	<u>149,872</u>	<u>1,263,300</u>
0	0	1,100	1,165	0	0	2,584
0	0	0	0	0	0	2,267
49,742	(15,040)	3,802	12,988	(68,331)	(42,689)	289,210
<u>49,742</u>	<u>(15,040)</u>	<u>4,902</u>	<u>14,153</u>	<u>(68,331)</u>	<u>(42,689)</u>	<u>294,061</u>
<u>\$49,742</u>	<u>\$200,000</u>	<u>\$74,222</u>	<u>\$19,634</u>	<u>\$217,154</u>	<u>\$107,183</u>	<u>\$1,557,361</u>

City of Conneaut, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010

	Auto Permissive Tax	State Highway	Restaurant Vending	Marina	Enforcement and Education
Revenues					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Municipal Income Taxes	0	0	0	0	0
Intergovernmental	137,090	37,244	0	0	0
Fees, Licenses and Permits	0	0	19,352	660	0
Fines and Forfeitures	0	0	0	0	1,371
Rentals	0	0	0	0	0
Charges for Services	0	0	0	0	0
Contributions and Donations	0	0	0	0	0
Interest	76	28	0	0	0
Other	0	0	0	0	0
<i>Total Revenues</i>	<u>137,166</u>	<u>37,272</u>	<u>19,352</u>	<u>660</u>	<u>1,371</u>
Expenditures					
Current:					
Security of Persons and Property	0	0	0	0	0
Leisure Time Activities	0	0	0	180	0
Community Development	0	0	19,178	0	0
Basic Utility Services	0	0	0	0	0
Transportation	134,629	35,991	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<i>Total Expenditures</i>	<u>134,629</u>	<u>35,991</u>	<u>19,178</u>	<u>180</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	2,537	1,281	174	480	1,371
Other Financing Sources					
Transfers In	0	0	0	0	0
<i>Net Change in Fund Balances</i>	2,537	1,281	174	480	1,371
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>(5,260)</u>	<u>9,404</u>	<u>2,926</u>	<u>4,735</u>	<u>2,633</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>(\$2,723)</u></u>	<u><u>\$10,685</u></u>	<u><u>\$3,100</u></u>	<u><u>\$5,215</u></u>	<u><u>\$4,004</u></u>

Indigent Drivers	Cemetery	Police Levy	Fire Levy	Litter Control	Indigent Monitoring	OPOTA Grant
\$0	\$0	\$297,329	\$148,664	\$0	\$0	\$0
0	0	0	0	0	0	0
0	0	46,049	23,025	10,502	0	0
0	90	0	0	0	0	0
1,347	0	0	0	0	1,853	0
0	0	0	0	0	0	0
0	30,800	0	0	0	0	0
0	0	0	0	0	0	0
0	75	0	0	0	0	0
2,133	23	0	0	0	1,425	0
<u>3,480</u>	<u>30,988</u>	<u>343,378</u>	<u>171,689</u>	<u>10,502</u>	<u>3,278</u>	<u>0</u>
0	0	347,069	168,561	0	0	0
0	0	0	0	0	0	0
0	21,972	0	0	16,839	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	10,205	0	0	0	0	0
0	251	0	0	0	0	0
<u>0</u>	<u>32,428</u>	<u>347,069</u>	<u>168,561</u>	<u>16,839</u>	<u>0</u>	<u>0</u>
3,480	(1,440)	(3,691)	3,128	(6,337)	3,278	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
3,480	(1,440)	(3,691)	3,128	(6,337)	3,278	0
44,849	40,000	16,106	6,415	6,973	1,268	2,080
<u>\$48,329</u>	<u>\$38,560</u>	<u>\$12,415</u>	<u>\$9,543</u>	<u>\$636</u>	<u>\$4,546</u>	<u>\$2,080</u>

(continued)

City of Conneaut, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2010

	Street Lighting	Tree Commission	Demolition	Community Housing	Economic Development
Revenues					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Municipal Income Taxes	25,302	0	0	0	0
Intergovernmental	0	0	0	3,587	0
Fees, Licenses and Permits	124,396	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
Rentals	0	0	0	0	0
Charges for Services	0	0	0	0	0
Contributions and Donations	0	5,054	0	0	0
Interest	0	0	0	41	451
Other	1,725	0	0	0	0
<i>Total Revenues</i>	<u>151,423</u>	<u>5,054</u>	<u>0</u>	<u>3,628</u>	<u>451</u>
Expenditures					
Current:					
Security of Persons and Property	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Development	0	4,336	0	10,863	0
Basic Utility Services	106,725	0	0	0	0
Transportation	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0
<i>Total Expenditures</i>	<u>106,725</u>	<u>4,336</u>	<u>0</u>	<u>10,863</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	44,698	718	0	(7,235)	451
Other Financing Sources					
Transfers In	0	750	0	0	0
<i>Net Change in Fund Balances</i>	44,698	1,468	0	(7,235)	451
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>(60,078)</u>	<u>61</u>	<u>255</u>	<u>12,013</u>	<u>223,301</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>(\$15,380)</u></u>	<u><u>\$1,529</u></u>	<u><u>\$255</u></u>	<u><u>\$4,778</u></u>	<u><u>\$223,752</u></u>

CHIPS Fund	USEPA Grant	Ambulance	Recreation	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$171,330	\$75,378	\$692,701
0	0	0	21,267	0	0	46,569
200,470	0	0	0	23,846	10,131	491,944
0	0	0	13,265	0	0	157,763
0	0	0	0	0	0	4,571
0	0	0	31,000	0	0	31,000
0	0	200	0	0	0	31,000
0	0	1,910	1,940	0	0	8,904
0	0	0	0	0	0	671
0	0	0	33	0	0	5,339
<u>200,470</u>	<u>0</u>	<u>2,110</u>	<u>67,505</u>	<u>195,176</u>	<u>85,509</u>	<u>1,470,462</u>
0	0	3,724	0	273,999	154,343	947,696
0	0	0	72,322	0	0	72,502
150,728	8,235	0	0	0	0	232,151
0	0	0	0	0	0	106,725
0	0	0	0	0	0	170,620
0	0	0	0	0	0	10,205
0	0	0	0	0	0	251
<u>150,728</u>	<u>8,235</u>	<u>3,724</u>	<u>72,322</u>	<u>273,999</u>	<u>154,343</u>	<u>1,540,150</u>
49,742	(8,235)	(1,614)	(4,817)	(78,823)	(68,834)	(69,688)
0	0	0	0	0	60,000	60,750
49,742	(8,235)	(1,614)	(4,817)	(78,823)	(8,834)	(8,938)
0	(6,805)	6,516	18,970	10,492	(33,855)	302,999
<u>\$49,742</u>	<u>(\$15,040)</u>	<u>\$4,902</u>	<u>\$14,153</u>	<u>(\$68,331)</u>	<u>(\$42,689)</u>	<u>\$294,061</u>

City of Conneaut, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2010

	Street Improvement	Office of Justice Grant	Municipal Court Improvement	Gateway Signal
Assets				
Equity in Pooled Cash and Cash Equivalents	\$155,162	\$0	\$185,545	\$0
Accounts Receivable	0	0	3,885	0
Intergovernmental Receivable	0	23,313	0	10,499
Municipal Income Taxes Receivable	74,702	0	0	0
<i>Total Assets</i>	<u>\$229,864</u>	<u>\$23,313</u>	<u>\$189,430</u>	<u>\$10,499</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$583	\$0
Deferred Revenue	27,777	23,313	0	10,499
<i>Total Liabilities</i>	<u>27,777</u>	<u>23,313</u>	<u>583</u>	<u>10,499</u>
Fund Balances				
Reserved for Encumbrances	0	0	1,230	0
Unreserved, Undesignated	202,087	0	187,617	0
<i>Total Fund Balances</i>	<u>202,087</u>	<u>0</u>	<u>188,847</u>	<u>0</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$229,864</u>	<u>\$23,313</u>	<u>\$189,430</u>	<u>\$10,499</u>

<u>Roadway Safety Improvement</u>	<u>Formula Grant</u>	<u>Capital Improvement</u>	<u>Industrial Park</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$890	\$1,562	\$73,303	\$517,470	\$933,932
0	0	0	0	3,885
0	59,217	0	0	93,029
0	0	12,951	0	87,653
<u>\$890</u>	<u>\$60,779</u>	<u>\$86,254</u>	<u>\$517,470</u>	<u>\$1,118,499</u>
\$0	\$1,180	\$0	\$0	\$1,763
0	59,217	4,816	0	125,622
0	60,397	4,816	0	127,385
0	0	30,188	0	31,418
890	382	51,250	517,470	959,696
890	382	81,438	517,470	991,114
<u>\$890</u>	<u>\$60,779</u>	<u>\$86,254</u>	<u>\$517,470</u>	<u>\$1,118,499</u>

City of Conneaut, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2010

	<u>Street Improvement</u>	<u>Municipal Court Improvement</u>	<u>Gateway Signal</u>	<u>Roadway Safety Improvement</u>
Revenues				
Municipal Income Taxes	\$224,226	\$0	\$0	\$0
Intergovernmental	0	0	9,062	24,626
Fines and Forfeitures	0	63,359	0	0
Interest	0	0	0	0
<i>Total Revenues</i>	<u>224,226</u>	<u>63,359</u>	<u>9,062</u>	<u>24,626</u>
Expenditures				
Current:				
General Government	0	0	0	0
Capital Outlay	171,849	36,665	0	13,592
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
<i>Total Expenditures</i>	<u>171,849</u>	<u>36,665</u>	<u>0</u>	<u>13,592</u>
<i>Net Change in Fund Balances</i>	52,377	26,694	9,062	11,034
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>149,710</u>	<u>162,153</u>	<u>(9,062)</u>	<u>(10,144)</u>
<i>Fund Balance End of Year</i>	<u><u>\$202,087</u></u>	<u><u>\$188,847</u></u>	<u><u>\$0</u></u>	<u><u>\$890</u></u>

Formula Grant	Capital Improvement	Industrial Park	Total Nonmajor Capital Projects Funds
\$0	\$38,761	\$0	\$262,987
307,550	0	0	341,238
0	0	0	63,359
0	0	1,268	1,268
<u>307,550</u>	<u>38,761</u>	<u>1,268</u>	<u>668,852</u>
0	0	30	30
169,264	128,033	18,927	538,330
0	15,334	0	15,334
0	5,868	0	5,868
<u>169,264</u>	<u>149,235</u>	<u>18,957</u>	<u>559,562</u>
138,286	(110,474)	(17,689)	109,290
<u>(137,904)</u>	<u>191,912</u>	<u>535,159</u>	<u>881,824</u>
<u>\$382</u>	<u>\$81,438</u>	<u>\$517,470</u>	<u>\$991,114</u>

Combining Statement – Fiduciary Funds

Fiduciary Funds

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

Agency Fund

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

City of Conneaut, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended December 31, 2010

	Beginning Balance 12/31/09	Additions	Deductions	Ending Balance 12/31/10
<i>Deposits Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$26,115	\$1,167	\$16,762	\$10,520
Cash and Cash Equivalents In Segregated Accounts	16,580	465,126	471,979	9,727
<i>Total Assets</i>	<u>\$42,695</u>	<u>\$466,293</u>	<u>\$488,741</u>	<u>\$20,247</u>
Liabilities				
Deposits Held and Due to Others	\$42,695	\$466,293	\$488,741	\$20,247

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

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$376,000	\$376,000	\$375,163	(\$837)
Municipal Income Taxes	2,000,000	2,000,000	1,919,471	(80,529)
Hotel Taxes	15,000	15,000	18,630	3,630
Special Assessments	0	0	369	369
Intergovernmental	853,547	853,547	926,096	72,549
Fees, Licenses and Permits	515,350	515,350	508,477	(6,873)
Fines and Forfeitures	180,550	180,550	190,650	10,100
Rentals	20,000	20,000	20,000	0
Contributions and Donations	13,500	13,500	19,013	5,513
Interest	5,000	5,000	2,035	(2,965)
Franchise Taxes	116,000	116,000	126,148	10,148
Other	112,057	112,057	25,291	(86,766)
<i>Total Revenues</i>	4,207,004	4,207,004	4,131,343	(75,661)
Expenditures				
Current:				
General Government:				
Council				
Personal Services	51,600	51,600	50,516	1,084
Materials and Supplies	700	700	696	4
Contractual Services	4,300	5,300	4,075	1,225
Total Council	56,600	57,600	55,287	2,313
Clerk of Council				
Personal Services	7,570	7,570	7,030	540
City Manager				
Personal Services	96,358	96,358	90,834	5,524
Materials and Supplies	2,750	2,750	2,581	169
Contractual Services	3,400	3,400	2,822	578
Total City Manager	102,508	102,508	96,237	6,271
Finance Office				
Personal Services	123,500	134,001	133,235	766
Materials and Supplies	20,731	21,231	20,372	859
Contractual Services	3,305	3,305	2,969	336
Capital Outlay	500	500	441	59
Total Finance Office	\$148,036	\$159,037	\$157,017	\$2,020

(continued)

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Law Director				
Personal Services	\$172,451	\$169,672	\$151,821	\$17,851
Materials and Supplies	2,750	2,750	2,717	33
Contractual Services	3,800	3,800	2,784	1,016
Total Law Director	179,001	176,222	157,322	18,900
Civil Service				
Personal Services	5,470	5,470	5,307	163
Materials and Supplies	2,500	2,500	1,037	1,463
Contractual Services	1,885	1,885	0	1,885
Total Civil Service	9,855	9,855	6,344	3,511
Court				
Personal Services	359,887	358,387	316,291	42,096
Materials and Supplies	18,050	18,050	16,440	1,610
Contractual Services	22,550	22,550	13,747	8,803
Purchased Services	1,100	1,100	1,037	63
Capital Outlay	2,000	2,000	1,623	377
Total Court	403,587	402,087	349,138	52,949
City Hall				
Personal Services	8,500	5,500	4,783	717
Materials and Supplies	23,598	27,598	23,845	3,753
Contractual Services	9,000	9,000	7,747	1,253
Purchased Services	7,043	7,043	7,026	17
Capital Outlay	500	500	350	150
Total City Hall	48,641	49,641	43,751	5,890
Planning Commission				
Personal Services	5,200	5,200	4,547	653
Materials and Supplies	600	600	254	346
Total Planning Commission	5,800	5,800	4,801	999
Reserve Fund				
Contractual Services	30,200	30,200	29,746	454
Purchased Services	76,480	76,480	66,777	9,703
Capital Outlay	6,000	6,000	5,983	17
Total Reserve Fund	\$112,680	\$112,680	\$102,506	\$10,174

(continued)

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
General Services				
Contractual Services	\$43,429	\$91,429	\$83,216	\$8,213
Capital Outlay	10,000	14,000	13,951	49
Other	77,000	66,000	59,633	6,367
Total General Services	130,429	171,429	156,800	14,629
Total General Government	1,204,707	1,254,429	1,136,233	118,196
Security of Persons and Property				
Police Department:				
Personal Services	1,184,050	1,144,956	1,138,480	6,476
Materials and Supplies	82,439	82,439	60,756	21,683
Contractual Services	50,696	53,696	32,496	21,200
Purchased Services	32,811	32,811	29,751	3,060
Capital Outlay	88,040	128,840	119,044	9,796
Other	1,000	1,000	0	1,000
Total Police Department	1,439,036	1,443,742	1,380,527	63,215
Jail				
Materials and Supplies	2,500	2,500	2,431	69
Purchased Services	16,835	12,835	9,491	3,344
Capital Outlay	4,000	4,000	3,928	72
Other	4,100	4,400	2,934	1,466
Total Jail	27,435	23,735	18,784	4,951
Fire Department:				
Fire Department				
Personal Services	853,924	735,330	715,599	19,731
Materials and Supplies	73,365	73,365	49,975	23,390
Contractual Services	55,081	55,081	43,658	11,423
Purchased Services	79,037	79,037	49,371	29,666
Capital Outlay	170,100	122,000	112,715	9,285
Total Fire Department	1,231,507	1,064,813	971,318	93,495
Total Security of Persons and Property	\$2,697,978	\$2,532,290	\$2,370,629	\$161,661

(continued)

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Public Health Services				
Street Lighting				
Purchased Services	\$0	\$60,000	\$60,000	\$0
Health Department				
Personal Services	155,953	144,874	143,276	1,598
Materials and Supplies	4,758	4,558	3,945	613
Contractual Services	39,043	67,759	64,211	3,548
Purchased Services	13,060	11,060	10,795	265
Other	0	34,000	33,559	441
Total Public Health Services	212,814	322,251	315,786	6,465
Leisure Time Activities:				
Museum Railroad				
Purchased Service	4,000	4,000	2,756	1,244
Bureau of Tourism				
Materials and Supplies	2,000	2,000	1,922	78
Purchased Services	12,400	12,400	12,094	306
Contractual Services	2,000	2,000	2,000	0
Total Bureau of Tourism	16,400	16,400	16,016	384
Cable Advisory Board				
Personal Services	20,540	20,540	20,525	15
Materials and Supplies	500	500	458	42
Contractual Services	350	350	350	0
Capital Outlay	5,000	5,000	3,240	1,760
Total Cable Advisory Board	26,390	26,390	24,573	1,817
Total Leisure Time Activities	46,790	46,790	43,345	3,445
Community Development:				
Housing and Zoning:				
Personal Services	70,610	70,610	67,832	2,778
Materials and Supplies	3,300	3,300	1,629	1,671
Contractual Services	1,040	1,040	565	475
Purchased Services	4,465	4,465	3,153	1,312
Total Community Development	\$79,415	\$79,415	\$73,179	\$6,236

(continued)

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund (continued)
For the Year Ended December 31, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Debt Service				
Principal Retirement	\$175,000	\$175,000	\$175,000	\$0
Interest and Fiscal Charges	5,900	7,900	7,060	840
Total Debt Service	180,900	182,900	182,060	840
<i>Total Expenditures</i>	4,422,604	4,418,075	4,121,232	296,843
<i>Excess of Revenues Over (Under) Expenditures</i>	(215,600)	(211,071)	10,111	221,182
Other Financing Sources (Uses)				
General Obligation Notes Issued	150,000	150,000	150,000	0
Advances Out	0	(95,366)	(49,363)	46,003
Transfers Out	(85,750)	(85,750)	(60,750)	25,000
<i>Total Other Financing Sources (Uses)</i>	64,250	(31,116)	39,887	71,003
<i>Net Change in Fund Balance</i>	(151,350)	(242,187)	49,998	292,185
<i>Fund Balance Beginning of Year</i>	245,952	245,952	245,952	0
Prior Year Encumbrances Appropriated	18,392	18,392	18,392	0
<i>Fund Balance End of Year</i>	\$112,994	\$22,157	\$314,342	\$292,185

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Municipal Income Taxes	\$452,000	\$452,000	\$134,892	(\$317,108)
Special Assessments	10,000	10,000	5,644	(4,356)
Intergovernmental	455,500	455,500	181,086	(274,414)
Fees, Licenses and Permits	23,000	23,000	32,755	9,755
Interest	300	300	97	(203)
Other	20,000	20,000	31,410	11,410
<i>Total Revenues</i>	<u>960,800</u>	<u>960,800</u>	<u>385,884</u>	<u>(574,916)</u>
Expenditures				
Current:				
Transportation:				
Street Department				
Personal Services	691,464	683,964	655,613	28,351
Materials and Supplies	166,815	169,315	155,162	14,153
Purchased Services	99,941	104,941	72,172	32,769
Contractual Services	20,647	35,147	33,703	1,444
Capital Outlay	8,500	8,500	4,480	4,020
Other	18,000	18,000	1,500	16,500
Total Transportation	<u>1,005,367</u>	<u>1,019,867</u>	<u>922,630</u>	<u>97,237</u>
Debt Service:				
Principal Retirement	213,159	213,159	212,113	1,046
Interest and Fiscal Charges	15,339	15,339	12,283	3,056
Total Debt Service	<u>228,498</u>	<u>228,498</u>	<u>224,396</u>	<u>4,102</u>
<i>Total Expenditures</i>	<u>1,233,865</u>	<u>1,248,365</u>	<u>1,147,026</u>	<u>101,339</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(273,065)</u>	<u>(287,565)</u>	<u>(761,142)</u>	<u>(473,577)</u>
Other Financing Sources				
Loans Issued	0	0	574,435	574,435
General Obligation Notes Issued	151,000	151,000	151,000	0
<i>Total Other Financing Sources</i>	<u>151,000</u>	<u>151,000</u>	<u>725,435</u>	<u>574,435</u>
<i>Net Change in Fund Balance</i>	(122,065)	(136,565)	(35,707)	100,858
<i>Fund Balance Beginning of Year</i>	129,615	129,615	129,615	0
Prior Year Encumbrances Appropriated	7,027	7,027	7,027	0
<i>Fund Balance End of Year</i>	<u>\$14,577</u>	<u>\$77</u>	<u>\$100,935</u>	<u>\$100,858</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$127,000	\$127,000	\$111,434	(\$15,566)
Expenditures				
Current:				
General Government:				
Special Assessment Bond Retirement				
Other	5,500	5,500	3,373	2,127
Debt Service:				
Principal Retirement	120,744	120,744	120,590	154
Interest and Fiscal Charges	38,559	38,559	38,552	7
Total Debt Service	159,303	159,303	159,142	161
<i>Total Expenditures</i>	164,803	164,803	162,515	2,288
<i>Net Change in Fund Balance</i>	(37,803)	(37,803)	(51,081)	(13,278)
<i>Fund Balance Beginning of Year</i>	122,677	122,677	122,677	0
<i>Fund Balance End of Year</i>	\$84,874	\$84,874	\$71,596	(\$13,278)

City of Conneaut, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$2,212,850	\$2,212,850	\$2,068,133	(\$144,717)
Tap-In Fees	15,000	15,000	21,130	6,130
Special Assessments	4,000	4,000	4,556	556
Intergovernmental	515,760	521,554	91,414	(430,140)
Loans Issued	1,320,000	1,320,000	1,134,867	(185,133)
Rentals	2,500	2,500	500	(2,000)
Other	5,000	5,000	3,379	(1,621)
<i>Total Revenues</i>	<u>4,075,110</u>	<u>4,080,904</u>	<u>3,323,979</u>	<u>(756,925)</u>
Expenses				
Personal Services	1,368,061	1,279,055	1,014,933	264,122
Purchased Services	855,530	665,118	329,841	335,277
Contractual Services	119,148	141,148	125,197	15,951
Materials and Supplies	198,360	205,860	152,986	52,874
Capital Outlay	1,745,916	1,809,916	1,489,714	320,202
Other	2,400	2,400	1,458	942
Debt Service:				
Principal Retirement	141,979	241,156	239,405	1,751
Interest and Fiscal Charges	47,181	76,277	76,277	0
<i>Total Expenses</i>	<u>4,478,575</u>	<u>4,420,930</u>	<u>3,429,811</u>	<u>991,119</u>
<i>Excess of Revenues Under Expenses</i>				
<i>Before Advances</i>	(403,465)	(340,026)	(105,832)	234,194
Advances In	<u>0</u>	<u>0</u>	<u>34,323</u>	<u>34,323</u>
<i>Net Change in Fund Equity</i>	(403,465)	(340,026)	(71,509)	268,517
<i>Fund Equity Beginning of Year</i>	571,189	571,189	571,189	0
Prior Year Encumbrances Appropriated	<u>42,644</u>	<u>42,644</u>	<u>42,644</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$210,368</u>	<u>\$273,807</u>	<u>\$542,324</u>	<u>\$268,517</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenses and Changes
in Fund Equity - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$2,400,903	\$2,400,903	\$2,301,291	(\$99,612)
Tap-In Fees	5,000	5,000	38,000	33,000
Special Assessments	10,000	10,000	2,641	(7,359)
Intergovernmental	344,400	344,400	112,476	(231,924)
General Obligation Notes Issued	390,000	390,000	390,000	0
Other	6,200	6,200	5,573	(627)
<i>Total Revenues</i>	<u>3,156,503</u>	<u>3,156,503</u>	<u>2,849,981</u>	<u>(306,522)</u>
Expenses				
Personal Services	938,315	904,366	877,427	26,939
Purchased Services	773,517	559,731	373,019	186,712
Contractual Services	92,297	141,547	132,004	9,543
Materials and Supplies	134,208	129,208	107,570	21,638
Capital Outlay	212,567	212,567	195,363	17,204
Other	4,750	5,351	3,158	2,193
Debt Service:				
Principal Retirement	940,560	996,395	996,387	8
Interest and Fiscal Charges	179,108	176,608	175,144	1,464
<i>Total Expenses</i>	<u>3,275,322</u>	<u>3,125,773</u>	<u>2,860,072</u>	<u>265,701</u>
<i>Net Change in Fund Equity</i>	(118,819)	30,730	(10,091)	(40,821)
<i>Fund Equity Beginning of Year</i>	176,080	176,080	176,080	0
Prior Year Encumbrances Appropriated	<u>19,891</u>	<u>19,891</u>	<u>19,891</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$77,152</u>	<u>\$226,701</u>	<u>\$185,880</u>	<u>(\$40,821)</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Auto Permissive Tax Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$135,000	\$135,000	\$136,141	\$1,141
Interest	200	200	76	(124)
<i>Total Revenues</i>	135,200	135,200	136,217	1,017
Expenditures				
Current:				
Transportation:				
Auto Permissive				
Personal Services	128,700	128,700	128,700	0
Materials and Supplies	8,386	8,386	5,929	2,457
<i>Total Expenditures</i>	137,086	137,086	134,629	2,457
<i>Net Change in Fund Balance</i>	(1,886)	(1,886)	1,588	3,474
<i>Fund Balance Beginning of Year</i>	737	737	737	0
Prior Year Encumbrances Appropriated	1,886	1,886	1,886	0
<i>Fund Balance End of Year</i>	\$737	\$737	\$4,211	\$3,474

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$36,300	\$36,300	\$37,033	\$733
Interest	100	100	28	(72)
<i>Total Revenues</i>	36,400	36,400	37,061	661
Expenditures				
Current:				
Transportation:				
State Highway				
Personal Services	32,400	32,400	32,400	0
Materials and Supplies	1,500	1,500	1,172	328
Capital Outlay	4,285	4,285	2,881	1,404
<i>Total Expenditures</i>	38,185	38,185	36,453	1,732
<i>Net Change in Fund Balance</i>	(1,785)	(1,785)	608	2,393
<i>Fund Balance Beginning of Year</i>	2,278	2,278	2,278	0
Prior Year Encumbrances Appropriated	1,785	1,785	1,785	0
<i>Fund Balance End of Year</i>	\$2,278	\$2,278	\$4,671	\$2,393

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Restaurant Vending Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$17,760	\$17,760	\$19,352	\$1,592
Expenditures				
Current:				
Community Development:				
Restaurant Vending				
Personal Services	16,743	16,743	16,566	177
Materials and Supplies	200	200	169	31
Contractual Services	3,700	3,700	2,253	1,447
Purchased Services	150	150	148	2
<i>Total Expenditures</i>	20,793	20,793	19,136	1,657
<i>Net Change in Fund Balance</i>	(3,033)	(3,033)	216	3,249
<i>Fund Balance Beginning of Year</i>	3,299	3,299	3,299	0
<i>Fund Balance End of Year</i>	\$266	\$266	\$3,515	\$3,249

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Marina Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$585	\$585	\$660	\$75
Expenditures				
Current:				
Leisure Time Activities:				
Marina				
Contractual Services	500	500	180	320
<i>Net Change in Fund Balance</i>	85	85	480	395
<i>Fund Balance Beginning of Year</i>	4,735	4,735	4,735	0
<i>Fund Balance End of Year</i>	\$4,820	\$4,820	\$5,215	\$395

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Enforcement and Education Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$1,700	\$1,700	\$1,303	(\$397)
Expenditures				
Current:				
Community Development:				
Enforcement and Education				
Contractual Services	1,000	1,000	0	1,000
<i>Net Change in Fund Balance</i>	700	700	1,303	603
<i>Fund Balance Beginning of Year</i>	2,523	2,523	2,523	0
<i>Fund Balance End of Year</i>	<u>\$3,223</u>	<u>\$3,223</u>	<u>\$3,826</u>	<u>\$603</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Indigent Drivers Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fines and Forfeitures	\$1,900	\$1,900	\$1,380	(\$520)
Other	1,400	1,400	2,133	733
<i>Total Revenues</i>	3,300	3,300	3,513	213
Expenditures				
Current:				
Public Health Services:				
Indigent Drivers				
Contractual Services	1,000	1,000	0	1,000
<i>Net Change in Fund Balance</i>	2,300	2,300	3,513	1,213
<i>Fund Balance Beginning of Year</i>	44,739	44,739	44,739	0
<i>Fund Balance End of Year</i>	<u>\$47,039</u>	<u>\$47,039</u>	<u>\$48,252</u>	<u>\$1,213</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Cemetery Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Fees, Licenses and Permits	\$100	\$100	\$90	(\$10)
Charges for Services	32,000	32,000	30,800	(1,200)
Interest	300	300	75	(225)
Other	1,000	1,000	23	(977)
<i>Total Revenues</i>	<u>33,400</u>	<u>33,400</u>	<u>30,988</u>	<u>(2,412)</u>
Expenditures				
Current:				
Community Development:				
Cemetery				
Personal Services	19,300	19,300	19,209	91
Materials and Supplies	3,061	3,061	2,748	313
Contractual Services	1,950	1,950	715	1,235
Purchased Services	5,000	5,000	4,494	506
Total Community Development	<u>29,311</u>	<u>29,311</u>	<u>27,166</u>	<u>2,145</u>
Debt Service:				
Principal Retirement	5,164	10,328	10,205	123
Interest and Fiscal Charges	126	251	251	0
Total Debt Service	<u>5,290</u>	<u>10,579</u>	<u>10,456</u>	<u>123</u>
<i>Total Expenditures</i>	<u>34,601</u>	<u>39,890</u>	<u>37,622</u>	<u>2,268</u>
<i>Net Change in Fund Balance</i>	(1,201)	(6,490)	(6,634)	(144)
<i>Fund Balance at Beginning of Year</i>	47,768	47,768	47,768	0
Prior Year Encumbrances Appropriated	<u>61</u>	<u>61</u>	<u>61</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$46,628</u>	<u>\$41,339</u>	<u>\$41,195</u>	<u>(\$144)</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Levy Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$300,000	\$300,000	\$297,329	(\$2,671)
Intergovernmental	44,000	44,000	46,049	2,049
<i>Total Revenues</i>	<u>344,000</u>	<u>344,000</u>	<u>343,378</u>	<u>(622)</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police Levy				
Personal Services	288,000	288,000	288,000	0
Other	60,600	60,600	59,069	1,531
<i>Total Expenditures</i>	<u>348,600</u>	<u>348,600</u>	<u>347,069</u>	<u>1,531</u>
<i>Net Change in Fund Balance</i>	(4,600)	(4,600)	(3,691)	909
<i>Fund Balance Beginning of Year</i>	<u>16,106</u>	<u>16,106</u>	<u>16,106</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$11,506</u>	<u>\$11,506</u>	<u>\$12,415</u>	<u>\$909</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Levy Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$149,500	\$149,500	\$148,664	(\$836)
Intergovernmental	20,800	20,800	23,025	2,225
<i>Total Revenues</i>	170,300	170,300	171,689	1,389
Expenditures				
Current:				
Security of Persons and Property:				
Fire Levy				
Personal Services	166,000	166,000	166,000	0
Other	3,200	3,200	2,561	639
<i>Total Expenditures</i>	169,200	169,200	168,561	639
<i>Net Change in Fund Balance</i>	1,100	1,100	3,128	2,028
<i>Fund Balance Beginning of Year</i>	6,415	6,415	6,415	0
<i>Fund Balance End of Year</i>	\$7,515	\$7,515	\$9,543	\$2,028

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Litter Control Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$22,200	\$22,200	\$10,502	(\$11,698)
Expenditures				
Current:				
Community Development:				
Litter Control				
Personal Services	20,600	20,600	14,000	6,600
Materials and Supplies	7,793	7,793	4,688	3,105
Purchased Services	1,000	1,000	0	1,000
<i>Total Expenditures</i>	29,393	29,393	18,688	10,705
<i>Net Change in Fund Balance</i>	(7,193)	(7,193)	(8,186)	(993)
<i>Fund Balance Beginning of Year</i>	5,029	5,029	5,029	0
Prior Year Encumbrances Appropriated	3,793	3,793	3,793	0
<i>Fund Balance End of Year</i>	\$1,629	\$1,629	\$636	(\$993)

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Indigent Monitoring Fund
For the Year Ended December 31, 2010

	<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	\$1,000	\$1,000	\$1,703	\$703
Other	0	0	1,425	1,425
<i>Total Revenues</i>	1,000	1,000	3,128	2,128
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	1,000	1,000	3,128	2,128
<i>Fund Balance Beginning of Year</i>	1,218	1,218	1,218	0
<i>Fund Balance End of Year</i>	<u>\$2,218</u>	<u>\$2,218</u>	<u>\$4,346</u>	<u>\$2,128</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
OPOTA Grant Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Security of Persons and Property:				
OPOTA Grant				
Contractual Services	2,080	2,080	0	2,080
<i>Net Change in Fund Balance</i>	(2,080)	(2,080)	0	2,080
<i>Fund Balance Beginning of Year</i>	2,080	2,080	2,080	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$2,080	\$2,080

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Lighting Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$26,000	\$26,000	\$24,994	(\$1,006)
Fees, Licenses and Permits	120,000	120,000	124,396	4,396
Other	1,700	1,700	1,725	25
<i>Total Revenues</i>	147,700	147,700	151,115	3,415
Expenditures				
Current:				
Basic Utility Services:				
Street Lighting				
Purchased Services	151,000	151,000	151,000	0
<i>Net Change in Fund Balance</i>	(3,300)	(3,300)	115	3,415
<i>Fund Balance Beginning of Year</i>	6,181	6,181	6,181	0
<i>Fund Balance End of Year</i>	\$2,881	\$2,881	\$6,296	\$3,415

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Tree Commission Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Contributions and Donations	\$2,000	\$4,000	\$5,054	\$1,054
Expenditures				
Current:				
Community Development:				
Tree Commission				
Materials and Supplies	1,600	3,600	3,586	14
Other	750	750	750	0
<i>Total Expenditures</i>	2,350	4,350	4,336	14
<i>Excess of Revenues Over (Under) Expenditures</i>	(350)	(350)	718	1,068
Other Financing Sources				
Transfers In	750	750	750	0
<i>Net Change in Fund Balance</i>	400	400	1,468	1,068
<i>Fund Balance Beginning of Year</i>	61	61	61	0
<i>Fund Balance End of Year</i>	\$461	\$461	\$1,529	\$1,068

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Demolition Fund
For the Year Ended December 31, 2010

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

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Housing Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$2,000	\$2,000	\$3,587	\$1,587
Interest	50	50	41	(9)
<i>Total Revenues</i>	2,050	2,050	3,628	1,578
Expenditures				
Current:				
Community Development:				
Community Housing				
Capital Outlay	2,500	12,000	10,863	1,137
<i>Net Change in Fund Balance</i>	(450)	(9,950)	(7,235)	2,715
<i>Fund Balance Beginning of Year</i>	12,013	12,013	12,013	0
<i>Fund Balance End of Year</i>	\$11,563	\$2,063	\$4,778	\$2,715

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Economic Development Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$9,700	\$9,700	\$14,268	\$4,568
Interest	200	200	208	8
<i>Total Revenues</i>	9,900	9,900	14,476	4,576
Expenditures				
Current:				
Community Development:				
Economic Development				
Contractual Services	202,500	212,300	0	212,300
<i>Net Change in Fund Balance</i>	(192,600)	(202,400)	14,476	216,876
<i>Fund Balance Beginning of Year</i>	202,559	202,559	202,559	0
<i>Fund Balance End of Year</i>	\$9,959	\$159	\$217,035	\$216,876

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
CHIPS Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$497,000	\$497,000	\$200,470	(\$296,530)
Expenditures				
Current:				
Community Development:				
CHIPS				
Materials and Supplies	190,500	190,500	87,603	102,897
Purchased Services	306,500	306,500	63,125	243,375
<i>Total Expenditures</i>	497,000	497,000	150,728	346,272
<i>Net Change in Fund Balance</i>	0	0	49,742	49,742
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$49,742	\$49,742

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
USEPA Grant Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$200,000	\$200,000	\$0	(\$200,000)
Expenditures				
Current:				
Community Development:				
USEPA Grant				
Contractual Services	197,605	197,605	12,645	184,960
Debt Service:				
Principal Retirement	2,395	2,395	2,395	0
<i>Total Expenditures</i>	<u>197,605</u>	<u>197,605</u>	<u>12,645</u>	<u>184,960</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	2,395	2,395	(12,645)	(15,040)
Other Financing Sources				
Advances In	0	0	15,040	15,040
<i>Net Change in Fund Balance</i>	2,395	2,395	2,395	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$2,395</u>	<u>\$2,395</u>	<u>\$2,395</u>	<u>\$0</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Ambulance Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$4,000	\$4,000	\$200	(\$3,800)
Contributions and Donations	5,000	5,000	1,910	(3,090)
<i>Total Revenues</i>	9,000	9,000	2,110	(6,890)
Expenditures				
Current:				
Security of Persons and Property:				
Ambulance				
Capital Outlay	6,000	6,000	2,224	3,776
<i>Net Change in Fund Balance</i>	3,000	3,000	(114)	(3,114)
<i>Fund Balance Beginning of Year</i>	3,916	3,916	3,916	0
<i>Fund Balance End of Year</i>	<u>\$6,916</u>	<u>\$6,916</u>	<u>\$3,802</u>	<u>(\$3,114)</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$22,000	\$22,000	\$21,007	(\$993)
Fees, Licenses and Permits	11,000	11,000	13,265	2,265
Charges for Services	150	150	0	(150)
Rentals	32,150	32,150	31,000	(1,150)
Contributions and Donations	500	500	1,940	1,440
Other	50	50	33	(17)
<i>Total Revenues</i>	65,850	65,850	67,245	1,395
Expenditures				
Current:				
Leisure Time Activities:				
Recreation				
Personal Services	16,265	16,265	15,548	717
Materials and Supplies	8,425	8,425	7,969	456
Contractual Services	270	270	184	86
Purchased Services	8,233	8,233	7,600	633
Other	2,400	2,400	2,400	0
Total Recreation	35,593	35,593	33,701	1,892
Parks				
Personal Services	23,550	23,550	21,982	1,568
Materials and Supplies	7,811	7,811	5,958	1,853
Contractual Services	1,900	1,900	1,124	776
Purchased Services	10,303	10,303	8,758	1,545
Total Parks	43,564	43,564	37,822	5,742
<i>Total Expenditures</i>	79,157	79,157	71,523	7,634
<i>Net Change in Fund Balance</i>	(13,307)	(13,307)	(4,278)	9,029
<i>Fund Balance Beginning of Year</i>	13,758	13,758	13,758	0
Prior Year Encumbrances Appropriated	1,481	1,481	1,481	0
<i>Fund Balance End of Year</i>	\$1,932	\$1,932	\$10,961	\$9,029

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$196,500	\$196,500	\$171,330	(\$25,170)
Intergovernmental	23,000	23,000	23,846	846
<i>Total Revenues</i>	219,500	219,500	195,176	(24,324)
Expenditures				
Current:				
Security of Persons and Property:				
Police Pension				
Personal Services	225,000	225,000	190,034	34,966
Other	4,635	4,635	2,930	1,705
<i>Total Expenditures</i>	229,635	229,635	192,964	36,671
<i>Net Change in Fund Balance</i>	(10,135)	(10,135)	2,212	12,347
<i>Fund Balance Beginning of Year</i>	56,572	56,572	56,572	0
<i>Fund Balance End of Year</i>	\$46,437	\$46,437	\$58,784	\$12,347

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Pension Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$75,200	\$75,200	\$75,378	\$178
Intergovernmental	9,700	9,700	10,131	431
<i>Total Revenues</i>	84,900	84,900	85,509	609
Expenditures				
Current:				
Security of Persons and Property:				
Fire Pension				
Personal Services	162,000	162,000	135,671	26,329
Other	1,500	1,500	1,316	184
<i>Total Expenditures</i>	163,500	163,500	136,987	26,513
<i>Excess of Revenues Under Expenditures</i>	(78,600)	(78,600)	(51,478)	27,122
Other Financing Sources				
Transfers In	85,000	85,000	60,000	(25,000)
<i>Net Change in Fund Balance</i>	6,400	6,400	8,522	2,122
<i>Fund Balance Beginning of Year</i>	31	31	31	0
<i>Fund Balance End of Year</i>	\$6,431	\$6,431	\$8,553	\$2,122

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$219,000	\$219,000	\$217,570	(\$1,430)
Expenditures				
Current:				
General Government:				
General Obligation Bond Retirement				
Contractual Services	4,120	4,120	2,577	1,543
Other	8,240	8,240	3,745	4,495
Total General Government	12,360	12,360	6,322	6,038
Debt Service:				
Principal Retirement	205,000	205,000	205,000	0
Interest and Fiscal Charges	61,475	61,475	61,472	3
Total Debt Service	266,475	266,475	266,472	3
<i>Total Expenditures</i>	278,835	278,835	272,794	6,041
<i>Net Change in Fund Balance</i>	(59,835)	(59,835)	(55,224)	4,611
<i>Fund Balance Beginning of Year</i>	449,671	449,671	449,671	0
<i>Fund Balance End of Year</i>	\$389,836	\$389,836	\$394,447	\$4,611

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Improvement Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Municipal Income Taxes	\$231,000	\$231,000	\$221,490	(\$9,510)
Expenditures				
Capital Outlay:				
Street Improvement				
Capital Outlay	<u>237,535</u>	<u>237,535</u>	<u>172,161</u>	<u>65,374</u>
<i>Net Change in Fund Balance</i>	(6,535)	(6,535)	49,329	55,864
<i>Fund Balance Beginning of Year</i>	99,298	99,298	99,298	0
Prior Year Encumbrances Appropriated	<u>6,535</u>	<u>6,535</u>	<u>6,535</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$99,298</u>	<u>\$99,298</u>	<u>\$155,162</u>	<u>\$55,864</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Office of Justice Grant Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$23,313	\$23,313	\$0	(\$23,313)
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	23,313	23,313	0	(23,313)
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$23,313</u>	<u>\$23,313</u>	<u>\$0</u>	<u>(\$23,313)</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Municipal Court Improvement Fund
For the Year Ended December 31, 2010

	<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	\$61,500	\$61,500	\$64,018	\$2,518
Expenditures				
Capital Outlay:				
Municipal Court Improvement				
Capital Outlay	156,104	156,104	38,705	117,399
<i>Net Change in Fund Balance</i>	(94,604)	(94,604)	25,313	119,917
<i>Fund Balance Beginning of Year</i>	157,553	157,553	157,553	0
Prior Year Encumbrances Appropriated	1,104	1,104	1,104	0
<i>Fund Balance End of Year</i>	<u>\$64,053</u>	<u>\$64,053</u>	<u>\$183,970</u>	<u>\$119,917</u>

City of Conneaut, Ohio
*Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Gateway Signal Fund
For the Year Ended December 31, 2010*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$9,062	\$9,062	\$9,062	\$0
Expenditures				
Debt Service:				
Principal Retirement	9,062	9,062	9,062	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$0	\$0

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Roadway Safety Improvement Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$186,240	\$186,240	\$24,626	(\$161,614)
Expenditures				
Capital Outlay:				
Road Safety Improvement				
Capital Outlay	176,096	176,096	13,592	162,504
Debt Service:				
Principal Retirement	10,144	10,144	10,144	0
<i>Total Expenditures</i>	<u>186,240</u>	<u>186,240</u>	<u>23,736</u>	<u>162,504</u>
<i>Net Change in Fund Balance</i>	0	0	890	890
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$890</u>	<u>\$890</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Formula Grant Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$439,000	\$439,000	\$307,550	(\$131,450)
Expenditures				
Capital Outlay:				
Formula Grant				
Capital Outlay	301,096	228,866	168,084	60,782
Debt Service:				
Principal Retirement	139,304	139,304	139,304	0
<i>Total Expenditures</i>	<u>440,400</u>	<u>368,170</u>	<u>307,388</u>	<u>60,782</u>
<i>Net Change in Fund Balance</i>	(1,400)	70,830	162	(70,668)
<i>Fund Balance Beginning of Year</i>	<u>1,400</u>	<u>1,400</u>	<u>1,400</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$72,230</u>	<u>\$1,562</u>	<u>(\$70,668)</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvement Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Municipal Income Taxes	\$40,000	\$40,000	\$38,287	(\$1,713)
Expenditures				
Capital Outlay:				
Capital Improvement				
Capital Outlay	198,000	198,000	158,221	39,779
Debt Service:				
Principal Retirement	15,334	15,334	15,334	0
Interest and Fiscal Charges	5,999	5,999	5,868	131
Total Debt Service	21,333	21,333	21,202	131
<i>Total Expenditures</i>	219,333	219,333	179,423	39,910
<i>Net Change in Fund Balance</i>	(179,333)	(179,333)	(141,136)	38,197
<i>Fund Balance Beginning of Year</i>	184,251	184,251	184,251	0
<i>Fund Balance End of Year</i>	\$4,918	\$4,918	\$43,115	\$38,197

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
EDA Grant Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$365,000	\$365,000	\$0	(\$365,000)
Expenditures				
Capital Outlay:				
EDA Grant				
Capital Outlay	365,000	365,000	0	(365,000)
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
USDA Grant Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$165,000	\$165,000	\$0	(\$165,000)
Expenditures				
Capital Outlay:				
USDA Grant				
Capital Outlay	165,000	165,000	0	(165,000)
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Conneaut, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Industrial Park Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$4,500	\$4,500	\$1,268	(\$3,232)
Expenditures				
Capital Outlay:				
Rural Industrial Park				
Capital Outlay	<u>820,586</u>	<u>820,586</u>	<u>42,786</u>	<u>777,800</u>
<i>Excess of Revenues Under Expenditures</i>	(816,086)	(816,086)	(41,518)	774,568
Other Financing Sources				
Loans Issued	<u>295,000</u>	<u>295,000</u>	<u>0</u>	<u>(295,000)</u>
<i>Net Change in Fund Balance</i>	(521,086)	(521,086)	(41,518)	479,568
<i>Fund Balance Beginning of Year</i>	533,432	533,432	533,432	0
Prior Year Encumbrances Appropriated	<u>25,586</u>	<u>25,586</u>	<u>25,586</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$37,932</u></u>	<u><u>\$37,932</u></u>	<u><u>\$517,500</u></u>	<u><u>\$479,568</u></u>

STATISTICAL SECTION

Statistical Section

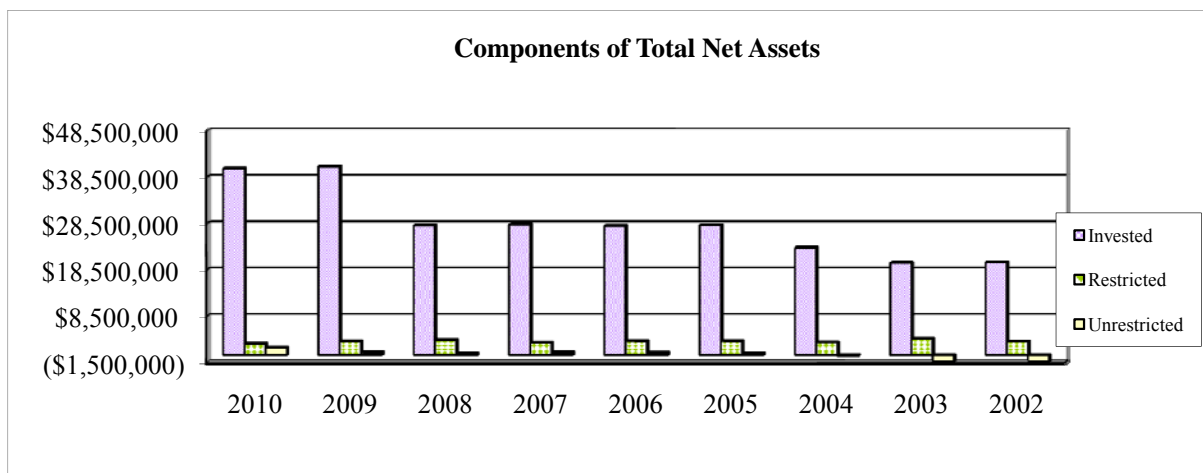
This part of the City of Conneaut, Ohio's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Contents	Pages(s)
<i>Financial Trends</i>	<i>S2 – S13</i>
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	<i>S14 – S23</i>
These schedules contain information to help the reader assess the City's most significant local revenue, the property tax and the municipal income tax.	
<i>Debt Capacity</i>	<i>S24 – S31</i>
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<i>Economic and Demographic Information</i>	<i>S32 – S35</i>
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
<i>Operating Information</i>	<i>S36 – S45</i>
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

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

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

	2010	2009	2008	2007
Governmental Activities				
Invested in Capital Assets	\$28,696,100	\$29,749,095	\$17,147,964	\$17,632,445
Restricted:				
Capital Projects	616,736	996,700	1,086,874	328,198
Debt Service	576,190	686,581	784,246	875,896
Street Construction, Maintenance and Repair	342,702	357,308	328,839	262,384
Community Housing	4,778	12,013	10,105	53,730
Economic Development	223,752	223,301	232,096	324,232
Ambulance Services	74,222	57,306	312,684	246,531
USEPA	184,960	193,195	0	0
Other Purposes	395,117	454,658	424,486	586,281
Unrestricted (Deficit)	326,391	43,144	(412,150)	104,371
Total Governmental Activities Net Assets	31,440,948	32,773,301	19,915,144	20,414,068
Business Type - Activities				
Invested in Capital Assets, Net of Related Debt	11,515,121	10,970,211	10,794,002	10,543,038
Unrestricted (Deficit)	1,243,770	586,161	618,321	511,375
Total Business-Type Activities Net Assets	12,758,891	11,556,372	11,412,323	11,054,413
Primary Government				
Invested in Capital Assets, Net of Related Debt	40,211,221	40,719,306	27,941,966	28,175,483
Restricted	2,418,457	2,981,062	3,179,330	2,677,252
Unrestricted (Deficit)	1,570,161	629,305	206,171	615,746
Total Primary Government Net Assets	\$44,199,839	\$44,329,673	\$31,327,467	\$31,468,481



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

2006	2005	2004	2003	2002
\$17,359,101	\$17,803,818	\$13,885,124	\$14,369,780	\$14,187,443
300,157	153,012	165,563	440,452	389,896
924,154	1,064,561	978,890	1,723,937	1,259,673
355,363	499,673	427,146	0	0
153,734	163,939	102,376	0	0
494,102	483,025	476,127	0	0
348,878	313,409	288,155	0	0
0	0	0	0	0
456,124	352,894	279,820	1,336,163	1,295,364
204,442	(108,071)	(461,221)	(1,292,211)	(782,351)
<u>20,596,055</u>	<u>20,726,260</u>	<u>16,141,980</u>	<u>16,578,121</u>	<u>16,350,025</u>
10,515,764	10,235,723	9,226,252	5,527,010	5,787,226
283,302	326,986	347,250	(122,561)	(481,075)
<u>10,799,066</u>	<u>10,562,709</u>	<u>9,573,502</u>	<u>5,404,449</u>	<u>5,306,151</u>
27,874,865	28,039,541	23,111,376	19,896,790	19,974,669
3,032,512	3,030,513	2,718,077	3,500,552	2,944,933
487,744	218,915	(113,971)	(1,414,772)	(1,263,426)
<u>\$31,395,121</u>	<u>\$31,288,969</u>	<u>\$25,715,482</u>	<u>\$21,982,570</u>	<u>\$21,656,176</u>

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

	2010	2009	2008
Program Revenues			
Governmental Activities:			
Charges for Services:			
General Government	\$302,039	\$426,290	\$158,783
Security of Persons and Property	457,176	658,859	530,394
Public Health Services	64,244	39,544	34,644
Leisure Time Activities	52,911	56,026	49,113
Community Development	65,170	75,456	57,247
Basic Utility Services	125,004	0	0
Transportation	58,621	54,333	44,742
Subtotal - Charges for Services	<u>1,125,165</u>	<u>1,310,508</u>	<u>874,923</u>
Operating Grants and Contributions:			
General Government	0	0	4,578
Security of Persons and Property	175,617	189,911	220,073
Public Health Services	44,121	22,879	1,385
Leisure Time Activities	1,940	0	4,395
Community Development	219,613	230,219	226,539
Transportation	361,059	591,731	684,981
Subtotal - Operating Grants and Contributions	<u>802,350</u>	<u>1,034,740</u>	<u>1,141,951</u>
Capital Grants and Assessments:			
General Government	0	219,607	721,800
Security of Persons and Property	0	23,313	0
Public Health Services	0	0	0
Leisure Time Activities	0	0	0
Community Development	0	0	0
Transportation (1)	24,626	45,505	148,737
Subtotal - Capital Grants and Assessments	<u>24,626</u>	<u>288,425</u>	<u>870,537</u>
<i>Total Governmental Activities Program Revenues</i>	<u>1,952,141</u>	<u>2,633,673</u>	<u>2,887,411</u>
Business-Type Activities:			
Charges for Services:			
Water	2,116,230	2,077,360	1,951,756
Sewer	2,408,925	2,001,905	2,003,945
Operating Grants and Contributions			
Sewer	0	0	0
Capital Grants and Assessments			
Water	91,414	178,560	4,040
Sewer	112,476	118,292	16,478
<i>Total Business-Type Activities Program Revenues</i>	<u>4,729,045</u>	<u>4,376,117</u>	<u>3,976,219</u>
<i>Total Primary Government Program Revenues</i>	<u>\$6,681,186</u>	<u>\$7,009,790</u>	<u>\$6,863,630</u>

2007	2006	2005	2004	2003
\$176,418	\$186,469	\$177,001	\$219,503	\$173,490
508,332	453,497	442,365	420,384	419,527
38,655	37,551	41,523	38,628	27,573
47,501	43,313	39,984	38,274	38,016
65,921	55,708	59,353	58,627	54,662
0	0	0	0	0
67,008	4,300	0	0	3,817
903,835	780,838	760,226	775,416	717,085
5,649	6,995	6,721	7,216	10,310
18,655	48,451	21,894	29,577	19,143
4,716	16,231	60,738	47,785	27,494
1,878	13,941	54,191	331	1,608
106,897	249,202	326,568	388,570	237,914
702,427	657,215	693,931	625,609	573,917
840,222	992,035	1,164,043	1,099,088	870,386
82,883	159,621	98,004	0	5,803
0	25,319	141,361	0	0
0	0	23,767	0	0
0	0	596	0	0
0	0	8,830	156,358	215,639
5,759	5,800	4,614,458	3,843,114	1,792
88,642	190,740	4,887,016	3,999,472	223,234
1,832,699	1,963,613	6,811,285	5,873,976	1,810,705
1,922,216	1,785,302	1,802,540	1,842,561	1,604,060
1,944,689	1,879,332	1,847,344	1,706,244	1,500,517
0	0	0	10,003	0
13,383	30,075	0	0	9,938
29,859	10,615	504,342	0	137,903
3,910,147	3,705,324	4,154,226	3,558,808	3,252,418
\$5,742,846	\$5,668,937	\$10,965,511	\$9,432,784	\$5,063,123

(continued)

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

	2010	2009	2008
Expenses			
<i>Governmental Activities:</i>			
General Government	\$1,226,765	\$1,167,792	\$1,254,299
Security of Persons and Property	3,362,411	3,590,030	3,888,488
Public Health Services	312,558	148,494	359,428
Leisure Time Activities	136,287	131,575	77,711
Community Development	310,981	150,557	501,093
Basic Utility Services	109,837	149,308	43,877
Transportation	2,321,555	1,917,512	2,376,287
Interest and Fiscal Charges	132,375	135,715	157,917
<i>Total Governmental Activities Expenses</i>	<u>7,912,769</u>	<u>7,390,983</u>	<u>8,659,100</u>
<i>Business-Type Activities</i>			
Water	1,576,246	2,350,298	1,755,161
Sewer	1,959,232	1,899,102	1,865,615
<i>Total Business-Type Activities Expenses</i>	<u>3,535,478</u>	<u>4,249,400</u>	<u>3,620,776</u>
<i>Total Primary Government Program Expenses</i>	<u>11,448,247</u>	<u>11,640,383</u>	<u>12,279,876</u>
Net (Expense)/Revenue			
Governmental Activities	(5,960,628)	(4,757,310)	(5,771,689)
Business-Type Activities	1,193,567	126,717	355,443
<i>Total Primary Government Net Expense</i>	<u>(\$4,767,061)</u>	<u>(\$4,630,593)</u>	<u>(\$5,416,246)</u>

2007	2006	2005	2004	2003
\$1,308,725	\$1,406,409	\$1,183,087	\$1,463,838	\$998,850
3,527,501	3,387,785	3,299,875	3,039,526	3,097,076
432,807	374,896	355,171	320,256	353,790
115,777	94,657	94,950	92,522	100,480
294,546	467,034	411,062	583,977	437,292
31,975	32,500	32,500	32,500	0
2,420,821	2,449,845	2,232,242	2,265,269	1,677,028
178,252	195,947	191,188	229,363	259,709
<u>8,310,404</u>	<u>8,409,073</u>	<u>7,800,075</u>	<u>8,027,251</u>	<u>6,924,225</u>
1,763,839	1,711,495	1,653,560	1,627,086	1,560,300
1,769,365	1,802,037	1,517,578	1,400,021	1,622,502
<u>3,533,204</u>	<u>3,513,532</u>	<u>3,171,138</u>	<u>3,027,107</u>	<u>3,182,802</u>
<u>11,843,608</u>	<u>11,922,605</u>	<u>10,971,213</u>	<u>11,054,358</u>	<u>10,107,027</u>
(6,477,705)	(6,445,460)	(988,790)	(2,153,275)	(5,113,520)
376,943	191,792	983,088	531,701	69,616
<u>(\$6,100,762)</u>	<u>(\$6,253,668)</u>	<u>(\$5,702)</u>	<u>(\$1,621,574)</u>	<u>(\$5,043,904)</u>

(continued)

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

	2010	2009	2008
General Revenues and Other Changes in Net Assets			
Governmental Activities			
Taxes:			
Property Taxes Levied For:			
General Purposes	\$345,426	\$357,971	\$327,807
Debt Service	198,163	214,134	226,055
Other Purposes	626,793	648,490	635,997
Municipal Income Taxes levied for:			
General Purposes	1,913,724	1,953,905	1,791,008
Capital Outlay	258,999	230,716	278,447
Street Construction, Maintenance and Repair	133,594	536,238	731,338
Other Purposes	45,862	48,681	45,113
Hotel Taxes	15,925	18,902	0
Grants and Entitlements not Restricted to			
Specific Programs	897,681	800,550	1,157,451
Franchise Taxes	125,997	152,708	0
Investment Earnings	4,071	7,655	51,195
Gain on Sale of Capital Assets	0	6,469	7,953
Miscellaneous	62,040	57,142	20,401
Special Item - Capital Contribution (2)	0	12,595,661	0
Transfers	0	(13,755)	0
<i>Total Governmental Activities</i>	<u>4,628,275</u>	<u>17,615,467</u>	<u>5,272,765</u>
Business-Type Activities			
Gain on Sale of Capital Assets	0	0	0
Miscellaneous	8,952	3,577	2,467
Transfers	0	13,755	0
<i>Total Business-Type Activities</i>	<u>8,952</u>	<u>17,332</u>	<u>2,467</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>4,637,227</u>	<u>17,632,799</u>	<u>5,275,232</u>
Change in Net Assets			
Governmental Activities	(1,332,353)	12,858,157	(498,924)
Business-Type Activities	1,202,519	144,049	357,910
<i>Total Primary Government Change in Net Assets</i>	<u>(\$129,834)</u>	<u>\$13,002,206</u>	<u>(\$141,014)</u>

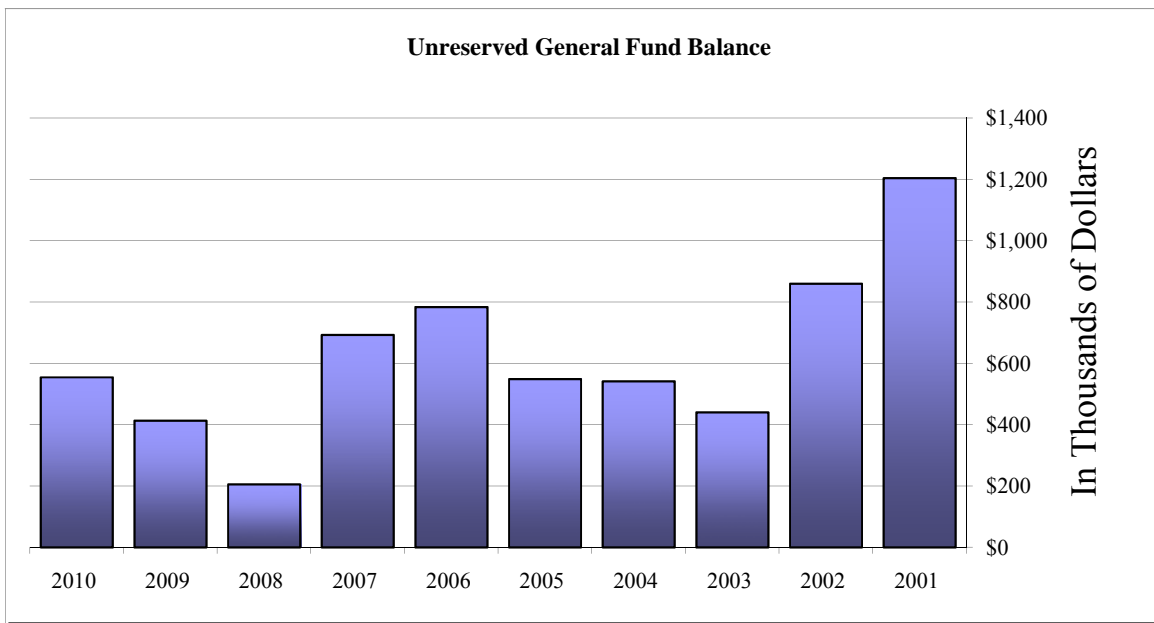
(1) During 2005 and 2004, the State contributed 80 percent of the funding for the U.S. route 20 and State Route 7 paving projects.

(2) During 2009, the Ohio Department of Transportation completed construction of the City's Parrish Road bridge. 95 percent of the funding was contributed capital from the Ohio Department of Transportation.

2007	2006	2005	2004	2003
\$401,371	\$419,938	\$390,798	\$311,222	\$279,872
275,546	316,107	312,684	309,290	564,949
707,006	721,649	666,808	719,660	552,003
2,030,350	2,015,340	2,035,114	1,960,666	1,948,508
317,487	309,969	47,183	45,457	45,174
845,549	839,298	847,493	816,488	0
56,221	55,850	56,441	54,374	862,927
0	0	0	0	0
1,122,971	1,196,117	1,045,596	937,225	1,015,299
0	0	0	0	0
139,919	147,560	73,016	25,400	20,472
7,303	0	3,593	0	8,277
56,620	293,427	94,344	170,568	55,158
0	0	0	0	0
0	0	0	0	(11,023)
5,960,343	6,315,255	5,573,070	5,350,350	5,341,616
239	0	0	0	0
10,877	44,565	6,119	4,136	17,659
0	0	0	0	11,023
11,116	44,565	6,119	4,136	28,682
5,971,459	6,359,820	5,579,189	5,354,486	5,370,298
(517,362)	(130,205)	4,584,280	3,197,075	228,096
388,059	236,357	989,207	535,837	98,298
(\$129,303)	\$106,152	\$5,573,487	\$3,732,912	\$326,394

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

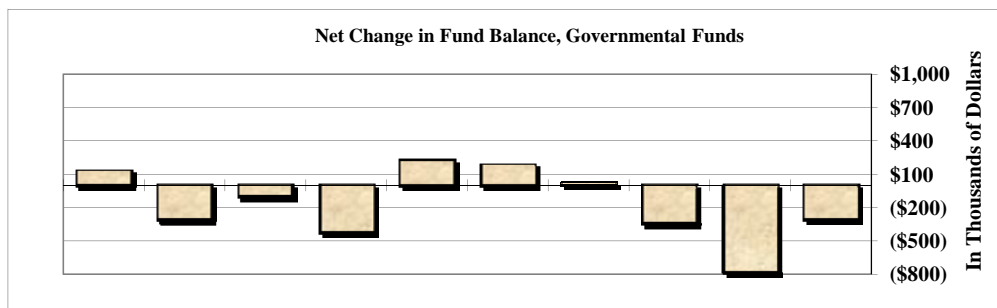
	2010	2009	2008	2007
General Fund				
Reserved	\$34,707	\$9,478	\$10,063	\$12,326
Unreserved	554,616	412,981	205,180	692,944
Total General Fund	<u>589,323</u>	<u>422,459</u>	<u>215,243</u>	<u>705,270</u>
All Other Governmental Funds				
Reserved	39,243	24,228	57,471	111,035
Unreserved, Undesignated, Reported in:				
Special Revenue funds	532,264	559,643	909,427	972,650
Debt Service funds	466,043	572,348	675,692	764,661
Capital Projects funds	959,696	873,648	904,996	313,671
Total All Other Governmental Funds	<u>1,997,246</u>	<u>2,029,867</u>	<u>2,547,586</u>	<u>2,162,017</u>
Total Governmental Funds	<u><u>\$2,586,569</u></u>	<u><u>\$2,452,326</u></u>	<u><u>\$2,762,829</u></u>	<u><u>\$2,867,287</u></u>



2006	2005	2004	2003	2002	2001
\$31,333	\$37,837	\$18,093	\$37,759	\$55,890	\$105,632
783,991	549,024	541,313	440,468	860,023	1,204,410
815,324	586,861	559,406	478,227	915,913	1,310,042
347,586	335,390	318,871	357,704	397,945	328,576
1,216,277	1,122,472	880,223	697,461	1,190,000	1,333,532
799,830	812,744	823,267	1,019,542	987,926	1,116,240
254,831	347,238	430,440	432,388	(160,321)	22,804
2,618,524	2,617,844	2,452,801	2,507,095	2,415,550	2,801,152
\$3,433,848	\$3,204,705	\$3,012,207	\$2,985,322	\$3,331,463	\$4,111,194

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

	2010	2009	2008	2007
Revenues				
Property Taxes	\$1,285,434	\$1,196,921	\$1,200,633	\$1,374,642
Municipal Income Taxes	2,392,978	2,709,105	2,966,852	3,264,412
Hotel Taxes	15,925	18,902	0	0
Special Assessments	117,447	140,026	156,324	160,405
Intergovernmental	1,960,327	2,065,713	2,564,852	2,024,833
Fees, Licenses and Permits	698,995	822,684	204,923	342,916
Fines and Forfeitures	256,964	249,793	203,988	209,448
Rentals	51,000	53,050	53,985	53,525
Charges for Services	31,000	120,092	327,059	288,911
Contributions and Donations	27,917	27,212	36,335	34,114
Interest	4,071	7,655	51,195	139,919
Franchise Taxes	125,799	139,594	0	0
Other	62,040	57,142	20,401	56,620
<i>Total Revenues</i>	<u>7,029,897</u>	<u>7,607,889</u>	<u>7,786,547</u>	<u>7,949,745</u>
Expenditures				
Current:				
General Government	1,205,449	1,103,255	1,189,657	1,187,788
Security of Persons and Property	3,205,587	3,589,404	3,679,873	3,680,658
Public Health Services	312,852	192,405	334,167	429,521
Leisure Time Activities	113,391	107,704	95,067	141,403
Community Development	302,117	161,431	485,474	318,168
Basic Utilities Services	109,837	149,308	43,877	31,975
Transportation	1,090,117	1,174,475	1,543,137	1,592,808
Capital Outlay	538,330	952,076	482,922	418,959
Debt Service:				
Principal Retirement	439,156	477,512	447,015	412,952
Principal Retirement - Current Refunding	26,000	34,000	87,000	82,000
Interest and Fiscal Charges	127,253	140,956	167,254	189,969
<i>Total Expenditures</i>	<u>7,470,089</u>	<u>8,082,526</u>	<u>8,555,443</u>	<u>8,486,201</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(440,192)</u>	<u>(474,637)</u>	<u>(768,896)</u>	<u>(536,456)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	0	10,800	39,439	7,303
Loans Issued	574,435	153,334	500,000	0
General Obligation Notes Issued	125,000	151,000	185,000	203,500
OPWC Loans Issued	0	0	0	0
OWDA Loans Issued	0	0	0	0
Inception of Capital Lease	0	0	74,999	103,764
Current Refunding	(125,000)	(151,000)	(135,000)	(203,500)
Transfers In	60,750	77,265	100,350	116,750
Transfers Out	(60,750)	(77,265)	(100,350)	(116,750)
<i>Total Other Financing Sources (Uses)</i>	<u>574,435</u>	<u>164,134</u>	<u>664,438</u>	<u>111,067</u>
<i>Net Change in Fund Balances</i>	<u>\$134,243</u>	<u>(\$310,503)</u>	<u>(\$104,458)</u>	<u>(\$425,389)</u>
Debt Service as a Percentage of Noncapital Expenditures	8.6%	9.8%	8.8%	8.9%



2006	2005	2004	2003	2002	2001
\$1,428,751	\$1,363,150	\$1,337,280	\$1,384,418	\$1,167,642	\$1,505,844
3,134,220	2,943,847	2,923,195	2,853,586	2,915,116	2,478,260
0	0	0	0	0	0
166,702	189,379	180,452	192,303	193,627	281,762
2,340,638	2,216,747	2,229,617	2,061,404	2,382,224	2,097,717
240,568	220,080	215,398	203,354	160,328	255,063
228,014	242,279	266,244	205,562	316,122	300,675
49,750	50,300	48,175	50,650	53,700	55,450
271,371	271,404	206,512	215,756	299,190	231,127
46,641	31,183	31,101	21,796	15,693	0
147,560	73,016	25,400	20,472	49,366	184,173
0	0	0	0	0	0
293,427	94,344	170,568	55,158	125,119	349,235
8,347,642	7,695,729	7,633,942	7,264,459	7,678,127	7,739,306
1,279,596	1,151,220	1,327,360	933,160	1,229,947	1,030,226
3,330,567	3,237,997	2,956,531	2,893,422	3,157,782	3,007,278
368,283	353,791	316,299	345,026	309,837	208,721
93,265	123,314	73,907	81,764	89,930	82,593
473,387	405,487	526,196	419,650	435,169	609,272
32,500	32,500	32,500	0	0	137,159
1,714,041	1,390,496	1,496,163	1,486,627	1,634,703	1,591,213
445,600	81,983	291,904	706,298	856,052	559,806
315,870	434,866	1,180,444	1,226,119	461,268	493,541
90,500	0	0	0	0	0
193,157	199,533	225,379	246,288	283,170	345,733
8,336,766	7,411,187	8,426,683	8,338,354	8,457,858	8,065,542
10,876	284,542	(792,741)	(1,073,895)	(779,731)	(326,236)
10,000	13,456	0	8,277	0	1,825
0	0	0	0	0	0
297,000	387,500	788,000	730,500	0	0
0	0	31,626	0	0	0
0	0	0	0	0	16,000
208,267	0	0	0	0	0
(297,000)	(493,000)	0	0	0	0
104,750	143,406	279,950	312,411	314,800	455,906
(104,750)	(143,406)	(279,950)	(323,434)	(314,800)	(455,906)
218,267	(92,044)	819,626	727,754	0	17,825
\$229,143	\$192,498	\$26,885	(\$346,141)	(\$779,731)	(\$308,411)
8.0%	9.5%	20.9%	23.9%	10.9%	12.6%

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

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2010	\$131,694,650	\$35,376,140	\$477,345,114	\$5,527,720	\$6,281,500
2009	131,441,760	35,607,370	477,283,229	5,304,940	6,028,341
2008	131,378,020	34,138,410	472,904,086	5,451,860	6,195,295
2007	124,585,680	31,434,560	445,772,114	5,487,170	6,235,420
2006	123,245,560	31,401,020	441,847,371	9,571,180	10,876,341
2005	122,461,990	32,194,020	441,874,314	9,628,160	10,941,091
2004	109,856,550	29,606,730	398,466,514	10,951,410	12,444,784
2003	109,067,100	29,429,220	395,703,771	11,255,570	12,790,420
2002	108,672,030	29,298,090	394,200,343	11,317,330	12,860,602
2001	89,226,340	24,606,000	325,235,257	9,291,890	10,558,966

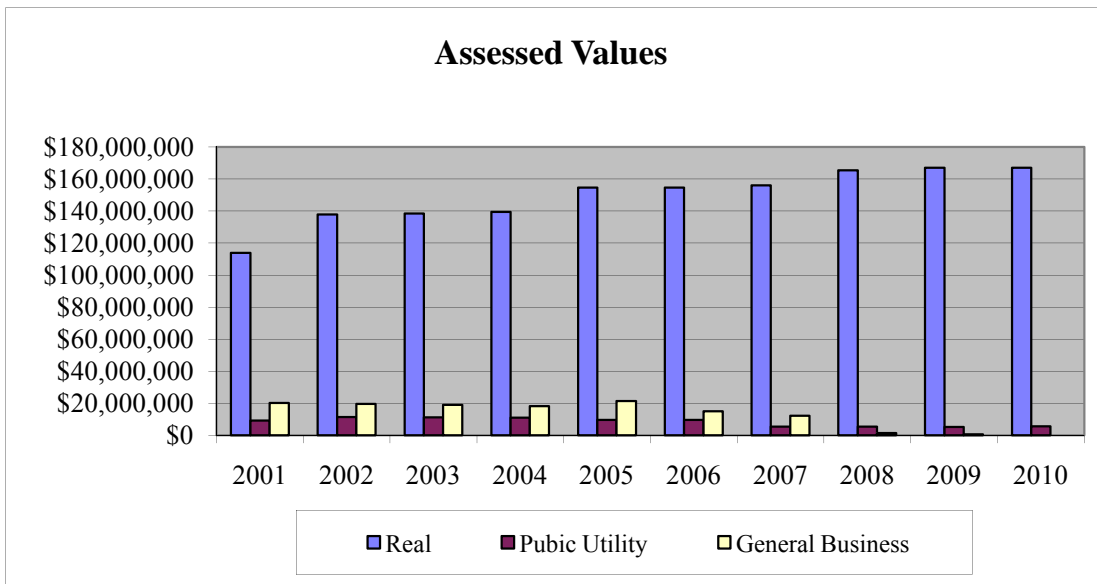
Real property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property tax was phased out beginning in 2006. Both types of general business tangible personal property were assessed at 12.5 for 2007, 6.25 percent for 2008 and zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four year phase out of the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes were levied or collected in 2010 from general business taxpayers (except telephone companies whose last year to pay tangible personal property tax was in 2010). During 2010, the City did not include an assessed value for general business tangible personal property.

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

Source: Ashtabula County, Ohio; County Auditor

Tangible Personal Property					Weighted Average Tax Rate (per \$1,000 of Assessed Value)
General Business		Total			
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Ratio	
\$0	\$0	\$172,598,510	\$483,626,614	35.69%	\$7.51
641,975	10,271,600	172,996,045	493,583,169	35.05	7.50
1,357,800	21,724,800	172,326,090	500,824,181	34.41	7.51
12,120,220	96,961,760	173,627,630	548,969,295	31.63	7.62
15,050,190	60,200,760	179,267,950	512,924,472	34.95	8.07
21,491,570	85,966,280	185,775,740	538,781,685	34.48	9.37
18,222,780	72,891,120	168,637,470	483,802,418	34.86	9.37
19,020,650	76,082,600	168,772,540	484,576,791	34.83	9.48
19,503,980	78,015,920	168,791,430	485,076,865	34.80	9.49
20,105,970	80,423,880	143,230,200	416,218,103	34.41	11.99



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

	2010	2009	2008	2007	2006
Unvoted Millage					
Operating	\$2.0000	\$2.0000	\$2.0000	\$2.0000	\$2.1900
Fire Pension	0.6300	0.4400	0.4400	0.4400	0.4400
Police Pension	1.0000	1.1900	1.1900	1.1900	1.0000
Bond Sinking Fund	0.0000	0.0000	0.0000	0.0000	0.0000
Parks	0.0000	0.0000	0.0000	0.0000	0.0000
<i>Total Unvoted Millage</i>	<u>3.6300</u>	<u>3.6300</u>	<u>3.6300</u>	<u>3.6300</u>	<u>3.6300</u>
Voted Millage - by levy					
1977 Bond	0.0000	0.0000	0.0000	0.0000	0.0000
1977 Police					
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000
1986 Bond	0.4400	0.4400	0.4400	0.6400	0.7400
1995 Library Bond	0.8300	0.8300	0.8300	0.8300	0.9300
1997 Park District					
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000
2000 Fire					
Residential/Agricultural Real	0.0000	0.0000	0.0000	0.0000	0.0000
Commercial/Industrial and Public Utility Real	0.0000	0.0000	0.0000	0.0000	0.0000
General Business and Public Utility Personal	0.0000	0.0000	0.0000	0.0000	0.0000
2003 Police Operating					
Residential/Agricultural Real	1.72580	1.72480	1.7236	1.8075	1.8070
Commercial/Industrial and Public Utility Real	1.74400	1.73520	1.7606	1.9114	1.9075
General Business and Public Utility Personal	2.00000	2.00000	2.0000	2.0000	2.0000
2005 Fire					
Residential/Agricultural Real	0.8629	0.8624	0.8618	0.9038	0.9035
Commercial/Industrial and Public Utility Real	0.8720	0.8676	0.8803	0.9557	0.9538
General Business and Public Utility Personal	1.0000	1.0000	1.0000	1.0000	1.0000
<i>Total Voted Millage by Type of Property</i>					
Residential/Agricultural Real	\$3.8587	\$3.8572	\$3.8554	\$4.1813	\$4.3805
Commercial/Industrial and Public Utility Real	3.8860	3.8728	3.9109	4.3371	4.5313
General Business and Public Utility Personal	4.2700	4.2700	4.2700	4.4700	4.6700
<i>Total Millage by Type of Property</i>					
Residential/Agricultural Real	\$7.4887	\$7.4872	\$7.4854	\$7.8113	\$8.0105
Commercial/Industrial and Public Utility Real	7.5160	7.5028	7.5409	7.9671	8.1613
General Business and Public Utility Personal	7.9000	7.9000	7.9000	8.1000	8.3000

2005	2004	2003	2002	2001
\$2.1900	\$1.7900	\$1.5900	\$1.5900	\$1.5900
0.4400	0.4400	0.4400	0.4400	0.4400
1.0000	1.4000	1.4000	1.4000	1.4000
0.0000	0.0000	0.2000	0.2000	0.2000
0.0000	0.0000	0.0000	0.0000	0.1500
3.6300	3.6300	3.6300	3.6300	3.7800
0.0000	0.0000	1.0500	1.0500	1.3700
0.0000	0.0000	0.6137	0.6137	0.7419
0.0000	0.0000	0.7790	0.7790	0.9194
0.0000	0.0000	2.0000	2.0000	2.0000
0.9500	0.9500	1.0500	1.0500	1.4000
1.0900	1.0900	1.2400	1.2400	1.5700
0.0000	0.0000	0.0000	0.0000	0.8651
0.0000	0.0000	0.0000	0.0000	0.9900
0.0000	0.0000	0.0000	0.0000	0.9900
0.8273	0.8273	0.8270	0.8270	1.0000
0.8491	0.8488	0.8472	0.8472	1.0000
1.0000	1.0000	1.0000	1.0000	1.0000
2.0000	2.0000	0.0000	0.0000	0.0000
2.0000	2.0000	0.0000	0.0000	0.0000
2.0000	2.0000	0.0000	0.0000	0.0000
0.8273	0.8273	0.8270	0.8270	1.0000
0.8491	0.8488	0.8472	0.8472	1.0000
1.0000	1.0000	1.0000	1.0000	1.0000
\$5.6946	\$5.6946	\$5.6077	\$5.6077	\$7.9470
5.7382	5.7376	5.8134	5.8134	8.2494
6.0400	6.0400	7.3400	7.3400	9.3300
\$9.3246	\$9.3246	\$9.2377	\$9.2377	\$11.7270
9.3682	9.3676	9.4434	9.4434	12.0294
9.6700	9.6700	10.9700	10.9700	13.1100

(continued)

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

	2010	2009	2008	2007	2006
Overlapping Rates by Taxing District					
Conneaut City School District					
Residential/Agricultural Real	\$24.4838	\$24.4735	\$24.4579	\$24.5244	\$24.5371
Commercial/Industrial and Public Utility Real	24.5714	24.5103	24.5311	24.7382	24.6535
General Business and Public Utility Personal	37.6300	37.6300	37.6300	37.6300	37.6300
Ashtabula County					
Residential/Agricultural Real	8.5409	8.5335	8.5375	8.9780	8.4057
Commercial/Industrial and Public Utility Real	9.4041	9.2994	9.2655	9.7795	9.4488
General Business and Public Utility Personal	11.0200	11.0200	11.0300	11.0300	11.0300
Special Taxing Districts (1)					
Residential/Agricultural Real	3.3998	3.2237	3.2207	3.7273	3.4773
Commercial/Industrial and Public Utility Real	3.3966	3.2468	3.2461	3.8383	3.6471
General Business and Public Utility Personal	5.2500	5.2500	5.2500	5.7500	5.7500

Source: Ashtabula County Auditor

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

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

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

Real property tax rates are reduced so that inflationary increases in value do not generate additional taxes.

Debt service levies are designed to raise a fixed amount of revenue each year. A rate is set each year so that when it is applied to the total assessed value, that fixed amount is generated.

(1) Park District, Joint Vocational School

2005	2004	2003	2002	2001
\$26.0001	\$25.9999	\$25.9940	\$25.9940	\$27.1228
28.3117	28.3061	28.2686	28.2686	31.0717
45.8300	45.8300	45.8300	45.8300	45.8300
9.0059	9.0043	7.6712	7.6712	8.5833
9.8486	9.8242	8.4814	8.4814	9.4864
11.0300	11.0300	9.7000	9.7000	9.7000
3.6199	3.6197	3.1184	3.1184	2.1762
3.8448	3.8353	3.3287	3.3287	2.7205
5.7500	5.7500	5.2500	5.2500	4.1100

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

Year	Total Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections	Total Tax Collections (1)
2010	\$1,366,669	\$1,286,146	94.11 %	\$61,699	\$1,347,845
2009	1,361,376	1,234,909	90.71	81,875	1,316,784
2008	1,366,449	1,250,191	91.49	56,280	1,306,471
2007	1,487,924	1,473,441	99.03	76,271	1,549,712
2006	1,584,667	1,404,523	88.63	87,005	1,491,528
2005	1,462,087	1,431,518	97.91	56,018	1,487,536
2004	1,463,258	1,401,487	95.78	58,205	1,459,692
2003	1,682,851	1,437,095	85.40	60,626	1,497,721
2002	1,428,005	1,241,322	86.93	56,236	1,297,558
2001	1,566,273	1,395,931	89.12	42,731	1,438,662

Source: Ashtabula County, Ohio; County Auditor

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

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

Penalties and interest are included, since by Ohio law they become part of the tax obligation as assessment occurs.

<u>Percent of Total Tax Collections To Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
98.62 %	\$32,593	2.38 %
96.72	147,644	10.85
95.61	123,970	9.07
104.15	134,745	9.06
94.12	138,160	8.72
101.74	106,404	7.28
99.76	130,407	8.91
89.00	88,892	5.28
90.87	85,187	5.97
91.85	75,630	4.83

City of Conneaut, Ohio
Principal Real Property Taxpayers
 2010 and 2005 (1)

<u>2010</u>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Real Assessed Valuation
Cleveland Electric Illuminating Company	\$4,740,060	2.84 %
Millwork Properties	1,653,720	0.99
Navigroup Venture I	1,563,140	0.94
CSP of Ohio	1,418,280	0.85
Emster XV, LLC	1,256,900	0.75
CVS	1,163,590	0.70
ES Realty, LLC	952,850	0.57
Highland Place	889,010	0.53
Mobile Grove Limited	879,730	0.53
Kolman Enterprise	874,380	0.52
Lukjan Metal	741,760	0.44
Total	\$16,133,420	9.66 %
Total Real Assessed Valuation	\$167,070,790	

<u>2005</u>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Real Assessed Valuation
Cleveland Electric Illuminating Company	\$5,978,690	3.87 %
Conneaut Telephone	2,963,770	1.92
Theresa Talarico	1,223,200	0.79
East Ohio Gas	1,073,710	0.69
Highland Place	980,580	0.63
Norfolk Southern Rail Road	852,410	0.55
Consolidated Railroad Corp.	796,040	0.52
Union Railroad	789,700	0.51
Bessemer and Lake Erie Railroad	700,750	0.45
General Electric	613,070	0.40
Total	\$15,971,920	10.33 %
Total Real Assessed Valuation	\$154,656,010	

(1) Information prior to 2005 is not available.

Source: Ashtabula County Auditor

City of Conneaut, Ohio
Income Tax Revenue Base and Collections
Last Ten Years

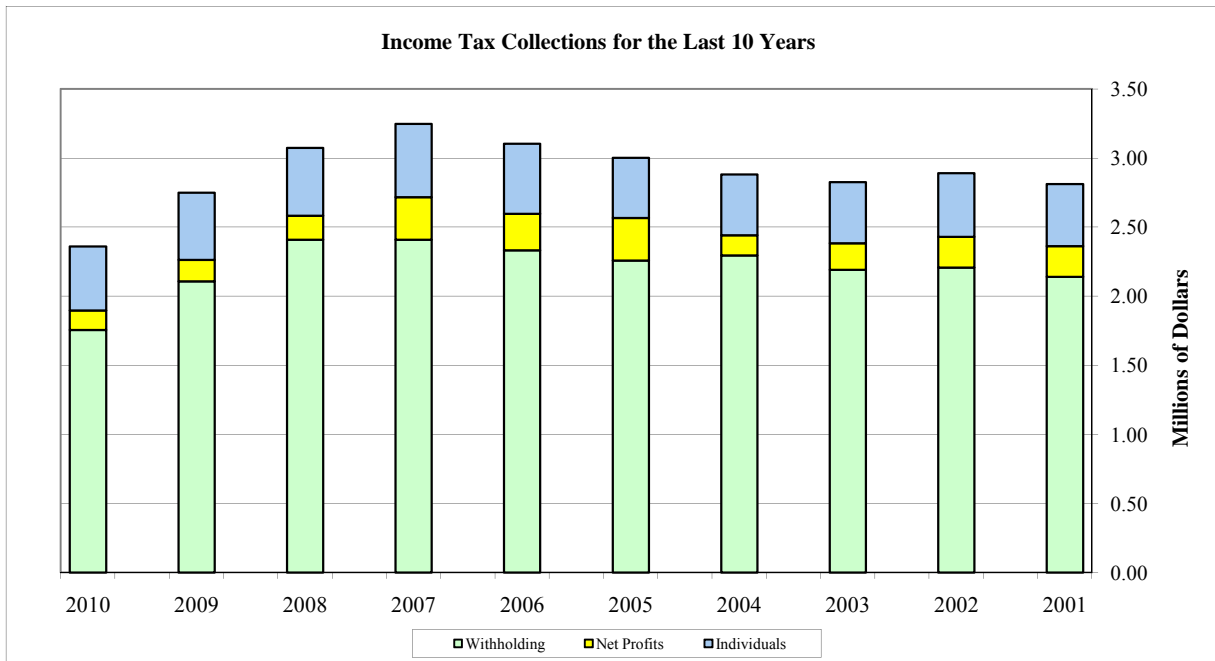
Tax Year	Tax Rate (2)	Total Tax Collected (1)	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2010	1.80%	\$2,360,141	\$1,755,009	74.36%	\$142,990	6.06%	\$462,142	19.58%
2009	1.80	2,750,298	2,108,614	76.67	154,590	5.62	487,094	17.71
2008	1.80	3,073,413	2,410,323	78.42	172,210	5.60	490,880	15.97
2007	1.80	3,248,649	2,408,804	74.15	307,928	9.48	531,917	16.37
2006	1.80	3,103,824	2,333,543	0.75	263,019	0.08	507,252	16.34
2005	1.65	3,002,703	2,258,747	75.22	308,814	10.28	435,241	14.49
2004	1.65	2,881,056	2,296,181	79.70	145,282	5.04	439,593	15.26
2003	1.65	2,825,316	2,190,711	77.54	193,293	6.84	441,312	15.62
2002	1.65	2,891,951	2,207,448	76.33	221,900	7.67	462,603	16.00
2001	1.65	2,811,397	2,140,404	76.13	223,122	7.94	447,871	15.93

(1) Cash Basis of Accounting

(2) Effective January 1, 2006 City of Conneaut Electors voted to increase the City income tax by .15 percent to generate proceeds to be used for the paving of local streets.

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

Source: City Financial Records



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

Year	Governmental Activities						
	General Obligation Bonds	Special Assessment Bonds	OWDA Loans	OPWC Loans	Bond Anticipation Notes	Capital Leases	Loans
2010	\$940,000	\$0	\$879,237	\$22,930	\$125,000	\$80,649	\$1,193,481
2009	1,145,000	0	999,827	24,511	151,000	158,346	653,334
2008	1,350,000	0	1,115,517	26,092	242,000	256,587	500,000
2007	1,555,000	0	1,226,509	27,673	329,000	261,030	0
2006	1,760,000	0	1,332,998	29,254	467,000	201,148	0
2005	1,965,000	0	1,435,168	30,835	557,500	0	0
2004	2,170,000	0	1,539,243	31,626	788,000	0	0
2003	2,525,000	0	1,634,187	0	730,500	0	0
2002	2,880,000	0	1,713,717	0	0	0	0
2001	3,235,000	22,000	1,797,985	0	0	0	0

(1) Personal Income and Population Data are located on S34.

Source: City Financial Records

Business-Type Activities								
General Obligation Bonds	OWDA Loans	OPWC Loans	Bond Anticipation Notes	Loans	Capital Leases	Total Debt	Percentage of Personal Income (1)	Per Capita (1)
\$530,895	\$3,750,911	\$305,621	\$240,000	\$1,379,949	\$0	\$9,448,673	4.40%	\$735.82
601,018	4,236,568	345,077	280,000	306,666	0	8,901,347	4.85	712.96
671,141	4,700,557	384,536	0	0	0	9,246,430	5.04	740.60
741,264	5,143,931	423,995	10,000	0	34,751	9,753,153	5.31	781.19
811,387	5,402,913	464,225	20,000	0	68,570	10,557,495	5.75	845.61
880,000	5,030,125	504,456	20,000	0	0	10,423,084	5.67	834.85
950,000	2,788,046	528,865	30,000	0	0	8,825,780	4.81	706.91
1,020,000	3,039,770	530,142	40,000	0	0	9,519,599	5.19	762.48
1,090,000	3,262,042	451,445	50,000	0	0	9,447,204	5.15	756.68
1,160,000	3,487,830	491,232	60,000	0	0	10,254,047	5.59	821.31

City of Conneaut, Ohio
*Ratio of General Obligation Bonded Debt to Estimated True Values
of Taxable Property and Bonded Debt Per Capita
Last Ten Years*

<u>Year</u>	<u>Population (1)</u>	<u>Estimated True Values of Taxable Property (2)</u>	<u>Gross Bonded Debt</u>	<u>Ratio of Bonded Debt to Estimated True Values of Taxable Property</u>	<u>Bonded Debt Per Capital</u>
2010	12,841	\$483,626,614	\$1,470,895	0.30%	\$114.55
2009	12,485	493,583,169	1,746,018	0.35	139.85
2008	12,485	500,824,181	2,020,000	0.40	161.79
2007	12,485	548,969,294	2,295,000	0.42	183.82
2006	12,485	512,924,472	2,570,000	0.34	205.85
2005	12,485	538,781,685	2,845,000	0.53	227.87
2004	12,485	483,802,418	3,120,000	0.64	249.90
2003	12,485	484,576,791	3,545,000	0.73	283.94
2002	12,485	485,076,865	3,970,000	0.82	317.98
2001	12,485	416,218,103	4,395,000	1.06	352.02

Sources:

- (1) 2010 The U.S. Bureau of Census, 2010 Federal Census of Population
2001 - 2009 The U.S. Bureau of Census, 2000 Federal Census of Population
- (2) Ashtabula County Auditor

City of Conneaut, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
December 31, 2010

Jurisdiction	Governmental Activities Debt	Percentage Applicable to City (1)	Amount Applicable to City of Conneaut
Direct			
General Obligation Bonds	\$940,000	100.00 %	\$940,000
OWDA Loans	879,237	100.00	879,237
Loans	1,193,481	100.00	1,193,481
OPWC Loans	22,930	100.00	22,930
Bond Anticipation Notes	125,000	100.00	125,000
Capital Leases	80,649	100.00	80,649
<i>Total Direct Debt</i>	<u>3,241,297</u>		<u>3,241,297</u>
Overlapping			
Ashtabula County			
General Obligation Bonds	3,297,491	9.83	324,143
OWDA Loans	15,241,198	9.83	1,498,210
OPWC Loans	1,419,244	9.83	139,512
Private Activity Bond	81,918	9.83	8,053
Loans	399,431	9.83	39,264
Capital Leases	94,862	9.83	9,325
Conneaut City School District			
General Obligation Bonds	4,895,000	88.27	4,320,817
<i>Total Overlapping Debt</i>	<u>25,429,144</u>		<u>6,339,325</u>
Total	<u><u>\$28,670,441</u></u>		<u><u>\$9,580,622</u></u>

Source: Ashtabula County, Ohio; County Auditor

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

City of Conneaut, Ohio

Legal Debt Margin

Last Ten Years

	2010	2009	2008	2007
Total Assessed Property Value	<u>\$172,598,510</u>	<u>\$172,996,045</u>	<u>\$172,326,090</u>	<u>\$173,627,630</u>
General Bonded Debt Outstanding:				
General Obligation Bonds	\$1,470,000	\$1,745,000	\$2,020,000	\$2,295,000
Special Assessment Bonds	0	0	0	0
OWDA Loans	4,630,148	5,236,395	5,816,074	6,370,440
OPWC Loans	328,551	369,588	410,628	451,668
Bond Anticipation Notes	691,000	1,090,000	667,000	796,000
Loans	<u>2,573,430</u>	<u>960,000</u>	<u>500,000</u>	<u>0</u>
Total Gross Indebtedness	9,693,129	9,400,983	9,413,702	9,913,108
Less:				
Bond Anticipation Notes	(301,000)	(510,905)	(517,000)	(621,000)
Special Assessment Bonds	0	0	0	0
OPWC Loans	(328,551)	(369,588)	(410,628)	(451,668)
OWDA Loans	(4,630,148)	(5,236,395)	(5,816,074)	(6,370,440)
General Obligation Bond Retirement Fund Balance	<u>(394,447)</u>	<u>(449,671)</u>	<u>(511,302)</u>	<u>(563,506)</u>
Total Net Debt Applicable to Debt Limit	<u>4,038,983</u>	<u>2,834,424</u>	<u>2,158,698</u>	<u>1,906,494</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>18,122,844</u>	<u>18,164,585</u>	<u>18,094,239</u>	<u>18,230,901</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$14,083,861</u>	<u>\$15,330,161</u>	<u>\$15,935,541</u>	<u>\$16,324,407</u>
Legal Debt Margin as a Percentage of the Debt Limit	77.71%	84.40%	88.07%	89.54%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	<u>\$9,492,918</u>	<u>\$9,514,782</u>	<u>\$9,477,935</u>	<u>\$9,549,520</u>
Total Gross Indebtedness	9,693,129	9,400,983	9,413,702	9,913,108
Less:				
Bond Anticipation Notes	(301,000)	(510,905)	(517,000)	(621,000)
Special Assessment Bonds	0	0	0	0
OPWC Loans	(328,551)	(369,588)	(410,628)	(451,668)
OWDA Loans	(4,630,148)	(5,236,395)	(5,816,074)	(6,370,440)
General Obligation Bond Retirement Fund Balance	<u>(394,447)</u>	<u>(449,671)</u>	<u>(511,302)</u>	<u>(563,506)</u>
Net Debt Within 5 ½ % Limitations	<u>4,038,983</u>	<u>2,834,424</u>	<u>2,158,698</u>	<u>1,906,494</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$5,453,935</u>	<u>\$6,680,358</u>	<u>\$7,319,237</u>	<u>\$7,643,026</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	57.45%	70.21%	77.22%	80.04%

Source: City Financial Records

2006	2005	2004	2003	2002	2001
<u>\$179,267,950</u>	<u>\$185,775,740</u>	<u>\$168,637,470</u>	<u>\$168,772,540</u>	<u>\$168,791,430</u>	<u>\$143,230,200</u>
\$2,570,000	\$2,845,000	\$3,120,000	\$3,545,000	\$3,970,000	\$4,395,000
0	0	0	0	0	22,000
6,735,911	6,465,293	4,327,289	4,673,957	4,975,759	5,285,815
493,479	535,291	560,491	530,142	451,445	491,232
1,007,500	1,168,000	1,358,000	1,390,500	2,067,000	1,190,000
0	0	0	0	0	0
10,806,890	11,013,584	9,365,780	10,139,599	11,464,204	11,384,047
(857,500)	(1,168,000)	(1,358,000)	(1,390,500)	(2,067,000)	(1,190,000)
0	0	0	0	0	(22,000)
(493,479)	(535,291)	(560,491)	(530,142)	(451,445)	(491,232)
(6,735,911)	(6,465,293)	(4,327,289)	(4,673,957)	(4,975,759)	(5,285,815)
<u>(568,788)</u>	<u>(548,375)</u>	<u>(529,397)</u>	<u>(691,568)</u>	<u>(649,469)</u>	<u>(1,477,897)</u>
2,151,212	2,296,625	2,590,603	2,853,432	3,320,531	2,917,103
18,823,135	19,506,453	17,706,934	17,721,117	17,723,100	15,039,171
<u>\$16,671,923</u>	<u>\$17,209,828</u>	<u>\$15,116,331</u>	<u>\$14,867,685</u>	<u>\$14,402,569</u>	<u>\$12,122,068</u>
88.57%	88.23%	85.37%	83.90%	81.26%	80.60%
<u>\$9,859,737</u>	<u>\$10,217,666</u>	<u>\$9,275,061</u>	<u>\$9,282,490</u>	<u>\$9,283,529</u>	<u>\$7,877,661</u>
10,806,890	11,013,584	9,365,780	10,139,599	11,464,204	11,384,047
(857,500)	(1,168,000)	(1,358,000)	(1,390,500)	(2,067,000)	(1,190,000)
0	0	0	0	0	(22,000)
(493,479)	(535,291)	(560,491)	(530,142)	(451,445)	(491,232)
(6,735,911)	(6,465,293)	(4,327,289)	(4,673,957)	(4,975,759)	(5,285,815)
<u>(568,788)</u>	<u>(548,375)</u>	<u>(529,397)</u>	<u>(691,568)</u>	<u>(649,469)</u>	<u>(1,477,897)</u>
2,151,212	2,296,625	2,590,603	2,853,432	3,320,531	2,917,103
<u>\$7,708,525</u>	<u>\$7,921,041</u>	<u>\$6,684,458</u>	<u>\$6,429,058</u>	<u>\$5,962,998</u>	<u>\$4,960,558</u>
78.18%	77.52%	72.07%	69.26%	64.23%	62.97%

City of Conneaut, Ohio
Pledged Revenue Coverage
Revenue Debt - Water Fund
*Last Eight Years **

Year	Operating Revenue	Expenses, Net of Depreciation **	Net Revenue Available for Debt Service	Debt Service Requirement***			Coverage
				Principal	Interest	Total	
2010	\$2,119,609	\$1,287,132	\$832,477	\$54,894	\$10,882	\$65,776	12.66
2009	2,078,764	2,092,618	(13,854)	53,642	12,131	65,773	(0.21)
2008	1,953,085	1,504,597	448,488	25,174	0	25,174	17.82
2007	1,927,268	1,518,447	408,821	25,174	0	25,174	16.24
2006	1,789,744	1,463,394	326,350	25,174	0	25,174	12.96
2005	1,806,950	1,502,413	304,537	15,549	0	15,549	19.59
2004	1,845,374	1,409,385	435,989	25,174	0	25,174	17.32
2003	1,607,215	1,359,943	247,272	19,250	0	19,250	12.85

* Information prior to 2003 is not available.

** Total operating expenses exclusive of depreciation.

*** Revenue debt includes OWDA and OPWC loans payable solely from net revenues in the water enterprise fund.

Source: City Financial Records

City of Conneaut, Ohio
Pledged Revenue Coverage
Revenue Debt - Sewer Fund
*Last Eight Years **

Year	Operating Revenue	Expenses, Net of Depreciation **	Net Revenue Available for Debt Service	Debt Service Requirement***			Coverage
				Principal	Interest	Total	
2010	\$2,414,498	\$1,454,173	\$960,325	\$470,219	\$158,406	\$628,625	1.53
2009	2,004,078	1,372,948	631,130	449,806	173,721	623,527	1.01
2008	2,005,083	1,376,937	628,146	14,285	0	14,285	43.97
2007	1,950,514	1,267,503	683,011	15,056	0	15,056	45.36
2006	1,919,455	1,379,547	539,908	15,057	0	15,057	35.86
2005	1,849,053	1,313,869	535,184	8,860	0	8,860	60.40
2004	1,707,567	1,112,494	595,073	13,936	0	13,936	42.70
2003	1,515,021	1,302,451	212,570	20,537	0	20,537	10.35

* Information prior to 2003 is not available.

** Total operating expenses exclusive of depreciation.

*** Revenue debt includes OWDA and OPWC loans payable solely from net revenues in the sewer enterprise fund.

Source: City Financial Records

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

2010

Employer	Employees	Percentage of Total City Employment
Conneaut Schools	350	7.70%
CSP	334	7.35
University Heights Hospital System	322	7.09
Management Training Corporation	235	5.17
General Aluminum	186	4.09
Cascade Ohio	181	3.98
City of Conneaut	172	3.79
Ashtabula County	138	3.04
ES3 Management	121	2.66
Group Management	99	2.18
Total	<u>2,138</u>	<u>47.05%</u>
Total Employment within the City	<u>4,544</u>	

2001

Employer	Employees	Percentage of Total City Employment
Conneaut Schools	438	8.43%
General Aluminum	395	7.61
Management Training Corporation	390	7.51
Cascade Ohio	316	6.08
Venture Holdings	300	5.78
Brown Memorial Hospital	280	5.39
City of Conneaut	218	4.20
Ashtabula County	178	3.43
Lukjan Metal Products	167	3.22
General Electric	131	2.52
Total	<u>2,813</u>	<u>54.17%</u>
Total Employment within the City	<u>5,193</u>	

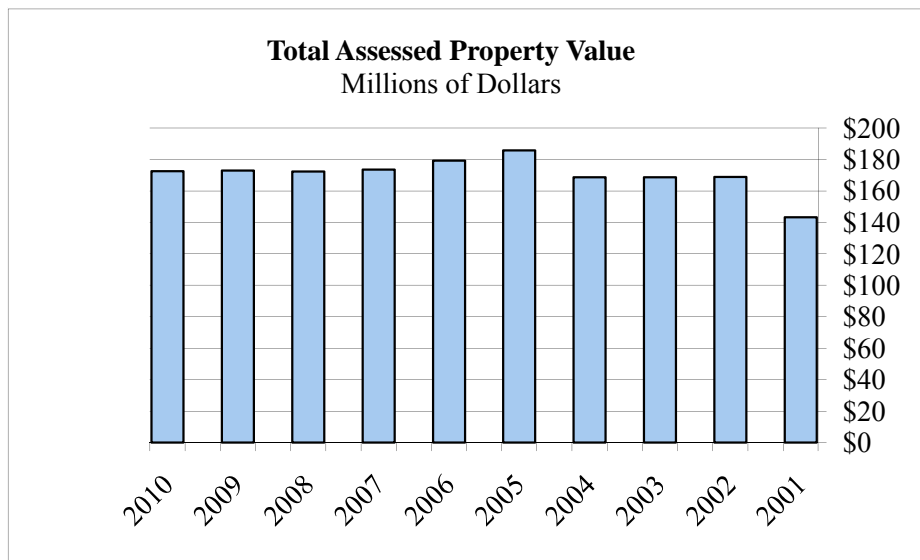
Source: Number of employees obtained from the W2's
from the City's Tax Department

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

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (3)</u>	<u>Personal Income Per Capita (1)</u>	<u>Median Household Income (1)</u>	<u>Median Age (1)</u>
2010	12,841	\$214,984,022	\$16,742	\$34,975	38
2009	12,485	183,566,955	14,703	31,717	38
2008	12,485	183,566,955	14,703	31,717	38
2007	12,485	183,566,955	14,703	31,717	38
2006	12,485	183,566,955	14,703	31,717	38
2005	12,485	183,566,955	14,703	31,717	38
2004	12,485	183,566,955	14,703	31,717	38
2003	12,485	183,566,955	14,703	31,717	38
2002	12,485	183,566,955	14,703	31,717	38
2001	12,485	183,566,955	14,703	31,717	38

- (1) 2010 The U.S. Bureau of Census, 2010 Federal Census of Population
2001 - 2009 The U.S. Bureau of Census, 2000 Federal Census of Population
(2) Source: Ohio Department of Education Website: "<http://www.ode.state.oh.us/data/>"
(3) Computation of per capita personal income multiplied by population
(4) The unemployment rate for the City is unavailable. County rate obtained from Ohio Labor Market Information.



Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Ashtabula County Unemployment Rate (4)	Average Sales Price of Residential Property	Total Assessed Property Value
9.9%	2,269	11.9%	\$51,661	\$172,598,510
9.9	2,242	14.2	54,542	172,996,045
9.9	2,316	10.4	70,800	172,326,090
9.9	2,332	6.4	75,442	173,627,630
9.9	2,462	6.6	67,929	179,267,950
9.9	2,508	7.2	72,549	185,775,740
9.9	2,547	7.3	69,336	168,637,470
9.9	2,547	8.1	74,034	168,772,540
9.9	2,528	8.1	64,925	168,791,430
9.9	2,585	7.2	69,060	143,230,200



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

Function/Program	2010	2009	2008
General Government			
Council	7.00	7.00	7.00
Clerk of Council	1.00	1.00	1.00
City Manager	2.00	2.00	2.00
Finance	3.50	3.50	4.00
Law	2.50	2.50	2.50
Court	6.00	6.00	6.00
Public Building	0.00	0.00	1.00
Security of Persons and Property			
Police	19.00	19.00	20.00
Police - Dispatchers	4.00	4.00	4.00
Police - Jailers	0.00	0.00	2.00
Fire	10.00	10.00	12.00
Ambulance	5.00	5.00	5.00
Public Health Services			
Health	3.00	3.00	4.00
Cemetery	1.00	1.00	1.00
Leisure Time Activities			
Recreation	1.50	1.50	1.50
Community Environment			
Litter Control/Recycling	1.00	1.00	1.00
Housing/Zoning	1.00	1.00	1.00
Transportation			
Street/Public Works	17.00	17.00	17.00
Basic Utility Services			
Water	16.00	16.00	16.00
Sewer	12.00	12.00	12.00
Totals:	112.50	112.50	120.00

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

(1) Information prior to 2003 is not available

Source: City Financial Records

2007	2006	2005	2004	2003
7.00	7.00	7.00	7.00	7.00
1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00
4.00	4.00	4.00	4.00	4.00
2.50	2.50	2.50	2.50	2.50
6.00	6.00	6.00	6.00	6.00
1.00	1.00	1.00	1.00	1.00
20.00	20.00	20.00	21.00	20.00
4.00	4.00	4.00	4.00	4.00
2.00	2.00	2.00	2.00	2.00
12.00	12.00	12.00	12.00	12.00
5.00	5.00	5.00	5.00	5.00
4.00	4.00	4.00	4.00	4.00
1.00	1.00	1.00	1.00	1.00
1.50	1.50	1.50	2.50	2.50
1.00	1.00	1.00	1.50	1.50
1.00	1.00	1.00	1.00	1.00
18.00	19.00	19.00	20.00	21.00
16.00	16.00	16.00	17.00	17.00
12.00	12.00	12.00	12.00	13.00
<u>121.00</u>	<u>122.00</u>	<u>122.00</u>	<u>126.50</u>	<u>127.50</u>

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

Function/Program	2010	2009	2008
General Government			
<i>Council and Clerk</i>			
Number of Ordinances Passed	107	123	109
Number of Resolutions Passed	11	19	11
<i>Finance Department</i>			
Number of checks/vouchers issued	3,230	3,530	4,185
Amount of checks written	\$13,879,192	\$13,559,134	\$13,537,185
Interest earnings for fiscal year (cash basis)	\$3,828	\$6,005	\$39,844
Number of Receipts issued	458	492	557
Number of Budget Adjustments issued	11	6	10
Agency Ratings - Moody's Financial Services	Aaa	Aaa	Aaa
Health Insurance Costs vs General Fund Expenditures %	11.28%	11.50%	14.47%
General Fund Receipts (cash basis)	\$4,281,343	\$4,212,709	\$4,094,106
General Fund Expenditures (cash basis)	\$4,199,979	\$4,057,218	\$4,406,869
General Fund Cash Balances	\$326,480	\$250,054	\$108,742
<i>Income Tax Department</i>			
Number of Individual Returns	4,282	4,274	4,239
Number of Business Returns	436	436	406
Number of business withholding accounts	482	458	433
Amount of Penalties and Interest Collected	\$32,550	\$31,843	\$25,959
Annual number of Corporate withholding forms processed	2,130	2,024	1,914
Annual number of balance due statements forms processed	917	838	734
Annual number of estimated payment forms processed	1,554	1,366	1,441
Annual number of reconciliations of withholdings processed	482	451	433
<i>Engineer Contracted Services</i>			
Dollar amount of Construction overseen by Engineer	\$78,518	\$808,877	\$241,089
<i>Municipal Court</i>			
Number of Civil Cases	333	359	413
Number of Criminal cases	929	1,011	915
<i>Vital Statistics</i>			
<i>Certificates Filed</i>			
Number of Births	1	0	2
Number of Deaths	111	95	144
<i>Certificates Issued</i>			
Number of Births	472	542	652
Number of Deaths	525	486	857
Burial Permits Issued	152	127	151
<i>Civil Service</i>			
Number of police entry tests administered	0	1	0
Number of fire entry tests administered	1	0	1
Number of police promotional tests administered	0	0	0
Number of fire promotional tests administered	1	0	0
Number of hires of Police Officers from certified lists	1	1	0
Number of promotions from police certified lists	0	0	0
Number of promotions from fire certified lists	0	0	0

2007	2006	2005	2004	2003	2002
137	119	103	113	71	107
11	11	14	15	25	14
4,151	4,180	4,028	4,057	4,261	4,349
\$13,307,015	\$13,826,892	\$14,585,601	\$12,809,304	\$12,324,078	\$12,784,149
\$137,706	\$147,999	\$72,406	\$25,819	\$21,034	\$46,589
601	625	605	647	690	632
8	199	228	153	104	176
Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
11.69%	12.09%	27.08%	22.24%	15.81%	17.09%
\$4,013,767	\$4,121,658	\$4,285,854	\$4,359,963	\$4,147,920	\$3,831,131
\$4,377,923	\$4,162,789	\$4,220,797	\$4,548,212	\$4,218,236	\$4,348,569
\$428,286	\$634,371	\$475,564	\$410,507	\$598,756	\$612,777
4,525	4,420	4,690	4,502	4,408	4,500
459	442	549	527	516	528
498	461	402	411	390	394
\$28,968	\$28,833	\$13,628	\$17,483	\$16,724	\$20,403
2,201	2,036	2,188	2,214	2,228	2,228
537	533	560	543	527	511
1,446	134	130	126	122	119
498	461	402	411	390	394
\$231,566	\$672,773	\$3,101,284	\$216,293	\$220,197	\$438,302
352	245	377	323	357	356
1,143	1,051	648	638	559	493
1	0	2	148	357	204
133	140	129	109	559	137
754	754	641	854	768	853
578	673	643	662	505	611
146	170	163	161	166	180
0	0	1	0	1	0
1	0	0	1	0	1
1	0	0	0	0	0
0	0	0	1	0	0
2	0	0	0	0	0
1	2	0	0	0	0
0	0	0	1	0	0

(continued)

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

Function/Program	2010	2009	2008
<i>Building Department Indicators</i>			
Construction Permits			
Estimated Value of Construction	\$2,198,791	\$1,605,848	\$1,470,693
Number of permits issued	131	121	126
Amount of Revenue generated from permits	\$4,172	\$4,504	\$4,523
Security of Persons and Property			
<i>Police</i>			
Total Calls for Services	25,026	25,400	25,976
911 Calls Answered	6,706	6,982	7,093
Arrests/Citations	2,049	908	2,058
Community Policing Hours	9,455	9,258	7,100
DARE Graduates	0	0	0
Investigations	2,969	2,895	3,332
Jail Inmates	256	241	337
Vehicle Crashes	288	322	345
Prisoner costs	\$11,332	\$9,850	\$14,191
Gasoline costs of fleet	\$31,757	\$25,690	\$50,417
<i>Fire</i>			
EMS Calls	1,701	1,429	1,728
Fire Calls	95	85	78
Fires with Loss	40	36	36
Fires with Losses exceeding \$10K	3	3	3
Fire Losses	\$162,950	\$505,200	\$613,695
Fire Safety Inspections	34	69	35
Number of times Mutual Aid given to Fire and EMS	25	54	18
Number of times Mutual Aid received for Fire and EMS	12	7	12
Public Health Services			
Cemetery burials	47	50	56
Cemetery sale of lots	12	18	14
Cemetery receipts	\$27,390	\$38,115	\$31,531
Leisure Time Activities			
<i>Recreation</i>			
City Tax	\$24,300	\$24,300	\$24,282
Softball Fees	9,475	7,000	8,010
Facilities rentals	31,000	33,450	9,985
Total Recreation Department receipts	<u>\$64,775</u>	<u>\$64,750</u>	<u>\$42,277</u>

2007	2006	2005	2004	2003	2002
\$541,353	\$4,786,353	\$5,670,500	\$12,043,897	\$32,931,058	\$15,212,407
171	222	174	203	245	264
\$8,074	\$10,395	\$12,012	\$12,572	\$16,061	\$20,174
26,233	28,480	20,700	19,542	19,315	19,875
5,784	4,700	4,000	3,315	3,300	3,250
223	2,539	2,558	2,525	2,440	2,907
5,950	6,042	4,872	5,875	6,371	4,822
0	0	250	225	275	280
3,284	3,384	3,709	3,301	3,549	4,623
331	339	404	459	552	618
329	415	343	337	340	365
\$13,591	\$14,314	\$12,190	\$10,631	\$11,352	\$10,152
\$38,313	\$34,977	\$30,705	\$23,548	\$24,147	\$19,709
1,744	1,504	2,228	1,930	1,901	2,222
89	130	120	136	92	104
33	34	22	35	25	23
11	9	6	5	7	9
\$613,695	\$338,450	\$325,300	\$167,105	\$546,150	\$500,005
170	190	90	105	110	130
32	16	5	12	16	20
30	30	10	10	12	15
69	59	50	52	44	54
24	16	27	22	26	26
\$38,278	\$29,180	\$32,552	\$32,449	\$30,333	\$34,496
\$25,665	\$25,375	\$26,123	\$25,065	\$24,581	\$25,160
7,200	6,538	830	900	450	900
33,525	32,600	33,300	31,175	32,400	34,300
<u>\$66,390</u>	<u>\$64,513</u>	<u>\$60,253</u>	<u>\$57,140</u>	<u>\$57,431</u>	<u>\$60,360</u>

(continued)

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

Function/Program	2010	2009	2008
Transportation			
Street Improvements - asphalt overlay (linear feet)	8,580	7,985	13,800
Crackseal Coating Program (Miles)	4	0	6
Street Repair (Curbs, aprons, berms, asphalt) (hours)	784	2,441	1,032
Paint Striping (hours)	104	145	350
Street Sweeper (hours)	360	303	156
Cold Patch (hours)	248	651	554
Snow and Ice Removal regular hours	1,824	1,616	7,960
Snow and Ice Removal overtime hours	391	239	737
Storm Sewer Calls for Service - Sewer Jet Regular Hours	432	203	2,080
Sewer Crew (hours)	400	415	707
Landscaping Stump-Chipper service (hours)	0	0	100
Leaf collection (hours)	0	652	96
Holiday lights setup (hours)	16	16	16
Street/Traffic Signs (Hours)	510	464	394
Equipment repair/body shop (hours)	6,240	6,240	6,240
Number of Trees Planted per year	0	0	0
Tons of snow melting salt purchased (Nov-Mar)	776	773	1,100
Cost of salt purchased	\$43,921	\$48,842	\$43,115
Water Department			
Water Rates per 1st 2,000 gallons of water	\$17.24	\$17.24	\$16.29
Avg. number of water accounts billed monthly (Cubic Feet)	4,900	4,900	4,900
Total Water Collections Annually (Including Principal and Interest)	\$2,068,133	\$2,215,799	\$1,947,755
Wastewater Department			
Wastewater Rates per 1st 300 Cubic feet of water used	\$19.76	\$17.18	\$16.74
Total flow of wastewater treatment plant (Billions of Gallons)	0.694	0.846	0.992
Average daily flow (Millions of gallons per day)	1.902	2.324	2.713
Tons of dry sludge removed	268.91	281.39	299.30

(1) Information prior to 2002 is not available

Source: City Financial Records and Departments

2007	2006	2005	2004	2003	2002
23,800	23,940	55,940	3,700	21,950	39,750
5	18	20	20	15	10
1,780	1,360	864	768	672	576
400	400	400	400	400	400
640	520	480	490	450	370
1,100	880	900	1,020	1,180	1,120
8,950	8,320	9,600	10,240	10,880	11,520
732	705	641	580	670	502
2,080	2,080	2,080	2,080	2,080	2,080
1,700	1,500	1,500	1,500	1,500	1,500
150	120	130	90	120	100
3,200	3,400	3,100	3,400	3,500	3,800
16	16	16	16	16	16
240	240	240	240	240	240
6,240	6,240	6,240	6,240	6,240	6,240
0	450	0	400	0	0
1,450	1,475	1,000	1,350	1,400	1,700
\$48,560	\$54,058	\$44,304	\$42,655	\$36,291	\$54,152
\$15.84	\$14.94	\$14.37	\$13.82	\$13.82	\$11.18
4,900	4,880	4,880	4,880	4,875	4,862
\$1,904,311	\$1,831,609	\$1,754,163	\$1,734,988	\$1,690,796	\$1,445,843
\$15.82	\$15.22	\$13.98	\$12.84	\$12.47	\$11.64
0.876	0.918	0.916	0.927	0.954	0.750
2.402	2.516	2.515	2.539	2.608	2.476
197.46	295.78	599.16	452.42	364.00	250.82

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

Function/Program	2010	2009	2008	2007
General Government				
Square Footage Occupied	11,580	11,580	11,580	11,580
Inspection Vehicles	1	1	1	1
Police				
Stations	1	1	1	1
Square Footage Occupied	8,944	8,944	8,944	8,944
Vehicles	20	20	20	20
Fire				
Stations	2	2	3	3
Square Footage Occupied	12,880	12,880	14,880	14,880
Vehicles	10	10	10	10
Recreation				
Number of Parks	5	5	5	5
Number of Tennis Courts	2	2	2	2
Number of Skateboarding Areas	1	1	1	1
Number of Baseball Diamonds	2	2	2	2
Square Footage Occupied	1,790	1,790	1,790	1,790
Vehicles	2	2	2	2
Other Public Works				
Streets (lane miles)	565	565	565	565
Service Vehicles	22	22	22	22
Wastewater				
Sanitary Sewers (miles)	60.00	60.00	60.00	60.00
Storm Sewers (miles)	35.00	35.00	35.00	35.00
Water Department				
Water Lines (miles)	91	91	91	91
Vehicles	9	9	9	9

Source: City Financial Records

2006	2005	2004	2003	2002	2001
11,580	11,580	11,580	11,580	11,580	11,580
1	1	1	1	1	1
1	1	1	1	1	1
8,944	8,944	8,944	8,944	8,944	8,944
20	20	22	19	21	20
3	3	3	3	3	3
14,880	14,880	14,880	14,880	14,880	14,880
10	10	10	10	10	10
5	5	5	5	5	5
2	2	2	2	2	2
1	1	1	1	1	1
2	2	2	2	2	2
1,790	1,790	1,790	1,790	1,790	1,790
2	2	2	2	2	2
565	565	565	564	564	564
22	22	23	23	23	22
60.00	60.00	60.00	60.00	60.00	60.00
35.00	35.00	35.00	35.00	35.00	35.00
91	91	91	91	91	91
9	9	9	9	10	10

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Dave Yost • Auditor of State

CITY OF CONNEAUT

ASHTABULA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 25, 2011**