

City of Sandusky, Ohio

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2017





Dave Yost • Auditor of State

City Council
City of Sandusky
222 Meigs Street
Sandusky, Ohio 44870

We have reviewed the *Independent Auditor's Report* of the City of Sandusky, Erie County, prepared by Rea & Associates, Inc., for the audit period January 1, 2017 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 1, 2018

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Introductory

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CITY OF SANDUSKY, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2017

Prepared By:

Department of Finance

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CITY OF SANDUSKY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2017

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**DEPARTMENT OF FINANCE
HANK S. SOLOWIEJ, CPA, FINANCE DIRECTOR**

222 Meigs Street
Sandusky, Ohio 44870
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June 20, 2018

To the City Commission and Citizens of Sandusky:

The Comprehensive Annual Financial Report of the City of Sandusky for the year ended December 31, 2017, is herewith submitted. This report is prepared according to generally accepted accounting principles (GAAP). The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by its financial activity, and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included. The City has a framework of internal controls established to ensure the accuracy of the presented data and the completeness and fairness of the presentation. Because the cost of internal controls should not exceed anticipated benefits, the controls provide reasonable assurance that the financial statements are free of any material misstatements.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The independent public accountant has issued an unmodified opinion on the City of Sandusky's basic financial statements for the year ended December 31, 2017. The Independent Auditor's Report is located at the front of the financial section of this report.

State law requires the City to file basic financial statements with the Auditor of State within one hundred fifty days after year end. This report fulfills that requirement.

PROFILE OF THE CITY OF SANDUSKY

The City of Sandusky, located in Erie County, is a home rule municipal corporation founded in 1818 under the laws of the State of Ohio and, as such, operates under its own Charter adopted in 1914. The City may exercise all powers of home rule granted under Article XVIII, Section 3, of the Ohio Constitution not in conflict with applicable general laws of the State of Ohio. The City operates under the City Commission - City Manager form of government. The seven City Commissioners are elected at-large and serve four-year terms. The president of the City Commission serves as the Ex-Officio Mayor. The City Manager and Clerk of Commission are appointed by, and serve at the pleasure of, the City Commission. The Law Director and Finance Director report directly to the City Manager.

The City of Sandusky is ideally located. Sandusky Bay on Lake Erie is larger than any of Ohio's inland lakes and in conjunction with Lake Erie provides a wide spectrum of recreational activities to the citizens as well as to visitors. Sandusky is the largest city in Erie County and is the county seat. The population of the City of Sandusky is 25,793, based on the 2010 Census conducted by the U.S. Census Bureau.

The City is served by diversified transportation facilities, including five State and Interstate Highways and is located near the Ohio Turnpike. It is served by CSX and Norfolk Southern Railroad for freight service and Amtrak for daily passenger service. Passenger air service is provided by Cleveland Hopkins International Airport and the Toledo Express Airport, which are each within a one hour drive of the City. Lake freighters load or unload coal, salt, and other products from shipping docks in the City.

Sandusky Transit System (STS) public transportation has been serving the Sandusky and Erie County community since 1992. STS is largely supported through Federal and State grants. STS provides over 100,000 rides annually, with 55 percent being work related. STS is demand-responsive with a curb-to-curb assistance policy.

Two daily newspapers serve the City. The City is within the broadcast area of television stations in the Cleveland and Toledo areas and numerous AM and FM radio stations. Multi-channel cable TV service, including educational, governmental, and public access channels is provided by Erie County Cablevision.

Several public and private two-year and four-year colleges and universities are within commuting distance including BGSU Firelands College, the University of Toledo, Bowling Green State University, Ohio Business College, and Lorain County Community College. Public education for grades K through 12 is provided by the Sandusky City School District whose boundaries are coterminous with those of the City.

The Firelands Regional Medical Center is located in the City and is one of the City's largest employers. Firelands Regional Medical Center has a history rich in the tradition of providing the finest health care services available to the surrounding five-county area. This organization is the result of the merging of Firelands and Providence Hospitals. The Firelands Regional Center Main Campus contains 444 beds and provides the majority of its medical services. The former Providence Hospital location is called the Firelands Regional Center South Campus. It contains an 84 bed skilled-care and rehabilitation unit, along with a family practice and outpatient physical therapy units.

With the City being located on the shores of Sandusky Bay and Lake Erie, many of the commercial and recreational activities are associated with its waterfront location including ferry lines that provide service to certain Lake Erie islands and Canada. Cedar Point Amusement Park, one of the premier amusement parks in the United States, is located on 364 acres on a peninsula within the City limits and includes over 68 rides and attractions, along with hotels, marinas, and a campground.

The construction of several indoor waterpark resorts over the past several years has made the area a year round tourist destination. In 2001, Great Wolf Lodge completed the construction of a 271-room resort near the City with a 22,000 square foot indoor water amusement park. In 2004, Cedar Point completed construction of Castaway Bay, a 35,000 square foot indoor, year-round, waterpark. Castaway Bay is located at the entrance to the Cedar Point Causeway within the City. Finally, the Kalahari Resort and Convention Center, located near the City, opened in 2005 and includes an 80,000 square foot indoor waterpark. In 2011, Kalahari spent \$22 million to boost its existing convention space to 250,000 square feet, which increased the conference capacity from 2,200 people to 5,200 people, making it the largest independently owned convention center in the Midwest. In 2007, the Green Tree Inn on Cleveland Road opened another waterpark facility titled "The Rain". Further waterpark expansion was completed at the Green Tree Inn during 2008.

A public library, several museums, and the historical Sandusky State Theatre are located within the City and other cultural and sporting activities are available in Cleveland and Toledo, which are each within a one hour drive of the City.

The City of Sandusky provides a full range of services to its citizens including police and fire protection, planning and zoning, street maintenance, public transit, floral parks, recreation, forestry, cemetery, water filtration treatment plant and distribution systems, water pollution control treatment plant and sewer collector systems, and general government services. The City also owns and operates the Mills Creek Golf Course.

The City Commission is required to adopt the original budget by no later than March 31 of each year and final budget amendments must be made prior to the close of the year. The annual budget serves as the foundation for the City's financial planning and control. All funds, except agency funds, are required to be budgeted. The legal level of control has been established by the City Commission at the fund, department, and object level in all funds.

The City maintains a bond rating of Aa3 with Moody's Investor Services.

The City negotiates with three bargaining units: American Federation of State, County, and Municipal Employees Local No. 1519, the Fraternal Order of Police - Lodge No. 17, and the International Association of Fire Fighters - Local No. 327. Current agreements expire on December 31, 2018.

LOCAL ECONOMY

Major industries located within the City's boundaries or in close proximity include manufacturers of automotive and automotive components, a theme park, hospital, and local governments such as Erie County and the Sandusky Board of Education.

During the past ten years, the unemployment rate (not seasonally adjusted) has decreased from 9.8 percent in December 2008 to an estimated 6.9 percent in December 2017.

LONG-TERM FINANCIAL PLANNING

The City updated its Strategic Plan in 2016. In addition, the City adopted a Bicentennial Vision Plan in 2016 that will guide City decisions as it prepares for its bicentennial celebration in 2018. The development of the Strategic Plan was a seven-month process that directly engaged over 2,000 stakeholders, including residents, business owners, visitors, institutional, government, and city-wide leaders. The planning process included five neighborhood tours, three public meetings, and community surveys. The Strategic Plan is a tool that will be used by the City Commission and staff to guide decisions made on behalf of the citizens of the City. If maintained successfully, the strategy will result in growth and overall positive results in the City.

The Strategic Plan contains the following general goals that will be the focus of the City's resources:

- Vibrant City
- Livable City
- Connected City
- Destination City
- Celebrated City

The general goals are supported by a list of action plans that will define the paths to accomplishing the goals. Each action plan will:

- Identify the general goal that it supports;
- Define the steps to complete the plan;
- Identify the City department responsible for its completion.

The City recognizes the importance of long-term strategic planning, as evidenced by its Strategic Plan. Similarly, it recognizes that prudent financial planning considers the multi-year implications of financial decisions. The City shall maintain a long-term focus in its financial planning that is mindful of the long-term objectives of the City.

A five-year financial plan shall be updated on an annual basis by the City Manager. The plan shall include all major operating funds along with the capital needs of the Strategic Plan of the City. The purpose of this plan is to:

- Identify major policy issues for City Commission consideration prior to the preparation of the annual budget;
- Establish capital project priorities and make advance preparation for the funding of projects within the five-year horizon;
- Make conservative financial projections for all major operating funds and all capital needs related to the Strategic Plan to provide assurance that adequate funding exists for proposed projects and services;
- Identify financial trends in advance or in the early stages so that timely corrective action can be taken, if needed; and
- Communicate the City's plans to the public and provide an opportunity for the public to offer input.

RELEVANT FINANCIAL POLICIES

The City of Sandusky has a responsibility to its citizens to carefully account for public funds, to manage municipal finances wisely, and to plan for the provision of services desired by the public. Sound financial policies are necessary to carry out that responsibility.

The City has established relevant financial policies for investments, capital assets, and the budget. The purpose of the investment policy is to provide for the complete safety of the portfolio's principal value, assure adequate liquidity, and earn a market rate of return. The investment policy is reviewed annually for compliance and to assure the flexibility necessary to effectively manage the investment portfolio.

The goal of the capital assets inventory system and policy is to provide control and accountability over the City's capital assets and to assist departments in gathering and maintaining information needed for the preparation of the annual financial statements. The City recognizes the importance of preserving the community's capital assets and to ensure that future needs are met.

Finally, the budget policy is designed to provide conceptual standards for financial decision-making, enhance consistency in financial decisions, and establish parameters for the administration to use in directing the day-to-day financial affairs of the City. One-time or special purpose revenues will be used to finance capital projects or for restricted expenditures and not to subsidize recurring personnel costs or other operating costs.

MAJOR INITIATIVES

The City has a unique position as a tourist center due to the City's location on Sandusky Bay, with over twenty-two miles of shoreline within the City limits, and the location of Cedar Point Amusement Park within the City. Several years ago, the City enhanced its shoreline by entering into a development agreement with a private developer in order to implement improvements to the City's Battery Park Marina and adjacent park. These improvements included not only the marina and park, but also a restaurant and a break wall. Battery Park is now a successful commercial operation which has further enhanced the use of the City's waterfront. Further improvements to the City's waterfront include Shoreline Park which consists of shore protection, bridges, sidewalks, parking, a gazebo, playground equipment, landscaping, and lighting as well as the 1.7 mile Bay-Front Corridor, a linear park linking major attractions located on the City's central waterfront with a continuous walkway. In 1998, the City received a very generous donation (over \$1 million) from a long-time Sandusky benefactor to develop a plaza at the foot of Columbus Avenue as part of the Bay-Front Corridor development; that project was completed in 2000. All of these waterfront improvements are part of the Port Development Plan adopted by the City Commission in 1991 and updated in 1996.

Besides Battery Park Marina, there are other marinas which have developed over the last decade, including a \$5 million, 700 slip marina created from idle industrial space and a 210 slip marina complex completed by a local legal firm which also erected a waterfront office center on that site. The Lyman Harbor Marina project rehabilitated an abandoned industrial site into a transient marina and entertainment complex and received tax abatement for its \$2.94 million project. There are over 8,000 slips available in the Sandusky Bay area.

Implementation of the Sandusky Bay Pathway Master Plan, which trails along the lakefront, began in 2004 with Phase 1 and Phase 2 construction beginning in 2005. The pathway provides a route that offers a means of exercise, relaxation, and access to public parks and facilities and provides a scenic view of the Sandusky Bay. Phase 3 was completed during 2009 with the assistance of a grant through the Ohio Department of Natural Resources Recreational Trails Program.

Cedar Point, a 364-acre amusement and theme park, is located on a peninsula extending into Lake Erie from the City. Developed as a resort area in 1870, Cedar Point is open daily from early May to early October attracting in excess of 3 million visitors each season to its numerous rides and attractions. Cedar Point also includes a recreational vehicle area, marina, restaurants, and hotels with a combined capacity of almost 1,100 beds which are open during Cedar Point's season. A water park attraction, with a separate entrance, is included at the park as well as "Challenge Park" with miniature golf, bungee jumping, and grand prix racing. Cedar Point employs 3,700 seasonal employees, primarily college students, and approximately 400 year-round employees.

Significant capital expenditures on new attractions are made every year at Cedar Point. These expenditures have aggregated over \$85 million during the last few years. In 2003, they opened its 16th roller coaster called the "Top Thrill Dragster," one of the tallest and fastest in the world at that time. In 2004, they completed their first year-round attraction called Castaway Bay Indoor Water Park Resort. In 2005, Cedar Point unveiled "maXair" and in 2006, Cedar Point added another world-record-breaking thrill ride called "Skyhawk." It was the tallest ride of its kind in the world, standing one hundred three feet above the ground and featuring two giant swinging arms.

In 2007, Cedar Point added its 17th roller coaster, “Maverick.” The addition of this coaster gave the park more scream machines than any park in the entire world. Maverick’s cost of approximately \$21 million made it one of the single largest investments in the park’s 137-year history. In 2008, capital improvements included a new children’s area featuring seven rides and a family lounge area. This area replaced the former Peanuts Playground. In addition, a new corporate headquarters building was constructed adjacent to the current corporate office. In 2009, the \$1 million Starlight Experience, a nighttime LED light extravaganza with floats themed to the four seasons was added. In 2010, Cedar Point added “Shoot the Rapids,” a new flume ride located on the park’s Frontier Trail. This was a \$10.5 million investment. For the 2011 season, Cedar Point debuted the new ride “WindSeeker,” a 301-foot tall tower that spin riders almost thirty stories high along the shoreline of Lake Erie. “WindSeeker” was a \$5 million investment by Cedar Point. In 2012, Cedar Point invested \$1 million in the “Dinosaurs Alive!” attraction. This attraction is located on four acres on the wooded island that is located in the lagoons toward the back of the park. The attraction is multi-sensory and interactive as guests can see approximately fifty life-size dinosaurs that roar and move. In 2013, Cedar Point introduced another record-breaking coaster. Named “GateKeeper”, this winged roller coaster is the longest winged roller coaster in the world and boasts the longest drop of any winged coaster on the planet. With the addition of “GateKeeper” and the redesign to the park’s main entrance, Cedar Point invested approximately \$30 million on improvements for the 2013 season. For the 2014 season, Cedar Point added Pipe Scream and Lake Erie Eagles, two new family rides located in the Gemini Midway near the back of the park. In addition, a two-year renovation project of the historical Hotel Breakers began during the winter of 2013. Phase one included upgrading a portion of the exterior of Hotel Breakers. Phase two took place over the 2014-2015 winter season and include both interior and exterior renovations. In 2015, Cedar Point introduced a dynamically new roller coaster riding experience when it unleashed “Rougarou.” Rougarou, named after a terrifying werewolf-like creature in French folklore features floorless trains that reach speeds up to sixty miles per hour as riders feet dangle inches above the track and murky waters below. The 2016 season featured another record-breaking roller coaster at Cedar Point as it introduced the world’s tallest, fastest, and longest dive coaster named “Valravn.” Valravn featured a completely vertical, 90-degree angle drop and reaches a top speed of seventy-five miles per hour. Valravn shattered an astonishing ten world records when it debuted in 2016 and was a \$25 million investment by Cedar Point. The 2017 season featured the transformation of Soak City to the brand-new Cedar Point Shores Water Park, an 18-acre site with three new water attractions and upgraded food locations. Cedar Point’s Express Hotel, formerly known as the Breakers Express, got a facelift and new construction with an addition of sixty-nine rooms. Construction at the Hotel Breakers brings a new one hundred fifty-eight room hotel tower that is scheduled to open in 2018. The new attraction for 2018 will be yet another world record breaking roller coaster named “Steel Vengeance”. This will be a steel and wood hybrid coaster that will break ten coaster records. The first drop measures out at two hundred feet and the ride reaches speeds of seventy-four miles per hour. It will also feature over twenty-seven seconds of airtime.

In 2004, the Firelands Regional Medical Center began planning for a construction project to ease parking constraints, to expand capacity for increasing admissions and outpatient visits, and to focus concerns on one of the top health issues in Sandusky and Erie County, the prevention and treatment of cancer. A 600-space parking garage, which features free parking, was completed and opened in December 2005. Firelands Professional Center I, which houses the Cancer Center along with physician offices, opened in August 2006. Firelands Regional Medical Center’s East Tower opened in spring 2008. The building features the main entrance and lobby, complete with a gift shop and cafe, registration services, financial counseling, pre-surgical testing, the cashier’s office, centralized scheduling, the clergy’s office, and the Heart Institute, all on the first floor. In addition, the emergency services department expanded and is connected to the tower’s first floor. Thirteen state-of-the-art operating room suites, specifically equipped for open heart, vascular, orthopedic, neurological, and general surgery are located on the second floor along with recovery bays and private consultation rooms for surgeons to meet with family members. The third and fourth floors house private patient rooms. In February 2013, Firelands Regional Medical Center announced construction on the renovation and relocation of its inpatient rehabilitation unit. The \$6.5 million project included 25,826 square feet of space located on the fifth floor of the hospital’s patient tower at the Main Campus facility.

The City has been successful in raising funds through various grant opportunities. These funds help programs that fund fair housing, economic development, public transit, and downtown revitalization efforts. The City has been designated as an Entitlement Community which allows the City to access federal funds directly from the U.S. Department of Housing and Urban Development.

The City has established a number of programs to encourage economic development, including the Sandusky Revolving Loan Program. The City has maintained its Labor Surplus Area Designation and its Impacted City Certification by the State Department of Development. These designations help the City provide additional economic development tools for use with manufacturing and commercial development projects. The City has negotiated with new and existing businesses to help them locate or expand within the City using these and other City and State development tools and incentives. In the past several years, the City has provided support to local businesses by selling over twenty acres of business park land to local companies. A number of businesses were able to expand because of tax abatements that the City and the School District provided and the availability of City revolving loan funds.

The City purchased the Chesapeake Building in 1999 and also adopted an urban renewal plan to revitalize about forty acres of the waterfront, including the Chesapeake property, and that area is now referred to as the “Paper District”. In 2002, the Bay-Front Corridor Committee was established to act as an advisory committee on the selection of a developer. They received proposals from six developers and selected Mid-States Development Corporation (Mid-States) to develop certain properties. The City received a State grant to pay for acquisition, environmental cleanup, and demolition of part of the project site and also issued urban revitalization notes for that purpose. Mid-States redeveloped the Chesapeake Building into one hundred ninety condominium units; thereafter, the development agreement with Mid-States was terminated in March 2009. Construction on a lighted public concrete walkway around the Chesapeake Building was completed in 2009 and a sixty-two slip transient public marina and amphitheater was completed in 2011. The City issued \$2,500,000 in urban renewal temporary revenue bonds in 2012 to provide resources to pay for a portion of that project. Debt charges on that financing are expected to be met from “urban renewal service payments” (commonly referred to as “payments in lieu of taxes”) from this redevelopment. In 2013, urban renewal revenue bonds were issued to retire the temporary bonds. The urban renewal bonds will be retired over a seven-year period.

In 2017, the Sports Force Parks at Cedar Point Center made its debut. The state of the art youth sporting complex features multiple fields for soccer, baseball, and lacrosse.

The City will celebrate its Bicentennial in 2018 and has a variety of community events scheduled to commemorate this special occasion including the Bicentennial Ball, a Tall Ships Festival, and a Founders’ Weekend.

AWARDS AND ACKNOWLEDGEMENTS


The Government Finance Officers Association of the United States and Canada (GFOA) awarded for the twenty-sixth time a Certificate of Achievement for Excellence in Financial Reporting to the City of Sandusky for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR that satisfies 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 preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and the supervisors of the other various departments of the City of Sandusky. The preparation of the CAFR requires a major effort and we would like to express our appreciation to everyone who assisted and contributed to the presentation of this year's CAFR.

The employees of the City are dedicated to serving the citizens of Sandusky within the best of their capabilities. We wish to take this opportunity to thank the City Commission for its continuing support and to thank our department heads and staff for their diligent efforts to keep Sandusky financially sound and a special place in which people want to live, work, and play. Special acknowledgment is extended to the Local Government Services Section of the Office of the Auditor of State for their continued guidance in the preparation of this report.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Hank S. Solowiej CPA". The signature is stylized and cursive.

Hank S. Solowiej, CPA
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Sandusky
Ohio**

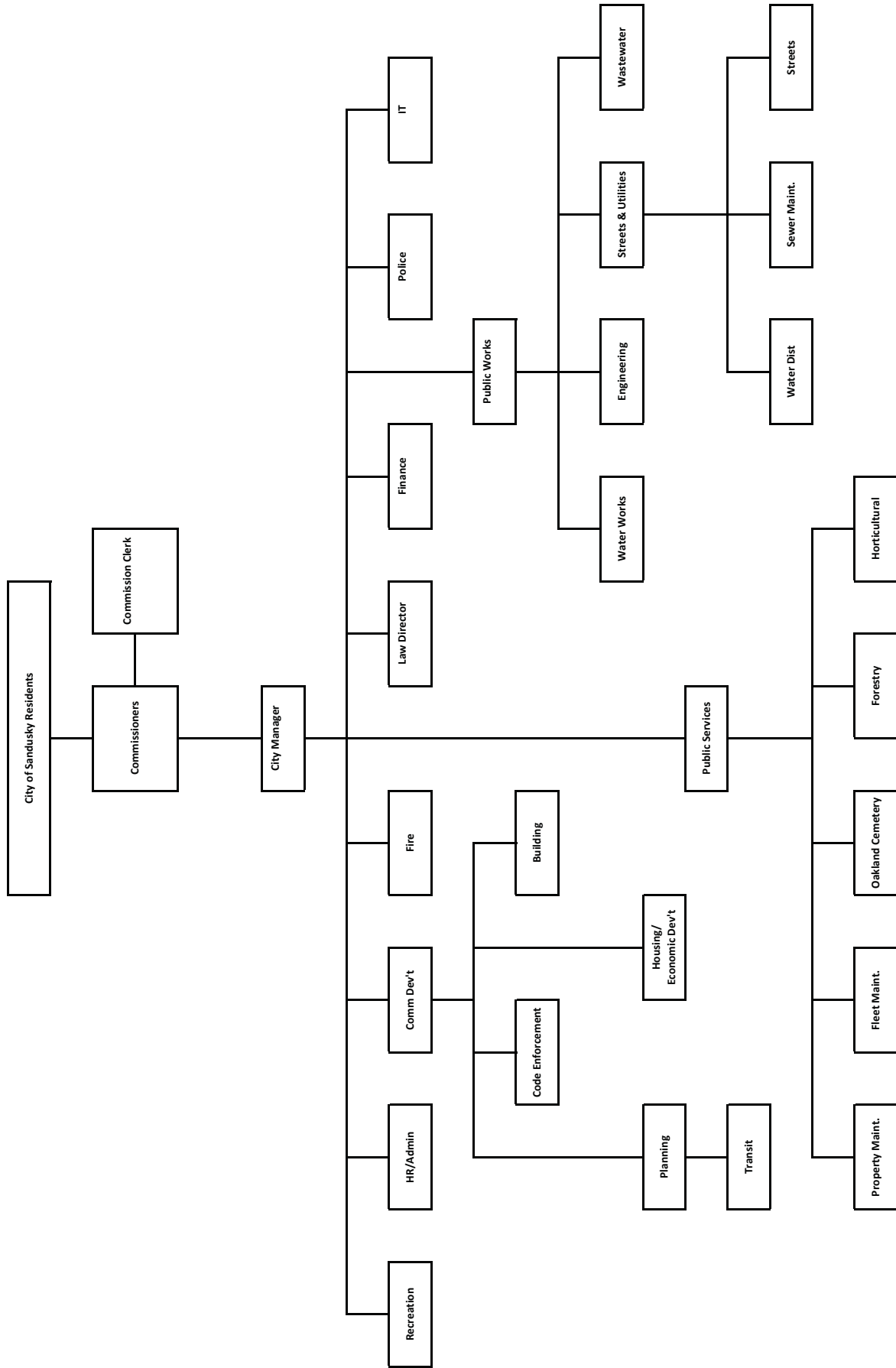
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2016

Christopher P. Morill

Executive Director/CEO

ORGANIZATIONAL CHART FOR CITY OF SANDUSKY, OHIO



CITY OF SANDUSKY, OHIO

ELECTED PUBLIC OFFICIALS

December 31, 2017

CITY COMMISSION

Dennis E. Murray, Jr.
President/Ex-Officio Mayor
Term Expired 12-31-17
New Term Expires 12-31-21
First took office 01-01-14

Richard R. Brady
Vice-President
Term Expired 12-31-17
New Term Expires 12-31-21
First took office 01-01-14

Naomi R. Twine
Term Expired 12-31-17
New Term Expires 12-31-21
First took office 01-01-14

Dave Waddington
Term Expires 12-31-19
First took office 01-01-16

Nikki Lloyd
Term Expires 12-31-19
First took office 01-01-16

Greg Lockhart
Term Expires 12-31-19
First took office 01-01-16

C. Wesley Poole
Term Expires 12-31-19
First took office 01-01-12

APPOINTED OFFICIALS

December 31, 2017

CITY MANAGER

Eric L. Wobser

CLERK OF COMMISSION

Kelly Kresser

FINANCE DIRECTOR *

Hank S. Solowiej, CPA

LAW DIRECTOR *

Justin Harris

*Appointed by City Manager



Financial

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June 20, 2018

To the City Commission
City of Sandusky
Erie County, Ohio
222 Meigs Street
Sandusky, OH 44870

Independent Auditor's Report

Report on the Financial Statements

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 Sandusky, Erie County, Ohio, (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Sandusky, Erie County, Ohio, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* and the *Schedule of the City's Proportionate Share of the Net Pension Liability*, and *Schedule of the City's Contributions* on pages 5-13, 80-81, and 83-85, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting 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 assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Medina, Ohio



CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

The discussion and analysis of the City of Sandusky's financial performance provides an overview of the City's financial activities for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

HIGHLIGHTS

Highlights for 2017 are as follows:

In total, the City's net position increased \$4,275,845, or 5 percent from the prior year. The increase for governmental activities was 2 percent while the increase for business-type activities was 7 percent.

The City's Water and Sewer enterprise funds had an operating income in 2017 indicating operating revenues are currently sufficient to cover operating expenses.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the City of Sandusky's financial position.

The statement of net position and the statement of activities provide information about the activities of the City as a whole, presenting both an aggregate and a longer-term view of the City.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. Fund financial statements report the City's most significant funds individually and the City's nonmajor funds in a single column. The City's major funds are the General, Capital Projects, Water, and Sewer funds.

REPORTING THE CITY AS A WHOLE

The statement of net position and the statement of activities reflect how the City did financially during 2017. These statements include all assets and deferred outflows of resources and all liabilities and deferred inflows of resources using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the City's net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of the City as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors can include changes in the City's property tax base and the condition of the City's capital assets (buildings, streets, bridges, water and sewer lines, and equipment). These factors must be considered when assessing the overall health of the City.

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2017
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In the statement of net position and the statement of activities, the City is divided into two types of activities:

- **Governmental Activities** - Most of the City's programs and services are reported here, including security of persons and property, public health, leisure time activities, community environment, transportation, and general government (which includes the municipal court). These services are primarily funded by property and income taxes and from intergovernmental revenues, including federal and state grants and other shared revenues.
- **Business-Type Activities** - These services are provided on a charge for services basis and are intended to recover all or most of the costs of the services provided. The City's water and sewer services are reported here.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund financial statements provide detailed information about the City's major funds; the General, Capital Projects, Water, and Sewer funds. While the City uses many funds to account for its financial transactions, these are the most significant.

Governmental Funds - The City's governmental funds are used to account for essentially the same programs reported as governmental activities on the government-wide financial statements. Most of the City's basic services are reported in these funds and focus on how money flows into and out of the funds, as well as the balances available for spending at year end. These funds are reported on the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services being provided.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to help make this comparison between governmental funds and governmental activities.

Proprietary Funds - The City has two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements and use the accrual basis of accounting. The City uses enterprise funds to account for water and sewer operations. The internal service fund is an accounting device used to accumulate and allocate internal costs among other programs and activities. The City's internal service fund accounts for the City's self-insured program for employee health benefits.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the City's programs. These funds also use the accrual basis of accounting.

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the City's net position for 2017 and 2016.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<u>Assets</u>						
Current and Other Assets	\$ 30,011,486	\$ 29,219,222	\$15,684,112	\$13,810,604	\$45,695,598	\$43,029,826
Capital Assets, Net	43,606,391	44,169,967	91,286,778	91,252,780	134,893,169	135,422,747
Total Assets	73,617,877	73,389,189	106,970,890	105,063,384	180,588,767	178,452,573
<u>Deferred Outflows of Resources</u>						
Deferred Charge on Refunding Pension	334,771	411,210	0	0	334,771	411,210
	6,386,121	6,839,515	2,578,427	1,877,260	8,964,548	8,716,775
Total Deferred Outflows of Resources	6,720,892	7,250,725	2,578,427	1,877,260	9,299,319	9,127,985
<u>Liabilities</u>						
Current and Other Liabilities	4,510,852	5,207,829	1,580,518	2,887,052	6,091,370	8,094,881
Long-Term Liabilities						
Pension	26,576,079	24,949,290	6,396,910	4,703,346	32,972,989	29,652,636
Other Amounts	13,428,852	15,334,156	47,261,633	48,518,930	60,690,485	63,853,086
Total Liabilities	44,515,783	45,491,275	55,239,061	56,109,328	99,754,844	101,600,603
<u>Deferred Inflows of Resources</u>						
Pension	713,246	765,464	38,072	132,430	751,318	897,894
Other Amounts	2,759,340	2,735,322	0	0	2,759,340	2,735,322
Total Deferred Inflows of Resources	3,472,586	3,500,786	38,072	132,430	3,510,658	3,633,216
<u>Net Position</u>						
Net Investment in Capital Assets	35,024,423	33,978,149	44,639,387	43,448,277	79,663,810	77,426,426
Restricted	11,804,577	12,107,373	0	0	11,804,577	12,107,373
Unrestricted (Deficit)	(14,478,600)	(14,437,669)	9,632,797	7,250,609	(4,845,803)	(7,187,060)
Total Net Position	\$ 32,350,400	\$ 31,647,853	\$54,272,184	\$50,698,886	\$86,622,584	\$82,346,739

The net pension liability reported by the City at December 31, 2017, is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions". For reasons discussed below, end users of these financial statements will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

GASB standards are national standards and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund the plan's net pension liability. GASB Statement No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and State law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statement No. 68, requires the net pension liability to equal the City's proportionate share of the plan's collective present value of estimated future pension benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

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GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange", that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or in the case of compensated absences (i.e. vacation and sick leave) are satisfied through paid time off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability but are outside the control of the City. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statement No. 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of the plan's change in net pension liability not accounted for as deferred outflows/inflows.

Changes in deferred outflows and deferred inflows related to pension noted in the above table for both governmental and business-type activities reflect the difference between projected and actual earnings on investments related to the net pension liability. The increase in the net pension liability represents the City's proportionate share of the unfunded benefits. As indicated previously, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.

The overall change in net position for governmental activities was not significant (2 percent). The above table reflects that the most substantial changes for governmental activities were due to debt retirement. Current and other liabilities decreased due to a reduction in notes payable and other long-term liabilities decreased due to scheduled principal retirement. This decrease in debt also contributed to the increase in the net investment in capital assets.

For business-type activities, there was a sizable increase in current and other assets. Rate increases in 2017 led to additional cash and cash equivalents as of year end (\$1.9 million). In the prior year, the City had a large amount of outstanding contracts on construction projects as of year end, this was not the case for 2017; as a result, there was a significant decrease in current and other liabilities. The decrease in other long-term liabilities was due to scheduled principal retirement.

CITY OF SANDUSKY
Management's Discussion and Analysis
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Table 2 reflects the change in net position for 2017 and 2016.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$ 6,080,506	\$ 5,178,799	\$ 18,669,889	\$ 15,913,340	\$24,750,395	\$21,092,139
Operating Grants, Contributions, and Interest	3,292,700	3,273,258	0	0	3,292,700	3,273,258
Capital Grants and Contributions	1,416,703	1,619,021	0	19,257	1,416,703	1,638,278
Total Program Revenues	10,789,909	10,071,078	18,669,889	15,932,597	29,459,798	26,003,675
General Revenues						
Property Taxes	2,157,630	2,129,916	0	0	2,157,630	2,129,916
Payment in Lieu of Taxes	611,812	557,852	0	0	611,812	557,852
Municipal Income Taxes	12,301,074	13,121,939	0	0	12,301,074	13,121,939
Other Local Taxes	5,576,879	5,775,150	0	0	5,576,879	5,775,150
Franchise Taxes	355,291	371,093	0	0	355,291	371,093
Grants and Entitlements not Restricted to Specific Programs	745,024	759,353	0	0	745,024	759,353
Interest	181,513	128,006	2,630	2,022	184,143	130,028
Other	1,527,073	2,103,291	341,723	274,734	1,868,796	2,378,025
Total General Revenues	23,456,296	24,946,600	344,353	276,756	23,800,649	25,223,356
Total Revenues	34,246,205	35,017,678	19,014,242	16,209,353	53,260,447	51,227,031
<u>Program Expenses</u>						
Security of Persons and Property						
Police	5,996,216	6,180,846	0	0	5,996,216	6,180,846
Fire	7,370,266	6,765,752	0	0	7,370,266	6,765,752
Other	257,495	271,686	0	0	257,495	271,686
Public Health	396,115	309,402	0	0	396,115	309,402
Leisure Time Activities	1,180,710	575,513	0	0	1,180,710	575,513
Community Environment	5,184,333	4,109,633	0	0	5,184,333	4,109,633
Transportation	6,750,268	9,168,882	0	0	6,750,268	9,168,882
General Government						
Municipal Court	1,358,390	1,014,168	0	0	1,358,390	1,014,168
Other	4,797,015	4,136,866	0	0	4,797,015	4,136,866
Interest and Fiscal Charges	542,276	569,634	0	0	542,276	569,634
Water	0	0	6,657,346	6,328,824	6,657,346	6,328,824
Sewer	0	0	8,494,172	7,848,395	8,494,172	7,848,395
Total Expenses	33,833,084	33,102,382	15,151,518	14,177,219	48,984,602	47,279,601
Increase (Decrease) in Net Position before Transfers	413,121	1,915,296	3,862,724	2,032,134	4,275,845	3,947,430
Transfers	289,426	24,323	(289,426)	(24,323)	0	0
Increase (Decrease) in Net Position	702,547	1,939,619	3,573,298	2,007,811	4,275,845	3,947,430
Net Position Beginning of Year	31,647,853	29,708,234	50,698,886	48,691,075	82,346,739	78,399,309
Net Position End of Year	\$32,350,400	\$31,647,853	\$54,272,184	\$50,698,886	\$86,622,584	\$82,346,739

CITY OF SANDUSKY
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For governmental activities, the increase in program revenues was due to an increase in charges for services related to special assessments. The decrease in general revenues was primarily due to an insurance reimbursement of \$1 million received in the prior year as well as a decrease in municipal income taxes. For expenses, there was a modest 2 percent increase from the prior year. The increase in the leisure time activities program was related to restoration projects along the Sandusky Bay coastline and design for improvements to Shoreline Drive. The increase in the community environment program was related to an increase in personnel costs (salaries, benefits costs, and increased staffing) and planning for the relocation of City Hall. Costs within the transportation program are based on improvement projects undertaken during the year (this program will fluctuate annually based on repaving and improvement projects scheduled).

The City's business-type activities are largely funded through charges for services which increased substantially from the prior year due to rate increases. Overall, expenses increased almost 7 percent. A portion of this is related to an increase in personnel costs (salaries and benefits). There was also a sizable increase in contractual services costs for the Water Fund related to ongoing projects.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted intergovernmental revenues.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
Security of Persons and Property				
Police	\$ 5,996,216	\$ 6,180,846	\$5,527,808	\$5,619,235
Fire	7,370,266	6,765,752	6,011,392	5,659,184
Other	257,495	271,686	257,495	271,686
Public Health	396,115	309,402	261,363	169,237
Leisure Time Activities	1,180,710	575,513	615,913	216,928
Community Environment	5,184,333	4,109,633	3,535,413	2,433,929
Transportation	6,750,268	9,168,882	1,722,679	4,696,368
Municipal Court	1,358,390	1,014,168	118,925	(374,906)
Other	4,797,015	4,136,866	4,449,911	3,770,009
Interest and Fiscal Charges	542,276	569,634	542,276	569,634
Total Expenses	<u>\$33,833,084</u>	<u>\$33,102,382</u>	<u>\$ 23,043,175</u>	<u>\$ 23,031,304</u>

It should be noted that for all governmental activities, 68 percent of the costs for services in 2017 were provided for through general revenues (compared to 70 percent in 2016), that being primarily property taxes, municipal income taxes, tourism taxes, and State shared revenues.

CITY OF SANDUSKY
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Although the dependence on general revenues is substantial, there are several programs which were supported through program revenues in 2017. Both the police and fire departments are able to offset some of their program costs based on charges for services they provide to other governments (schools, surrounding villages and townships) or for other contracted services. Charges for services also help offset the public health program. Program revenues received for the leisure time activities program covered 48 percent of the expenses of this program. The majority of these revenues are generated by charges for services in the City's park and recreation programs. Community environment activities received 31 percent of its support through program revenues in 2017. This is primarily the result of various community development block grant programs. The transportation program receives charges for services in the form of permissive motor vehicle license monies. The transportation program also receives operating grants in the form of state levied motor vehicle license fees and gas taxes as well as various grants for construction related projects. Construction related grants fluctuate from year to year depending on projects undertaken and availability.

For the Municipal Court, under Ohio Law, judges can establish restricted accounts to offset programs of the court. As such, there are various court related funds that provide for certain court activities. Revenues in excess of program costs generated from these other restricted accounts established by the judges are not available to offset the day to day cost of running the court paid from the General Fund.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The City's major governmental funds are the General Fund and the Capital Projects capital projects fund.

Fund balance increased almost 8 percent in the General Fund despite a modest 2 percent increase in revenues and 7 percent increase in expenditures. Operating subsidies that the General Fund provides to other funds (transfers) decreased approximately \$459,000.

Fund balance decreased over \$1 million in the Capital Projects Fund. Revenues decreased approximately \$571,000 due to grant resources received in the prior year for projects and expenditures increased almost \$880,000 due to projects undertaken during 2017.

BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS

The City's enterprise funds consist of the Water and Sewer funds. Both the Water and Sewer Funds had an operating income for the year. Net position in the Water Fund increased 4 percent and there was a 7 percent increase in net position in the Sewer Fund.

For the Water Fund, both revenues and expenses were higher than the prior year. Water rates were increased in 2016 for both the base rate (\$.44 increase) and the per cubic foot rate (\$.21 increase) and again in 2017 for the base rate (\$.21 increase) and the per cubic foot rate (\$.09 increase). The most significant changes in expenses were the increase in personnel related costs (salaries and benefits) and for contractual services due to ongoing projects.

For the Sewer Fund, charges for services revenue increased due to the increase in the base rate (\$2.19 increase) and the per cubic foot rate (\$1.24 increase) in 2016 and again in 2017 for the base rate (\$2.73 increase) and the per cubic foot rate (\$1.55 increase). Operating expenses increased primarily due to personnel costs (salaries and benefits).

CITY OF SANDUSKY
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BUDGETARY HIGHLIGHTS

The City prepares an annual budget of revenues and expenditures/expenses for all funds of the City for use by City officials and department heads and such other budgetary documents as are required by State statute. The annual appropriations ordinance cannot be adopted prior to the second Monday in January of each year per City Charter. The City approves a temporary appropriations ordinance until the annual appropriations are approved. The City's most significant budgeted fund is the General Fund. For revenues, the changes from the original budget to the final budget and from final budget to actual revenues were not significant. For expenditures, changes from the original budget to the final budget as well as from the final budget to actual expenditures were also not significant.

The General Fund supports many of the City's major activities such as the Police Department and Fire Department as well as most general government operations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's net investment in capital assets for governmental and business-type activities as of December 31, 2017, was \$35,024,423 and \$44,639,387, respectively. The primary additions for governmental activities included street reconstruction and resurfacing, a new parking lot, and equipment replacement. Disposals included some vehicles (including a ladder truck and a pumper truck) and miscellaneous equipment. The primary additions for the business-type activities were related to water treatment plant improvements, wastewater treatment plant improvements, and water and sewer line improvement/replacement. Disposals were minimal. For further information on the City's capital assets, refer to Note 12 to the basic financial statements.

Debt - At December 31, 2017, the City had \$2,900,000 in bond anticipation notes payable from governmental activities. The City also has a number of long-term obligations outstanding. These obligations included \$7,884,798 in general obligation bonds, \$810,000 in revenue bonds, \$1,934,288 in special assessment bonds payable from governmental activities resources and \$1,350,000 in general obligation revenue bonds, and \$45,262,928 in Ohio Water Development Authority (OWDA) loans payable from business-type activities.

The new debt for 2017 included the issuance of \$2,900,000 in bond anticipation notes to partially retire notes previously issued for various purposes and additional OWDA loans for water and sewer construction activities.

The City maintains a bond rating of Aa3 with Moody's Investor Services.

In addition to the debt discussed above, the City's long-term obligations also includes the net pension liability, capital leases, compensated absences, and claims. For further information on the City's debt, refer to Notes 18, 19, and 20 to the basic financial statements.

CURRENT ISSUES

The City created two new tax increment financing (TIF) districts in April 2018. Funds generated from these TIF's will be used for various public improvements including the expansion of the Sandusky Bay Pathway. In addition, the City amended the Downtown Community Reinvestment Area to encompass a new City Reinvestment Area to include all residential units located within the City boundaries. These properties will qualify for 10 year, 75 percent tax abatement with certain conditions.

CITY OF SANDUSKY
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The City is celebrating its Bicentennial in 2018 and has many events planned to celebrate this occasion throughout the year.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those interested in our City's financial well being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Hank S. Solowiej, CPA, Finance Director, 222 Meigs Street, Sandusky, Ohio 44870.

City of Sandusky
Statement of Net Position
December 31, 2017

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$16,191,860	\$10,752,723	\$26,944,583
Cash and Cash Equivalents in Segregated Accounts	28,653	0	28,653
Accounts Receivable	513,360	2,173,915	2,687,275
Accrued Interest Receivable	30,517	0	30,517
Internal Balances	(888,436)	888,436	0
Due from Other Governments	1,323,027	617,136	1,940,163
Prepaid Items	135,258	46,548	181,806
Municipal Income Taxes Receivable	3,403,304	0	3,403,304
Other Local Taxes Receivable	82,168	0	82,168
Materials and Supplies Inventory	241,086	1,205,354	1,446,440
Property Taxes Receivable	2,375,583	0	2,375,583
Payment in Lieu of Taxes Receivable	577,974	0	577,974
Notes Receivable	3,691,013	0	3,691,013
Special Assessments Receivable	2,306,119	0	2,306,119
Nondepreciable Capital Assets	9,371,918	909,263	10,281,181
Depreciable Capital Assets, Net	34,234,473	90,377,515	124,611,988
Total Assets	73,617,877	106,970,890	180,588,767
<u>Deferred Outflows of Resources</u>			
Deferred Charge on Refunding Pension	334,771	0	334,771
	6,386,121	2,578,427	8,964,548
Total Deferred Outflows of Resources	6,720,892	2,578,427	9,299,319
<u>Liabilities</u>			
Accrued Wages Payable	510,040	199,877	709,917
Accounts Payable	393,691	220,394	614,085
Contracts Payable	382,174	34,463	416,637
Matured Compensated Absences Payable	1,468	0	1,468
Due to Other Governments	275,668	303,820	579,488
Accrued Interest Payable	47,811	821,964	869,775
Notes Payable	2,900,000	0	2,900,000
Long-Term Liabilities			
Due Within One Year	2,929,645	3,349,682	6,279,327
Due in More Than One Year			
Net Pension Liability	26,576,079	6,396,910	32,972,989
Other Amounts Due in More Than One Year	10,499,207	43,911,951	54,411,158
Total Liabilities	44,515,783	55,239,061	99,754,844
<u>Deferred Inflows of Resources</u>			
Property Taxes	2,181,366	0	2,181,366
Payment in Lieu of Taxes	577,974	0	577,974
Pension	713,246	38,072	751,318
Total Deferred Inflows of Resources	3,472,586	38,072	3,510,658

(continued)

City of Sandusky
Statement of Net Position
December 31, 2017
(continued)

	Governmental Activities	Business-Type Activities	Total
<u>Net Position</u>			
Net Investment in Capital Assets	\$35,024,423	\$44,639,387	\$79,663,810
Restricted for			
Capital Projects	3,605,069	0	3,605,069
Debt Service	1,654,047	0	1,654,047
Other Purposes			
Street Maintenance	721,978	0	721,978
State Grants	2,626,663	0	2,626,663
Federal Grants	1,220,065	0	1,220,065
Court Operations	694,730	0	694,730
Park Operations	220,195	0	220,195
Cemetery Operations	597,994	0	597,994
Other	463,836	0	463,836
Unrestricted (Deficit)	<u>(14,478,600)</u>	<u>9,632,797</u>	<u>(4,845,803)</u>
Total Net Position	<u>\$32,350,400</u>	<u>\$54,272,184</u>	<u>\$86,622,584</u>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Activities
For the Year Ended December 31, 2017

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Interest</u>	
<u>Governmental Activities</u>				
Security of Persons and Property				
Police	\$5,996,216	\$380,770	\$87,638	\$0
Fire	7,370,266	1,099,349	259,525	0
Other	257,495	0	0	0
Public Health	396,115	134,752	0	0
Leisure Time Activities	1,180,710	289,112	21,296	254,389
Community Environment	5,184,333	311,765	953,802	383,353
Transportation	6,750,268	2,310,463	1,938,165	778,961
General Government				
Municipal Court	1,358,390	1,207,191	32,274	0
Other	4,797,015	347,104	0	0
Interest and Fiscal Charges	542,276	0	0	0
Total Governmental Activities	33,833,084	6,080,506	3,292,700	1,416,703
<u>Business-Type Activities</u>				
Water	6,657,346	7,558,764	0	0
Sewer	8,494,172	11,111,125	0	0
Total Business-Type Activities	15,151,518	18,669,889	0	0
Total	\$48,984,602	\$24,750,395	\$3,292,700	\$1,416,703

General Revenues

Property Taxes Levied for General Purposes
Property Taxes Levied for Police and Fire Pension
Property Taxes Levied for Debt Service
Payment in Lieu of Taxes
Municipal Income Taxes Levied for General Purposes
Municipal Income Taxes Levied for Debt Service
Municipal Income Taxes Levied for Capital Projects
Other Local Taxes
Franchise Taxes
Grants and Entitlements not Restricted to Specific Programs
Interest
Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in Net Position

Governmental Activities	Business-Type Activities	Total
(\$5,527,808)	\$0	(\$5,527,808)
(6,011,392)	0	(6,011,392)
(257,495)	0	(257,495)
(261,363)	0	(261,363)
(615,913)	0	(615,913)
(3,535,413)	0	(3,535,413)
(1,722,679)	0	(1,722,679)
(118,925)	0	(118,925)
(4,449,911)	0	(4,449,911)
(542,276)	0	(542,276)
(23,043,175)	0	(23,043,175)
0	901,418	901,418
0	2,616,953	2,616,953
0	3,518,371	3,518,371
(23,043,175)	3,518,371	(19,524,804)
1,500,070	0	1,500,070
246,576	0	246,576
410,984	0	410,984
611,812	0	611,812
10,989,407	0	10,989,407
728,704	0	728,704
582,963	0	582,963
5,576,879	0	5,576,879
355,291	0	355,291
745,024	0	745,024
181,513	2,630	184,143
1,527,073	341,723	1,868,796
23,456,296	344,353	23,800,649
289,426	(289,426)	0
23,745,722	54,927	23,800,649
702,547	3,573,298	4,275,845
31,647,853	50,698,886	82,346,739
\$32,350,400	\$54,272,184	\$86,622,584

City of Sandusky
Balance Sheet
Governmental Funds
December 31, 2017

	General	Capital Projects	Other Governmental	Total Governmental Funds
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$5,140,621	\$2,869,410	\$3,951,932	\$11,961,963
Cash and Cash Equivalents in Segregated Accounts	28,653	0	0	28,653
Accounts Receivable	384,792	807	75,762	461,361
Accrued Interest Receivable	27,598	0	2,919	30,517
Due from Other Governments	350,765	160,215	812,047	1,323,027
Prepaid Items	117,765	13	17,480	135,258
Municipal Income Taxes Receivable	3,020,432	0	382,872	3,403,304
Other Local Taxes Receivable	47,578	0	34,590	82,168
Materials and Supplies Inventory	106,468	0	134,618	241,086
<u>Restricted Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	117,487	0	0	117,487
Property Taxes Receivable	1,651,596	0	723,987	2,375,583
Payment in Lieu of Taxes Receivable	2,380	0	575,594	577,974
Notes Receivable	0	613,136	3,077,877	3,691,013
Special Assessments Receivable	0	0	2,306,119	2,306,119
Total Assets	\$10,996,135	\$3,643,581	\$12,095,797	\$26,735,513
<u>Liabilities</u>				
Accrued Wages Payable	\$475,872	\$312	\$33,856	\$510,040
Accounts Payable	137,910	48,772	207,009	393,691
Contracts Payable	0	358,667	23,507	382,174
Matured Compensated Absences Payable	1,468	0	0	1,468
Due to Other Governments	144,477	1,920	127,744	274,141
Accrued Interest Payable	0	15,950	0	15,950
Notes Payable	0	2,900,000	0	2,900,000
Total Liabilities	759,727	3,325,621	392,116	4,477,464
<u>Deferred Inflows of Resources</u>				
Property Taxes	1,516,569	0	664,797	2,181,366
Payment in Lieu of Taxes	2,380	0	575,594	577,974
Unavailable Revenue	2,647,426	148,215	3,317,685	6,113,326
Total Deferred Inflows of Resources	4,166,375	148,215	4,558,076	8,872,666
<u>Fund Balance</u>				
Nonspendable	341,720	13	152,098	493,831
Restricted	0	169,732	7,059,405	7,229,137
Committed	0	0	64,437	64,437
Assigned	484,708	0	0	484,708
Unassigned (Deficit)	5,243,605	0	(130,335)	5,113,270
Total Fund Balance	6,070,033	169,745	7,145,605	13,385,383
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$10,996,135	\$3,643,581	\$12,095,797	\$26,735,513

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Reconciliation of Total Governmental Fund Balance
to Net Position of Governmental Activities
December 31, 2017

Total Governmental Fund Balance		\$13,385,383
<p>Amounts reported for governmental activities on the statement of net position are different because of the following:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		43,606,391
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Accounts Receivable	341,593	
Accrued Interest Receivable	23,760	
Due from Other Governments	1,085,656	
Municipal Income Taxes Receivable	2,161,981	
Delinquent Property Taxes Receivable	194,217	
Special Assessments Receivable	2,306,119	
		6,113,326
An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.		(888,436)
Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds; it is reported when due.		(31,861)
Deferred outflows of resources include deferred charges on refundings which do not provide current financial resources and, therefore, are not reported in the funds.		334,771
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
General Obligation Bonds Payable	(7,884,798)	
Revenue Bonds Payable	(810,000)	
Special Assessment Bonds Payable	(1,934,288)	
Capital Leases Payable	(8,299)	
Compensated Absences Payable	(2,219,088)	
		(12,856,473)
The net pension liability is not due and payable in the current period, therefore, the liability and related deferred outflows/inflows are not reported in the governmental funds.		
Deferred Outflows - Pension	6,386,121	
Deferred Inflows - Pension	(713,246)	
Net Pension Liability	(26,576,079)	
		(20,903,204)
An internal service fund is used by management to charge the cost of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		3,590,503
Net Position of Governmental Activities		\$32,350,400

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2017

	General	Capital Projects	Other Governmental	Total Governmental Funds
<u>Revenues</u>				
Property Taxes	\$1,516,512	\$0	\$664,767	\$2,181,279
Payment in Lieu of Taxes	2,655	0	609,157	611,812
Municipal Income Taxes	11,256,286	0	1,345,496	12,601,782
Other Local Taxes	5,580,027	0	439,720	6,019,747
Special Assessments	0	0	314,214	314,214
Charges for Services	1,119,739	605,368	732,592	2,457,699
Fees, Licenses, and Permits	792,021	129,342	281,857	1,203,220
Fines and Forfeitures	1,056,699	0	89,204	1,145,903
Intergovernmental	644,285	582,350	3,916,426	5,143,061
Interest	164,801	3,728	21,354	189,883
Other	878,117	623,910	166,602	1,668,629
Total Revenues	23,011,142	1,944,698	8,581,389	33,537,229
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	5,071,328	0	755,958	5,827,286
Fire	4,755,703	988,318	1,044,634	6,788,655
Other	257,495	0	0	257,495
Public Health	293,113	0	55,152	348,265
Leisure Time Activities	528,236	586,594	1,295	1,116,125
Community Environment	2,422,065	1,079,126	1,312,030	4,813,221
Transportation	0	462,061	3,998,115	4,460,176
General Government				
Municipal Court	1,024,096	19,039	32,434	1,075,569
Other	3,782,914	451,734	0	4,234,648
Other	0	0	260,282	260,282
Capital Outlay	0	2,626,928	0	2,626,928
Debt Service:				
Principal Retirement	86,585	8,298	2,020,454	2,115,337
Interest and Fiscal Charges	2,769	68,275	417,340	488,384
Total Expenditures	18,224,304	6,290,373	9,897,694	34,412,371
Excess of Revenues Over (Under) Expenditures	4,786,838	(4,345,675)	(1,316,305)	(875,142)
<u>Other Financing Sources (Uses)</u>				
Sale of Capital Assets	5,711	46,233	7,243	59,187
Transfers In	0	3,233,665	2,076,150	5,309,815
Transfers Out	(4,360,450)	0	(659,939)	(5,020,389)
Total Other Financing Sources (Uses)	(4,354,739)	3,279,898	1,423,454	348,613
Changes in Fund Balance	432,099	(1,065,777)	107,149	(526,529)
Fund Balance Beginning of Year	5,637,934	1,235,522	7,038,456	13,911,912
Fund Balance End of Year	<u>\$6,070,033</u>	<u>\$169,745</u>	<u>\$7,145,605</u>	<u>\$13,385,383</u>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
 Reconciliation of Statement of Revenues, Expenditures,
 and Changes in Fund Balance
 of Governmental Funds to Statement of Activities
 For the Year Ended December 31, 2017

Changes in Fund Balance - Total Governmental Funds (\$526,529)

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, on 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 outlays in the current year.

Capital Outlay	3,180,937	
Depreciation	<u>(3,664,425)</u>	(483,488)

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net position when disposed of resulting in a gain or loss on disposal of capital assets on the statement of activities.

Proceeds from Sale of Capital Assets	(59,187)	
Gain on Disposal of Capital Assets	29,187	
Loss on Disposal of Capital Assets	<u>(50,088)</u>	(80,088)

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.

Delinquent Property Taxes	(23,649)	
Municipal Income Taxes	(300,708)	
Other Local Taxes	(3,148)	
Special Assessments	883,854	
Charges for Services	(770)	
Fees, Licenses, and Permits	(8,043)	
Intergovernmental	129,997	
Interest	3,594	
Other	<u>(1,338)</u>	679,789

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position.

General Obligation Bonds Payable	1,419,867	
Revenue Bonds Payable	390,000	
Special Assessment Bonds Payable	186,573	
Loans Payable	110,599	
Capital Leases Payable	<u>8,298</u>	2,115,337

(continued)

City of Sandusky
 Reconciliation of Statement of Revenues, Expenditures,
 and Changes in Fund Balance
 of Governmental Funds to Statement of Activities
 For the Year Ended December 31, 2017
 (continued)

Interest is reported as an expenditure when due in governmental funds but is accrued on outstanding debt on the statement of net position. Premiums are reported as revenues when debt is first issued; however, these amounts are deferred and amortized on the statement of activities. Accounting losses are amortized over the life of the debt on the statement of activities.

Accrued Interest Payable	\$8,247	
Amortization of Premium	14,300	
Amortization of Deferred Charge on Refunding	<u>(76,439)</u>	(53,892)

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (198,493)

Except for amounts reported as deferred outflows/inflows, changes in the net pension liability are reported as pension expense on the statement of activities. (3,997,228)

Contractually required contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows. 1,969,263

The internal service fund used by management to charge the cost of health insurance to individual funds is not reported on the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated
 The change for governmental funds is reported for the year. 1,277,876

Change in Net Position of Governmental Activities \$702,547

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
<u>Revenues</u>				
Property Taxes	\$1,495,786	\$1,495,786	\$1,516,512	\$20,726
Payment in Lieu of Taxes	2,655	2,655	2,655	0
Municipal Income Taxes	11,500,000	11,241,875	11,241,875	0
Other Local Taxes	5,845,000	5,687,176	5,621,135	(66,041)
Charges for Services	1,035,062	1,069,640	1,100,837	31,197
Fees, Licenses, and Permits	800,800	812,697	792,061	(20,636)
Fines and Forfeitures	1,234,300	1,167,146	1,108,934	(58,212)
Intergovernmental	657,559	708,661	646,801	(61,860)
Interest	160,000	200,219	199,474	(745)
Other	388,455	434,107	434,041	(66)
Total Revenues	23,119,617	22,819,962	22,664,325	(155,637)
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	5,509,581	5,080,081	5,061,768	18,313
Fire	4,983,891	4,843,891	4,831,852	12,039
Other	269,000	269,000	259,612	9,388
Public Health	359,210	301,710	286,821	14,889
Leisure Time Activities	557,250	524,150	522,357	1,793
Community Environment	2,395,812	2,460,312	2,433,075	27,237
Transportation	1,000	1,200	965	235
General Government				
Municipal Court	953,739	1,041,739	1,019,516	22,223
Other	4,252,501	3,963,611	3,841,326	122,285
Debt Service:				
Principal Retirement	86,585	86,585	86,585	0
Interest and Fiscal Charges	2,769	2,769	2,769	0
Total Expenditures	19,371,338	18,575,048	18,346,646	228,402
Excess of Revenues Over Expenditures	3,748,279	4,244,914	4,317,679	72,765
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	293,781	575,610	438,745	(136,865)
Sale of Capital Assets	5,711	5,711	5,711	0
Advances In	2,700	2,700	2,700	0
Transfers Out	(4,454,440)	(4,423,477)	(4,360,450)	63,027
Total Other Financing Sources (Uses)	(4,152,248)	(3,839,456)	(3,913,294)	(73,838)
Changes in Fund Balance	(403,969)	405,458	404,385	(1,073)
Fund Balance Beginning of Year	4,936,455	4,936,455	4,936,455	0
Prior Year Encumbrances Appropriated	2,521	2,521	2,521	0
Fund Balance End of Year	\$4,535,007	\$5,344,434	\$5,343,361	(\$1,073)

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Fund Net Position
Proprietary Funds
December 31, 2017

	Business-Type Activities		Total Enterprise Funds	Governmental Activity
	Water	Sewer		Internal Service
<u>Assets</u>				
<u>Current Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$5,332,117	\$5,420,606	\$10,752,723	\$4,112,410
Accounts Receivable	563,722	1,610,193	2,173,915	51,999
Due from Other Governments	376,810	240,326	617,136	0
Prepaid Items	22,811	23,737	46,548	0
Materials and Supplies Inventory	856,970	348,384	1,205,354	0
Total Current Assets	7,152,430	7,643,246	14,795,676	4,164,409
<u>Non-Current Assets</u>				
Nondepreciable Capital Assets	86,946	822,317	909,263	0
Depreciable Capital Assets, Net	29,599,267	60,778,248	90,377,515	0
Total Non-Current Assets	29,686,213	61,600,565	91,286,778	0
Total Assets	36,838,643	69,243,811	106,082,454	4,164,409
<u>Deferred Outflows of Resources</u>				
Pension	1,243,831	1,387,312	2,631,143	0
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accrued Wages Payable	101,764	98,113	199,877	0
Accounts Payable	92,265	128,129	220,394	0
Contracts Payable	8,090	26,373	34,463	0
Due to Other Governments	39,036	264,784	303,820	1,527
Accrued Interest Payable	283,910	538,054	821,964	0
Claims Payable	0	0	0	506,490
General Obligation Revenue Bonds Payable	5,000	70,000	75,000	0
OWDA Loans Payable	1,120,136	1,908,401	3,028,537	0
Compensated Absences Payable	113,760	132,385	246,145	0
Total Current Liabilities	1,763,961	3,166,239	4,930,200	508,017
<u>Non-Current Liabilities</u>				
Claims Payable	0	0	0	65,889
General Obligation Revenue Bonds Payable	110,000	1,165,000	1,275,000	0
OWDA Loans Payable	14,858,733	27,375,658	42,234,391	0
Compensated Absences Payable	179,332	223,228	402,560	0
Net Pension Liability	3,130,402	3,266,508	6,396,910	0
Total Non-Current Liabilities	18,278,467	32,030,394	50,308,861	65,889
Total Liabilities	20,042,428	35,196,633	55,239,061	573,906
<u>Deferred Inflows of Resources</u>				
Pension	48,968	41,820	90,788	0

(continued)

City of Sandusky
Statement of Fund Net Position
Proprietary Funds
December 31, 2017
(continued)

	<u>Business-Type Activities</u>		Total Enterprise Funds	<u>Governmental Activity</u>
	<u>Water</u>	<u>Sewer</u>		<u>Internal Service</u>
<u>Net Position</u>				
Net Investment in Capital Assets	\$13,584,254	\$31,055,133	\$44,639,387	\$0
Unrestricted	4,406,824	4,337,537	8,744,361	3,590,503
Total Net Position	<u>\$17,991,078</u>	<u>\$35,392,670</u>	53,383,748	<u>\$3,590,503</u>

Net position reported for business-type activities on the statement of net position is different because it includes a proportionate share of the net position of the internal service fund.

888,436

Net Position of Business-Type Activities

\$54,272,184

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Revenues, Expenses,
and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2017

	Business-Type Activities		Total Enterprise Funds	Governmental Activity
	Water	Sewer		Internal Service
<u>Operating Revenues</u>				
Charges for Services	\$7,558,764	\$11,111,125	\$18,669,889	\$5,136,631
Other	49,913	248,391	298,304	766,242
Total Operating Revenues	<u>7,608,677</u>	<u>11,359,516</u>	<u>18,968,193</u>	<u>5,902,873</u>
<u>Operating Expenses</u>				
Personal Services	3,479,015	3,673,559	7,152,574	0
Travel and Transportation	12,576	14,972	27,548	0
Contractual Services	908,101	1,707,939	2,616,040	1,527
Materials and Supplies	981,349	629,806	1,611,155	0
Claims	0	0	0	4,150,830
Depreciation	1,240,692	1,676,170	2,916,862	0
Other	3,315	2,599	5,914	0
Total Operating Expenses	<u>6,625,048</u>	<u>7,705,045</u>	<u>14,330,093</u>	<u>4,152,357</u>
Operating Income	<u>983,629</u>	<u>3,654,471</u>	<u>4,638,100</u>	<u>1,750,516</u>
<u>Non-Operating Revenues (Expenses)</u>				
Interest Revenue	827	1,803	2,630	0
Gain on Disposal of Capital Assets	0	43,419	43,419	0
Interest Expense	(259,165)	(1,034,900)	(1,294,065)	0
Total Non-Operating Revenues (Expenses)	<u>(258,338)</u>	<u>(989,678)</u>	<u>(1,248,016)</u>	<u>0</u>
Loss before Transfers	725,291	2,664,793	3,390,084	1,750,516
Transfers Out	<u>(64,394)</u>	<u>(225,032)</u>	<u>(289,426)</u>	<u>0</u>
Changes in Net Position	660,897	2,439,761	3,100,658	1,750,516
Net Position Beginning of Year	<u>17,330,181</u>	<u>32,952,909</u>		<u>1,839,987</u>
Net Position End of Year	<u>\$17,991,078</u>	<u>\$35,392,670</u>		<u>\$3,590,503</u>

The change in net position reported for business-type activities on the statement of activities is different because it includes a proportionate share of the net income of the internal service fund.

	<u>472,640</u>
Change in Net Position of Business-Type Activities	<u>\$3,573,298</u>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

	<u>Business-Type Activities</u>			<u>Governmental Activity</u>
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>Internal Service</u>
Increases (Decreases) in Cash and Cash Equivalents				
<u>Cash Flows from Operating Activities</u>				
Cash Received from Customers	\$7,325,400	\$10,886,939	\$18,212,339	\$5,136,731
Cash Payments for Personal Services	(3,008,562)	(3,209,177)	(6,217,739)	0
Cash Payments for Contractual Services	(740,598)	(1,354,176)	(2,094,774)	0
Cash Payments to Vendors	(1,545,112)	(1,583,039)	(3,128,151)	0
Cash Received from Other Revenues	51,350	250,108	301,458	767,415
Cash Payments for Claims	0	0	0	(4,124,990)
Cash Payments for Other Expenses	(3,315)	(2,599)	(5,914)	0
Net Cash Provided by Operating Activities	<u>2,079,163</u>	<u>4,988,056</u>	<u>7,067,219</u>	<u>1,779,156</u>
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers Out	(64,394)	(225,032)	(289,426)	0
<u>Cash Flows from Capital and Related Financing Activities</u>				
Principal Paid on General Obligation Revenue Bonds	(5,000)	(70,000)	(75,000)	0
Principal Paid on OWDA Loans	(1,067,366)	(1,642,148)	(2,709,514)	0
Principal Paid on Loans	(50,320)	(18,403)	(68,723)	0
Interest Paid on General Obligation Revenue Bonds	(3,660)	(39,803)	(43,463)	0
Interest Paid on OWDA Loans	(599,386)	(1,022,511)	(1,621,897)	0
Interest Paid on Loans	(1,609)	(589)	(2,198)	0
OWDA Loans Issued	1,484,194	1,083,662	2,567,856	0
Acquisition of Capital Assets	(1,442,910)	(1,473,487)	(2,916,397)	0
Sale of Capital Assets	0	43,419	43,419	0
Net Cash Used for Capital and Related Financing Activities	<u>(1,686,057)</u>	<u>(3,139,860)</u>	<u>(4,825,917)</u>	<u>0</u>
<u>Cash Flows from Investing Activities</u>				
Interest	827	1,803	2,630	0
Net Increase in Cash and Cash Equivalents	329,539	1,624,967	1,954,506	1,779,156
Cash and Cash Equivalents Beginning of Year	<u>5,002,578</u>	<u>3,795,639</u>	<u>8,798,217</u>	<u>2,333,254</u>
Cash and Cash Equivalents End of Year	<u>\$5,332,117</u>	<u>\$5,420,606</u>	<u>\$10,752,723</u>	<u>\$4,112,410</u>

(continued)

City of Sandusky
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017
(continued)

	<u>Business-Type Activities</u>			<u>Governmental Activity</u>
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>Internal Service</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>				
Operating Income	\$983,629	\$3,654,471	\$4,638,100	\$1,750,516
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u>				
Depreciation	1,240,692	1,676,170	2,916,862	0
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(7,031)	(156,076)	(163,107)	1,273
Increase in Due from Other Governments	(224,896)	(66,393)	(291,289)	0
Decrease in Materials and Supplies Inventory	55,060	24,605	79,665	0
Increase in Prepaid Items	(22,811)	(23,737)	(46,548)	0
Increase in Accrued Wages Payable	10,084	9,352	19,436	0
(Increase) Decrease in Accounts Payable	92,050	(8,880)	83,170	0
Decrease in Contracts Payable	(365,502)	(661,863)	(1,027,365)	0
Increase (Decrease) in Due to Other Governments	(92,643)	118,726	26,083	1,527
Increase in Claims Payable	0	0	0	25,840
Decrease in Retainage Payable	(43,828)	(25,000)	(68,828)	0
Increase (Decrease) in Compensated Absences Payable	14,841	(11,840)	3,001	0
Increase in Net Pension Liability	70,076	73,123	143,199	0
Decrease in Deferred Outflows - Pension	425,159	447,531	872,690	0
Decrease in Deferred Inflows - Pension	(55,717)	(62,133)	(117,850)	0
Net Cash Provided by Operating Activities	<u>\$2,079,163</u>	<u>\$4,988,056</u>	<u>\$7,067,219</u>	<u>\$1,779,156</u>

Non-Cash Capital Transactions

At December 31, 2017, the Water and Sewer enterprise funds had receivables related to the acquisition of capital assets, in the amount of \$376,810 and \$240,326, respectively.

At December 31, 2017, the Water and Sewer enterprise funds had outstanding payables related to the acquisition of capital assets, in the amount of \$8,090 and \$26,373, respectively.

At December 31, 2016, the Water and Sewer enterprise funds had receivables for requested and approved reimbursements on OWDA projects, in the amount of \$326,112 and \$648,805, respectively.

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2017

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,141,452</u>
 <u>Liabilities</u>	
Due to Other Governments	\$64,653
Undistributed Assets	<u>1,076,799</u>
 Total Liabilities	 <u>\$1,141,452</u>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

NOTE 1 - DESCRIPTION OF THE CITY OF SANDUSKY AND THE REPORTING ENTITY

A. The City

The City of Sandusky is a charter municipal corporation founded in 1818, with the charter adopted by the electors on July 28, 1914. The City may exercise all powers of home rule granted under Article XVIII, Section 3, of the Ohio Constitution not in conflict with applicable general laws of Ohio.

The City operates under a part-time seven member commission and full-time city manager form of government. Services provided include police, fire, ambulance, municipal court, engineering, planning and zoning, street maintenance and repair, public transit, parks and recreation programs (including a municipal golf course), cemetery, water filtration, wastewater treatment, and general administrative services. Except for water and sewer, major utilities are provided by private entities.

B. Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure 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 Sandusky, this includes the Sandusky Municipal Court and all departments and activities that are directly operated by the elected City officials.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the 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, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. There were no component units of the City of Sandusky in 2017.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Sandusky have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the City's accounting policies.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position 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 in nature and those that are considered business-type activities. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

The statement of net position 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 business-type activities. 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 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 governmental program or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

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

B. Fund Accounting

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

Governmental funds are those through which most governmental functions of the City 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 purpose 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 and deferred inflows of resources 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 general laws of Ohio.

Capital Projects Fund - This fund accounts for resources from construction grants, proceeds of notes, donations, and transfers restricted for various capital projects.

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The City reports two types of proprietary funds, enterprise and internal service.

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 - This fund accounts for operations of the water distribution system within the City and for the sale of water to Erie County.

Sewer Fund - This fund accounts for operations of the sewer collection system within the City and for sewer service to Erie County.

Internal Service Fund - This fund accounts for monies received for the activities of the self insurance program for employee health benefits.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. 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 not available to support the City's own programs. The City did not have any trust funds in 2017. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for various funds held for final disposition to the Erie County Law Library, contractors, municipal courts (excluding the City of Sandusky), insurance proceeds to secure proper handling of fire damaged structures, employee payroll deductions, and other miscellaneous activities.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

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 and deferred inflows of resources are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects 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 financial statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the proprietary funds are accounted for using 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 position. The statement of revenues, expenses, and changes in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the City finances and meets the cash flow needs of its proprietary activities.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

Revenues 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 the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means 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 thirty-one days after year end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from income taxes is recognized in the year in which the income is earned. 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 both measurable and available at year end: income taxes, charges for services, fines and forfeitures, state-levied locally shared taxes (including gasoline tax and motor vehicle license tax), grants, and interest.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. For the City, deferred outflows of resources include deferred charges on refundings and pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and the reacquisition price. This amount is deferred and amortized over the life of the old debt or the life of the new debt, whichever is shorter. Deferred outflows of resources related to pension are reported on the government-wide and proprietary funds statement of net position and explained in Note 15 to the basic financial statements.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, payment in lieu of taxes, unavailable revenue, and pension. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2017, but which were levied to finance 2018 operations. Payment in lieu of taxes represents a contractual promise to make payment of property taxes which reflect all or a portion of the taxes which would have been paid if the taxes had not been exempted. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes accrued interest, intergovernmental revenue including grants, municipal income taxes, delinquent property taxes, special assessments, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. For further details on unavailable revenue, refer to the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities on page 19. Deferred inflows of resources related to pension are reported on the government-wide and proprietary funds statement of net position and explained in Note 15 to the basic financial statements.

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

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

E. Budgetary Process

All funds, except agency funds, are required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the City Commission may appropriate. The appropriations ordinance is the City Commission's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the City Commission. The legal level of control has been established by the City Commission at the fund, department, and object level in all funds.

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 budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the City Commission.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The appropriations ordinance 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 appropriations ordinance 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 the City Commission during the year.

F. Cash and Investments

To improve cash management, cash received by the City is pooled and invested. Individual fund integrity is maintained through City records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Cash and cash equivalents that are held separately within departments of the City, and not included in the City treasury, are recorded as “Cash and Cash Equivalents in Segregated Accounts”.

During 2017, the City’s investments included nonnegotiable and negotiable certificates of deposit, federal agency securities, and STAR Ohio. Nonnegotiable certificates of deposit are reported at cost. Negotiable certificates of deposit and federal agency securities are reported at fair value, which is based on quoted market price. 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 has adopted Governmental Accounting Standards Board Statement No. 79, “Certain External Investment Pools and Pool Participants”. The City measures the investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The net asset value per share is calculated on an amortized cost basis that provides a net asset value per share that approximates fair value.

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given twenty-four hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million requiring the excess amount to be transacted the following business day(s) but only to the \$50 million limit. All accounts of the participant are combined for this purpose.

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 2017 was \$164,801, which includes \$137,180 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 of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Inventory

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

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Unclaimed monies that have a legal restriction on their use are reported as restricted.

J. Capital Assets

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

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition value on the date donated. The City maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise 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. The City reports all infrastructure, including that acquired prior to 1980. Depreciation is computed using the straight-line method over the following useful lives:

<u>Asset Category</u>	<u>Estimated Lives</u>
Buildings	15-45 years
Improvements Other Than Buildings	7-50 years
Streets	10-50 years
Bridges	50 years
Utility Plant	15-45 years
Water and Sewer Lines	50 years
Equipment	5-20 years

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Deferred Charge on Refunding

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This deferred amount is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as deferred outflows of resources on the statement of net position.

L. Interfund Activity

On fund financial statements, receivables and payables resulting from interfund loans are reported as "Interfund Receivables/Payables". Interfund balances are eliminated on the statement of net position, except for any net residual amounts due between governmental and business-type activities. These amounts are presented as "Internal Balances", when applicable.

Deferred inflows of resources and deferred outflows of resources from the change in proportionate share related to pension items are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column on the government-wide statement of net position.

M. 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 the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for 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 the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the City's union contracts or administrative ordinance. The City records a liability for accumulated unused sick leave for all employees with ten or more years of service with the City or any employee who is age fifty or older.

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

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

N. Accrued Liabilities and Long-Term Obligations

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, net pension liability and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. General obligation bonds, revenue bonds, special assessment bonds, capital leases, and claims are recognized as liabilities on the fund financial statements when due.

O. Unamortized Bond Premiums

Bond premiums are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

Under Ohio law, premiums on the original issuance of debt are to be deposited to a bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to a bond escrow agent.

P. Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes activities for construction, repair, and maintenance of State highways, the public transit system, recreation, and other revenues restricted for use by the police department. The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Q. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

Restricted - The restricted classification includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means the City can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for purposes specified by the legislation.

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of the City Commission. The committed amounts cannot be used for any other purpose unless the City Commission removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the City Commission, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned amounts represent intended uses established by the City Commission. Fund balance policy of the City Commission has authorized the City Manager to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. Fund balance is also assigned for the payment of future severance payments.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The City first applies restricted resources when an expenditure is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used.

R. 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 sewer services, as well as premiums charged to various funds for insurance. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

S. Interfund Transactions

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund 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 nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

T. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the pension plans, and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

U. Estimates

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For 2017, the City has implemented Governmental Accounting Standard Board (GASB) Implementation Guide No. 2016-1. These changes were incorporated in the City's 2017 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 4 - ACCOUNTABILITY

At December 31, 2017 the Public Transit, Fire Pension, and Police Pension special revenue funds had deficit fund balances, in the amount of \$38,812, \$46,341, and \$45,082, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 5 - 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 Budgetary Basis) and Actual for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. The City has certain activities within the General Fund that are not budgeted by the City Commission. However, this activity is included as part of the reporting entity when preparing financial statements that conform with GAAP.
5. Advances are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

Changes in Fund Balance	
GAAP Basis	\$432,099
<u>Increases (Decreases) Due To</u>	
Revenue Accruals:	
Accrued 2016, Received in Cash 2017	1,359,023
Accrued 2017, Not Yet Received in Cash	(1,318,766)
Expenditure Accruals:	
Accrued 2016, Paid in Cash 2017	(761,402)
Accrued 2017, Not Yet Paid in Cash	759,727
	(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

Changes in Fund Balance
(continued)

	General
Cash Adjustments:	
Unrecorded Activity 2016	(\$35,800)
Unrecorded Activity 2017	85,253
Prepaid Items	(117,765)
Materials and Supplies Inventory	(667)
Advances In	2,700
Excess of Revenues Over Expenditures for Nonbudgeted Activity	(17)
Budget Basis	\$404,385

NOTE 6 - DEPOSITS AND INVESTMENTS

The City follows State statutes regarding its deposit and investment activity. State statutes classify monies held by the City into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the City treasury. Active 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 the City Commission 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, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent, be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio and, with certain limitations, bonds and other obligations of political subdivisions of the State of Ohio;
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 provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio), and;
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$5,249,385 of the City's bank balance of \$13,471,092 was exposed to custodial credit risk because the deposits were uninsured and uncollateralized. Certain timing issues related to fluctuations in depository balances contributed to the uncollateralized balance. These insufficiencies were corrected the next business day.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured or by participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

One of the City's financial institutions was in the process of joining OPCS; however, at December 31, 2017, the financial institution still maintained its own 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 105 percent of the deposits being secured.

In April 2018, two of the City's financial institutions participating in OPCS were approved for a reduced collateral floor of 50 percent. At the time the reduced floor became effective, \$328,825 of the City's bank balance of \$7,960,626 was exposed to custodial credit risk because the deposits were uninsured and uncollateralized.

Investments

As of December 31, 2017, the City had the following investments:

<u>Measurement / Investment</u>	<u>Measurement Value</u>	<u>Less Than Six Months</u>	<u>Six Months to One Year</u>	<u>One Year To Two Years</u>	<u>More Than Two Years</u>
Fair Value - Level 2 Inputs					
Negotiable Certificates of Deposit	\$3,739,442	\$2,565,665	\$834,122	\$339,655	\$0
Federal National Mortgage Association Notes	2,672,963	997,850	0	1,675,113	0
Federal Home Loan Bank Notes	1,168,620	0	0	0	1,168,620
Federal Farm Credit Bank Notes	1,870,289	0	0	0	1,870,289
Federal Home Loan Mortgage Corporation Notes	1,134,716	0	0	0	1,134,716
Net Asset Value					
STAR Ohio	4,277,683	4,277,683	0	0	0
	<u>\$14,863,713</u>	<u>\$7,841,198</u>	<u>\$834,122</u>	<u>\$2,014,768</u>	<u>\$4,173,625</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the City's recurring fair value measurements as of December 31, 2017. All of the City's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Finance Director from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the City.

The negotiable certificates of deposit are covered by FDIC insurance up to \$250,000 per financial institution and/or partially insured through the Securities Investor Protection Corporation (SIPC). All of the federal agency securities carry a rating of Aaa by Moodys. STAR Ohio carries a rating of AAAM by Standard and Poor's. The City has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. At December 31, 2017, the weighted average maturity of investments with Star Ohio was 53 days.

The City places no limit on the amount of its interim monies it may invest in a particular security or issuer. The following table indicates the percentage of investments to the City's total portfolio:

	Fair Value	Percentage of Portfolio
Negotiable Certificates of Deposit	\$3,739,442	25.2%
Federal National Mortgage Association	2,672,963	18.0
Federal Home Loan Bank	1,168,620	7.9
Federal Farm Credit Bank	1,870,289	12.6
Federal Home Loan Mortgage Corporation	1,134,716	7.6

NOTE 7 - RECEIVABLES

Receivables at December 31, 2017, consisted of accounts (billings for user charged services); accrued interest; intergovernmental receivables arising from grants, entitlements, and shared revenues; municipal income taxes; other local taxes; property taxes; payment in lieu of taxes; notes; and special assessments. All receivables are considered fully collectible within one year, except for municipal income taxes, property taxes, notes, and special assessments. Municipal income taxes and property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Notes receivable, in the amount of \$3,485,850, will not be received within one year. Special assessments, in the amount of \$1,950,021, will not be received within one year. At December 31, 2017, the amount of delinquent special assessments was \$62,226.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 7 - RECEIVABLES (continued)

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	\$87,703
Local Government	205,896
Beer and Liquor Permits	33,921
Cigarette Tax	1,208
Charges for Services	1,055
Miscellaneous	20,982
Total General Fund	350,765
Capital Projects Fund	
Ohio Historic Preservation	12,000
Sandusky Bay Initiative	126,412
Sandusky Bay Strategic Restoration Initiative	15,769
Wayfinding and Signage Project	6,034
Total Capital Projects Fund	160,215
Total Major Funds	510,980
Nonmajor Funds	
Street Maintenance Fund	
Gasoline Tax	369,621
Motor Vehicle License Tax	89,088
Total Street Maintenance Fund	458,709
State Highway Fund	
Gasoline Tax	29,969
Motor Vehicle License Tax	7,224
Total State Highway Fund	37,193
Public Transit Fund	
Ohio Transit Preservation Partnership	29,915
Rural Transit Grant	102,809
Total Public Transit Fund	132,724
Fire Pension Fund	
Homestead and Rollback	7,209
Police Pension Fund	
Homestead and Rollback	7,209
State Grants Fund	
Abandoned Gas Station Clean Up Grant	4,783
Federal Grants Fund	
EPA Brownfield Grant	595
CDBG	138,556
Total Federal Grants Fund	139,151
Indigent Driver Alcohol Fund	
Fees, Licenses, and Permits	501
	(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 7 - RECEIVABLES (continued)

	Amount
Governmental Activities (continued)	
Nonmajor Funds (continued)	
General Trust Fund	
Fines and Forfeitures	\$540
General Bond Retirement Fund	
Homestead and Rollback	24,028
Total Nonmajor Funds	812,047
Total Governmental Activities	\$1,323,027
Business-Type Activities	
Water Fund	
Erie County	\$376,810
Sewer Fund	
Erie County	240,326
Total Business-Type Activities	\$617,136

NOTE 8 - MUNICIPAL INCOME TAXES

The City levies and collects an income tax of 1.25 percent based on all income earned within the City as well as on incomes of residents earned outside the City. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

For 2017, income taxes were allocated as follows: 88.75 percent to the General Fund for general operations of the City; 6.25 percent to the General Bond Retirement debt service fund to be used for the retirement of general obligation debt; and 5 percent to the Capital Improvement capital projects fund to be used for the capital improvement program.

NOTE 9 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Real property tax revenues received in 2017 represent the collection of 2016 taxes. Real property taxes received in 2017 were levied after October 1, 2016, on the assessed values as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 9 - PROPERTY TAXES (continued)

Public utility property tax revenues received in 2017 represent the collection of 2016 taxes. Public utility real and tangible personal property taxes received in 2017 became a lien on December 31, 2015, were levied after October 1, 2016, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Sandusky. The County Auditor periodically remits to the City its portion of the taxes collected.

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of December 31, 2017, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2017 operations is offset to deferred inflows of resources - property taxes. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while on the modified accrual basis, the revenue has been recorded as deferred inflows of resources - unavailable revenue.

The full tax rate for all City operations for the year ended December 31, 2017, was \$5.25 per \$1,000 of assessed value. The assessed values of real property and public utility property upon which 2017 property tax receipts were based are as follows:

<u>Category</u>	<u>Amount</u>
Real Property	\$439,675,310
Public Utility Personal Property	20,622,650
Total Assessed Value	<u>\$460,297,960</u>

NOTE 10 - PAYMENT IN LIEU OF TAXES

In accordance with agreements related to tax increment financing districts, the City has entered into agreements with a number of property owners under which the City has granted property tax exemptions to those property owners. The property owners have agreed to make payments to the City which reflect all or a portion of the property taxes which the property owners would have paid if the taxes had not been exempted. The property owners contractually promise to make these payments in lieu of taxes until the agreement expires.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 11 - NOTES RECEIVABLE

A summary of the changes in notes receivable during 2017 follows:

	Balance January 1, 2017	New Loans	Reductions	Balance December 31, 2017
Special Revenue Funds				
State Grants				
Revolving Loans	\$597,555	\$3,000	\$45,357	\$555,198
Rehabilitation Revolving Loans	1,677,497	0	42,197	1,635,300
Micro-Enterprise Loans	7,500	0	0	7,500
Total State Grants	<u>2,282,552</u>	<u>3,000</u>	<u>87,554</u>	<u>2,197,998</u>
Federal Grants				
Rehabilitation Revolving Loans	16,000	1,041,634	7,000	1,050,634
Capital Projects				
Issue 8 Loans	245,319	386,866	19,049	613,136
	<u>\$2,543,871</u>	<u>\$1,431,500</u>	<u>\$113,603</u>	<u>3,861,768</u>
Less Allowance for Uncollectible Accounts				(170,755)
				<u><u>\$3,691,013</u></u>

Notes receivable are reduced each year by the amount of loans which have been determined to be uncollectible.

NOTE 12 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$7,176,046	\$0	\$0	\$7,176,046
Construction in Progress	2,625,260	1,602,774	(2,032,162)	2,195,872
Total Nondepreciable Capital Assets	<u>9,801,306</u>	<u>1,602,774</u>	<u>(2,032,162)</u>	<u>9,371,918</u>

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 12 - CAPITAL ASSETS (continued)

	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017
Governmental Activities (continued)				
Depreciable Capital Assets				
Buildings	\$16,844,917	\$0	\$0	\$16,844,917
Improvements Other Than Buildings	23,343,226	700,013	0	24,043,239
Streets	50,366,329	1,976,341	0	52,342,670
Bridges	229,802	0	0	229,802
Equipment	13,368,407	933,971	(882,397)	13,419,981
Total Depreciable Capital Assets	<u>104,152,681</u>	<u>3,610,325</u>	<u>(882,397)</u>	<u>106,880,609</u>
Less Accumulated Depreciation for				
Buildings	(11,184,265)	(576,330)	0	(11,760,595)
Improvements Other Than Buildings	(10,866,572)	(806,646)	0	(11,673,218)
Streets	(38,144,868)	(1,677,245)	0	(39,822,113)
Bridges	(110,304)	(4,596)	0	(114,900)
Equipment	(9,478,011)	(599,608)	802,309	(9,275,310)
Total Accumulated Depreciation	<u>(69,784,020)</u>	<u>(3,664,425)</u>	<u>802,309</u>	<u>(72,646,136)</u>
Total Depreciable Capital Assets, Net	<u>34,368,661</u>	<u>(54,100)</u>	<u>(80,088)</u>	<u>34,234,473</u>
Governmental Activities Capital Assets, Net	<u>\$44,169,967</u>	<u>\$1,548,674</u>	<u>(\$2,112,250)</u>	<u>\$43,606,391</u>
Business-Type Activities				
Nondepreciable Capital Assets				
Land	\$816,702	\$0	\$0	\$816,702
Construction in Progress	9,074,402	1,672,279	(10,654,120)	92,561
Total Nondepreciable Capital Assets	<u>9,891,104</u>	<u>1,672,279</u>	<u>(10,654,120)</u>	<u>909,263</u>

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 12 - CAPITAL ASSETS (continued)

	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017
Business-Type Activities (continued)				
Depreciable Capital Assets				
Buildings	\$64,427,995	\$0	\$0	\$64,427,995
Improvements Other Than Buildings	33,245,781	396,807	0	33,642,588
Utility Plant	5,701,976	4,284,815	0	9,986,791
Water and Sewer Lines	23,926,847	6,230,193	0	30,157,040
Equipment	3,214,351	1,020,886	(264,152)	3,971,085
Total Depreciable Capital Assets	<u>130,516,950</u>	<u>11,932,701</u>	<u>(264,152)</u>	<u>142,185,499</u>
Less Accumulated Depreciation for				
Buildings	(20,191,606)	(1,134,656)	0	(21,326,262)
Improvements Other Than Buildings	(10,849,942)	(1,007,646)	0	(11,857,588)
Utility Plant	(4,232,990)	(193,550)	0	(4,426,540)
Water and Sewer Lines	(11,551,150)	(397,785)	0	(11,948,935)
Equipment	(2,329,586)	(183,225)	264,152	(2,248,659)
Total Accumulated Depreciation	<u>(49,155,274)</u>	<u>(2,916,862)</u>	<u>264,152</u>	<u>(51,807,984)</u>
Total Depreciable Capital Assets, Net	<u>81,361,676</u>	<u>9,015,839</u>	<u>0</u>	<u>90,377,515</u>
Business-Type Activities Capital Assets, Net	<u>\$91,252,780</u>	<u>\$10,688,118</u>	<u>(\$10,654,120)</u>	<u>\$91,286,778</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property - Police	\$120,379
Security of Persons and Property - Fire	405,996
Public Health	17,180
Leisure Time Activities	168,046
Community Environment	150,684
Transportation	1,971,194
General Government - Municipal Court	12,869
General Government - Other	818,077
Total Depreciation Expense - Governmental Activities	<u>\$3,664,425</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2017, the City contracted for the following coverage:

Type of Coverage	Coverage
Property (building and contents)	\$134,938,632
Excess Liability	10,000,000
General Liability	3,000,000
Employee Benefit Liability	3,000,000
Auto Liability	1,000,000
Public Official Liability	2,000,000

There has been no significant reduction in insurance coverage from 2016 and no insurance settlement has exceeded insurance coverage during the last three years.

The City is providing employee medical coverage through a self-insured program. The City established an Employee Self-Insurance internal service fund to account for and finance employee medical benefits. Under this program, the Employee Self-Insurance Fund provides up to a maximum of \$100,000 for each individual. The City purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. Settled claims did not exceed this commercial coverage for 2017 or 2016 (year program began).

All funds of the City participate in the program and make payments to the Employee Self-Insurance Fund based on actuarial estimates of the amounts needed to pay prior- and current year claims. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Claims payable at December 31, 2017, was estimated by a third party administrator at \$572,379. Of this amount, \$506,490 is expected to be paid within one year. The change in the claims liability for 2017 and 2016 was:

	Beginning Balance	Current Year Claims	Claims Payments	Ending Balance
2017	\$546,539	\$4,150,830	\$4,124,990	\$572,379
2016	0	4,431,178	3,884,639	546,539

Workers' compensation coverage is provided by the State of Ohio. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 14 - SIGNIFICANT CONTRACTUAL COMMITMENTS

The City has outstanding contracts for professional services. The following amounts remain on these contracts as of December 31, 2017:

<u>Contract</u>	<u>Remaining Commitment</u>
Arcadis US, Inc. of Toledo	\$82,000
Biohabitats, Inc.	328,768
Civil and Environmental Consultants	48,949
DLZ of Ohio	601,133
Ed Burdue and Co.	653,136
Environmental Design Group	124,092
Environmental Rate Consultant	118,342
Foth Infrastructure	321,177
Hank's Plumbing and Heating	331,151
Jones and Henry	218,000
Mannik and Smith	288,284
Osborn Engineering of Cleveland	799,919
Precision Paving	39,587
Ropper Construction	121,426
Trust for Public Land	45,154
United Survey, Inc.	193,192
WSP USA	42,189
Total	<u><u>\$4,356,499</u></u>

At year end, there were no significant encumbrances expected to be honored upon performance by the vendor in 2018.

Note 15 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions, between an employer and its employees, of salaries and benefits for employee services. Pensions are provided to an employee on a deferred payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables including estimated average life expectancies, earnings on investments, cost of living adjustments, and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

The Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation, including pension.

GASB Statement No. 68 assumes the liability is solely the obligation of the employer because (1) they benefit from employee services and (2) State statute requires all funding to come from the employers. All contributions to date have come solely from the employer (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within thirty years. If the amortization period exceeds thirty years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually required pension contribution outstanding at the end of the year is included as an intergovernmental payable on both the accrual and modified accrual basis of accounting.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate 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 and the combined plan is a cost-sharing multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information including requirements for reduced and unreduced benefits).

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Members not in other groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 years
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for twelve months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2017 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee	10.0 %	*	**
2017 Actual Contribution Rates			
Employer			
Pension	13.0 %	17.1 %	17.1 %
Postemployment Health Care Benefits	1.0	1.0	1.0
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Total Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by the ORC.

** This rate is also determined by OPERS' Board but is limited by the ORC to not more than 2 percent greater than the public safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$1,090,285 for 2017. Of this amount, \$97,355 is reported as an intergovernmental payable.

Plan Description - Ohio Police and Fire Pension Fund (OPF)

Plan Description - Full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information, required supplementary information, and detailed information about OPF's fiduciary net position that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, an OPF member may retire and receive a lifetime monthly pension. OPF offers four types of service retirement; normal, service commuted, age/service commuted, and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is fifty-two for normal service retirement with at least twenty-five years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is forty-eight for normal service retirement with at least twenty-five years of service credit.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first twenty years of service credit, 2 percent for each of the next five years of service credit, and 1.5 percent for each year of service credit in excess of twenty-five years. The maximum pension of 72 percent of the allowable average annual salary is paid after thirty-three years of service credit. (See OPF CAFR referenced above for additional information including requirements for deferred retirement option plan provisions and reduced and unreduced benefits.)

Under normal service retirement, retired members who are at least fifty-five years old and have been receiving OPF benefits for at least one year may be eligible for a cost of living allowance adjustment. The age fifty-five provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than fifteen years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3 percent or the percentage increase in the Consumer Price Index, if any, over the twelve month period ending on September 30 of the immediately preceding year rounded to the nearest one-tenth of one percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows.

	Police	Firefighters
2017 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee	12.25	12.25
 2017 Actual Contribution Rates		
Employer		
Pension	19.00 %	23.50 %
Postemployment Health Care Benefits	.50	.50
Total Employer	19.50 %	24.00 %
Total Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution was \$1,391,412 for 2017. Of this amount, \$114,818 is reported as an intergovernmental payable.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense.

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Current Measurement Date	0.05993600%	0.30569700%	
Prior Measurement Date	<u>0.05657000%</u>	<u>0.30862400%</u>	
Change in Proportionate Share	<u>0.00336600%</u>	<u>0.00292700%</u>	
Proportionate Share of the Net			
Pension Liability	\$13,610,446	\$19,362,543	\$32,972,989
Pension Expense	\$3,112,914	\$2,294,787	\$5,407,701

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources.

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Deferred Outflows of Resources			
Difference Between Expected and Actual Experience	\$18,448	\$5,478	\$23,926
Changes of Assumptions	2,158,783	0	2,158,783
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,026,910	1,882,922	3,909,832
Changes in Proportion and Differences Between City Contributions and the Proportionate Share of Contributions	390,310	0	390,310
City Contributions Subsequent to the Measurement Date	<u>1,090,285</u>	<u>1,391,412</u>	<u>2,481,697</u>
Total Deferred Outflows of Resources	<u>\$5,684,736</u>	<u>\$3,279,812</u>	<u>\$8,964,548</u>
Deferred Inflows of Resources			
Difference Between Expected and Actual Experience	\$81,003	\$44,580	\$125,583
Changes in Proportion and Differences Between City Contributions and the Proportionate Share of Contributions	<u>0</u>	<u>625,735</u>	<u>625,735</u>
Total Deferred Inflows of Resources	<u>\$81,003</u>	<u>\$670,315</u>	<u>\$751,318</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

\$2,481,697 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows.

Year Ending December 31,	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
2018	\$1,927,260	\$570,831	\$2,498,091
2019	1,913,343	570,831	2,484,174
2020	732,260	400,198	1,132,458
2021	(59,415)	(272,033)	(331,448)
2022	0	(49,258)	(49,258)
Thereafter	0	(2,484)	(2,484)
Total	<u>\$4,513,448</u>	<u>\$1,218,085</u>	<u>\$5,731,533</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all periods included in the measurement in accordance with GASB Statement No. 67. In 2016, the OPERS actuarial consultants conducted an experience study for the period 2011 through 2015 comparing assumptions to actual results. The experience study incorporates both a historical review and forward looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions with the most notable being a reduction in the actuarially assumed rate of return from 8 percent to 7.5 percent for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuations, reflecting experience study results, prepared as of December 31, 2016, compared to December 31, 2015, are presented below.

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.05 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013	3 percent simple	3 percent simple
Post-January 7, 2013	3 percent simple through 2018, then 2.15 percent simple	3 percent simple through 2018, then 2.8 percent simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	individual entry age	individual entry age

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

For 2016, mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table. For males, healthy annuitant mortality tables were used adjusted for mortality improvements back to the observation period base of 2006 and then established the base year as 2015. For females, healthy annuitant mortality tables were used adjusted for mortality improvements back to the observation period base of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality Table adjusted for mortality improvements back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables were determined by applying the MP-2015 mortality improvements scale to the above described tables.

For 2015, mortality rates were based on the RP-2000 Mortality Table projected twenty years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2015. The prior experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage adjusted for inflation.

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio, and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016, and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the traditional pension plan, the defined benefit component of the combined plan, and the annuitized accounts of the member-directed plan. The Defined Benefit portfolio historically included the assets of the member-directed retiree medical accounts funded through the VEBA Trust; however, the VEBA Trust was closed as of June 30, 2016, and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 8.3 percent for 2016.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plan. The table below displays the board approved asset allocation policy for 2016 and the long-term expected real rates of return.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other Investments	18.00	4.92
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total pension liability for 2016 was 7.5 percent. The discount rate for 2015 was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's Proportionate Share of the Net Pension Liability	\$20,792,997	\$13,610,446	\$7,625,058

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - OPF

OPF's total pension liability as of December 31, 2016, is based on the results of an actuarial valuation date of January 1, 2016, and rolled forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67 as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements, and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation prepared as of January 1, 2016, are presented below.

Valuation Date	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	entry age normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent plus productivity increase rate of .5 percent
Cost of Living Adjustments	3 percent simple; 2.6 percent simple for increases based on lesser of the increase in CPI and 3 percent

Mortality rates are based on the RP-2000 Combined Table, age adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

The long-term expected rate of return on pension plan investments was determined using a building block approach and assumes a time horizon as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2016, are summarized below.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equities	16.00	5.21
Non-U.S. Equities	16.00	5.40
Core Fixed Income*	20.00	2.37
Global Inflation Protected*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	<u>120.00 %</u>	

Note: assumptions are geometric

* levered 2x

OPF's Board of Trustees has incorporated the "risk parity" concept into OPF's asset liability valuation with the goal of reducing equity risk exposure which reduces overall total portfolio risk without sacrificing return and creating a more risk balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the total portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate and, to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 8.25 percent as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent) or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's Proportionate Share of the Net Pension Liability	\$25,788,610	\$19,362,543	\$13,916,360

Changes Between Measurement Date and Report Date

In October 2017, the OPF Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25 percent to 8 percent. Although the exact amount of these changes is not known, it has the potential to impact the City's net pension liability.

NOTE 16 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional 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 postemployment health care trust which funds multiple health care plans including medical coverage, prescription drug coverage, and deposits to a health reimbursement arrangement to qualifying benefit recipients of both the traditional and combined pension plans. This trust is also used to fund health care for member-directed plan participants in the form of a retiree medical account (RMA). At retirement or refund, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional and combined pension plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an other postemployment benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 45. See OPERS' CAFR referenced below for additional information.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board 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 visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed 14 percent of earnable salary and public safety and law enforcement employers contributed 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund the health care plans. The portion of the employer contribution allocated to health care for members of both the traditional and combined plans was 1 percent for 2017. As recommended by OPERS' actuary, the portion of the employer contribution allocated to health care beginning January 1, 2018, decreased to 0 percent for both plans.

The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. The employer contribution as a percentage of covered payroll deposited into the RMA for participants of the member-directed plan was 4 percent for 2017.

Substantially all of the City's contribution allocated to fund postemployment health care benefits relates to the cost-sharing multiple-employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 was \$83,868, \$154,961, and \$140,813, respectively. For 2017, 91 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2016 and 2015.

B. Police and Fire Pension Fund

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

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an other postemployment benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 45.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF 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.

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the OPF website at www.op-f.org.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as a percentage of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and firefighters, respectively. Active members do not make contributions to the OPEB Plan.

OPF 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 premium reimbursements administered 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 OPF Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contribution made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2017, the employer contribution allocated to the health care plan was .5 percent of covered payroll. The amount of employer contribution 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 OPF Board of Trustees is also 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 contribution to OPF for the years ended December 31, 2017, 2016, and 2015, was \$1,424,102, \$1,473,786, and \$1,343,184, respectively, of which \$32,690, \$33,913, and \$30,800 was allocated to the health care plan. For 2017, 92 percent has been contributed for both police and firefighters with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2016 and 2015.

NOTE 17 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws.

City employees earn and accumulate vacation at varying rates depending on length of service. Current policy credits vacation leave on the employee's anniversary date. Employees are paid for 100 percent of earned unused vacation leave upon termination.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 17 - COMPENSATED ABSENCES (continued)

Sick leave is earned at various rates as defined by City policy and union contracts. Any employee with ten years of service with the City who elects to retire is entitled to receive their accumulated unused sick leave as follows:

	<u>AFCSME</u>	<u>IAF</u>	<u>FOP</u>	<u>Administration</u>
40 hours/week				
Sick hours less than 1,000	25 %	25 %	25 %	25 %
Sick hours 1,000 - 1,499	30 %	30 %	30 %	n/a
Sick hours 1,000 - 1,999	n/a	n/a	n/a	30 %
Sick hours 1,500 - 2,199	35 %	35 %	35 %	n/a
Sick hours 2,000 - 2,999	n/a	n/a	n/a	35 %
Sick hours over 2,200	45 %	45 %	45 %	n/a
Sick hours over 3,000	n/a	n/a	n/a	45 %
53 hours/week				
Sick hours less than 1,300	n/a	25 %	n/a	n/a
Sick hours 1,300 - 1,949	n/a	30 %	n/a	n/a
Sick hours 1,950 - 2,859	n/a	35 %	n/a	n/a
Sick hours over 2,860	n/a	45 %	n/a	n/a

The City also provides for a provision of sick leave payoff in case of death.

NOTE 18 - SHORT-TERM OBLIGATIONS

The City's short-term obligations activity for the year ended December 31, 2017, was as follows:

	<u>Interest Rate</u>	<u>Balance January 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2017</u>
<u>Governmental Activities</u>					
<u>Bond Anticipation Notes</u>					
Capital Projects Funds					
2016 Various Improvement	2.00%	\$3,450,000	\$0	\$3,450,000	\$0
2017 Various Improvement	2.25	0	2,900,000	0	2,900,000
Total Bond Anticipation Notes		\$3,450,000	\$2,900,000	\$3,450,000	\$2,900,000

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 18 - SHORT-TERM OBLIGATIONS (continued)

According to Ohio law, notes may be issued in anticipation of bond proceeds or for up to 50 percent of anticipated revenue collections. The City has issued bond anticipation notes with a maturity of one year which will be reissued until paid in full or until bonds are issued. The liability for all notes is presented in the fund receiving the proceeds.

The 2016 various improvement notes were issued to partially retire notes previously issued to acquire a pumper truck, street improvements, sidewalk, curb, and gutter improvements, to revitalize the Bayfront Urban Revitalization Area, and to pay the cost of the Venice Road Grade Separation Project, as well as additional proceeds to acquire a ladder truck and street trucks.

The 2017 various improvement notes were issued to partially retire notes previously issued to revitalize the Bayfront Urban Revitalization Area, to pay the cost of the Venice Road Grade Separation Project, and to acquire a ladder truck and street trucks.

At December 31, 2017, the total amount of various improvement notes outstanding was \$2,900,000, of which \$2,900,000 has been expended. Of the \$2,900,000, \$1,350,000 was not capitalized.

NOTE 19 - LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2017, was as follows:

	Interest Rate	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2001 Various Purpose	3.00-5.05%	\$75,000	\$0	\$15,000	\$60,000	\$15,000
2011 Library Improvement Refunding	2.00-4.25	2,550,000	0	325,000	2,225,000	340,000
Bond Premium		75,025	0	9,562	65,463	0
2014 Various Purpose Refunding	3.05	110,000	0	10,000	100,000	10,000
2015 City Complex Refunding	1.35-3.00	3,015,000	0	695,000	2,320,000	740,000
2015 Police Pension Refunding	1.35-3.00	302,672	0	29,843	272,829	29,843
2015 Fire Pension Refunding	1.35-3.00	407,328	0	40,157	367,171	40,157
2015 Various Purpose Refunding	1.35-3.00	2,779,202	0	304,867	2,474,335	324,867
Total General Obligation Bonds		9,314,227	0	1,429,429	7,884,798	1,499,867
Revenue Bonds						
2013 Urban Renewal	2.55	1,200,000	0	390,000	810,000	400,000
Special Assessment Bonds with Government Commitment						
Special Assessment Bonds	3.00-6.00	2,046,119	0	186,573	1,859,546	190,574
2008 Bond Premium		79,480	0	4,738	74,742	0
Total Special Assessment Bonds		2,125,599	0	191,311	1,934,288	190,574

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017	Due Within One Year
<u>Governmental Activities</u> (continued)						
Other Long-Term Obligations						
Net Pension Liability						
Ohio Public Employees Retirement System		\$5,095,291	\$2,118,245	\$0	\$7,213,536	\$0
Ohio Police and Fire Pension		19,853,999	0	491,456	19,362,543	0
Total Net Pension Liability		24,949,290	2,118,245	491,456	26,576,079	0
Loans		110,599	0	110,599	0	0
Capital Leases		16,597	0	8,298	8,299	8,299
Compensated Absences		2,020,595	358,612	160,119	2,219,088	324,415
Claims Payable		546,539	25,840	0	572,379	506,490
Total Other Long-Term Obligations		27,643,620	2,502,697	770,472	29,375,845	839,204
Total Governmental Activities		\$40,283,446	\$2,502,697	\$2,781,212	\$40,004,931	\$2,929,645
<u>Business-Type Activities</u>						
General Obligation Revenue Bonds						
2014 Various Purpose Refunding	3.05%	\$120,000	\$0	\$5,000	\$115,000	\$5,000
2014 Various Purpose Refunding	3.05	1,305,000	0	70,000	1,235,000	70,000
Total General Obligation Revenue Bonds		1,425,000	0	75,000	1,350,000	75,000
OWDA Loans						
Water	4.60-5.20	15,888,153	1,158,082	1,067,366	15,978,869	1,120,136
Sewer	4.27-6.39	30,491,350	434,857	1,642,148	29,284,059	1,908,401
Total OWDA Loans		46,379,503	1,592,939	2,709,514	45,262,928	3,028,537
Other Long-Term Obligations						
Net Pension Liability						
Ohio Public Employees Retirement System		4,703,346	1,693,564	0	6,396,910	0
Loans		68,723	0	68,723	0	0
Compensated Absences		645,704	49,799	46,798	648,705	246,145
Total Other Long-Term Obligations		5,417,773	1,743,363	115,521	7,045,615	246,145
Total Business-Type Activities		\$53,222,276	\$3,336,302	\$2,900,035	\$53,658,543	\$3,349,682

2001 Various Purpose General Obligation Bonds

In 2001, the City issued \$6,037,200 in unvoted general obligation bonds for the Downtown Streetscape project, the Lane Street project, the Butler Street capacity project, the Columbus Avenue underpass, the City building project, the Transit building project, the Plaza project, the Fire Station project, and the Remington Avenue project. The bonds were issued for a twenty-five year period with maturity beginning June 1, 2001. The bonds will be paid from the General Bond Retirement debt service fund. During 2007, \$4,183,404 of these bonds was refunded.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

2011 Library Improvement Refunding General Obligation Bonds

On May 19, 2011, the City issued \$4,090,000 in unvoted current refunding general obligation bonds to refund bonds previously issued for renovating and improving the City library. The bonds were issued for a twelve year period with maturity beginning December 1, 2012. The bonds will be paid from the General Bond Retirement debt service fund.

The bonds maturing after December 1, 2018, are subject to prior redemption, by and at the sole option of the City, either in whole or in part (as selected by the City), and in integral multiples of \$5,000 on any date on or after December 1, 2018, at 100 percent of the principal amount redeemed plus interest accrued to the redemption date.

The City of Sandusky and the Sandusky Library Association, an Ohio not-for-profit corporation, have entered into a contractual agreement whereby the City originally issued bonds for library construction and renovations. As part of the agreement, the City will lease (for zero rent charges or lease payments) the library (real property, including building and improvements) for a period of twenty-five years, or until the bonds are paid off. Upon full payment of the debt, all of the new construction and improvements will become the property of the Sandusky Library Association.

2014 Various Purpose Refunding General Obligation Bonds

On July 29, 2014, the City issued \$370,000 in current refunding general obligation bonds to refund 2005 various purpose bonds previously issued for acquiring two fire pumper trucks and the grade separation project. The bonds were issued for a twelve year period with maturity beginning December 1, 2014. The bonds will be paid from the General Bond Retirement debt service fund.

The refunded bonds were fully retired on September 2, 2014.

2015 City Complex Refunding General Obligation Bonds

On December 2, 2015, the City issued \$3,675,000 in current refunding general obligation bonds to refund \$3,665,000 in unvoted refunding general obligation bonds for the construction of a city service complex. The bonds were issued for a five year period with maturity beginning December 1, 2016. The bonds will be paid from the General Bond Retirement debt service fund.

The refunded bonds were fully retired on January 6, 2016.

2015 Police Pension Refunding General Obligation Bonds

On December 2, 2015, the City issued \$330,383 in current refunding general obligation bonds to refund \$332,538 in pension general obligation refunding bonds previously issued. The bonds were issued for an eleven year period with maturity beginning December 1, 2016. The bonds will be paid from the Police Pension special revenue fund.

The refunded bonds were fully retired on January 6, 2016.

2015 Fire Pension Refunding General Obligation Bonds

On December 2, 2015, the City issued \$447,617 in current refunding general obligation bonds to refund \$447,462 in pension general obligation refunding bonds previously issued. The bonds were issued for an eleven year period with maturity beginning December 1, 2016. The bonds will be paid from the Fire Pension special revenue fund.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

The refunded bonds were fully retired on January 6, 2016.

2015 Various Purpose Refunding General Obligation Bonds

On December 2, 2015, the City issued \$3,099,069 in current refunding general obligation bonds to refund \$3,084,070 in current refunding general obligation bonds previously issued for the Downtown Streetscape project, the Lane Street project, the Butler Street capacity project, the Columbus Avenue underpass, the Transit building project, the Plaza project, the Fire Station project, and the Remington Avenue project. The bonds were issued for an eleven year period with maturity beginning December 1, 2016. The bonds will be paid from the General Bond Retirement debt service fund.

The refunded bonds were fully retired on January 6, 2016.

2013 Urban Renewal Revenue Bonds

On March 28, 2013, the City issued \$2,680,000 in revenue bonds to pay the costs of urban renewal activities in the Bayfront Urban Revitalization Area. The bonds were issued for a seven year period with maturity beginning December 1, 2013, and are payable solely from payment in lieu of taxes revenues. The bonds will be paid from the Urban Renewal Debt Retirement debt service fund.

Special Assessment Bonds

The special assessment bonds are backed by the full faith and credit of the City of Sandusky. In the event that an assessed property owner fails to make payments or insufficient amounts are assessed to fund the debt, the City will be required to pay the related debt. The special assessment bonds were used to pay for projects that were not capitalized by the City.

On December 2, 2015, the City issued \$180,931 in current refunding special assessment bonds to refund \$200,930 in bonds previously issued for the Remington Avenue, Seneca, Huntington, and Sidewalk projects. The bonds were issued for an eleven year period with maturity beginning December 1, 2016. The bonds will be paid from the Special Assessment Bond Retirement debt service fund.

The refunded bonds were fully retired on January 6, 2016.

Net Pension Liability

There is no repayment schedule for the net pension liability; however, employer pension contributions are made from the General Fund, the Street Maintenance, Public Transit, Fire Pension, Police Pension, Court Computerization, and Municipal Probation special revenue funds, the Capital Projects and Various Improvement capital projects funds, and the Water and Sewer enterprise funds. For additional information related to the net pension liability, see Note 15 to the basic financial statements.

Loans Payable

On June 22, 2007, the City entered into a loan agreement with Honeywell, in the amount of \$1,489,793, for energy efficiency upgrades at a number of City buildings. The loans had an interest rate of 4.25 percent. The loans were obtained for a ten year period and were fully retired during 2017.

Capital Leases Payable

Capital lease obligations will be paid from the fund that maintains custody of the related asset.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

Compensated Absences Payable

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund, the Street Maintenance, Public Transit, Court Computerization, and Municipal Probation special revenue funds, the Capital Projects and Various Improvement capital projects funds, and the Water and Sewer enterprise funds.

Claims Payable

Claims will be paid from the internal service fund.

General Obligation Revenue Bonds

The general obligation revenue bonds are liabilities of the Water and Sewer enterprise funds and pledge their respective revenues for repayment to the extent resources are available. The bonds also pledge the full faith and credit and taxing ability of the City in the event the enterprise funds' revenues are not sufficient to meet the principal and interest requirements.

2014 Various Purpose Refunding

On July 29, 2014, the City issued \$1,630,000 in current refunding general obligation bonds to refund 2005 various purpose bonds previously issued for improvements to the Big Island water works building and improvements to the municipal wastewater system. The bonds were issued for a seventeen year period with maturity beginning December 1, 2014. The bonds will be paid from the Water and Sewer enterprise funds.

The refunded bonds were fully retired on September 2, 2014.

OWDA Loans

The City entered into agreements with the Ohio Water Development Authority for loans for water plant improvements, water treatment plant electrical improvements, chemical improvements, water treatment plant powder activated carbon feed system, ultraviolet treatment, sewer rehabilitation, flow monitors, sludge digestion system improvements, Cedar Point pump station, settling tank improvements, wastewater treatment plant expansion, wastewater treatment plant phase II design, east end sewer improvements, and wastewater treatment plant grit tank improvements. OWDA loans will be paid from resources of the Water and Sewer enterprise funds.

The OWDA loans will be paid from the gross revenues of the Water and Sewer enterprise funds after provisions for reasonable operating and maintenance expenses. Annual principal and interest payments are expected to require less than 100 percent of these net revenues in future years. The total principal and interest currently remaining to be paid on the OWDA loans, for completed projects for which amortization schedules are available, is \$59,237,636. Principal and interest paid for the current year and net revenues were \$1,666,752 and \$2,224,321 from the Water enterprise fund and \$2,664,659 and \$5,330,641 for the Sewer enterprise fund. The OWDA loans are payable through 2047.

The City's legal debt margin was \$37,779,739 at December 31, 2017.

The water treatment plant powder activated carbon feed system project funded by an OWDA loan has not been completed. An amortization schedule for the repayment of this loan will not be available until the project is completed and, therefore, is not included in the following schedules.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire governmental activities general long-term obligations outstanding at December 31, 2017, were as follows:

Year	General Obligation Bonds		Revenue Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$1,499,867	\$214,514	\$400,000	\$20,655	\$190,574	\$103,260
2019	1,534,867	169,213	410,000	10,455	163,573	93,820
2020	1,607,301	138,631	0	0	142,700	85,410
2021	812,300	104,229	0	0	147,699	78,261
2022	695,000	78,891	0	0	145,000	70,712
2023-2027	1,670,000	111,844	0	0	875,000	214,762
2028	0	0	0	0	195,000	11,700
	<u>\$7,819,335</u>	<u>\$817,322</u>	<u>\$810,000</u>	<u>\$31,110</u>	<u>\$1,859,546</u>	<u>\$657,925</u>

Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2017, from the enterprise funds were as follows:

Year	2014 Various Purpose Refunding		OWDA Loans	
	Principal	Interest	Principal	Interest
2018	\$75,000	\$41,174	\$3,028,537	\$1,608,102
2019	80,000	38,888	3,172,517	1,488,387
2020	85,000	36,447	3,323,503	1,362,911
2021	90,000	33,855	3,481,837	1,231,401
2022	95,000	31,110	3,456,994	1,093,551
2023-2027	545,000	109,037	9,921,214	3,842,198
2028-2032	380,000	23,638	4,822,125	2,691,033
2033-2037	0	0	5,838,023	1,738,841
2038-2042	0	0	5,258,707	629,911
2043-2047	0	0	1,161,527	86,317
	<u>\$1,350,000</u>	<u>\$314,149</u>	<u>\$43,464,984</u>	<u>\$15,772,652</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at December 31, 2017, consisted of the following issues:

Long-Term Obligations	Term	Percent	Original Issue	Outstanding 12/31/17
General Obligation Bonds				
2001 Various Purpose	2001-2026	3.00-5.05%	\$6,037,200	\$60,000
2011 Library Improvement Refunding	2011-2023	2.00-4.25	4,090,000	2,225,000
2014 Various Purpose Refunding	2014-2030	3.05	370,000	100,000
2015 City Complex Refunding	2015-2026	1.35-3.00	3,675,000	2,320,000
2015 Police Pension Refunding	2015-2026	1.35-3.00	330,383	272,829
2015 Fire Pension Refunding	2015-2026	1.35-3.00	444,617	367,171
2015 Various Purpose Refunding	2015-2026	1.35-3.00	3,099,069	2,474,335
			18,046,269	7,819,335
Revenue Bonds				
2013 Urban Renewal	2013-2019	2.55	2,680,000	810,000
Special Assessment Bonds				
1998 PP Street	1998-2018	4.87	48,894	2,298
1998 PP Street	1998-2018	4.87	31,000	1,458
1998 PP Street	1998-2018	4.87	69,106	3,245
1999 Winnebago	1999-2019	5.50	81,000	7,000
1999 Wilbert	1999-2019	5.50	143,000	11,000
1999 Streetscape	1999-2019	5.50	329,000	32,000
2008 Sidewalk, Curb, and Gutter	2008-2018	4.00-5.00	113,000	16,000
2008 Cold Creek	2008-2028	4.00-6.00	2,425,000	1,625,000
2008 Monroe Street	2008-2018	4.00-5.00	87,000	9,000
2009 Monroe Street	2009-2019	4.50	84,400	16,880
2015 Remington Refunding	2015-2026	3.00	35,931	25,665
2015 Seneca Refunding	2015-2026	3.00	28,000	26,000
2015 Huntington Refunding	2015-2026	3.00	92,000	84,000
2015 Sidewalks Refunding	2015-2026	3.00	25,000	0
			3,592,331	1,859,546

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

<u>Long-Term Obligations</u>	<u>Term</u>	<u>Percent</u>	<u>Original Issue</u>	<u>Outstanding 12/31/17</u>
General Obligation Revenue Bonds (continued)				
Water				
2014 Various Purpose Refunding	2014-2030	3.05%	\$140,000	\$115,000
Sewer				
2014 Various Purpose Refunding	2014-2030	3.05	1,490,000	1,235,000
			<u>1,630,000</u>	<u>1,350,000</u>
			<u>\$25,948,600</u>	<u>\$11,838,881</u>
OWDA Loans				
Water				
2003 Water Plant Improvements	2004-2024	5.20%	\$19,993,686	\$4,235,860
2005 WTP Electrical Improvements	2005-2030	4.60	8,628,362	4,381,243
2011 Chemical Improvements	2011-2042	4.45	5,797,022	5,563,822
2016 WTP PAC Feed System	2018-2037	0.00	639,862	1,797,944
			<u>35,058,932</u>	<u>15,978,869</u>
Sewer				
1998 Ultraviolet Treatment	2001-2026	5.56	2,110,930	1,054,035
1999 Sewer Rehabilitation	2001-2025	6.13	350,878	172,558
2000 Sewer Rehabilitation	2001-2026	6.39	713,436	342,430
2000 CSO Flow Monitors	2001-2026	6.39	306,536	167,204
2000 Sludge Digestion System	2001-2026	6.03	1,409,888	625,692
2001 Cedar Point Pump Station	2002-2022	5.05	4,393,697	1,425,707
2001 Final Settling Tank Improv	2002-2022	5.05	383,484	94,067
2002 WWTP Expansion	2003-2024	4.65	26,286,934	6,590,283
2007 WWTP Phase II Design	2008-2041	4.27	13,438,130	11,875,696
2015 East End Sewer Improv	2015	2.65	4,873,920	5,142,582
2016 WWTP Grit Tank Improv	2018-2037	2.21	1,627,610	1,793,805
			<u>55,895,443</u>	<u>29,284,059</u>
			<u>\$90,954,375</u>	<u>\$45,262,928</u>

NOTE 20 - CAPITAL LEASES

The City has entered into a capital lease for equipment. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds. Principal payments in 2017 were \$8,298.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 20 - CAPITAL LEASES (continued)

	Governmental Activities
Equipment	\$24,895
Less Accumulated Depreciation	(3,319)
Carrying Value, December 31, 2017	\$21,576

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2017.

	Governmental Activities
Year	Principal
2018	\$8,299

NOTE 21 - OPERATING LEASE

In February 1985, the City entered into an operating lease with Sandusky Bay Investment Company, Limited, whereby Sandusky Bay Investment Company, Limited leased 32.9 acres of land and water for operating and maintaining a park, parking areas, and marina. The basic lease term is for forty years and the lessee has the option to renew for two additional ten year periods. The lessee is also required to make annual deposits of \$10,000 into a fund held by the City, which is to be used at the discretion of the lessee for routine structural repairs to the marina breakwall, restaurant, and other major repairs as may be needed from time to time. At the termination of the lease, any funds remaining in this account shall be used by the City for structural repairs and maintenance of Battery Park.

The capital assets for governmental activities include the City's investment of \$1,948,680 for land and improvements and \$91,576 for floating docks. The leaseholder's improvements are not recorded in the capital assets for governmental activities.

For 2017, the City received payments, in the amount of \$30,000. Future annual lease payments to be received are as follows:

Year	Annual Lease Payment	Total Lease for Period
2018	\$30,000	\$30,000
2019-2023	30,000	150,000
2024	30,000	30,000
Total minimum future rentals		\$210,000

Beginning in 2000, Sandusky Bay Investment Company, Limited is required to pay additional rents to the City if net income is reported for that year. The additional rent will be 2 percent of gross income. The City received \$23,910 in additional rent in 2017.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 22 - FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Capital Projects	Other Governmental Funds
Nonspendable for:			
Prepaid Items	\$117,765	\$13	\$17,480
Materials and Supplies			
Inventory	106,468	0	134,618
Unclaimed Monies	117,487	0	0
Total Nonspendable	<u>341,720</u>	<u>13</u>	<u>152,098</u>
Restricted for:			
Capital Improvements	0	169,732	0
Cemetery Operations	0	0	597,766
Court Computerization	0	0	200,640
Court Security	0	0	54,625
Debt Retirement	0	0	1,041,468
Drug and Alcohol Treatment/ Enforcement	0	0	174,439
Economic Development and Rehabilitation	0	0	3,903,912
Electronic Monitoring	0	0	17,185
Police and Fire Operations	0	0	310,881
Probation	0	0	330,566
Recreation	0	0	234,846
Street Construction and Maintenance	0	0	193,077
Total Restricted	<u>0</u>	<u>169,732</u>	<u>7,059,405</u>
Committed for:			
Capital Improvements	0	0	64,437
Assigned for:			
Future Severance Payments	484,708	0	0
Unassigned (Deficit)	<u>5,243,605</u>	<u>0</u>	<u>(130,335)</u>
Total Fund Balance	<u>\$6,070,033</u>	<u>\$169,745</u>	<u>\$7,145,605</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(continued)

NOTE 23 - INTERNAL BALANCES AND TRANSFERS

The City uses an internal proportionate share to allocate its net pension liability and corresponding deferred outflows/inflows of resources and pension expense to its various funds. This allocation creates a change in internal proportionate share. The effects of the internal proportionate share are eliminated from the pension deferred outflows/inflows of resources in the governmental activities and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the government-wide statement of net position thus allowing the total column to present the change in proportionate share for the City as a whole.

Eliminations made in the business-type activities column include a deferred outflow of resources for the Water enterprise fund and a deferred inflow of resources for the Sewer enterprise fund, in the amount of \$52,716.

During 2017, the General Fund made transfers to other governmental funds, in the amount of \$397,564, to move receipts as debt payments became due and, in the amount of \$1,662,886, to subsidize various activities in other funds, and to the Capital Projects Fund, in the amount of \$2,300,000, to fund various capital projects activities. Other governmental funds made transfers to other governmental funds, in the amount of \$2,700, to move receipts as debt payments became due and, in the amount of \$13,000, to subsidize various activities in other funds, and to the Capital Projects Fund to fund various capital projects activities, in the amount of \$644,239.

The Water and Sewer Fund made transfers to the Capital Projects Fund, in the amounts of \$64,394, and \$225,032, to fund various capital projects activities.

NOTE 24 - CONTINGENT LIABILITIES

A. Litigation

The City of Sandusky is a party to several legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. 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.

B. Federal and State Grants

For the period January 1, 2017, to December 31, 2017, the City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

City of Sandusky
 Required Supplementary Information
 Schedule of the City's Proportionate Share of the Net Pension Liability
 Ohio Public Employees Retirement System - Traditional
 Last Four Years (1)

	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.05993600%	0.05657000%	0.05413300%	0.05413300%
City's Proportionate Share of the Net Pension Liability	\$13,610,446	\$9,798,637	\$6,529,045	\$6,381,575
City's Covered Payroll	\$7,748,042	\$7,040,636	\$6,636,717	\$6,315,003
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	175.66%	139.17%	98.38%	101.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

Amounts presented as of the City's measurement date which is the prior year end.

City of Sandusky
 Required Supplementary Information
 Schedule of the City's Proportionate Share of the Net Pension Liability
 Ohio Police and Fire Pension Fund
 Last Four Years (1)

	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.305697000%	0.308624000%	0.032333090%	0.032333090%
City's Proportionate Share of the Net Pension Liability	\$19,362,543	\$19,853,999	\$16,749,889	\$15,747,229
City's Covered Payroll	\$6,782,513	\$6,160,041	\$6,350,923	\$6,220,489
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	285.48%	322.30%	263.74%	253.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.36%	66.77%	71.71%	73.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

Amounts presented as of the City's measurement date which is the prior year end.



City of Sandusky
 Required Supplementary Information
 Schedule of the City's Contributions
 Ohio Public Employees Retirement System - Traditional Plan
 Last Five Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$1,090,285	\$929,765	\$844,876	\$796,406	\$820,950
Contributions in Relation to the Contractually Required Contribution	<u>(1,090,285)</u>	<u>(929,765)</u>	<u>(844,876)</u>	<u>(796,406)</u>	<u>(820,950)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$8,386,808	\$7,748,042	\$7,040,636	\$6,636,717	\$6,315,003
Contributions as a Percentage of Covered Payroll	13.00%	12.00%	12.00%	12.00%	13.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2013 is not available. An additional column will be added each year.

City of Sandusky
 Required Supplementary Information
 Schedule of the City's Contributions
 Ohio Police and Fire Pension Fund
 Last Ten Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$1,391,412	\$1,439,873	\$1,312,384	\$1,353,119
Contributions in Relation to the Contractually Required Contribution	<u>(1,391,412)</u>	<u>(1,439,873)</u>	<u>(1,312,384)</u>	<u>(1,353,119)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$6,537,953	\$6,782,513	\$6,160,041	\$6,350,923
Contributions as a Percentage of Covered Payroll	21.28%	21.23%	21.30%	21.31%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$1,133,780	\$953,465	\$945,225	\$981,158	\$1,047,793	\$1,030,060
<u>(1,133,780)</u>	<u>(953,465)</u>	<u>(945,225)</u>	<u>(981,158)</u>	<u>(1,047,793)</u>	<u>(1,030,060)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,220,489	\$6,309,717	\$6,328,318	\$6,556,016	\$7,033,516	\$6,899,536
18.23%	15.11%	14.94%	14.97%	14.90%	14.93%

City of Sandusky
Notes to Required Supplementary Information
For the Year Ended December 31, 2017

Changes in Assumptions - OPERS

Amounts reported for 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below.

	<u>December 31, 2017</u>	<u>December 31, 2016 and Prior</u>
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.05 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013	3 percent simple	3 percent simple
Post-January 7, 2013	3 percent simple through 2018, then 2.15 percent simple	3 percent simple through 2018, then 2.8 percent simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	individual entry age	individual entry age

Amounts reported for 2017 use mortality rates based on the RP-2014 Healthy Annuitant Mortality Table. For males, healthy annuitant mortality tables were used adjusted for mortality improvements back to the observation period base of 2006 and then established the base year as 2015. For females, healthy annuitant mortality tables were used adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality Table adjusted for mortality improvements back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables were determined by applying the MP-2015 mortality improvements scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected twenty years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

**COMBINING STATEMENTS AND
INDIVIDUAL FUND SCHEDULES**

Nonmajor Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes, other than for debt service or capital projects. Following is a description of the City's nonmajor special revenue funds:

Street Maintenance

To account for 92.5 percent of the state-levied and state-controlled gasoline tax and motor vehicle license fees remitted to the City by state formula and the special \$5 license fee the City is permitted to impose by virtue of Ohio law. Resources are restricted for street maintenance and repairs.

State Highway

To account for 7.5 percent of the state-levied and state-controlled gasoline tax and motor vehicle license fees remitted to the City by state formula. Resources are restricted for maintenance and repairs of state highways within the City. State highways represent approximately 10 percent of the roads inside the City limits.

Public Transit

To account for resources from the federal and state government and from charges to users of the public transit system. Resources are restricted for operations of the public transit system.

Fire Pension

To account for property taxes and transfers from the General Fund restricted for payment of pension contributions and related debt.

Police Pension

To account for property taxes and transfers from the General Fund restricted for payment of pension contributions and related debt.

State Grants

To account for grants and other resources received under the community development block grant program, the revolving loan program, and other state grants. Resources are restricted to the purposes outlined in the grant.

Federal Grants

To account for grants and other resources received from the federal government. Resources are restricted to the purposes outlined in the grant.

Indigent Drivers Alcohol

To account for fees and grants restricted for the costs of treatment at a certified alcohol and drug addiction program.

(continued)

**Nonmajor Special Revenue Funds
(continued)**

Enforcement and Education

To account for fines and forfeitures charged for driving under the influence arrests. Resources are restricted to educating the public on laws governing the operation of a motor vehicle while under the influence of alcohol.

Court Computerization

To account for fines collected by the municipal court and restricted for computerization of the clerk of court's office.

Indigent Telephone

To account for resources restricted to paying the costs of providing house detention for eligible indigent offenders.

Municipal Probation

To account for fees collected by the municipal court and restricted to payment of the costs of the municipal probation department.

General Trust

To account for contraband forfeitures, grant monies for the Sandusky/Erie County Foundation K-9 Program, and various resources donated to the City and restricted for various improvements in the City.

Park Donations

To account for donations from the Fred G. Epple Estate and charges for greenhouse rentals restricted for operation and maintenance of the City's parks.

Cemetery Donations

To account for charges for burials and donations restricted for operation and maintenance of the cemetery.

Nonmajor Debt Service Funds

Debt service funds are used to account for resources that are restricted, committed, or assigned to expenditure for principal, interest, and related costs.

General Bond Retirement

To account for property taxes and income taxes that are restricted for the payment of principal, interest, and fiscal charges on general obligation debt.

Urban Renewal Debt Retirement

To account for tax increment financing resources that are restricted for the payment of principal, interest, and fiscal charges on urban renewal debt.

**Nonmajor Debt Service Funds
(continued)**

Special Assesment Bond Retirement

To account for special assessments restricted for the payment of principal, interest, and fiscal charges on special assessment debt.

Nonmajor Capital Projects Funds

Capital projects funds are used to account for resources that are restricted, committed, or assigned for the acquisition or construction of major capital facilities and other capital assets (other than those financed by the enterprise funds.)

Capital Improvement

To account for income taxes committed by City ordinance to be used for capital improvements.

Redevelopment Tax Increment

To account for payments collected in lieu of taxes restricted for improvements at Battery Park Marina.

Various Improvement

To account for charges to property owners restricted for demolition or nuisance removal.

City of Sandusky
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$2,694,680	\$963,885	\$293,367	\$3,951,932
Accounts Receivable	9,219	0	66,543	75,762
Accrued Interest Receivable	2,919	0	0	2,919
Due from Other Governments	788,019	24,028	0	812,047
Prepaid Items	17,243	0	237	17,480
Municipal Income Taxes Receivable	0	212,707	170,165	382,872
Other Local Taxes Receivable	34,590	0	0	34,590
Materials and Supplies Inventory	134,618	0	0	134,618
Property Taxes Receivable	271,494	452,493	0	723,987
Payment in Lieu of Taxes Receivable	414	544,243	30,937	575,594
Notes Receivable	3,077,877	0	0	3,077,877
Special Assessments Receivable	0	2,306,119	0	2,306,119
Total Assets	\$7,031,073	\$4,503,475	\$561,249	\$12,095,797
<u>Liabilities</u>				
Accrued Wages Payable	\$25,887	\$0	\$7,969	\$33,856
Accounts Payable	204,057	0	2,952	207,009
Contracts Payable	23,507	0	0	23,507
Due to Other Governments	124,740	0	3,004	127,744
Total Liabilities	378,191	0	13,925	392,116
<u>Deferred Inflows of Resources</u>				
Property Taxes	249,298	415,499	0	664,797
Payment in Lieu of Taxes	414	544,243	30,937	575,594
Unavailable Revenue	642,958	2,502,265	172,462	3,317,685
Total Deferred Inflows of Resources	892,670	3,462,007	203,399	4,558,076
<u>Fund Balance</u>				
Nonspendable	151,861	0	237	152,098
Restricted	5,738,686	1,041,468	279,251	7,059,405
Committed	0	0	64,437	64,437
Unassigned (Deficit)	(130,335)	0	0	(130,335)
Total Fund Balance	5,760,212	1,041,468	343,925	7,145,605
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$7,031,073	\$4,503,475	\$561,249	\$12,095,797

City of Sandusky
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017

	Street Maintenance	State Highway	Public Transit	Fire Pension	Police Pension
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$66,002	\$99,173	\$8,013	\$11,004	\$3,934
Accounts Receivable	1,199	0	7,550	0	0
Accrued Interest Receivable	51	0	0	0	0
Due from Other Governments	458,709	37,193	132,724	7,209	7,209
Prepaid Items	16,831	70	100	0	0
Other Local Taxes Receivable	34,590	0	0	0	0
Materials and Supplies Inventory	134,405	0	0	0	0
Property Taxes Receivable	0	0	0	135,747	135,747
Payment in Lieu of Taxes Receivable	0	0	0	207	207
Notes Receivable	0	0	0	0	0
Total Assets	<u>\$711,787</u>	<u>\$136,436</u>	<u>\$148,387</u>	<u>\$154,167</u>	<u>\$147,097</u>
<u>Liabilities</u>					
Accrued Wages Payable	\$23,065	\$0	\$2,354	\$0	\$0
Accounts Payable	45,804	0	149,505	0	0
Contracts Payable	0	0	0	0	0
Due to Other Governments	9,562	203	965	57,345	49,016
Total Liabilities	<u>78,431</u>	<u>203</u>	<u>152,824</u>	<u>57,345</u>	<u>49,016</u>
<u>Deferred Inflows of Resources</u>					
Property Taxes	0	0	0	124,649	124,649
Payment in Lieu of Taxes	0	0	0	207	207
Unavailable Revenue	393,315	31,891	34,375	18,307	18,307
Total Deferred Inflows of Resources	<u>393,315</u>	<u>31,891</u>	<u>34,375</u>	<u>143,163</u>	<u>143,163</u>
<u>Fund Balance</u>					
Nonspendable	151,236	70	100	0	0
Restricted	88,805	104,272	0	0	0
Unassigned (Deficit)	0	0	(38,912)	(46,341)	(45,082)
Total Fund Balance (Deficit)	<u>240,041</u>	<u>104,342</u>	<u>(38,812)</u>	<u>(46,341)</u>	<u>(45,082)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$711,787</u>	<u>\$136,436</u>	<u>\$148,387</u>	<u>\$154,167</u>	<u>\$147,097</u>

State Grants	Federal Grants	Indigent Drivers Alcohol	Enforcement and Education	Court Computerization	Indigent Telephone	Municipal Probation
\$604,177	\$35,522	\$171,207	\$6,101	\$200,861	\$17,185	\$331,174
0	0	0	0	0	0	0
0	2,829	0	0	0	0	0
4,783	139,151	501	0	0	0	0
0	0	0	0	7	0	138
0	0	0	0	0	0	0
0	82	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
2,027,243	1,050,634	0	0	0	0	0
<u>\$2,636,203</u>	<u>\$1,228,218</u>	<u>\$171,708</u>	<u>\$6,101</u>	<u>\$200,868</u>	<u>\$17,185</u>	<u>\$331,312</u>
\$0	\$0	\$0	\$0	\$156	\$0	\$312
4,756	563	3,370	0	0	0	0
4,784	18,723	0	0	0	0	0
0	6,995	0	0	65	0	296
<u>9,540</u>	<u>26,281</u>	<u>3,370</u>	<u>0</u>	<u>221</u>	<u>0</u>	<u>608</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	0
4,783	141,980	0	0	0	0	0
<u>4,783</u>	<u>141,980</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	82	0	0	7	0	138
2,621,880	1,059,875	168,338	6,101	200,640	17,185	330,566
0	0	0	0	0	0	0
<u>2,621,880</u>	<u>1,059,957</u>	<u>168,338</u>	<u>6,101</u>	<u>200,647</u>	<u>17,185</u>	<u>330,704</u>
<u>\$2,636,203</u>	<u>\$1,228,218</u>	<u>\$171,708</u>	<u>\$6,101</u>	<u>\$200,868</u>	<u>\$17,185</u>	<u>\$331,312</u>

(continued)

City of Sandusky
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017
(continued)

	General Trust	Park Donations	Cemetery Donations	Total
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$322,582	\$219,725	\$598,020	\$2,694,680
Accounts Receivable	0	470	0	9,219
Accrued Interest Receivable	0	0	39	2,919
Due from Other Governments	540	0	0	788,019
Prepaid Items	0	0	97	17,243
Other Local Taxes Receivable	0	0	0	34,590
Materials and Supplies Inventory	0	0	131	134,618
Property Taxes Receivable	0	0	0	271,494
Payment in Lieu of Taxes Receivable	0	0	0	414
Notes Receivable	0	0	0	3,077,877
Total Assets	\$323,122	\$220,195	\$598,287	\$7,031,073
<u>Liabilities</u>				
Accrued Wages Payable	\$0	\$0	\$0	\$25,887
Accounts Payable	59	0	0	204,057
Contracts Payable	0	0	0	23,507
Due to Other Governments	0	0	293	124,740
Total Liabilities	59	0	293	378,191
<u>Deferred Inflows of Resources</u>				
Property Taxes	0	0	0	249,298
Payment in Lieu of Taxes	0	0	0	414
Unavailable Revenue	0	0	0	642,958
Total Deferred Inflows of Resources	0	0	0	892,670
<u>Fund Balance</u>				
Nonspendable	0	0	228	151,861
Restricted	323,063	220,195	597,766	5,738,686
Unassigned (Deficit)	0	0	0	(130,335)
Total Fund Balance (Deficit)	323,063	220,195	597,994	5,760,212
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$323,122	\$220,195	\$598,287	\$7,031,073

City of Sandusky
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2017

	General Bond Retirement	Urban Renewal Debt Retirement	Special Assessment Bond Retirement	Total
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$90,205	\$822,898	\$50,782	\$963,885
Due from Other Governments	24,028	0	0	24,028
Municipal Income Taxes Receivable	212,707	0	0	212,707
Property Taxes Receivable	452,493	0	0	452,493
Payment in Lieu of Taxes Receivable	655	543,588	0	544,243
Special Assessments Receivable	0	0	2,306,119	2,306,119
Total Assets	\$780,088	\$1,366,486	\$2,356,901	\$4,503,475
<u>Deferred Inflows of Resources</u>				
Property Taxes	\$415,499	\$0	\$0	\$415,499
Payment in Lieu of Taxes	655	543,588	0	544,243
Unavailable Revenue	196,146	0	2,306,119	2,502,265
Total Deferred Inflows of Resources	612,300	543,588	2,306,119	3,462,007
<u>Fund Balance</u>				
Restricted	167,788	822,898	50,782	1,041,468
Total Deferred Inflows of Resources and Fund Balance	\$780,088	\$1,366,486	\$2,356,901	\$4,503,475

City of Sandusky
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2017

	Capital Improvement	Redevelopment Tax Increment	Various Improvement	Total
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$2,371	\$45,632	\$245,364	\$293,367
Accounts Receivable	0	0	66,543	66,543
Prepaid Items	0	0	237	237
Municipal Income Taxes Receivable	170,165	0	0	170,165
Payment in Lieu of Taxes Receivable	0	30,937	0	30,937
Total Assets	<u>\$172,536</u>	<u>\$76,569</u>	<u>\$312,144</u>	<u>\$561,249</u>
<u>Liabilities</u>				
Accrued Wages Payable	\$0	\$0	\$7,969	\$7,969
Accounts Payable	0	0	2,952	2,952
Due to Other Governments	0	0	3,004	3,004
Total Liabilities	<u>0</u>	<u>0</u>	<u>13,925</u>	<u>13,925</u>
<u>Deferred Inflows of Resources</u>				
Payment in Lieu of Taxes	0	30,937	0	30,937
Unavailable Revenue	108,099	0	64,363	172,462
Total Deferred Inflows of Resources	<u>108,099</u>	<u>30,937</u>	<u>64,363</u>	<u>203,399</u>
<u>Fund Balance</u>				
Nonspendable	0	0	237	237
Restricted	0	45,632	233,619	279,251
Committed	64,437	0	0	64,437
Total Fund Balance	<u>64,437</u>	<u>45,632</u>	<u>233,856</u>	<u>343,925</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$172,536</u>	<u>\$76,569</u>	<u>\$312,144</u>	<u>\$561,249</u>

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Revenues</u>				
Property Taxes	\$249,278	\$415,489	\$0	\$664,767
Payment in Lieu of Taxes	462	575,932	32,763	609,157
Municipal Income Taxes	0	747,498	597,998	1,345,496
Other Local Taxes	439,720	0	0	439,720
Special Assessments	0	314,214	0	314,214
Charges for Services	653,804	0	78,788	732,592
Fees, Licenses, and Permits	118,743	0	163,114	281,857
Fines and Forfeitures	89,204	0	0	89,204
Intergovernmental	3,810,008	106,418	0	3,916,426
Interest	16,881	0	4,473	21,354
Other	156,451	0	10,151	166,602
Total Revenues	5,534,551	2,159,551	887,287	8,581,389
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	755,958	0	0	755,958
Fire	1,044,634	0	0	1,044,634
Public Health	55,152	0	0	55,152
Leisure Time Activities	1,295	0	0	1,295
Community Environment	980,856	0	331,174	1,312,030
Transportation	3,998,115	0	0	3,998,115
General Government			0	
Municipal Court	32,434	0	0	32,434
Other	260,282	0	0	260,282
Debt Service:				
Principal Retirement	94,014	1,926,440	0	2,020,454
Interest and Fiscal Charges	19,028	398,312	0	417,340
Total Expenditures	7,241,768	2,324,752	331,174	9,897,694
Excess of Revenues Over (Under) Expenditures	(1,707,217)	(165,201)	556,113	(1,316,305)
<u>Other Financing Sources (Uses)</u>				
Sale of Capital Assets	7,243	0	0	7,243
Transfers In	1,675,886	397,564	2,700	2,076,150
Transfers Out	(61,268)	(2,700)	(595,971)	(659,939)
Total Other Financing Sources (Uses)	1,621,861	394,864	(593,271)	1,423,454
Changes in Fund Balance	(85,356)	229,663	(37,158)	107,149
Fund Balance Beginning of Year	5,845,568	811,805	381,083	7,038,456
Fund Balance End of Year	\$5,760,212	\$1,041,468	\$343,925	\$7,145,605

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017

	Street Maintenance	State Highway	Public Transit	Fire Pension	Police Pension
<u>Revenues</u>					
Property Taxes	\$0	\$0	\$0	\$124,639	\$124,639
Payment in Lieu of Taxes	0	0	0	231	231
Other Local Taxes	439,720	0	0	0	0
Charges for Services	0	0	625,394	0	0
Fees, Licenses, and Permits	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	918,584	74,480	1,645,559	14,693	14,693
Interest	180	217	0	0	0
Other	34,663	490	38,211	0	0
Total Revenues	1,393,147	75,187	2,309,164	139,563	139,563
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	0	0	0	0	631,687
Fire	0	0	0	796,923	0
Public Health	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Environment	0	0	0	0	0
Transportation	1,373,042	74,583	2,550,490	0	0
General Government					
Municipal Court	0	0	0	0	0
Other	0	0	0	0	0
Debt Service:					
Principal Retirement	24,014	0	0	40,157	29,843
Interest and Fiscal Charges	768	0	0	10,475	7,785
Total Expenditures	1,397,824	74,583	2,550,490	847,555	669,315
Excess of Revenues Over (Under) Expenditures	(4,677)	604	(241,326)	(707,992)	(529,752)
<u>Other Financing Sources (Uses)</u>					
Sale of Capital Assets	5,550	0	0	0	0
Transfers In	50,442	0	310,352	710,121	529,290
Transfers Out	(48,268)	0	0	0	0
Total Other Financing Sources (Uses)	7,724	0	310,352	710,121	529,290
Changes in Fund Balance	3,047	604	69,026	2,129	(462)
Fund Balance (Deficit) Beginning of Year	236,994	103,738	(107,838)	(48,470)	(44,620)
Fund Balance (Deficit) End of Year	<u>\$240,041</u>	<u>\$104,342</u>	<u>(\$38,812)</u>	<u>(\$46,341)</u>	<u>(\$45,082)</u>

State Grants	Federal Grants	Indigent Drivers Alcohol	Enforcement and Education	Court Computerization	Indigent Telephone	Municipal Probation
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	35,561	0	0	0	83,182
0	0	0	6,101	29,911	0	0
314,071	792,726	0	0	0	0	0
7,821	(576)	0	0	0	0	0
4,920	17,909	0	0	0	0	987
<u>326,812</u>	<u>810,059</u>	<u>35,561</u>	<u>6,101</u>	<u>29,911</u>	<u>0</u>	<u>84,169</u>
0	6,057	0	0	0	0	0
0	232,421	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
320,634	654,393	0	0	0	0	0
0	0	0	0	0	0	0
32,434	0	0	0	0	0	0
0	0	109,984	82,431	24,235	0	43,632
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>353,068</u>	<u>892,871</u>	<u>109,984</u>	<u>82,431</u>	<u>24,235</u>	<u>0</u>	<u>43,632</u>
(26,256)	(82,812)	(74,423)	(76,330)	5,676	0	40,537
0	0	0	0	0	0	0
62,681	13,000	0	0	0	0	0
(13,000)	0	0	0	0	0	0
<u>49,681</u>	<u>13,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
23,425	(69,812)	(74,423)	(76,330)	5,676	0	40,537
<u>2,598,455</u>	<u>1,129,769</u>	<u>242,761</u>	<u>82,431</u>	<u>194,971</u>	<u>17,185</u>	<u>290,167</u>
<u>\$2,621,880</u>	<u>\$1,059,957</u>	<u>\$168,338</u>	<u>\$6,101</u>	<u>\$200,647</u>	<u>\$17,185</u>	<u>\$330,704</u>

(continued)

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017
(continued)

	General Trust	Park Donations	Cemetery Donations	Total
<u>Revenues</u>				
Property Taxes	\$0	\$0	\$0	\$249,278
Payment in Lieu of Taxes	0	0	0	462
Other Local Taxes	0	0	0	439,720
Charges for Services	0	8,641	19,769	653,804
Fees, Licenses, and Permits	0	0	0	118,743
Fines and Forfeitures	53,192	0	0	89,204
Intergovernmental	35,202	0	0	3,810,008
Interest	0	2,063	7,176	16,881
Other	45,680	270	13,321	156,451
Total Revenues	134,074	10,974	40,266	5,534,551
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	118,214	0	0	755,958
Fire	15,290	0	0	1,044,634
Public Health	0	0	55,152	55,152
Leisure Time Activities	513	782	0	1,295
Community Environment	5,829	0	0	980,856
Transportation	0	0	0	3,998,115
General Government				
Municipal Court	0	0	0	32,434
Other	0	0	0	260,282
Debt Service:				
Principal Retirement	0	0	0	94,014
Interest and Fiscal Charges	0	0	0	19,028
Total Expenditures	139,846	782	55,152	7,241,768
Excess of Revenues Over (Under) Expenditures	(5,772)	10,192	(14,886)	(1,707,217)
<u>Other Financing Sources (Uses)</u>				
Sale of Capital Assets	1,693	0	0	7,243
Transfers In	0	0	0	1,675,886
Transfers In	0	0	0	(61,268)
Total Other Financing Sources (Uses)	1,693	0	0	1,621,861
Changes in Fund Balance	(4,079)	10,192	(14,886)	(85,356)
Fund Balance (Deficit) Beginning of Year	327,142	210,003	612,880	5,845,568
Fund Balance (Deficit) End of Year	\$323,063	\$220,195	\$597,994	\$5,760,212

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2017

	General Bond Retirement	Urban Renewal Debt Retirement	Special Assessment Bond Retirement	Total
<u>Revenues</u>				
Property Taxes	\$415,489	\$0	\$0	\$415,489
Payment in Lieu of Taxes	731	575,201	0	575,932
Municipal Income Taxes	747,498	0	0	747,498
Special Assessments	0	0	314,214	314,214
Intergovernmental	48,978	57,440	0	106,418
Total Revenues	1,212,696	632,641	314,214	2,159,551
<u>Expenditures</u>				
Debt Service:				
Principal Retirement	1,349,867	390,000	186,573	1,926,440
Interest and Fiscal Charges	245,591	40,470	112,251	398,312
Total Expenditures	1,595,458	430,470	298,824	2,324,752
Excess of Revenues Over (Under) Expenditures	(382,762)	202,171	15,390	(165,201)
<u>Other Financing Sources (Uses)</u>				
Transfers In	397,564	0	0	397,564
Transfers Out	0	0	(2,700)	(2,700)
Total Other Financing Sources (Uses)	397,564	0	(2,700)	394,864
Changes in Fund Balance	14,802	202,171	12,690	229,663
Fund Balance Beginning of Year	152,986	620,727	38,092	811,805
Fund Balance End of Year	\$167,788	\$822,898	\$50,782	\$1,041,468

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2017

	Capital Improvement	Redevelopment Tax Increment	Various Improvement	Total
<u>Revenues</u>				
Payment in Lieu of Taxes	\$0	\$32,763	\$0	\$32,763
Municipal Income Taxes	597,998	0	0	597,998
Charges for Services	0	0	78,788	78,788
Fees, Licenses, and Permits	0	0	163,114	163,114
Interest	0	0	4,473	4,473
Other	0	0	10,151	10,151
Total Revenues	597,998	32,763	256,526	887,287
<u>Expenditures</u>				
Current:				
Community Environment	0	2,778	328,396	331,174
Excess of Revenues Over (Under) Expenditures	597,998	29,985	(71,870)	556,113
<u>Other Financing Sources (Uses)</u>				
Transfers In	0	0	2,700	2,700
Transfers Out	(595,971)	0	0	(595,971)
Total Other Financing Sources (Uses)	(595,971)	0	2,700	(593,271)
Changes in Fund Balance	2,027	29,985	(69,170)	(37,158)
Fund Balance Beginning of Year	62,410	15,647	303,026	381,083
Fund Balance End of Year	\$64,437	\$45,632	\$233,856	\$343,925

City of Sandusky
Combining Statements - Fiduciary Funds

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Agency Funds

State Patrol Transfer

To account for resources deposited with the municipal court pending disposition to the Erie County Law Library and other municipalities.

Guaranteed Deposits

To account for resources deposited by contractors to guarantee the satisfactory completion of a job or project. Resources are returned to the depositor or used to pay any charges after the job or project has been accepted by the engineering department.

Sandusky Municipal Court

To account for bonds and other resources deposited with the municipal court pending final disposition of the various cases and payment to third parties, excluding the City.

BSF Assessment

To account for building standards fee assessments collected by the City and remitted to the State.

Fire Escrow

To account for insurance proceeds. These proceeds are released to the insured after removal or repair of the structure and an inspection by the Fire Chief.

Payroll

To account for charges to funds from which employees are paid for payment of the bi-weekly payroll, along with employee contributions to the pension system.

Police Temporary Deposit

To account for resources for which the police department has temporary custody due to drug law enforcement or contraband. Resources are held on deposit until the court requests the funds.

Section 125 Plan

To account for payroll deductions for medical bills and childcare for individuals.

City of Sandusky
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2017

	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017
<u>State Patrol Transfer</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$11,893	\$33,451	\$33,179	\$12,165
<u>Liabilities</u>				
Undistributed Assets	\$11,893	\$33,451	\$33,179	\$12,165
<u>Guaranteed Deposits</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$55,506	\$10,034	\$0	\$65,540
<u>Liabilities</u>				
Undistributed Assets	\$55,506	\$10,034	\$0	\$65,540
<u>Sandusky Municipal Court</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$83,049	\$2,149,495	\$2,150,712	\$81,832
<u>Liabilities</u>				
Undistributed Assets	\$83,049	\$2,149,495	\$2,150,712	\$81,832
<u>BSF Assessment</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$2,678	\$6,623	\$7,296	\$2,005
<u>Liabilities</u>				
Undistributed Assets	\$2,678	\$6,623	\$7,296	\$2,005
<u>Fire Escrow</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$133,852	\$10,860	\$106,002	\$38,710
<u>Liabilities</u>				
Undistributed Assets	\$133,852	\$10,860	\$106,002	\$38,710
<u>Payroll</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$692,675	\$549,526	\$322,595	\$919,606
<u>Liabilities</u>				
Due to Other Governments	\$65,502	(\$849)	\$0	\$64,653
Undistributed Assets	627,173	550,375	322,595	854,953
Total Liabilities	\$692,675	\$549,526	\$322,595	\$919,606

(continued)

City of Sandusky
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2017
(continued)

	Balance January 1, 2017	Additions	Reductions	Balance December 31, 2017
<u>Police Temporary Deposit</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$597	\$13,718	\$13,716	\$599
<u>Liabilities</u>				
Undistributed Assets	\$597	\$13,718	\$13,716	\$599
<u>Section 125 Plan</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$16,681	\$42,356	\$38,042	\$20,995
<u>Liabilities</u>				
Undistributed Assets	\$16,681	\$42,356	\$38,042	\$20,995
<u>Total - All Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$996,931	\$2,816,063	\$2,671,542	\$1,141,452
<u>Liabilities</u>				
Due to Other Governments	\$65,502	(\$849)	\$0	\$64,653
Undistributed Assets	931,429	2,816,912	2,671,542	1,076,799
Total Liabilities	\$996,931	\$2,816,063	\$2,671,542	\$1,141,452



**INDIVIDUAL FUND SCHEDULES
OF REVENUES, EXPENDITURES/EXPENSES,
AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL**

City of Sandusky
General Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Original	Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues</u>				
Property Taxes	\$1,495,786	\$1,495,786	\$1,516,512	\$20,726
Payment in Lieu of Taxes	2,655	2,655	2,655	0
Municipal Income Taxes	11,500,000	11,241,875	11,241,875	0
Other Local Taxes	5,845,000	5,687,176	5,621,135	(66,041)
Charges for Services	1,035,062	1,069,640	1,100,837	31,197
Fees, Licenses, and Permits	800,800	812,697	792,061	(20,636)
Fines and Forfeitures	1,234,300	1,167,146	1,108,934	(58,212)
Intergovernmental	657,559	708,661	646,801	(61,860)
Interest	160,000	200,219	199,474	(745)
Other	388,455	434,107	434,041	(66)
Total Revenues	23,119,617	22,819,962	22,664,325	(155,637)
<u>Expenditures</u>				
Current:				
Security of Persons and Property-Police				
Police Patrol				
Personal Services	4,690,145	4,320,145	4,319,182	963
Other	328,036	278,036	266,328	11,708
Total Police Patrol	5,018,181	4,598,181	4,585,510	12,671
Police Records				
Personal Services	156,747	156,747	156,176	571
Other	188,622	166,622	165,816	806
Total Police Records	345,369	323,369	321,992	1,377
Police Reserves				
Personal Services	142,531	157,531	154,266	3,265
Other	3,500	1,000	0	1,000
Total Police Reserves	146,031	158,531	154,266	4,265
Total Security of Persons and Property-Police	5,509,581	5,080,081	5,061,768	18,313
Security of Persons and Property-Fire				
Fire Suppression				
Personal Services	4,637,250	4,537,250	4,532,722	4,528
Other	346,641	306,641	299,130	7,511
Total Security of Persons and Property-Fire	4,983,891	4,843,891	4,831,852	12,039
Security of Persons and Property-Other				
Street Lighting				
Other	269,000	269,000	259,612	9,388

(continued)

City of Sandusky
General Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Public Health				
Oakland Cemetery				
Personal Services	\$298,770	\$248,770	\$238,932	\$9,838
Other	60,440	52,940	47,889	5,051
Total Public Health	359,210	301,710	286,821	14,889
Leisure Time Activities				
Aquatic Center				
Personal Services	0	500	337	163
Other	2,300	4,700	4,696	4
Total Aquatic Center	2,300	5,200	5,033	167
Mills Creek Golf Course				
Personal Services	116,000	110,300	110,291	9
Other	110,200	103,000	102,921	79
Total Mills Creek Golf Course	226,200	213,300	213,212	88
Recreation				
Personal Services	130,500	107,400	107,336	64
Other	124,000	128,000	127,934	66
Total Recreation	254,500	235,400	235,270	130
Paper District Marina				
Personal Services	17,000	16,500	16,443	57
Other	19,000	19,400	19,363	37
Total Paper District Marina	36,000	35,900	35,806	94
Boat Launch Ramp				
Personal Services	16,000	16,500	16,451	49
Other	22,250	17,850	16,585	1,265
Total Boat Launch Ramp	38,250	34,350	33,036	1,314
Total Leisure Time Activities	557,250	524,150	522,357	1,793
Community Environment				
Community Development Planning				
Personal Services	691,738	910,288	909,425	863
Other	84,515	57,465	45,809	11,656
Total Community Development Planning	776,253	967,753	955,234	12,519
City Wide Economic Development				
Other	30,000	30,000	30,000	0

(continued)

City of Sandusky
General Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Community Development Building Division				
Personal Services	\$220,566	\$210,566	\$208,631	\$1,935
Other	47,025	43,025	41,059	1,966
Total Community Development Building Division	267,591	253,591	249,690	3,901
Horticulture Services				
Personal Services	1,047,834	912,834	907,480	5,354
Other	274,134	296,134	290,671	5,463
Total Horticulture Services	1,321,968	1,208,968	1,198,151	10,817
Total Community Environment	2,395,812	2,460,312	2,433,075	27,237
Transportation				
Jackson Street Pier				
Other	1,000	1,200	965	235
General Government-Municipal Court				
Court-Criminal				
Personal Services	901,739	979,739	958,924	20,815
Other	52,000	62,000	60,592	1,408
Total General Government-Municipal Court	953,739	1,041,739	1,019,516	22,223
General Government-Other				
City Manager				
Personal Services	154,490	157,390	157,310	80
Other	11,404	11,404	8,525	2,879
Total City Manager	165,894	168,794	165,835	2,959
Personnel Labor Relations				
Personal Services	227,900	263,900	257,930	5,970
Other	24,125	14,125	7,300	6,825
Total Personnel Labor Relations	252,025	278,025	265,230	12,795
Finance				
Personal Services	127,412	117,412	110,780	6,632
Other	22,155	12,165	5,428	6,737
Total Finance	149,567	129,577	116,208	13,369
Income Tax				
Personal Services	70,314	70,814	70,469	345
Other	391,780	397,280	395,275	2,005
Total Income Tax	462,094	468,094	465,744	2,350

(continued)

City of Sandusky
General Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Data Processing				
Personal Services	\$155,687	\$156,187	\$156,037	\$150
Other	211,885	136,885	124,319	12,566
Total Data Processing	367,572	293,072	280,356	12,716
Law Director				
Personal Services	298,087	293,087	284,887	8,200
Other	41,219	26,219	15,543	10,676
Total Law Director	339,306	319,306	300,430	18,876
City Commission				
Personal Services	32,477	32,477	26,364	6,113
Other	15,852	15,852	8,288	7,564
Total City Commission	48,329	48,329	34,652	13,677
City Commission Clerk				
Personal Services	47,651	47,651	46,504	1,147
Other	2,255	2,255	971	1,284
Total City Commission Clerk	49,906	49,906	47,475	2,431
Municipal Buildings and Lands				
Personal Services	377,042	337,042	330,898	6,144
Other	228,544	233,544	229,404	4,140
Total Municipal Buildings and Lands	605,586	570,586	560,302	10,284
Engineering				
Personal Services	285,897	280,897	274,239	6,658
Other	39,327	34,327	29,108	5,219
Total Engineering	325,224	315,224	303,347	11,877
Mechanic				
Personal Services	687,808	263,808	262,979	829
Other	89,490	129,490	121,825	7,665
Total Mechanic	777,298	393,298	384,804	8,494
Unclaimed Funds				
Other	500	200	50	150
Administrative Support				
Other	709,200	929,200	916,893	12,307
Total General Government-Other	4,252,501	3,963,611	3,841,326	122,285

(continued)

City of Sandusky
General Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Debt Service:				
Principal Retirement	\$86,585	\$86,585	\$86,585	\$0
Interest and Fiscal Charges	2,769	2,769	2,769	0
Total Debt Service	89,354	89,354	89,354	0
Total Expenditures	19,371,338	18,575,048	18,346,646	228,402
Excess of Revenues Over Expenditures	3,748,279	4,244,914	4,317,679	72,765
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	293,781	575,610	438,745	(136,865)
Sale of Capital Assets	5,711	5,711	5,711	0
Advances In	2,700	2,700	2,700	0
Transfers Out	(4,454,440)	(4,423,477)	(4,360,450)	63,027
Total Other Financing Sources (Uses)	(4,152,248)	(3,839,456)	(3,913,294)	(73,838)
Changes in Fund Balance	(403,969)	405,458	404,385	(1,073)
Fund Balance Beginning of Year	4,936,455	4,936,455	4,936,455	0
Prior Year Encumbrances Appropriated	2,521	2,521	2,521	0
Fund Balance End of Year	\$4,535,007	\$5,344,434	\$5,343,361	(\$1,073)

City of Sandusky
Capital Projects Capital Projects Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$517,324	\$610,701	\$93,377
Intergovernmental	836,693	836,693	0
Fees, Licenses, and Permits	118,018	129,342	11,324
Interest	1,000	3,728	2,728
Other	471,928	486,567	14,639
Total Revenues	1,944,963	2,067,031	122,068
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Fire			
EMS			
Personal Services	50,000	34,528	15,472
Other	844,653	833,201	11,452
Total Security of Persons and Property-Fire	894,653	867,729	26,924
Leisure Time Activities			
Sandusky Fishing Stations			
Other	350,000	299,247	50,753
Shoreline Drive Walkway			
Other	151,000	127,536	23,464
Lions Park Beach			
Other	7,100	5,106	1,994
Total Leisure Time Activities	508,100	431,889	76,211
Community Environment			
City Wide Economic Development			
Other	705,000	700,086	4,914
Community Development			
Other	340,000	335,239	4,761
Horticulture Services			
Other	16,000	8,661	7,339
Neighborhood Development			
Other	50,000	49,374	626
West Battery Launch			
Other	34,500	23,907	10,593
Brownfields			
Other	370	370	0
Waterfront Corridor			
Other	46,000	45,090	910
Total Community Environment	1,191,870	1,162,727	29,143

(continued)

City of Sandusky
Capital Projects Capital Projects Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017
(continued)

	Budget	Actual	Variance Over (Under)
Transportation			
Streets			
Other	\$410,000	\$265,025	\$144,975
Camp Street Underpass			
Other	10,000	8,370	1,630
Westend Grade Separation			
Other	8,000	2,720	5,280
Jackson Street Pier			
Other	175,000	138,750	36,250
Nonmatch Rural			
Other	20,000	4,434	15,566
Total Transportation	623,000	419,299	203,701
General Government-Municipal Court			
Municipal Court			
Personal Services	25,000	10,451	14,549
Other	25,000	4,900	20,100
Total General Government-Municipal Court	50,000	15,351	34,649
General Government-Other			
City Hall Relocation			
Other	385,000	383,366	1,634
Court Renovation			
Other	5,000	4,900	100
Paper District			
Other	12,000	8,692	3,308
Engineering			
Other	358,057	358,057	0
Data Processing			
Other	68,368	67,563	805
Total General Government-Other	828,425	822,578	5,847
Capital Outlay	3,113,375	2,985,645	127,730
Debt Service:			
Principal Retirement	3,450,000	3,450,000	0
Interest and Fiscal Charges	79,462	69,000	10,462
Total Debt Service	3,529,462	3,519,000	10,462
Total Expenditures	10,738,885	10,224,218	514,667

(continued)

City of Sandusky
Capital Projects Capital Projects Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017
(continued)

	Budget	Actual	Variance Over (Under)
Excess of Revenues Under Expenditures	(\$8,793,922)	(\$8,157,187)	\$636,735
<u>Other Financing Sources</u>			
Other Financing Sources	100,018	150,018	50,000
Sale of Capital Assets	46,233	46,233	0
Bond Anticipation Notes Issued	2,900,000	2,900,000	0
Transfers In	3,133,480	3,133,633	153
Total Other Financing Sources	6,179,731	6,229,884	50,153
Changes in Fund Balance	(2,614,191)	(1,927,303)	686,888
Fund Balance Beginning of Year	4,786,429	4,786,429	0
Prior Year Encumbrances Appropriated	10,681	10,681	0
Fund Balance End of Year	<u>\$2,182,919</u>	<u>\$2,869,807</u>	<u>\$686,888</u>

City of Sandusky
Water Enterprise Fund

Schedule of Revenues, Expenses,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$7,113,263	\$7,325,720	\$212,457
OWDA Loan Proceeds	1,484,194	1,484,194	0
Interest	335	827	492
Other	28,886	51,350	22,464
Total Revenues	8,626,678	8,862,091	235,413
<u>Expenses</u>			
<u>Personal Services</u>			
Water Office	162,914	159,465	3,449
Waterworks Filtration	1,287,415	1,283,751	3,664
Waterworks Distribution	861,459	852,044	9,415
Administrative Support	730,000	713,337	16,663
Total Personal Services	3,041,788	3,008,597	33,191
<u>Travel and Transportation</u>			
Water Office	1,025	90	935
Waterworks Filtration	7,900	5,122	2,778
Waterworks Distribution	9,900	3,441	6,459
Administrative Support	5,500	3,923	1,577
Total Travel and Transportation	24,325	12,576	11,749
<u>Contractual Services</u>			
Water Office	30,080	29,548	532
Waterworks Filtration	487,071	483,491	3,580
Waterworks Distribution	88,376	48,831	39,545
Other	3,130	3,130	0
Administrative Support	190,809	187,573	3,236
Total Contractual Services	799,466	752,573	46,893
<u>Materials and Supplies</u>			
Water Office	4,200	2,980	1,220
Waterworks Filtration	614,090	613,200	890
Waterworks Distribution	310,070	305,378	4,692
Administrative Support	67,750	64,798	2,952
Total Materials and Supplies	996,110	986,356	9,754
<u>Other</u>			
Water Office	250	185	65
Waterworks Distribution	500	231	269
Administrative Support	4,000	2,899	1,101
Total Other	4,750	3,315	1,435

(continued)

City of Sandusky
Water Enterprise Fund

Schedule of Revenues, Expenses,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017
(continued)

	Budget	Actual	Variance Over (Under)
Capital Outlay			
Waterworks Filtration	\$1,504,150	\$1,503,410	\$740
Waterworks Distribution	144,000	143,873	127
Other	347,616	330,241	17,375
Administrative Support	0	0	0
Total Capital Outlay	<u>1,995,766</u>	<u>1,977,524</u>	<u>18,242</u>
Debt Service:			
Principal Retirement	1,122,686	1,122,686	0
Interest Expense	604,972	604,655	317
Total Debt Service	<u>1,727,658</u>	<u>1,727,341</u>	<u>317</u>
Total Expenses	<u>8,589,863</u>	<u>8,468,282</u>	<u>121,581</u>
Excess of Revenues Over Expenses	36,815	393,809	356,994
Transfers Out	<u>(64,841)</u>	<u>(64,394)</u>	<u>447</u>
Changes in Fund Balance	(28,026)	329,415	357,441
Fund Balance Beginning of Year	5,001,715	5,001,715	0
Prior Year Encumbrances Appropriated	<u>819</u>	<u>819</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$4,974,508</u></u>	<u><u>\$5,331,949</u></u>	<u><u>\$357,441</u></u>

City of Sandusky
Sewer Enterprise Fund

Schedule of Revenues, Expenses,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$10,743,281	\$10,887,717	\$144,436
OWDA Loan Proceeds	1,083,662	1,083,662	0
Sale of Capital Assets	32,705	43,419	10,714
Interest	500	1,803	1,303
Other	227,157	250,108	22,951
Total Revenues	12,087,305	12,266,709	179,404
<u>Expenses</u>			
<u>Personal Services</u>			
Sewer Office	162,914	159,465	3,449
Water Pollution Control	1,547,407	1,523,975	23,432
Sewer Maintenance	845,160	813,301	31,859
Administrative Support	730,000	712,471	17,529
Total Personal Services	3,285,481	3,209,212	76,269
<u>Travel and Transportation</u>			
Sewer Office	1,025	90	935
Water Pollution Control	21,195	9,644	11,551
Sewer Maintenance	5,950	1,076	4,874
Storm Sewer	2,000	645	1,355
Administrative Support	5,500	3,517	1,983
Total Travel and Transportation	35,670	14,972	20,698
<u>Contractual Services</u>			
Sewer Office	30,980	30,783	197
Water Pollution Control	879,051	869,346	9,705
Sewer Maintenance	237,177	232,473	4,704
Storm Sewer	36,200	29,874	6,326
Administrative Support	213,559	212,674	885
Total Contractual Services	1,396,967	1,375,150	21,817
<u>Materials and Supplies</u>			
Sewer Office	3,700	3,140	560
Water Pollution Control	398,000	394,847	3,153
Sewer Maintenance	298,420	298,024	396
Storm Sewer	40,500	40,470	30
Administrative Support	77,000	66,287	10,713
Total Materials and Supplies	817,620	802,768	14,852
<u>Other</u>			
Sewer Office	250	185	65
Administrative Support	4,000	2,414	1,586
Total Other	4,250	2,599	1,651

(continued)

City of Sandusky
Sewer Enterprise Fund

Schedule of Revenues, Expenses,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017
(continued)

	Budget	Actual	Variance Over (Under)
Capital Outlay			
Water Pollution Control	\$512,641	\$512,229	\$412
Sewer Maintenance	1,802,396	1,788,001	14,395
Administrative Support	22,000	18,008	3,992
Total Capital Outlay	<u>2,337,037</u>	<u>2,318,238</u>	<u>18,799</u>
Debt Service:			
Principal Retirement	1,730,551	1,730,551	0
Interest Expense	1,062,903	1,062,903	0
Total Debt Service	<u>2,793,454</u>	<u>2,793,454</u>	<u>0</u>
Total Expenses	<u>10,670,479</u>	<u>10,516,393</u>	<u>154,086</u>
Excess of Revenues Over Expenses	1,416,826	1,750,316	333,490
Transfers Out	<u>(129,500)</u>	<u>(125,000)</u>	<u>4,500</u>
Changes in Fund Balance	1,287,326	1,625,316	337,990
Fund Balance Beginning of Year	3,794,100	3,794,100	0
Prior Year Encumbrances Appropriated	<u>819</u>	<u>819</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$5,082,245</u></u>	<u><u>\$5,420,235</u></u>	<u><u>\$337,990</u></u>

City of Sandusky
Street Maintenance Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Other Local Taxes	\$441,250	\$441,250	\$0
Intergovernmental	866,530	922,376	55,846
Interest	149	179	30
Other	1,036	1,036	0
Total Revenues	1,308,965	1,364,841	55,876
<u>Expenditures</u>			
Current:			
Transportation			
Public Works			
Personal Services	796,080	795,262	818
Other	280,397	280,330	67
Total Public Works	1,076,477	1,075,592	885
Traffic and Electrical Maintenance			
Personal Services	115,228	115,228	0
Other	151,455	151,421	34
Total Traffic and Electrical Maintenance	266,683	266,649	34
Street Cleaning, Snow, and Ice Removal			
Other	24,400	24,377	23
Total Transportation	1,367,560	1,366,618	942
Debt Service:			
Principal Retirement	24,014	24,014	0
Interest and Fiscal Charges	768	768	0
Total Debt Service	24,782	24,782	0
Total Expenditures	1,392,342	1,391,400	942
Excess of Revenues			
Under Expenditures	(83,377)	(26,559)	56,818
<u>Other Financing Sources</u>			
Other Financing Sources	31,035	32,428	1,393
Sale of Capital Assets	5,550	5,550	0
Transfers In	50,442	50,442	0
Transfers Out	(48,268)	(48,268)	0
Total Other Financing Sources	38,759	40,152	1,393
Changes in Fund Balance	(44,618)	13,593	58,211
Fund Balance Beginning of Year	52,409	52,409	0
Fund Balance End of Year	\$7,791	\$66,002	\$58,211

City of Sandusky
State Highway Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$71,000	\$74,787	\$3,787
Interest	50	217	167
Total Revenues	<u>71,050</u>	<u>75,004</u>	<u>3,954</u>
<u>Expenditures</u>			
Current:			
Transportation			
State Highway Maintenance and Repair			
Personal Services	51,045	51,045	0
Other	28,954	23,444	5,510
Total Expenditures	<u>79,999</u>	<u>74,489</u>	<u>5,510</u>
Excess of Revenues Over (Under) Expenditures	(8,949)	515	9,464
<u>Other Financing Sources</u>			
Other Financing Sources	100	490	390
Changes in Fund Balance	(8,849)	1,005	9,854
Fund Balance Beginning of Year	<u>98,168</u>	<u>98,168</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$89,319</u></u>	<u><u>\$99,173</u></u>	<u><u>\$9,854</u></u>

City of Sandusky
Public Transit Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$632,815	\$640,549	\$7,734
Intergovernmental	1,547,210	1,547,210	0
Total Revenues	2,180,025	2,187,759	7,734
<u>Expenditures</u>			
Current:			
Transportation			
Public Transit System			
Personal Services	0	0	0
Other	76,941	76,941	0
Total Public Transit System	76,941	76,941	0
Rural Transit System			
Personal Services	80,370	80,370	0
Other	2,376,651	2,376,651	0
Total Rural Transit System	2,457,021	2,457,021	0
Total Expenditures	2,533,962	2,533,962	0
Excess of Revenues Under Expenditures	(353,937)	(346,203)	7,734
<u>Other Financing Sources</u>			
Other Financing Sources	40,417	40,417	0
Transfers In	310,352	310,352	0
Total Other Financing Sources	350,769	350,769	0
Changes in Fund Balance	(3,168)	4,566	7,734
Fund Balance Beginning of Year	3,447	3,447	0
Fund Balance End of Year	\$279	\$8,013	\$7,734

City of Sandusky
Fire Pension Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$124,080	\$124,639	\$559
Payment in Lieu of Taxes	231	231	0
Intergovernmental	13,778	14,693	915
Total Revenues	138,089	139,563	1,474
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Fire			
Fire Pension			
Personal Services	795,251	795,251	0
Other	2,430	2,420	10
Total Security of Persons and Property-Fire	797,681	797,671	10
Debt Service:			
Principal Retirement	40,157	40,157	0
Interest and Fiscal Charges	10,475	10,475	0
Total Debt Service	50,632	50,632	0
Total Expenditures	848,313	848,303	10
Excess of Revenues			
Under Expenditures	(710,224)	(708,740)	1,484
<u>Other Financing Sources</u>			
Transfers In	711,085	710,121	(964)
Changes in Fund Balance	861	1,381	520
Fund Balance Beginning of Year	10,110	10,110	0
Fund Balance End of Year	\$10,971	\$11,491	\$520

City of Sandusky
Police Pension Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$124,080	\$124,639	\$559
Payment in Lieu of Taxes	231	231	0
Intergovernmental	13,778	14,693	915
Total Revenues	138,089	139,563	1,474
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police Pension			
Personal Services	628,365	628,365	0
Other	2,429	2,421	8
Total Security of Persons and Property-Police	630,794	630,786	8
Debt Service:			
Principal Retirement	29,843	29,843	0
Interest and Fiscal Charges	7,785	7,785	0
Total Debt Service	37,628	37,628	0
Total Expenditures	668,422	668,414	8
Excess of Revenues			
Under Expenditures	(530,333)	(528,851)	1,482
<u>Other Financing Sources</u>			
Transfers In	530,465	529,290	(1,175)
Changes in Fund Balance	132	439	307
Fund Balance Beginning of Year	3,495	3,495	0
Fund Balance End of Year	\$3,627	\$3,934	\$307

City of Sandusky
State Grants Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$339,678	\$339,678	\$0
Interest	6,205	7,821	1,616
Other	30,875	45,357	14,482
Total Revenues	376,758	392,856	16,098
<u>Expenditures</u>			
Current:			
Community Environment			
Landbank			
Other	10,000	7,184	2,816
CDBG			
Other	110,000	106,936	3,064
Revolving Loan Home			
Other	10,457	9,857	600
Revolving Loan Economic Development			
Other	15,000	0	15,000
Underground Storage Tank Removal Grant			
Other	163,000	162,050	950
Total Community Environment	308,457	286,027	22,430
General Government-Municipal Court			
DRC Probation			
Personal Services	33,000	32,434	566
Total Expenditures	341,457	318,461	22,996
Excess of Revenues Over Expenditures	35,301	74,395	39,094
<u>Other Financing Sources</u>			
Other Financing Sources	6,261	6,261	0
Transfers In	62,681	62,681	0
Total Other Financing Sources	68,942	68,942	0
Changes in Fund Balance	104,243	143,337	39,094
Fund Balance Beginning of Year	460,840	460,840	0
Fund Balance End of Year	\$565,083	\$604,177	\$39,094

City of Sandusky
Federal Grants Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$807,292	\$810,176	\$2,884
Interest	5,084	5,084	0
Total Revenues	812,376	815,260	2,884
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police Bulletproof Vest			
Other	6,100	6,057	43
Security of Persons and Property-Fire			
EMS			
Other	232,500	232,421	79
Community Environment			
EPA Asmt Petroleum			
Other	66,000	65,261	739
EPA Asmt Hazardous Waste			
Other	31,000	30,050	950
HUD CDBG 09MC390034			
Personal Services	220,000	215,479	4,521
Other	335,000	321,997	13,003
Total HUD CDBG 09MC390034	555,000	537,476	17,524
Revolving Loan Economic Development			
Other	1,044,000	1,043,830	170
Total Community Environment	1,696,000	1,676,617	19,383
Total Expenditures	1,934,600	1,915,095	19,505
Excess of Revenues			
Under Expenditures	(1,122,224)	(1,099,835)	22,389
<u>Other Financing Sources</u>			
Other Financing Sources	16,925	30,909	13,984
Changes in Fund Balance	(1,105,299)	(1,068,926)	36,373
Fund Balance Beginning of Year	1,110,183	1,110,183	0
Fund Balance End of Year	\$4,884	\$41,257	\$36,373

City of Sandusky
Indigent Drivers Alcohol Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fees, Licenses, and Permits	\$37,000	\$35,738	(\$1,262)
<u>Expenditures</u>			
Current:			
Other			
Indigent Drivers Alcohol Treatment			
Personal Services	107,000	106,614	386
Changes in Fund Balance	(70,000)	(70,876)	(876)
Fund Balance Beginning of Year	242,083	242,083	0
Fund Balance End of Year	\$172,083	\$171,207	(\$876)

City of Sandusky
Enforcement and Education Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$3,000	\$6,101	\$3,101
<u>Expenditures</u>			
Current:			
Other			
Enforcement and Education			
Other Services	82,500	82,431	69
Changes in Fund Balance	(79,500)	(76,330)	3,170
Fund Balance Beginning of Year	82,431	82,431	0
Fund Balance End of Year	\$2,931	\$6,101	\$3,170

City of Sandusky
Court Computerization Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$26,000	\$30,970	\$4,970
<u>Expenditures</u>			
Current:			
Other			
Court Computerization			
Personal Services	8,000	5,226	2,774
Other	20,000	18,994	1,006
Total Expenditures	28,000	24,220	3,780
Changes in Fund Balance	(2,000)	6,750	8,750
Fund Balance Beginning of Year	194,111	194,111	0
Fund Balance End of Year	\$192,111	\$200,861	\$8,750

City of Sandusky
Indigent Telephone Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>	\$0	\$0	\$0
<u>Expenditures</u>	0	0	0
Changes in Fund Balance	0	0	0
Fund Balance Beginning of Year	17,185	17,185	0
Fund Balance End of Year	\$17,185	\$17,185	\$0

City of Sandusky
Municipal Probation Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fees, Licenses, and Permits	\$77,500	\$83,182	\$5,682
<u>Expenditures</u>			
Current:			
Other			
Municipal Probation			
Personal Services	92,000	41,300	50,700
Other	5,000	2,328	2,672
Total Expenditures	97,000	43,628	53,372
Excess of Revenues Over (Under) Expenditures	(19,500)	39,554	59,054
<u>Other Financing Sources</u>			
Other Financing Sources	500	987	487
Changes in Fund Balance	(19,000)	40,541	59,541
Fund Balance Beginning of Year	290,633	290,633	0
Fund Balance End of Year	\$271,633	\$331,174	\$59,541

City of Sandusky
General Trust Special Revenue Fund
Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$42,796	\$52,652	\$9,856
Intergovernmental	35,202	35,202	0
Other	33,863	36,628	2,765
Total Revenues	111,861	124,482	12,621
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police Patrol			
Other	18,000	5,613	12,387
Contraband Trust			
Other	70,001	65,284	4,717
Drug Trust			
Other	39,000	35,000	4,000
Fed Forfeiture			
Other	13,234	12,317	917
Total Security of Persons and Property- Police	140,235	118,214	22,021
Security of Persons and Property-Fire			
Fire Suppression			
Other	16,000	15,290	710
Leisure Time Activities			
Green Trust			
Other	649	279	370
Friends of the Greenhouse			
Other	175	175	0
Total Leisure Time Activities	824	454	370
Community Environment			
Park Trust			
Personal Services	6,500	5,829	671
Total Expenditures	163,559	139,787	23,772
Excess of Revenues			
Under Expenditures	(51,698)	(15,305)	36,393

(continued)

City of Sandusky
 General Trust Special Revenue Fund
 Schedule of Revenues, Expenditures,
 and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended December 31, 2017
 (continued)

	Budget	Actual	Variance Over (Under)
<u>Other Financing Sources</u>			
Other Financing Sources	\$9,052	\$9,052	\$0
Sale of Capital Assets	1,693	1,693	0
Total Other Financing Sources	10,745	10,745	0
Changes in Fund Balance	(40,953)	(4,560)	36,393
Fund Balance Beginning of Year	322,208	322,208	0
Prior Year Encumbrances Appropriated	4,934	4,934	0
Fund Balance End of Year	<u>\$286,189</u>	<u>\$322,582</u>	<u>\$36,393</u>

City of Sandusky
Park Donations Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$10,613	\$8,171	(\$2,442)
Interest	2,317	2,063	(254)
Other	4,400	270	(4,130)
Total Revenues	<u>17,330</u>	<u>10,504</u>	<u>(6,826)</u>
<u>Expenditures</u>			
Current:			
Leisure Time Activities			
Reg Wagon			
Other	500	470	30
Washington Park and Greenhouse			
Other	500	312	188
Total Leisure Time Activities	<u>1,000</u>	<u>782</u>	<u>218</u>
Changes in Fund Balance	16,330	9,722	(6,608)
Fund Balance Beginning of Year	<u>210,003</u>	<u>210,003</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$226,333</u></u>	<u><u>\$219,725</u></u>	<u><u>(\$6,608)</u></u>

City of Sandusky
Cemetery Donations Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$15,335	\$20,935	\$5,600
Interest	2,756	7,041	4,285
Total Revenues	<u>18,091</u>	<u>27,976</u>	<u>9,885</u>
<u>Expenditures</u>			
Current:			
Public Health			
Oakland Cemetery			
Personal Services	50,000	44,696	5,304
Garden Mausoleum			
Other	10,500	9,869	631
Special Care			
Other	1,000	304	696
Memorial Paintings			
Other	1,100	145	955
Total Expenditures	<u>62,600</u>	<u>55,014</u>	<u>7,586</u>
Excess of Revenues Under Expenditures	(44,509)	(27,038)	17,471
<u>Other Financing Sources</u>			
Other Financing Sources	4,579	13,321	8,742
Changes in Fund Balance	(39,930)	(13,717)	26,213
Fund Balance Beginning of Year	<u>611,783</u>	<u>611,783</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$571,853</u></u>	<u><u>\$598,066</u></u>	<u><u>\$26,213</u></u>

City of Sandusky
General Bond Retirement Debt Service Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$409,445	\$415,489	\$6,044
Payment in Lieu of Taxes	731	731	0
Municipal Income Taxes	739,528	746,483	6,955
Intergovernmental	50,122	48,978	(1,144)
Total Revenues	<u>1,199,826</u>	<u>1,211,681</u>	<u>11,855</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	1,349,867	1,349,867	0
Interest and Fiscal Charges	247,521	245,591	1,930
Total Expenditures	<u>1,597,388</u>	<u>1,595,458</u>	<u>1,930</u>
Excess of Revenues Under Expenditures	(397,562)	(383,777)	13,785
<u>Other Financing Sources</u>			
Transfers In	397,564	397,564	0
Changes in Fund Balance	2	13,787	13,785
Fund Balance Beginning of Year	<u>77,957</u>	<u>77,957</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$77,959</u></u>	<u><u>\$91,744</u></u>	<u><u>\$13,785</u></u>

City of Sandusky
Urban Renewal Debt Retirement Debt Service Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Payment in Lieu of Taxes	\$572,560	\$575,201	\$2,641
Intergovernmental	57,440	57,440	0
Total Revenues	<u>630,000</u>	<u>632,641</u>	<u>2,641</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	390,000	390,000	0
Interest and Fiscal Charges	41,600	40,470	1,130
Total Expenditures	<u>431,600</u>	<u>430,470</u>	<u>1,130</u>
Changes in Fund Balance	198,400	202,171	3,771
Fund Balance Beginning of Year	<u>620,727</u>	<u>620,727</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$819,127</u></u>	<u><u>\$822,898</u></u>	<u><u>\$3,771</u></u>

City of Sandusky
Special Assessment Bond Retirement Debt Service Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Special Assessments	\$303,525	\$314,214	\$10,689
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	186,573	186,573	0
Interest and Fiscal Charges	113,750	112,251	1,499
Total Expenditures	300,323	298,824	1,499
Excess of Revenues Over Expenditures	3,202	15,390	12,188
<u>Other Financing Uses</u>			
Advances Out	(2,700)	(2,700)	0
Changes in Fund Balance	502	12,690	12,188
Fund Balance Beginning of Year	38,092	38,092	0
Fund Balance End of Year	<u>\$38,594</u>	<u>\$50,782</u>	<u>\$12,188</u>

City of Sandusky
Capital Improvement Capital Projects Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Municipal Income Taxes	\$595,000	\$597,186	\$2,186
<u>Expenditures</u>	0	0	0
Excess of Revenues Over Expenditures	595,000	597,186	2,186
<u>Other Financing Uses</u>			
Transfers Out	(595,971)	(595,971)	0
Changes in Fund Balance	(971)	1,215	2,186
Fund Balance Beginning of Year	2,387	2,387	0
Fund Balance End of Year	\$1,416	\$3,602	\$2,186

City of Sandusky
 Redevelopment Tax Increment Capital Projects Fund

Schedule of Revenues, Expenditures,
 and Changes in Fund Balance
 Budget (Non-GAAP Budgetary Basis) and Actual
 For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Payment in Lieu of Taxes	\$30,000	\$32,763	\$2,763
<u>Expenditures</u>			
Current:			
Community Environment			
City Wide Economic Development			
Other	3,000	2,778	222
Changes in Fund Balance	27,000	29,985	2,985
Fund Balance Beginning of Year	15,647	15,647	0
Fund Balance End of Year	\$42,647	\$45,632	\$2,985

City of Sandusky
Various Improvement Capital Projects Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$60,997	\$60,997	\$0
Fees, Licenses, and Permits	162,320	163,624	1,304
Interest	2,044	4,473	2,429
Total Revenues	225,361	229,094	3,733
<u>Expenditures</u>			
Current:			
Community Environment			
Remove Unsafe Buildings			
Other	2,000	1,674	326
Nuisance Removal			
Personal Services	2,000	0	2,000
Other	18,300	17,913	387
Total Nuisance Removal	20,300	17,913	2,387
Rental Registration Fee			
Personal Services	240,000	235,396	4,604
Other	25,000	19,257	5,743
Total Rental Registration Fee	265,000	254,653	10,347
Inspection Fee			
Other	32,500	31,777	723
Administration Fee			
Other	4,000	3,513	487
Total Expenditures	323,800	309,530	14,270
Excess of Revenues			
Under Expenditures	(98,439)	(80,436)	18,003
<u>Other Financing Sources</u>			
Other Financing Sources	9,639	10,151	512
Changes in Fund Balance	(88,800)	(70,285)	18,515
Fund Balance Beginning of Year	315,649	315,649	0
Fund Balance End of Year	\$226,849	\$245,364	\$18,515

City of Sandusky
Health Insurance Internal Service Fund

Schedule of Revenues, Expenses,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2017

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$5,136,631	\$5,136,631	\$0
Miscellaneous	663,369	767,415	104,046
Total Revenues	5,800,000	5,904,046	104,046
<u>Expenses</u>			
Claims	4,150,000	4,124,990	25,010
Changes in Fund Balance	1,650,000	1,779,056	129,056
Fund Balance Beginning of Year	2,333,254	2,333,254	0
Fund Balance End of Year	<u>\$3,983,254</u>	<u>\$4,112,310</u>	<u>\$129,056</u>

Statistical

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This part of the City’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 **Page**

Financial Trends..... S-2

These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

Revenue Capacity S-12

These schedules contain information to help the reader assess the City’s most significant local revenue sources.

Debt Capacity..... S-46

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.

Demographic and Economic Information..... S-56

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.

Operating Information S-60

These schedules contain service 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.

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Sandusky
Net Position
Last Ten Years
(Accrual Basis of Accounting)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental Activities				
Net Investment in Capital Assets	\$35,024,423	\$33,978,149	\$35,774,016	\$32,986,487
Restricted for				
Capital Projects	3,605,069	5,199,629	3,812,217	3,332,213
Debt Service	1,654,047	370,057	1,076,680	1,745,871
Other Purposes	6,545,461	6,537,687	5,471,527	5,700,728
Unrestricted (Deficit)	<u>(14,478,600)</u>	<u>(14,437,669)</u>	<u>(16,426,206)</u>	<u>(17,681,479)</u>
Total Governmental Activities Net Position	<u>32,350,400</u>	<u>31,647,853</u>	<u>29,708,234</u>	<u>26,083,820</u>
Business-Type Activities				
Net Investment in Capital Assets	44,639,387	43,448,277	42,898,225	41,477,719
Unrestricted	<u>9,632,797</u>	<u>7,250,609</u>	<u>5,792,850</u>	<u>7,673,382</u>
Total Business-Type Activities Net Position	<u>54,272,184</u>	<u>50,698,886</u>	<u>48,691,075</u>	<u>49,151,101</u>
Primary Government				
Net Investment in Capital Assets	79,663,810	77,426,426	78,672,241	74,464,206
Restricted	11,804,577	12,107,373	10,360,424	10,778,812
Unrestricted (Deficit)	<u>(4,845,803)</u>	<u>(7,187,060)</u>	<u>(10,633,356)</u>	<u>(10,008,097)</u>
Total Primary Government Net Position	<u>\$86,622,584</u>	<u>\$82,346,739</u>	<u>\$78,399,309</u>	<u>\$75,234,921</u>

Note: The City reported the impact of GASB Statement No. 68 beginning in 2014.

2013	2012	2011	2010	2009	2008
\$34,031,522	\$35,252,903	\$35,126,166	\$38,122,520	\$34,869,732	\$33,005,235
4,280,873	3,806,228	3,492,887	2,920,974	3,218,958	6,197,701
2,162,193	1,949,698	1,918,564	1,902,993	2,439,729	2,528,165
5,920,558	5,556,594	6,061,253	6,005,182	6,367,187	8,143,328
(139,214)	(712,642)	(1,573,210)	(2,681,773)	(2,812,918)	(2,978,838)
46,255,932	45,852,781	45,025,660	46,269,896	44,082,688	46,895,591
40,066,785	39,713,895	39,918,374	39,941,052	35,050,194	17,057,860
13,462,237	14,630,323	15,278,595	16,854,414	18,611,306	23,825,346
53,529,022	54,344,218	55,196,969	56,795,466	53,661,500	40,883,206
74,098,307	74,966,798	75,044,540	78,063,572	69,919,926	50,063,095
12,363,624	11,312,520	11,472,704	10,829,149	12,025,874	16,869,194
13,323,023	13,917,681	13,705,385	14,172,641	15,798,388	20,846,508
\$99,784,954	\$100,196,999	\$100,222,629	\$103,065,362	\$97,744,188	\$87,778,797

City of Sandusky
Changes in Net Position
Last Ten Years
(Accrual Basis of Accounting)

	2017	2016	2015	2014
<u>Expenses</u>				
Governmental Activities				
Security of Persons and Property				
Police	\$5,996,216	\$6,180,846	\$5,668,020	\$5,347,693
Fire	7,370,266	6,765,752	6,368,780	5,940,342
Other	257,495	271,686	267,254	271,810
Public Health	396,115	309,402	315,232	308,648
Leisure Time Activities	1,180,710	575,513	639,183	542,957
Community Environment	5,184,333	4,109,633	2,968,488	4,315,542
Transportation	6,750,268	9,168,882	6,192,685	6,107,625
General Government				
Municipal Court	1,358,390	1,014,168	982,558	1,057,957
Other	4,797,015	4,136,866	4,031,549	3,452,889
Interest and Fiscal Charges	542,276	569,634	886,182	844,566
Total Governmental Activities Expenses	33,833,084	33,102,382	28,319,931	28,190,029
Business-Type Activities				
Water	6,657,346	6,328,824	5,657,845	5,976,511
Sewer	8,494,172	7,848,395	7,509,197	7,193,792
Total Business-Type Activities Expenses	15,151,518	14,177,219	13,167,042	13,170,303
Total Primary Government Expenses	48,984,602	47,279,601	41,486,973	41,360,332
<u>Program Revenues</u>				
Governmental Activities				
Charges for Services				
Security of Persons and Property				
Police	380,770	471,085	313,471	332,809
Fire	1,099,349	1,066,497	943,899	773,862
Public Health	134,752	140,165	133,488	108,974
Leisure Time Activities	289,112	271,849	275,402	276,929
Community Environment	311,765	512,667	151,613	182,696
Transportation	2,310,463	1,087,071	1,153,575	1,081,882
General Government				
Municipal Court	1,207,191	1,313,939	1,113,257	1,091,134
Other	347,104	315,526	228,268	246,887
Total Charges for Services	6,080,506	5,178,799	4,312,973	4,095,173
Operating Grants, Contributions, and Interest	3,292,700	3,273,258	2,947,200	3,789,724
Capital Grants and Contributions	1,416,703	1,619,021	3,262,302	1,512,023
Total Governmental Activities Program Revenues	10,789,909	10,071,078	10,522,475	9,396,920
Business-Type Activities				
Charges for Services				
Water	7,558,764	6,515,822	5,327,914	5,313,083
Sewer	11,111,125	9,397,518	7,218,429	5,667,134
Total Charges for Services	18,669,889	15,913,340	12,546,343	10,980,217
Capital Grants and Contributions	0	19,257	14,000	113,852
Total Business-Type Activities Program Revenues	18,669,889	15,932,597	12,560,343	11,094,069
Total Primary Government Program Revenues	29,459,798	26,003,675	23,082,818	20,490,989

2013	2012	2011	2010	2009	2008
\$5,032,468	\$5,032,700	\$5,402,963	\$5,516,364	\$5,669,764	\$5,874,509
5,953,841	5,905,825	5,527,949	5,515,869	5,862,556	5,937,365
252,367	244,688	252,562	249,581	258,171	314,316
318,872	306,388	283,560	329,948	315,947	403,533
614,010	216,767	508,712	460,013	816,417	601,231
2,538,486	2,476,125	2,893,502	3,331,774	4,228,845	3,310,344
4,848,791	4,470,255	4,445,226	4,239,588	4,205,229	4,303,144
1,013,065	1,033,017	1,023,043	970,915	933,795	870,524
3,372,415	3,617,806	3,497,520	3,456,520	3,870,955	4,408,458
965,397	1,295,714	1,005,849	1,252,643	1,495,442	1,447,618
24,909,712	24,599,285	24,840,886	25,323,215	27,657,121	27,471,042
5,561,209	5,368,961	5,359,486	4,511,328	5,101,130	5,585,538
6,726,105	6,334,406	8,341,844	6,895,098	6,337,377	6,433,075
12,287,314	11,703,367	13,701,330	11,406,426	11,438,507	12,018,613
37,197,026	36,302,652	38,542,216	36,729,641	39,095,628	39,489,655
354,756	399,331	353,733	321,561	342,426	383,757
756,733	754,046	988,659	827,407	721,402	625,434
116,853	84,027	108,618	107,057	122,323	118,531
257,010	269,160	217,068	234,894	233,214	327,660
19,156	86,007	215,830	236,362	417,210	358,027
982,640	913,441	1,019,259	844,608	882,613	5,149,554
1,134,702	1,215,434	1,070,168	1,160,818	1,184,632	1,196,877
328,020	186,445	247,215	267,011	178,236	175,414
3,949,870	3,907,891	4,220,550	3,999,718	4,082,056	8,335,254
3,144,597	3,711,215	3,742,313	4,514,002	3,531,046	3,008,317
722,483	500,093	1,074,582	1,509,594	2,010,876	258,793
7,816,950	8,119,199	9,037,445	10,023,314	9,623,978	11,602,364
5,259,240	5,267,773	5,224,179	5,055,459	5,361,036	5,480,958
5,587,673	5,485,453	6,730,491	6,176,303	5,881,665	6,460,336
10,846,913	10,753,226	11,954,670	11,231,762	11,242,701	11,941,294
275,377	271,057	148,225	4,108,459	12,273,563	178,083
11,122,290	11,024,283	12,102,895	15,340,221	23,516,264	12,119,377
18,939,240	19,143,482	21,140,340	25,363,535	33,140,242	23,721,741

(continued)

City of Sandusky
Changes in Net Position
Last Ten Years
(continued)
(Accrual Basis of Accounting)

	2017	2016	2015	2014
<u>Net (Expense) Revenue</u>				
Governmental Activities	(\$23,043,175)	(\$23,031,304)	(\$17,797,456)	(\$18,793,109)
Business-Type Activities	3,518,371	1,755,378	(606,699)	(2,076,234)
Total Primary Government Net Expense	(19,524,804)	(21,275,926)	(18,404,155)	(20,869,343)
<u>General Revenues and Other Changes in Net Position</u>				
Governmental Activities				
Property Taxes Levied for General Purposes	1,500,070	1,480,791	1,537,824	1,400,699
Property Taxes Levied for Police and Fire Pension	246,576	243,434	252,790	230,208
Property Taxes Levied for Debt Service	410,984	405,691	421,325	383,742
Payment in Lieu of Taxes	611,812	557,852	565,102	569,888
Municipal Income Taxes Levied for General Purposes	10,989,407	11,716,187	9,939,811	6,521,944
Municipal Income Taxes Levied for Debt Service	728,704	780,974	659,492	430,773
Municipal Income Taxes Levied for Capital Projects	582,963	624,778	527,591	344,619
Other Local Taxes	5,576,879	5,775,150	4,950,083	3,878,441
Franchise Taxes	355,291	371,093	394,181	387,086
Grants and Entitlements not Restricted to Specific Programs	745,024	759,353	798,901	806,031
Interest	181,513	128,006	182,148	239,432
Other	1,527,073	2,103,291	1,166,975	900,535
Transfers	289,426	24,323	25,647	(285,706)
Special Item - Asset Donated to Developer	0	0	0	0
Total Governmental Activities	23,745,722	24,970,923	21,421,870	15,807,692
Business-Type Activities				
Interest	2,630	2,022	1,215	948
Other	341,723	274,734	171,105	204,243
Transfers	(289,426)	(24,323)	(25,647)	285,706
Total Business-Type Activities	54,927	252,433	146,673	490,897
Total Primary Government	23,800,649	25,223,356	21,568,543	16,298,589
<u>Changes in Net Position</u>				
Governmental Activities	702,547	1,939,619	3,624,414	(2,985,417)
Business-Type Activities	3,573,298	2,007,811	(460,026)	(1,585,337)
Total Primary Government	\$4,275,845	\$3,947,430	\$3,164,388	(\$4,570,754)

Note: Expenses are first impacted by the implementation of GASB Statement No. 68 beginning in 2015.

2013	2012	2011	2010	2009	2008
(\$17,092,762)	(\$16,480,086)	(\$15,803,441)	(\$15,299,901)	(\$18,033,143)	(\$15,868,678)
(1,165,024)	(679,084)	(1,598,435)	3,933,795	12,077,757	100,764
(18,257,786)	(17,159,170)	(17,401,876)	(11,366,106)	(5,955,386)	(15,767,914)
1,444,024	1,570,731	1,582,982	1,670,722	1,568,338	1,808,771
237,368	258,206	260,218	274,602	257,807	296,040
395,613	430,340	433,693	452,224	423,572	488,892
591,483	541,236	554,005	546,140	1,030	2,939
7,413,615	7,121,861	6,473,159	6,092,961	5,609,577	7,308,067
494,203	472,199	422,949	404,895	355,717	478,361
395,361	377,758	338,360	313,797	283,887	393,536
4,122,098	3,735,461	3,835,778	3,823,682	3,530,345	3,759,788
379,067	373,856	350,146	321,254	304,588	290,451
1,120,835	1,425,985	1,343,834	1,774,328	1,808,763	1,884,362
(3,698)	161,743	303,999	241,382	559,857	1,329,987
782,475	556,285	1,112,606	987,687	967,843	540,308
123,469	281,546	161,158	1,097,027	(451,084)	308,089
0	0	(2,613,682)	0	0	0
17,495,913	17,307,207	14,559,205	18,000,701	15,220,240	18,889,591
607	1,532	1,380	1,328	1,086	1,955
472,690	106,347	159,716	295,870	248,367	438,600
(123,469)	(281,546)	(161,158)	(1,097,027)	451,084	(308,089)
349,828	(173,667)	(62)	(799,829)	700,537	132,466
17,845,741	17,133,540	14,559,143	17,200,872	15,920,777	19,022,057
403,151	827,121	(1,244,236)	2,700,800	(2,812,903)	3,020,913
(815,196)	(852,751)	(1,598,497)	3,133,966	12,778,294	233,230
(\$412,045)	(\$25,630)	(\$2,842,733)	\$5,834,766	\$9,965,391	\$3,254,143

City of Sandusky
Fund Balance
Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund				
Reserved	\$0	\$0	\$0	\$0
Unreserved	0	0	0	0
Nonspendable	341,720	220,944	212,012	217,967
Restricted	0	0	0	0
Assigned	484,708	325,642	146,885	129,626
Unassigned	<u>5,243,605</u>	<u>5,091,348</u>	<u>4,562,646</u>	<u>3,953,112</u>
Total General Fund	<u>6,070,033</u>	<u>5,637,934</u>	<u>4,921,543</u>	<u>4,300,705</u>
All Other Governmental Funds				
Reserved	0	0	0	0
Unreserved, Reported in				
Special Revenue Funds	0	0	0	0
Debt Service Funds	0	0	0	0
Capital Projects Funds (Deficit)	0	0	0	0
Nonspendable	152,111	137,304	163,996	132,158
Restricted	7,229,137	8,275,192	6,599,702	5,340,354
Committed	64,437	62,410	87,151	59,800
Unassigned (Deficit)	<u>(130,335)</u>	<u>(200,928)</u>	<u>(243,329)</u>	<u>(314,737)</u>
Total All Other Governmental Funds	<u>7,315,350</u>	<u>8,273,978</u>	<u>6,607,520</u>	<u>5,217,575</u>
Total Governmental Funds	<u>\$13,385,383</u>	<u>\$13,911,912</u>	<u>\$11,529,063</u>	<u>\$9,518,280</u>

Note: The City implemented GASB Statement No. 54 in 2010.

2013	2012	2011	2010	2009	2008
\$0	\$0	\$0	\$0	\$0	\$134,443
0	0	0	0	0	3,689,976
221,127	237,393	227,348	146,670	19,590	n/a
0	0	0	93,120	86,561	n/a
365,022	100,273	281,308	133,224	26,956	n/a
3,943,022	3,953,717	3,598,766	3,272,103	2,897,549	n/a
4,529,171	4,291,383	4,107,422	3,645,117	3,030,656	3,824,419
0	0	0	0	0	3,280,330
0	0	0	0	0	4,233,164
0	0	0	0	0	267,924
0	0	0	0	0	(1,746,995)
254,806	122,143	91,871	85,551	2,259,561	n/a
5,634,163	5,117,809	5,308,988	5,639,796	1,798,115	n/a
55,783	61,240	42,338	43,585	38,443	n/a
(157,449)	(3,310,167)	(4,310,201)	(4,345,598)	(333,517)	n/a
5,787,303	1,991,025	1,132,996	1,423,334	3,762,602	6,034,423
\$10,316,474	\$6,282,408	\$5,240,418	\$5,068,451	\$6,793,258	\$9,858,842

City of Sandusky
Changes in Fund Balance
Governmental Funds
Last Ten Years
(Modified Accrual Basis of Accounting)

	2017	2016	2015	2014
<u>Revenues</u>				
Property Taxes	\$2,181,279	\$2,162,354	\$2,179,144	\$2,165,483
Payment in Lieu of Taxes	611,812	557,852	565,102	569,888
Municipal Income Taxes	12,601,782	12,129,066	11,159,835	7,815,510
Other Local Taxes	6,019,747	6,214,372	5,391,794	4,319,159
Special Assessments	314,214	1,209,242	1,194,518	790,084
Charges for Services	2,457,699	2,414,694	2,408,821	2,179,994
Fees, Licenses, and Permits	1,203,220	1,345,243	923,474	994,644
Fines and Forfeitures	1,145,903	1,393,235	1,085,410	992,340
Intergovernmental	5,143,061	5,359,868	7,232,856	5,982,009
Interest	189,883	149,715	198,328	259,189
Other	1,668,629	2,240,524	1,075,204	1,145,250
Total Revenues	33,537,229	35,176,165	33,414,486	27,213,550
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	5,827,286	5,754,747	5,447,833	5,225,064
Fire	6,788,655	6,068,768	5,816,249	5,603,879
Other	257,495	271,686	267,254	271,810
Public Health	348,265	328,937	292,412	282,640
Leisure Time Activities	1,116,125	464,583	520,098	445,443
Community Environment	4,813,221	3,911,191	2,776,759	3,671,076
Transportation	4,460,176	4,716,823	4,702,816	4,712,716
General Government				
Municipal Court	1,075,569	1,003,382	984,633	1,077,058
Other	4,234,648	3,398,846	3,245,649	2,618,712
Other	260,282	176,294	152,549	181,625
Capital Outlay	2,626,928	4,134,785	4,174,274	1,164,442
Debt Service:				
Principal Retirement	2,115,337	2,110,185	2,098,519	2,423,334
Interest and Fiscal Charges	488,384	518,537	907,334	812,248
Issuance Costs	0	0	0	0
Total Expenditures	34,412,371	32,858,764	31,386,379	28,490,047
Excess of Revenues Over (Under) Expenditures	(875,142)	2,317,401	2,028,107	(1,276,497)
<u>Other Financing Sources (Uses)</u>				
General Obligation Bonds Issued	0	0	7,549,069	370,000
Special Assessment Bonds Issued	0	0	180,931	45,000
Revenue Bonds Issued	0	0	0	0
Premium on General Obligation Bonds Issued	0	0	205,835	0
Premium on Special Assessment Bonds Issued	0	0	5,682	0
Payment to Refunded Bond Escrow Agent	0	0	(7,730,000)	0
Sale of Capital Assets	59,187	16,230	45,512	6,361
Inception of Capital Lease	0	24,895	0	0
Transfers In	5,309,815	5,446,133	4,717,900	2,913,091
Transfers Out	(5,020,389)	(5,421,810)	(4,992,253)	(2,856,149)
Total Other Financing Sources (Uses)	348,613	65,448	(17,324)	478,303
Changes in Fund Balance	(\$526,529)	\$2,382,849	\$2,010,783	(\$798,194)
Debt Service as a Percentage of Noncapital Expenditures	8.34%	8.45%	11.21%	11.70%

2013	2012	2011	2010	2009	2008
\$2,156,325	\$2,266,548	\$2,290,106	\$2,265,450	\$2,296,321	\$2,408,140
591,483	541,236	554,005	546,140	509,041	61,710
7,961,439	7,679,283	7,240,793	6,716,022	7,035,145	7,633,758
4,542,872	4,176,906	4,287,830	4,289,953	3,954,181	4,192,054
225,647	263,281	329,360	312,486	363,594	716,482
1,873,124	1,751,080	1,408,172	1,566,291	1,625,516	1,734,744
1,050,523	977,026	940,663	951,838	860,515	818,094
1,072,425	1,129,197	1,027,377	1,089,255	1,175,414	1,216,730
4,853,612	5,802,086	5,717,042	7,606,331	6,725,011	5,484,268
(1,431)	184,401	341,790	322,815	626,662	1,419,311
973,777	944,060	1,225,758	1,253,526	1,011,487	948,160
<u>25,299,796</u>	<u>25,715,104</u>	<u>25,362,896</u>	<u>26,920,107</u>	<u>26,182,887</u>	<u>26,633,451</u>
4,918,939	5,066,185	5,498,666	5,440,140	5,524,466	5,814,874
5,478,660	5,512,695	5,522,370	5,263,815	5,369,175	5,537,118
252,367	244,688	252,562	249,581	258,171	314,316
291,026	310,763	271,130	353,288	289,282	385,481
490,240	455,973	385,373	340,606	375,479	472,955
2,288,489	3,060,559	2,704,414	3,464,442	4,711,509	3,351,746
3,277,176	3,178,728	3,110,557	3,864,900	2,810,287	2,648,551
1,016,432	981,662	1,038,040	957,168	924,136	856,718
2,566,204	2,829,493	2,863,831	2,795,838	3,179,119	3,723,204
88,357	128,727	92,756	68,108	112,205	106,467
547,247	803,610	1,635,471	4,507,569	3,404,107	1,487,593
1,959,320	1,500,472	5,455,694	1,213,401	1,118,512	1,033,726
930,235	896,912	1,001,860	1,241,563	1,472,318	1,436,324
0	0	115,335	0	0	97,668
<u>24,104,692</u>	<u>24,970,467</u>	<u>29,948,059</u>	<u>29,760,419</u>	<u>29,548,766</u>	<u>27,266,741</u>
<u>1,195,104</u>	<u>744,637</u>	<u>(4,585,163)</u>	<u>(2,840,312)</u>	<u>(3,365,879)</u>	<u>(633,290)</u>
0	0	4,090,000	0	0	0
0	0	0	0	84,400	2,625,000
2,680,000	0	0	0	0	0
0	0	120,335	0	0	111,537
0	0	0	0	0	0
0	0	0	0	0	0
35,493	1,161	385,637	18,478	30,806	900
0	0	0	0	0	0
3,414,520	3,257,469	4,961,338	4,664,279	2,769,241	5,259,992
<u>(3,291,051)</u>	<u>(2,961,277)</u>	<u>(4,800,180)</u>	<u>(3,567,252)</u>	<u>(2,584,152)</u>	<u>(4,876,617)</u>
<u>2,838,962</u>	<u>297,353</u>	<u>4,757,130</u>	<u>1,115,505</u>	<u>300,295</u>	<u>3,120,812</u>
<u>\$4,034,066</u>	<u>\$1,041,990</u>	<u>\$171,967</u>	<u>(\$1,724,807)</u>	<u>(\$3,065,584)</u>	<u>\$2,487,522</u>
12.33%	10.61%	23.43%	10.35%	9.82%	9.85%

City of Sandusky
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

Year	Real Property			Public Utility Personal Property	
	Assessed Value		Estimated Actual Value	Assessed Value	Estimated Actual Value
	Residential/ Agricultural	Commercial/ Industrial/ Public Utility			
2017	\$299,623,060	\$140,052,250	\$1,256,215,171	\$20,622,650	\$23,434,830
2016	299,888,000	140,247,000	1,257,528,571	18,654,000	21,197,727
2015	304,128,000	137,324,000	1,261,291,428	17,826,000	20,256,818
2014	305,909,000	137,297,000	1,266,302,857	16,854,000	19,152,273
2013	307,005,000	138,009,000	1,271,468,571	15,219,000	17,294,318
2012	325,473,000	145,320,000	1,345,122,857	14,018,000	15,929,545
2011	327,604,000	146,862,000	1,355,617,142	13,386,000	15,211,364
2010	268,557,000	118,719,000	1,106,502,856	12,639,000	14,362,500
2009	332,312,000	144,827,000	1,363,254,285	11,862,000	13,479,545
2008	329,995,000	150,360,000	1,372,442,857	11,439,000	12,998,864

Source: Erie County Auditor

Note: 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 actual value. Personal property tax was assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 of actual 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 actual value for machinery and equipment and 23 percent for inventory. The general business tangible personal property tax has been phased out. During the phase out period, the assessment percentage was 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 on the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes have been levied or collected since 2010

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.

Tangible Personal Property		Total		Percentage of Total Assessed Value to Total Estimated Actual Value	Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$0	\$0	\$460,297,960	\$1,279,650,001	35.97%	\$5.25
0	0	458,789,000	1,278,726,298	35.88	5.25
0	0	459,278,000	1,281,548,246	35.84	5.25
0	0	460,060,000	1,285,455,130	35.79	5.25
0	0	460,233,000	1,288,762,889	35.71	5.25
0	0	484,811,000	1,361,052,402	35.62	5.25
0	0	487,852,000	1,370,828,506	35.59	5.25
567,525	567,525	400,482,525	1,121,432,881	35.71	5.25
1,135,050	1,135,050	490,136,050	1,377,868,880	35.57	5.25
16,392,420	262,278,720	508,186,420	1,647,720,441	30.84	5.25

City of Sandusky
Property Tax Rates
Direct and All Overlapping Governments
Per \$1,000 of Assessed Value
Last Ten Years

Year	2017	2016	2015	2014
City of Sandusky				
Voted Millage				
1998 Library Bond - 23 Years	\$1.0000	\$1.0000	\$1.0000	\$1.0000
Unvoted Millage				
General	3.6500	3.6500	3.6500	3.6500
Fire Pension	0.3000	0.3000	0.3000	0.3000
Police Pension	0.3000	0.3000	0.3000	0.3000
Total Unvoted Millage	4.2500	4.2500	4.2500	4.2500
Total Millage	5.2500	5.2500	5.2500	5.2500
Erie County	9.1000	9.1000	8.9000	8.8000
Sandusky City School District	85.0650	80.5250	82.0250	80.5250

Source: Erie 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 basic property tax rate can be increased only by a majority vote of the City's residents.

Real property is reappraised every six years and property values are updated in the third year following each reappraisal.

Overlapping rates are those of local and county governments that apply to property owners within the City. Property tax rates for all overlapping governments are based upon the original voted levy.

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
3.6500	3.6500	3.6500	3.6500	3.6500	3.6500
0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
0.3000	0.3000	0.3000	0.3000	0.3000	0.3000
4.2500	4.2500	4.2500	4.2500	4.2500	4.2500
5.2500	5.2500	5.2500	5.2500	5.2500	5.2500
8.8000	8.8000	8.8000	8.8000	8.8000	8.8000
80.5250	75.4100	75.4000	75.4000	75.3500	75.9500



City of Sandusky
Real Property Tax Levies and Collections
Last Ten Years

Year	Current Tax Levy (1)	Current Collections	Percentage of Current Collections to Current Tax Levy	Delinquent Charges	Delinquent Collections	Total Collections	Percentage of Total Collections to Current Tax Levy
2017	\$3,068,593	\$2,901,384	94.55%	\$235,814	\$131,207	\$3,032,591	98.83%
2016	3,005,680	2,840,752	94.51	260,215	126,964	2,967,716	98.74
2015	3,038,324	2,903,143	95.55	233,276	151,470	3,054,613	100.54
2014	3,038,646	2,895,623	95.29	390,445	148,768	3,044,391	100.19
2013	3,079,702	2,918,017	94.75	404,560	148,793	3,066,810	99.58
2012	3,087,085	2,602,352	84.30	466,638	157,080	2,759,432	89.39
2011	2,569,664	2,396,091	93.25	467,320	166,077	2,562,168	99.71
2010	3,172,208	2,990,421	94.27	427,533	127,728	3,118,149	98.30
2009	3,125,545	2,943,945	94.19	414,025	136,816	3,080,761	98.57
2008	2,635,189	2,451,407	93.03	343,152	134,420	2,585,827	98.13

Source: Erie County Auditor

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

Note: The County's current reporting system does not track delinquent tax collections by tax year.
Outstanding delinquencies are tracked in total by the date the parcel is first certified delinquent.
Penalties and interest are applied to the total outstanding delinquent balance.
The presentation will be updated as new information becomes available.

City of Sandusky
Principal Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Business	2017		
		Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Cedar Fair	Theme Park	\$38,314,120	1	8.33%
Ohio Edison Company	Utility	12,391,130	2	2.70
Norfolk & Western Railway	Railroad	5,955,730	3	1.29
American Transmissions Systems	Manufacturing	4,147,980	4	0.90
Firelands Regional Health System	Hospital	4,103,670	5	0.89
Columbia Gas	Utility	4,083,540	6	0.89
Key Real Estate LTD	Realty	3,609,060	7	0.78
S & S Realty	Realty	2,875,090	8	0.62
Providence Care Center	Nursing Home	2,597,940	9	0.56
Myers Industries, Inc.	Manufacturing/Assembly	2,055,720	10	0.45
CNL Income Sandusky Marina	Port Facilities			
Sandusky Limited	Port Facilities			
	Total	80,133,980		17.41
	All Other Taxpayers	380,163,980		82.59
	Total Assessed Valuation	\$460,297,960		100.00%

Source: Erie County Auditor

2008		
<u>Total Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
\$41,593,950	1	8.18%
8,568,260	2	1.69
4,988,540	4	0.98
6,798,420	3	1.34
3,697,930	5	0.73
3,595,000	6	0.71
2,194,100	9	0.43
2,291,000	8	0.45
2,494,360	7	0.49
1,835,400	10	0.36
<u>78,056,960</u>		<u>15.36</u>
<u>430,129,460</u>		<u>84.64</u>
<u>\$508,186,420</u>		<u>100.00%</u>

City of Sandusky
 Personal Income Tax Filers by Income Level
 Last Ten Years

2017				
Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
\$100,001 and higher	391	6.92%	\$71,312,726	29.66%
\$75,001 - \$100,000	391	6.92	33,533,855	13.95
\$50,001 - \$75,000	713	12.62	43,799,646	18.22
\$25,001 - \$50,000	1,775	31.42	64,185,632	26.70
\$25,000 and lower	2,379	42.12	27,583,994	11.47
Total	5,649	100.00%	\$240,415,853	100.00%

2016				
Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
\$100,001 and higher	407	6.76%	\$79,623,854	31.12%
\$75,001 - \$100,000	399	6.62	34,290,499	13.40
\$50,001 - \$75,000	805	13.36	49,284,292	19.26
\$25,001 - \$50,000	1,710	28.39	61,449,700	24.02
\$25,000 and lower	2,703	44.87	31,205,846	12.20
Total	6,024	100.00%	\$255,854,191	100.00%

2015				
Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
\$100,001 and higher	403	6.30%	\$79,822,946	30.91%
\$75,001 - \$100,000	372	5.82	31,939,374	12.37
\$50,001 - \$75,000	837	13.09	51,076,079	19.78
\$25,001 - \$50,000	1,707	26.71	61,288,878	23.74
\$25,000 and lower	3,073	48.08	34,073,481	13.20
Total	6,392	100.00%	\$258,200,758	100.00%

2014				
Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
\$100,001 and higher	388	6.08%	\$76,299,804	29.81%
\$75,001 - \$100,000	374	5.86	32,161,678	12.57
\$50,001 - \$75,000	868	13.60	53,086,760	20.74
\$25,001 - \$50,000	1,689	26.46	61,059,096	23.85
\$25,000 and lower	3,064	48.00	33,363,234	13.03
Total	6,383	100.00%	\$255,970,572	100.00%

(continued)

City of Sandusky
 Personal Income Tax Filers by Income Level
 Last Ten Years
 (continued)

2013				
Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
\$100,001 and higher	410	6.40%	\$95,092,764	34.11%
\$75,001 - \$100,000	388	6.06	36,544,019	13.11
\$50,001 - \$75,000	853	13.32	52,244,517	18.74
\$25,001 - \$50,000	1,689	26.37	60,602,011	21.74
\$25,000 and lower	3,065	47.85	34,290,337	12.30
Total	6,405	100.00%	\$278,773,648	100.00%

2012				
Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
\$100,001 and higher	380	6.09%	\$77,823,120	30.78%
\$75,001 - \$100,000	390	6.25	33,788,858	13.36
\$50,001 - \$75,000	790	12.66	47,968,447	18.97
\$25,001 - \$50,000	1,664	26.66	60,546,655	23.95
\$25,000 and lower	3,018	48.34	32,690,204	12.94
Total	6,242	100.00%	\$252,817,284	100.00%

2011				
Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
\$100,001 and higher	360	5.21%	\$69,826,664	26.86%
\$75,001 - \$100,000	394	5.70	34,025,087	13.09
\$50,001 - \$75,000	868	12.55	53,169,757	20.45
\$25,001 - \$50,000	1,799	26.01	64,745,186	24.90
\$25,000 and lower	3,495	50.53	38,203,367	14.70
Total	6,916	100.00%	\$259,970,061	100.00%

2010				
Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
\$100,001 and higher	331	4.81%	\$65,302,989	26.06%
\$75,001 - \$100,000	375	5.45	32,314,336	12.90
\$50,001 - \$75,000	839	12.19	51,281,828	20.47
\$25,001 - \$50,000	1,763	25.61	63,270,279	25.25
\$25,000 and lower	3,577	51.94	38,394,358	15.32
Total	6,885	100.00%	\$250,563,790	100.00%

(continued)

City of Sandusky
 Personal Income Tax Filers by Income Level
 Last Ten Years
 (continued)

2009				
Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
\$100,001 and higher	371	4.92%	\$73,713,541	27.59%
\$75,001 - \$100,000	399	5.29	32,874,409	12.30
\$50,001 - \$75,000	956	12.67	56,243,007	21.04
\$25,001 - \$50,000	1,934	25.64	67,313,134	25.20
\$25,000 and lower	3,883	51.48	37,056,122	13.87
Total	7,543	100.00%	\$267,200,213	100.00%

2008				
Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
\$100,001 and higher	387	4.58%	\$58,791,611	21.42%
\$75,001 - \$100,000	446	5.28	36,592,392	13.33
\$50,001 - \$75,000	983	11.65	57,700,842	21.03
\$25,001 - \$50,000	2,245	26.60	77,978,900	28.42
\$25,000 and lower	4,380	51.89	43,369,409	15.80
Total	8,441	100.00%	\$274,433,154	100.00%

Source: Regional Income Tax Agency (RITA)

City of Sandusky
Water Service by Type of Customer
Last Ten Years

Type of Customer	2017			2016		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	521,631	\$2,060,669	\$2,064,447	550,667	\$2,016,974	\$1,974,036
Commercial	625,974	2,042,976	2,006,568	585,476	1,788,569	1,764,504
Industrial	43,829	141,808	147,642	45,234	136,837	130,350
Municipal	56,106	0	0	67,545	0	0
Total	1,247,540	\$4,245,453	\$4,218,657	1,248,922	\$3,942,380	\$3,868,890
Monthly Base Rate		\$7.06			\$6.85	
Rate per 100 Cubic Feet		\$3.27			\$3.18	

Source: City Records

(continued)

Note: Rates are based on a 5/8" meter, which is the standard household meter.

Charges to Erie County are not included in payment amounts.

City of Sandusky
Water Service by Type of Customer
Last Ten Years
(continued)

Type of Customer	2015			2014		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	573,013	\$1,538,263	\$1,494,355	596,980	\$1,374,780	\$1,333,595
Commercial	600,872	1,391,064	1,396,550	593,452	1,158,914	1,158,064
Industrial	31,485	72,806	70,967	30,094	58,537	59,083
Municipal	74,138	0	0	62,110	0	0
Total	1,279,508	\$3,002,133	\$2,961,872	1,282,636	\$2,592,231	\$2,550,742
Monthly Base Rate		\$6.41			\$4.10	
Rate per 100 Cubic Feet		\$2.97			\$1.90	

2013			2012		
Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
551,320	\$1,317,439	\$1,329,853	548,757	\$1,414,656	\$1,387,655
510,084	1,158,926	1,150,794	507,931	1,299,733	1,163,057
31,712	60,598	59,041	28,074	57,888	56,826
72,120	0	0	57,723	0	0
<u>1,165,236</u>	<u>\$2,536,963</u>	<u>\$2,539,688</u>	<u>1,142,485</u>	<u>\$2,772,277</u>	<u>\$2,607,538</u>
	\$4.10			\$4.10	
	\$1.90			\$1.90	

(continued)

City of Sandusky
Water Service by Type of Customer
Last Ten Years
(continued)

Type of Customer	2011			2010		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	615,721	\$1,439,777	\$1,400,365	602,857	\$1,417,520	\$1,408,563
Commercial	521,961	1,190,109	1,179,737	488,715	1,173,261	1,143,321
Industrial	31,093	59,055	57,115	25,519	50,625	46,932
Municipal	52,242	0	0	56,694	0	0
Total	1,221,017	\$2,688,941	\$2,637,217	1,173,785	\$2,641,406	\$2,598,816
Monthly Base Rate		\$4.10			\$4.10	
Rate per 100 Cubic Feet		\$1.90			\$1.90	

2009			2008		
Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
607,578	\$1,415,158	\$1,442,767	652,538	\$1,502,904	\$1,460,921
501,882	1,067,549	1,069,470	531,077	1,162,919	1,141,576
23,337	51,264	52,651	26,814	57,649	54,522
37,754	0	0	27,297	0	0
<u>1,170,551</u>	<u>\$2,533,971</u>	<u>\$2,564,888</u>	<u>1,237,726</u>	<u>\$2,723,472</u>	<u>\$2,657,019</u>
	\$4.10			\$4.10	
	\$1.90			\$1.90	

City of Sandusky
Sewer Service by Type of Customer
Last Ten Years

Type of Customer	2017			2016		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	512,049	\$4,658,701	\$4,585,865	543,712	\$3,933,676	\$3,771,197
Commercial	529,248	4,351,923	4,222,673	499,593	3,301,521	3,260,717
Industrial	41,721	355,815	360,092	43,321	295,258	281,684
Municipal	55,296	0	0	66,957	0	0
Total	1,138,314	\$9,366,439	\$9,168,630	1,153,583	\$7,530,455	\$7,313,598
Monthly Base Rate		\$13.67			\$10.94	
Rate per 100 Cubic Feet		\$7.75			\$6.20	

Source: City Records

Note: Rates are based on a 5/8" meter, which is the standard household meter.

Charges to Erie County are not included in payment amounts.

2015			2014		
Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
564,242	\$3,069,817	\$2,851,418	585,393	\$2,668,905	\$2,542,241
516,644	2,608,735	2,502,094	505,059	2,085,709	2,065,514
31,889	167,902	156,509	30,591	128,868	128,962
72,950	0	0	60,792	0	0
<u>1,185,725</u>	<u>\$5,846,454</u>	<u>\$5,510,021</u>	<u>1,181,835</u>	<u>\$4,883,482</u>	<u>\$4,736,717</u>
	\$8.75			\$7.00	
	\$4.96			\$3.97	

(continued)

City of Sandusky
Sewer Service by Type of Customer
Last Ten Years
(continued)

Type of Customer	2013			2012		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	551,320	\$2,531,256	\$2,532,349	548,757	\$2,601,336	\$2,645,519
Commercial	510,084	2,110,759	2,073,429	507,931	2,106,498	2,095,062
Industrial	31,712	133,237	130,017	28,074	122,333	126,372
Municipal	72,120	0	0	57,723	0	0
Total	1,165,236	\$4,775,252	\$4,735,795	1,142,485	\$4,830,167	\$4,866,953
Monthly Base Rate		\$7.00			\$7.00	
Rate per 100 Cubic Feet		\$3.97			\$3.97	

2011			2010		
Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
615,721	\$2,785,808	\$2,657,644	602,857	\$2,734,948	\$2,689,269
521,961	2,144,778	2,105,590	488,715	2,014,088	2,125,726
31,093	130,625	126,327	25,519	108,864	101,797
52,242	0	0	56,694	0	0
<u>1,221,017</u>	<u>\$5,061,211</u>	<u>\$4,889,561</u>	<u>1,173,785</u>	<u>\$4,857,900</u>	<u>\$4,916,792</u>
	\$7.00			\$7.00	
	\$3.97			\$3.97	

(continued)

City of Sandusky
Sewer Service by Type of Customer
Last Ten Years
(continued)

Type of Customer	2009			2008		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	607,578	\$2,754,445	\$2,773,222	652,538	\$2,943,970	\$2,816,847
Commercial	501,882	2,066,859	2,052,461	531,077	2,195,755	2,145,365
Industrial	23,337	100,270	99,459	26,814	114,945	111,770
Municipal	37,754	0	0	27,297	0	0
Total	1,170,551	\$4,921,574	\$4,925,142	1,237,726	\$5,254,670	\$5,073,982
Monthly Base Rate		\$7.00			\$7.00	
Rate per 100 Cubic Feet		\$3.97			\$3.97	

City of Sandusky
Principal Water Customers
Last Ten Years

Customer	2017	
	Water Revenue	
	Amount	Percentage
Cedar Fair	\$970,978	23.02%
Firelands Regional Health System	124,064	2.94
Sandusky Associates, LLC	62,372	1.48
U. S. Tsubaki, Inc.	39,794	0.94
Tofts Dairy	37,886	0.90
A & L Metal Processing	22,304	0.53
Sandusky Board of Education	21,986	0.52
MHD Corporation	21,954	0.52
Radisson Harbour Inn	21,668	0.51
Okamoto Sandusky Manufacturing	21,127	0.50
Total	1,344,133	31.86
Balance from Other Customers	2,874,524	68.14
Total Water Revenue	<u>\$4,218,657</u>	<u>100.00%</u>
2016		
Customer	Water Revenue	
	Amount	Percentage
Cedar Fair	\$841,343	21.74%
Firelands Regional Health System	110,228	2.84
Sandusky Associates, LLC	60,629	1.57
Tofts Dairy	36,869	0.95
U. S. Tsubaki, Inc.	33,899	0.88
Okamoto Sandusky Manufacturing	25,435	0.66
A & L Metal Processing	19,940	0.52
MHD Corporation	19,376	0.50
Sandusky Board of Education	19,346	0.50
North Coast Property Management	14,594	0.38
Total	1,181,659	30.54
Balance from Other Customers	2,687,231	69.46
Total Water Revenue	<u>\$3,868,890</u>	<u>100.00%</u>

(continued)

City of Sandusky
Principal Water Customers
Last Ten Years
(continued)

Customer	2015	
	Water Revenue	
	Amount	Percentage
Cedar Fair	\$688,371	23.25%
Firelands Regional Health System	78,628	2.66
U. S. Tsubaki, Inc.	33,811	1.14
MHD Corporation	24,085	0.81
A & L Metal Processing	18,109	0.61
Sandusky Board of Education	15,541	0.52
Okamoto Sandusky Manufacturing	12,198	0.41
North Coast Property Management	11,069	0.37
Erie County	9,702	0.33
Greentree Inn	8,063	0.27
Total	899,577	30.37
Balance from Other Customers	2,062,295	69.63
Total Water Revenue	<u>\$2,961,872</u>	<u>100.00%</u>

Customer	2014	
	Water Revenue	
	Amount	Percentage
Cedar Fair	\$541,507	21.23%
Firelands Regional Health System	63,486	2.49
Sandusky Associates, LLC	39,166	1.54
U. S. Tsubaki, Inc.	25,486	1.00
MHD Corporation	13,744	0.54
Sandusky Board of Education	12,946	0.51
Norfolk-Southern Corporation	11,219	0.44
Okamoto Sandusky Manufacturing	10,552	0.41
North Coast Property Management	9,908	0.38
Greentree Inn	9,165	0.36
Total	737,179	28.90
Balance from Other Customers	1,813,563	71.10
Total Water Revenue	<u>\$2,550,742</u>	<u>100.00%</u>

(continued)

City of Sandusky
Principal Water Customers
Last Ten Years
(continued)

Customer	2013	
	Water Revenue	
	Amount	Percentage
Cedar Fair	\$530,669	20.89%
Firelands Regional Health System	59,116	2.33
Sandusky Associates, LLC	40,686	1.60
MHD Corporation	23,280	0.92
U. S. Tsubaki, Inc.	22,446	0.88
Sandusky Board of Education	11,996	0.47
Westwood Management	10,202	0.40
North Coast Property Management	10,096	0.40
Greentree Inn	9,811	0.39
A & L Metal Processing	9,393	0.37
Total	727,695	28.65
Balance from Other Customers	1,811,993	71.35
Total Water Revenue	<u>\$2,539,688</u>	<u>100.00%</u>

Customer	2012	
	Water Revenue	
	Amount	Percentage
Cedar Fair	\$519,759	19.92%
Firelands Regional Health System	61,966	2.38
Sandusky Associates, LLC	34,226	1.31
U. S. Tsubaki, Inc.	27,006	1.04
MHD Corporation	12,338	0.47
Greentree Inn	10,115	0.39
Westwood Management	9,697	0.37
Erie Metro Housing	9,526	0.37
Sandusky Board of Education	9,336	0.36
Providence Care Center	9,127	0.35
Total	703,096	26.96
Balance from Other Customers	1,904,442	73.04
Total Water Revenue	<u>\$2,607,538</u>	<u>100.00%</u>

(continued)

City of Sandusky
Principal Water Customers
Last Ten Years
(continued)

Customer	2011	
	Water Revenue	
	Amount	Percentage
Cedar Fair	\$507,358	19.24%
Firelands Regional Health System	58,166	2.22
Sandusky Associates, LLC	32,516	1.23
U. S. Tsubaki, Inc.	31,946	1.21
Sandusky Board of Education	19,976	0.76
MHD Corporation	15,587	0.59
Sandusky Foundry	11,619	0.44
Greentree Inn	9,982	0.38
Providence Care Center	9,906	0.37
Erie Metro Housing	9,526	0.35
Total	706,582	26.79
Balance from Other Customers	1,930,635	73.21
Total Water Revenue	<u>\$2,637,217</u>	<u>100.00%</u>
2010		
Customer	Water Revenue	
	Amount	Percentage
Cedar Fair	\$525,661	20.23%
Firelands Regional Health System	61,288	2.37
Sandusky Associates, LLC	25,486	0.98
U. S. Tsubaki, Inc.	17,696	0.68
MHD Corporation	13,136	0.51
Providence Care Center	11,084	0.43
Greentree Inn	10,913	0.42
Sandusky Board of Education	10,856	0.41
Westwood Management	8,158	0.31
Erie Metro Housing	8,004	0.31
Total	692,282	26.64
Balance from Other Customers	1,906,534	73.36
Total Water Revenue	<u>\$2,598,816</u>	<u>100.00%</u>

(continued)

City of Sandusky
Principal Water Customers
Last Ten Years
(continued)

Customer	2009	
	Water Revenue	
	Amount	Percentage
Cedar Fair	\$452,902	17.66%
Firelands Regional Health System	46,981	1.84
Sandusky Associates, LLC	33,657	1.31
U. S. Tsubaki, Inc.	16,937	0.66
Sandusky Board of Education	16,367	0.64
Providence Care Center	11,901	0.46
MHD Corporation	9,811	0.38
Lutheran Memorial Home	9,203	0.36
Greentree Inn	8,576	0.33
Sandusky Foundry	8,284	0.32
Total	614,619	23.96
Balance from Other Customers	1,950,269	76.04
Total Water Revenue	<u>\$2,564,888</u>	<u>100.00%</u>
	2008	
Customer	Water Revenue	
	Amount	Percentage
Cedar Fair	\$465,123	17.52%
Firelands Regional Health System	52,087	1.96
Sandusky Associates, LLC	27,196	1.02
Sandusky Board of Education	21,306	0.80
U. S. Tsubaki, Inc.	20,546	0.77
Providence Care Center	13,250	0.50
Westwood Management	9,963	0.37
Lutheran Memorial Home	8,785	0.33
MHD Corporation	8,044	0.30
Erie Metro Housing	7,436	0.28
Total	633,736	23.85
Balance from Other Customers	2,023,283	76.15
Total Water Revenue	<u>\$2,657,019</u>	<u>100.00%</u>

Source: City Utility Department

City of Sandusky
Principal Sewer Customers
Last Ten Years

Customer	2017	
	Sewer Revenue	
	Amount	Percentage
Cedar Fair	\$1,493,791	16.30%
Firelands Regional Health System	217,987	2.38
Sandusky Associates, LLC	128,583	1.40
Tofts Dairy	63,927	0.70
Okamoto Sandusky Manufacturing	57,828	0.63
A & L Metal Processing	42,599	0.46
MHD Corporation	41,004	0.45
Sandusky Board of Education	33,165	0.36
North Coast Property Management	32,483	0.35
Radisson Harbour Inn	31,439	0.34
Total	2,142,806	23.37
Balance from Other Customers	7,025,824	76.63
Total Sewer Revenue	<u>\$9,168,630</u>	<u>100.00%</u>

Customer	2016	
	Sewer Revenue	
	Amount	Percentage
Cedar Fair	\$1,493,791	20.43%
Firelands Regional Health System	217,987	2.99
Sandusky Associates, LLC	128,583	1.76
Tofts Dairy	63,927	0.87
Okamoto Sandusky Manufacturing	57,828	0.79
A & L Metal Processing	42,599	0.58
MHD Corporation	41,004	0.56
Sandusky Board of Education	33,165	0.45
North Coast Property Management	32,483	0.44
Radisson Harbour Inn	31,439	0.43
Total	2,142,806	29.30
Balance from Other Customers	5,170,792	70.70
Total Sewer Revenue	<u>\$7,313,598</u>	<u>100.00%</u>

(continued)

City of Sandusky
Principal Sewer Customers
Last Ten Years
(continued)

Customer	2015	
	Sewer Revenue	
	Amount	Percentage
Cedar Fair	\$1,212,006	21.99%
Firelands Regional Health System	159,245	2.89
MHD Corporation	50,655	0.92
A & L Metal Processing	38,296	0.70
Okamoto Sandusky Manufacturing	28,189	0.51
Sandusky Board of Education	26,427	0.48
North Coast Property Management	24,243	0.44
Erie County	20,780	0.38
Greentree Inn	17,127	0.31
Providence Care Center	15,204	0.28
Total	1,592,172	28.90
Balance from Other Customers	3,917,849	71.10
Total Sewer Revenue	<u>\$5,510,021</u>	<u>100.00%</u>

Customer	2014	
	Sewer Revenue	
	Amount	Percentage
Cedar Fair	\$943,181	19.91%
Firelands Regional Health System	127,169	2.69
Sandusky Associates, LLC	82,348	1.74
MHD Corporation	28,851	0.61
Okamoto Sandusky Manufacturing	23,314	0.49
North Coast Property Management	21,259	0.45
Greentree Inn	19,283	0.41
Sandusky Board of Education	19,272	0.40
Erie Metro Housing	16,176	0.34
Myers Industries, Inc.	2,152	0.05
Total	1,283,005	27.09
Balance from Other Customers	3,453,712	72.91
Total Sewer Revenue	<u>\$4,736,717</u>	<u>100.00%</u>

(continued)

City of Sandusky
Principal Sewer Customers
Last Ten Years
(continued)

Customer	2013	
	Sewer Revenue	
	Amount	Percentage
Cedar Fair	\$926,309	19.55%
Firelands Regional Health System	89,811	1.90
Sandusky Associates, LLC	85,524	1.81
MHD Corporation	48,833	1.03
Sandusky Board of Education	25,330	0.53
North Coast Property Management	21,607	0.46
Westwood Management	21,332	0.45
Greentree Inn	20,454	0.43
A & L Metal Processing	19,760	0.42
Providence Care Center	16,028	0.34
Total	1,274,988	26.92
Balance from Other Customers	3,460,807	73.08
Total Sewer Revenue	<u>\$4,735,795</u>	<u>100.00%</u>

Customer	2012	
	Sewer Revenue	
	Amount	Percentage
Cedar Fair	\$920,514	18.92%
Firelands Regional Health System	96,084	1.98
Sandusky Associates, LLC	69,247	1.42
MHD Corporation	25,913	0.53
Westwood Management	20,287	0.42
Erie Metro Housing	20,146	0.41
Sandusky Board of Education	20,019	0.41
North Coast Property Management	19,621	0.40
Providence Care Center	19,203	0.39
Greentree Inn	15,631	0.32
Total	1,226,665	25.20
Balance from Other Customers	3,640,288	74.80
Total Sewer Revenue	<u>\$4,866,953</u>	<u>100.00%</u>

(continued)

City of Sandusky
Principal Sewer Customers
Last Ten Years
(continued)

Customer	2011	
	Sewer Revenue	
	Amount	Percentage
Cedar Fair	\$901,372	18.43%
Firelands Regional Health System	93,821	1.92
Sandusky Associates, LLC	68,453	1.40
Sandusky Board of Education	41,981	0.86
MHD Corporation	32,702	0.67
Providence Care Center	20,832	0.43
Erie Metro Housing	20,146	0.41
A & L Metal Processing	19,283	0.39
Sandusky Foundry	18,828	0.38
Greentree Inn	16,429	0.34
Total	1,233,847	25.23
Balance from Other Customers	3,655,714	74.77
Total Sewer Revenue	<u>\$4,889,561</u>	<u>100.00%</u>

Customer	2010	
	Sewer Revenue	
	Amount	Percentage
Cedar Fair	\$984,267	20.02%
Firelands Regional Health System	89,619	1.82
Sandusky Associates, LLC	53,764	1.09
MHD Corporation	27,581	0.56
Providence Care Center	23,293	0.48
Sandusky Board of Education	23,195	0.47
Greentree Inn	19,565	0.40
Westwood Management	17,071	0.35
Erie Metro Housing	16,945	0.34
Lutheran Memorial Home	15,671	0.32
Total	1,270,971	25.85
Balance from Other Customers	3,645,821	74.15
Total Sewer Revenue	<u>\$4,916,792</u>	<u>100.00%</u>

(continued)

City of Sandusky
Principal Sewer Customers
Last Ten Years
(continued)

Customer	2009	
	Sewer Revenue	
	Amount	Percentage
Cedar Fair	\$904,654	18.37%
Firelands Regional Health System	82,404	1.67
Sandusky Associates, LLC	70,835	1.44
Sandusky Board of Education	34,708	0.70
Providence Care Center	25,000	0.51
MHD Corporation	20,633	0.42
Lutheran Memorial Home	19,362	0.39
Sandusky Foundry	17,371	0.35
Greentree Inn	14,682	0.30
Thakar Aluminum Corporation	1,892	0.04
Total	1,191,541	24.19
Balance from Other Customers	3,733,601	75.81
Total Sewer Revenue	<u>\$4,925,142</u>	<u>100.00%</u>

Customer	2008	
	Sewer Revenue	
	Amount	Percentage
Cedar Fair	\$874,548	17.24%
Firelands Regional Health System	106,922	2.11
Sandusky Associates, LLC	57,335	1.13
Sandusky Board of Education	45,030	0.89
Providence Care Center	27,819	0.55
Westwood Management	20,843	0.41
Lutheran Memorial Home	18,489	0.36
MHD Corporation	16,941	0.33
Erie Metro Housing	15,779	0.31
Monticello Arms Apartments	15,404	0.30
Total	1,199,110	23.63
Balance from Other Customers	3,874,872	76.37
Total Sewer Revenue	<u>\$5,073,982</u>	<u>100.00%</u>

Source: City Utility Department

City of Sandusky
 Number of Water and Sewer Customers by Type
 Last Ten Years

Year	Water		Sewer		Total	
	Residential	Commercial	Residential	Commercial	Residential	Commercial
2017	8,316	1,035	8,280	1,012	16,596	2,047
2016	8,375	1,041	8,324	1,018	16,699	2,059
2015	8,340	1,039	8,294	1,018	16,634	2,057
2014	8,208	1,168	8,166	1,143	16,374	2,311
2013	8,345	1,036	8,319	1,020	16,664	2,056
2012	8,389	1,027	8,357	1,014	16,746	2,041
2011	8,357	1,006	8,329	989	16,686	1,995
2010	8,361	1,019	8,334	1,002	16,695	2,021
2009	8,379	1,014	8,351	997	16,730	2,011
2008	8,393	1,038	8,368	1,020	16,761	2,058

Source: City Utility Department



City of Sandusky
Water Produced and Consumed and Wastewater Treated
Last Ten Years

Year	Gallons of Water Produced	Gallons of Water Consumed	Gallons of Water City Usage	Gallons of Water Unbilled	Average Percent Unbilled	Gallons of Wastewater Treated
2017	3,500,746,100	2,806,477,070	940,989,236	139,969,270	19.83%	5,997,373,000
2016	3,322,261,545	2,642,588,574	921,968,344	142,446,326	20.46	5,150,653,000
2015	3,298,592,130	2,635,860,027	921,046,060	240,900,163	20.12	5,131,900,000
2014	3,304,447,404	2,489,943,910	841,352,644	153,627,237	5.81	4,625,400,000
2013	3,323,608,000	2,336,032,624	724,070,810	324,043,324	12.18	4,696,100,000
2012	3,420,350,900	2,509,011,164	806,177,308	43,260,580	1.69	4,400,500,000
2011	3,477,491,000	2,478,440,404	860,098,299	38,144,266	25.76	5,865,100,000
2010	3,311,345,000	2,732,551,064	462,193,250	64,910,000	14.47	3,764,140,000
2009	3,055,757,000	2,439,575,070	532,694,360	38,973,750	17.92	3,790,900,000
2008	3,056,657,000	2,545,413,752	302,599,669	35,622,000	10.62	4,300,500,000

Source: City Utility Department

City of Sandusky
Ratios of Outstanding Debt by Type
Last Ten Years

Governmental Activities					
Year	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Loans Payable	Capital Leases
2017	\$7,884,798	\$810,000	\$1,934,288	\$0	\$8,299
2016	9,314,227	1,200,000	2,125,599	110,599	16,597
2015	10,713,509	1,580,000	2,356,309	216,646	0
2014	12,148,290	1,950,000	2,627,833	318,327	0
2013	13,443,350	2,310,000	2,903,175	415,821	0
2012	14,677,706	0	3,183,334	509,301	0
2011	15,803,424	0	3,486,729	598,932	0
2010	15,901,176	0	3,812,686	684,873	914
2009	16,624,377	0	4,170,986	767,275	38,073
2008	17,289,834	0	4,438,434	829,545	75,916

Source: City Records

(1) See schedule on S-56 for population and personal income.

Business-Type Activities					
General Obligation Revenue Bonds	OWDA Loans	Loans Payable	Total Debt	Per Capita (1)	Percentage of Personal Income (1)
\$1,350,000	\$45,262,928	\$0	\$57,250,313	\$2,219.61	10.67%
1,425,000	46,379,503	68,723	60,640,248	2,351.04	10.73
1,500,000	41,713,399	134,616	58,214,479	2,256.99	10.39
1,570,000	44,107,382	197,796	62,919,628	2,439.41	11.23
1,588,285	46,436,047	258,374	67,355,052	2,611.37	13.06
1,649,180	48,063,420	316,459	68,399,400	2,651.86	13.02
1,753,994	46,725,607	372,152	68,740,838	2,665.10	13.91
1,935,910	43,537,012	425,552	66,298,123	2,570.39	13.58
2,117,825	40,693,071	476,753	64,888,360	2,330.43	12.87
2,294,659	36,781,982	515,446	62,225,816	2,234.80	12.34

City of Sandusky
Ratio of General Bonded Debt to
Estimated Actual Value and General Bonded Debt Per Capita
Last Ten Years

Year	Population	Estimated Actual Value	Gross Bonded Debt	Bonded Debt Per Capita	Ratio of Bonded Debt to Estimated Actual Value
2017	25,793	\$1,279,650,001	\$9,234,798	\$358.04	0.72%
2016	25,793	1,278,726,298	10,739,227	416.36	0.84
2015	25,793	1,281,548,246	12,213,509	473.52	0.95
2014	25,793	1,285,455,130	13,718,290	531.86	1.07
2013	25,793	1,288,762,889	15,031,635	582.78	1.17
2012	25,793	1,361,052,402	16,326,886	633.00	1.20
2011	25,793	1,370,828,506	17,557,418	680.70	1.28
2010	25,793	1,121,432,882	17,837,086	691.55	1.59
2009	27,844	1,377,868,880	18,742,202	673.11	1.36
2008	27,844	1,647,720,441	19,584,493	703.36	1.19

Source: City Records

Erie County Auditor

(1) See schedule on S-13 for estimated actual value.

Note: Resources have not been externally restricted for the repayment of debt.

City of Sandusky
 Computation of Direct and Overlapping Debt for Governmental Activities
 December 31, 2017

	Debt Outstanding	Percent Applicable to City of Sandusky (1)	Amount Applicable to City of Sandusky
City of Sandusky			
2001 Various Purpose	\$60,000	100.00%	\$60,000
2011 Library Refunding	2,290,463	100.00	2,290,463
2014 Various Purpose Refunding	100,000	100.00	100,000
2015 City Complex Refunding	2,320,000	100.00	2,320,000
2015 Police Pension Bonds Refunding	272,829	100.00	272,829
2015 Fire Pension Bonds Refunding	367,171	100.00	367,171
2015 Various Purpose Bonds Refunding	2,474,335	100.00	2,474,335
2013 Urban Renewal	810,000	100.00	810,000
Special Assessment Bonds	1,934,288	100.00	1,934,288
Capital Leases	8,299	100.00	8,299
	<u>10,637,385</u>		<u>10,637,385</u>
Erie County	13,999,670	22.39	3,134,526
Sandusky City School District	<u>33,175,000</u>	100.00	<u>33,175,000</u>
Total	<u>\$57,812,055</u>		<u>\$46,946,911</u>

Source: City Records and Erie County Auditor

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the total assessed valuation of the political subdivision. The valuations used were for the 2017 collection year.

City of Sandusky
Computation of Legal Debt Margin
Last Ten Years

	2017	2016	2015
Total Assessed Valuation	<u>\$460,297,960</u>	<u>\$458,789,000</u>	<u>\$459,278,000</u>
Overall Debt Limitation - 10.5 Percent of Assessed Valuation	48,331,286	48,172,845	48,224,190
Gross Indebtedness	60,001,809	63,739,824	60,044,560
Less Debt Outside Limitation			
Revenue Bonds	810,000	1,200,000	1,580,000
Special Assessment Bonds	1,859,546	2,046,119	2,272,092
General Obligation Revenue Bonds	1,350,000	1,425,000	1,500,000
OWDA Loans	<u>45,262,928</u>	<u>46,379,503</u>	<u>41,713,399</u>
Net Indebtedness	10,719,335	12,689,202	12,979,069
Less Fund Balance in Debt Service Fund	<u>167,788</u>	<u>152,986</u>	<u>129,875</u>
Net Debt Within 10.5 Percent Limitation	<u>10,551,547</u>	<u>12,536,216</u>	<u>12,849,194</u>
Legal Debt Margin Within 10.5 Percent Limitation	<u>\$37,779,739</u>	<u>\$35,636,629</u>	<u>\$35,374,996</u>
Legal Debt Margin as a Percentage of the Overall Debt Limitation	78.17%	73.98%	73.36%
Unvoted Debt Limitation - 5.5 Percent of Assessed Valuation	\$25,316,388	\$25,233,395	\$25,260,290
Gross Indebtedness	60,001,809	63,739,824	60,044,560
Less Debt Outside Limitation			
Revenue Bonds	810,000	1,200,000	1,580,000
Special Assessment Bonds	1,859,546	2,046,119	2,272,092
General Obligation Revenue Bonds	1,350,000	1,425,000	1,500,000
OWDA Loans	<u>45,262,928</u>	<u>46,379,503</u>	<u>41,713,399</u>
Net Indebtedness	10,719,335	12,689,202	12,979,069
Less Fund Balance in Debt Service Fund	<u>167,788</u>	<u>152,986</u>	<u>129,875</u>
Net Debt Within 5.5 Percent Limitation	<u>10,551,547</u>	<u>12,536,216</u>	<u>12,849,194</u>
Legal Debt Margin Within 5.5 Percent Limitation	<u>\$14,764,841</u>	<u>\$12,697,179</u>	<u>\$12,411,096</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	58.32%	50.32%	49.13%

Source: City Records

2014	2013	2012	2011	2010	2009	2008
<u>\$460,060,000</u>	<u>\$460,233,000</u>	<u>\$484,811,000</u>	<u>\$487,852,000</u>	<u>\$400,482,525</u>	<u>\$490,136,050</u>	<u>\$508,186,420</u>
48,306,300	48,324,465	50,905,155	51,224,460	42,050,665	51,464,285	53,359,574
64,847,881	69,424,886	73,103,099	73,755,127	71,437,371	69,034,270	68,244,180
1,950,000	2,310,000	0	0	0	0	0
2,539,063	2,810,036	3,086,009	3,384,549	3,706,088	4,060,063	4,324,197
1,570,000	1,565,000	1,625,000	1,729,000	1,906,000	2,083,000	2,255,000
<u>44,107,382</u>	<u>46,436,047</u>	<u>48,063,420</u>	<u>46,725,607</u>	<u>43,537,012</u>	<u>40,693,071</u>	<u>36,781,982</u>
14,681,436	16,303,803	20,328,670	21,915,971	22,288,271	22,198,136	24,883,001
45,366	57,130	29,134	32,753	82,687	173,295	162,155
<u>14,636,070</u>	<u>16,246,673</u>	<u>20,299,536</u>	<u>21,883,218</u>	<u>22,205,584</u>	<u>22,024,841</u>	<u>24,720,846</u>
<u>\$33,670,230</u>	<u>\$32,077,792</u>	<u>\$30,605,619</u>	<u>\$29,341,242</u>	<u>\$19,845,081</u>	<u>\$29,439,444</u>	<u>\$28,638,728</u>
69.70%	66.38%	60.12%	57.28%	47.19%	57.20%	53.67%
\$25,303,300	\$25,312,815	\$26,664,605	\$26,831,860	\$22,026,539	\$26,957,483	\$27,950,253
64,847,881	69,424,886	73,103,099	73,755,127	71,437,371	69,034,270	68,244,180
1,950,000	2,310,000	0	0	0	0	0
2,539,063	2,810,036	3,086,009	3,384,549	3,706,088	4,060,063	4,324,197
1,570,000	1,565,000	1,625,000	1,729,000	1,906,000	2,083,000	2,255,000
<u>44,107,382</u>	<u>46,436,047</u>	<u>48,063,420</u>	<u>46,725,607</u>	<u>43,537,012</u>	<u>40,693,071</u>	<u>36,781,982</u>
14,681,436	16,303,803	20,328,670	21,915,971	22,288,271	22,198,136	24,883,001
45,366	57,130	29,134	32,753	82,687	173,295	162,155
<u>14,636,070</u>	<u>16,246,673</u>	<u>20,299,536</u>	<u>21,883,218</u>	<u>22,205,584</u>	<u>22,024,841</u>	<u>24,720,846</u>
<u>\$10,667,230</u>	<u>\$9,066,142</u>	<u>\$6,365,069</u>	<u>\$4,948,642</u>	<u>(\$179,045)</u>	<u>\$4,932,642</u>	<u>\$3,229,407</u>
42.16%	35.82%	23.87%	18.44%	(0.81%)	18.30%	11.55%



City of Sandusky
Revenue Supported - Bond Coverage
Governmental Activities
Last Five Years

Year	Payment in Lieu of Taxes Revenue (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2017	\$575,201	\$390,000	\$40,470	\$430,470	1.34
2016	523,299	380,000	49,597	429,597	1.22
2015	532,265	370,000	59,525	429,525	1.24
2014	537,159	360,000	69,005	429,005	1.25
2013	558,906	370,000	133,603	503,603	1.11

Source: City Records

(1) Includes only payment in lieu of taxes revenue from the Urban Renewal Debt Retirement debt service fund.

City of Sandusky
 General Obligation - Revenue Supported - Bond Coverage
 Water Enterprise Fund
 Last Ten Years

Year	Operating Revenues	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2017	\$7,608,677	\$6,625,048	\$983,629	\$5,000	\$3,660	\$8,660	113.58
2016	6,563,905	5,576,045	987,860	5,000	3,813	8,813	112.09
2015	5,402,733	4,985,761	416,972	10,000	4,118	14,118	29.53
2014	5,395,434	5,100,326	295,108	140,000	9,140	149,140	1.98
2013	5,330,875	4,681,292	649,583	5,000	5,641	10,641	61.05
2012	5,301,855	4,537,221	764,634	5,000	5,898	10,898	70.16
2011	5,296,814	4,770,271	526,543	85,000	10,523	95,523	5.51
2010	5,135,801	4,198,140	937,661	85,000	14,523	99,523	9.42
2009	5,377,081	4,182,466	1,194,615	85,000	18,524	103,524	11.54
2008	5,499,096	4,626,578	872,518	85,000	22,525	107,525	8.11

Source: City Records

(1) Includes depreciation expense, excludes interest expense.

City of Sandusky
 General Obligation - Revenue Supported - Bond Coverage
 Sewer Enterprise Fund
 Last Ten Years

Year	Operating Revenues	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2017	\$11,359,516	\$7,705,045	\$3,654,471	\$70,000	\$39,803	\$109,803	33.28
2016	9,620,724	6,964,106	2,656,618	70,000	41,938	111,938	23.73
2015	7,311,210	6,338,635	972,575	60,000	43,768	103,768	9.37
2014	5,789,026	5,836,218	(47,192)	1,485,000	108,913	1,593,913	(0.03)
2013	5,981,063	5,316,839	664,224	55,000	59,739	114,739	5.79
2012	5,552,003	4,829,487	722,516	99,000	64,335	163,335	4.42
2011	6,816,622	6,343,763	472,859	92,000	68,641	160,641	2.94
2010	6,390,831	5,854,281	536,550	92,000	72,946	164,946	3.25
2009	6,113,987	5,143,723	970,264	87,000	76,995	163,995	5.92
2008	6,879,298	5,276,170	1,603,128	87,000	81,045	168,045	9.54

Source: City Records

(1) Includes depreciation expense, excludes interest expense.

City of Sandusky
Demographic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (3)	Personal Income Per Capita (1)	Dwelling Units (1)	Occupied Dwelling Units Households (1)
2017	25,793	\$536,313,849	\$20,793	13,600	11,264
2016	25,793	565,408,353	21,921	13,617	11,333
2015	25,793	560,352,925	21,725	13,706	11,432
2014	25,793	538,635,219	20,883	13,447	11,155
2013	25,793	515,679,449	19,993	13,536	11,138
2012	25,793	525,222,859	20,363	13,386	11,082
2011	25,793	494,116,501	19,157	13,386	11,082
2010	25,793	488,106,732	18,924	13,377	11,153
2009	27,844	504,282,684	18,111	13,323	11,851
2008	27,844	504,282,684	18,111	13,323	11,851

Source: (1) U.S. Bureau of the Census

(2) U.S. Department of Labor: Bureau of Labor Statistics

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

Persons Per Household (1)	Owner Occupied Units (1)	Median Family Income (1)	Unemployment Rate (2)
2.12	5,854	\$41,296	6.9%
2.15	5,810	42,928	6.0
2.15	5,965	44,441	5.9
2.25	5,786	45,208	7.0
2.27	5,906	43,723	7.9
2.28	5,916	44,615	7.6
2.28	5,916	44,270	9.2
2.26	6,490	43,302	9.8
2.31	6,692	37,749	12.4
2.31	6,692	37,749	9.8

City of Sandusky
Principal Employers
Current Year and Nine Years Ago

Employer	Type of Business	2017		
		Number of Employees	Rank	Percentage of Total Employment
Magnum Management Corp.	Entertainment	6,070	1	48.52%
Firelands Regional Health System	Hospital	2,067	2	16.53
Sandusky Board of Education	Education	750	3	6.00
Erie County	Government	596	4	4.77
Providence Care Center	Nursing Home	361	5	2.89
City of Sandusky	Government	264	6	2.11
John Bean Technology Corp.	Manufacturing	239	7	1.91
Lewco, Inc.	Manufacturing	219	8	1.75
Stein Hospice Service	Hospice	180	9	1.44
Okamoto Sandusky Manufacturing	Manufacturing	131	10	1.05
Sandusky International, Inc.	Manufacturing			
Delphi Automotive System	Automotive			
FMC Corporation	Food Equipment			
	Total	<u>10,877</u>		<u>86.97%</u>
	Total City Employment	<u>12,507</u>		

Source: Regional Income Tax Agency (RITA)

2008		
Number of Employees	Rank	Percentage of Total Employment
6,195	1	50.36%
1,600	2	13.01
857	3	6.97
727	4	5.91
272	7	2.21
144	9	1.17
318	6	2.58
130	10	1.06
500	5	4.07
251	8	2.04
<u>10,994</u>		<u>89.38%</u>
<u>12,300</u>		

City of Sandusky
Full Time Equivalent City Government Employees by Function/Program
Last Ten Years

Function/Program	2017	2016	2015
Security of Persons and Property-Police			
Police Patrol	48.0	47.0	47.0
Police Records	2.0	2.0	2.0
Police Reserve	4.5	4.0	3.0
Security of Persons and Property-Fire			
Fire Suppression	48.0	48.0	48.0
Public Health			
Oakland Cemetery	3.5	2.5	2.5
Leisure Time Activities			
Golf Course	0.0	0.0	0.5
Recreation	2.0	1.0	1.5
Pavillion	0.0	0.0	0.0
Community Environment			
Community Development	17.0	16.0	10.0
Horticultural Services	11.5	10.5	9.0
Transportation			
Streets	10.0	11.5	11.5
Traffic and Electrical Maintenance	2.0	2.0	1.0
General Government-Municipal Court			
Court-Criminal	16.5	17.0	17.0
General Government-Other			
City Manager	3.0	3.0	2.0
Personnel Labor Relations	6.0	4.0	4.0
Finance	3.0	3.0	3.0
Law Director	4.5	4.5	5.5
City Commission	8.0	8.0	8.0
Municipal Buildings and Lands	5.5	4.0	4.0
Engineering	7.0	11.5	10.0
Fleet	5.0	5.0	4.0
Basic Utility Services			
Water/Sewer Office	4.0	4.0	3.0
Waterworks Filtration	15.0	14.0	13.0
Waterworks Distribution	10.5	10.0	10.0
Water Pollution Control	17.0	17.0	15.0
Sewer Maintenance	11.0	9.0	10.0
Total	264.5	258.5	244.5

Source: City Records

Method: Using 1.0 for each full-time employee and .5 for each part-time employee as of December 31 of each year.

2014	2013	2012	2011	2010	2009	2008
45.0	45.0	45.0	47.0	45.0	52.0	52.0
1.0	1.0	1.0	4.5	6.0	10.0	12.0
0.0	4.0	4.0	2.0	0.0	0.0	3.5
48.0	53.0	53.0	54.0	48.0	54.0	52.0
2.0	2.5	2.5	2.5	2.5	3.5	3.0
0.0	0.0	0.5	0.0	0.0	0.0	0.0
1.0	1.0	1.0	2.0	1.0	1.0	1.0
0.0	0.0	0.0	0.0	0.0	0.5	0.5
6.0	7.0	6.0	6.0	6.0	5.0	8.5
7.0	7.5	8.0	8.5	8.5	8.0	9.0
11.0	10.5	10.5	9.5	9.5	10.0	10.0
2.0	2.0	2.0	2.0	3.0	3.0	3.0
14.0	17.0	17.5	17.0	18.0	18.0	19.5
1.0	1.0	1.0	1.5	0.0	0.0	2.0
2.0	3.0	3.0	4.0	4.0	4.5	5.5
3.0	3.0	3.0	2.0	3.0	4.0	4.0
4.0	4.5	4.5	4.5	4.5	4.0	6.0
8.0	8.0	8.0	8.0	8.0	8.0	9.0
2.0	2.5	3.5	3.5	4.5	4.0	5.5
8.0	8.0	7.0	7.0	7.0	10.0	11.0
4.0	4.0	4.0	4.0	4.0	4.0	4.0
3.0	3.0	3.0	3.0	3.0	3.0	3.0
13.0	12.0	13.0	13.0	13.0	12.0	12.0
9.0	9.0	8.0	8.0	8.5	9.0	9.0
15.0	15.0	17.0	18.0	18.0	18.0	18.0
9.0	9.0	9.0	8.0	9.0	9.0	9.0
<u>218.0</u>	<u>232.5</u>	<u>235.0</u>	<u>239.5</u>	<u>234.0</u>	<u>254.5</u>	<u>272.0</u>

City of Sandusky
 Operating Indicators by Function/Program
 Last Ten Years

Function/Program	2017	2016	2015
Security of Persons and Property-Police			
Number of Calls for Service	28,957	28,533	34,386
Number of Traffic Citations and Arrests	2,642	3,174	2,050
Number of Parking Tickets Issued	612	757	426
Accident Severity Breakdown			
Fatalities	0	1	1
Injury	167	122	120
Property Damage	487	475	539
Number of Criminal Arrests	4,030	4,135	4,256
Number of DUI Arrests	240	223	173
Square Miles Served	14.9	14.9	14.9
Original Department Operating Budget (General Fund)	\$5,509,581	\$5,328,569	\$5,042,948
Security of Persons and Property-Fire			
Number of EMS Calls	5,014	4,771	4,962
Number of Fire Calls	1,533	1,539	1,241
Net Ambulance Billing Collections	\$980,106	\$999,773	\$907,778
EMS Response Time (in seconds)	186	189	101
Fire Reponse Time (in seconds)	239	241	237
Number of Times Mutual Aid Given	62	35	31
Number of Times Mutual Aid Received	36	32	33
Square Miles Served	14.9	14.9	14.9
Number of Stations	3	3	3
Original Department Operating Budget (General Fund)	\$4,983,891	\$4,688,936	\$4,666,999
Public Health			
Cemetery Burials	151	154	124
Cemetery Cremations	47	47	35
Cemetery Sale of Lots	117	82	93
Cemetery Charges for Services Receipts	\$120,544	\$117,474	\$106,665
Leisure Time Activities			
Recreation			
Boat Ramp Receipts	\$0	\$5,150	\$300
Golf Course Receipts	\$183,747	\$172,769	\$188,674
Recreation Receipts	\$59,479	\$62,676	\$42,286
Sandusky Bay Pavilion Receipts	\$750	\$0	\$1,000
Paper District Marina Receipts	\$9,000	\$36,667	\$50,848
Reimbursements/Donations	\$2,145	\$1,317	\$1,211
Golf Course-Daily Pay Rounds	13,915	6,870	7,638
Golf Course-Daily Pass Rounds	6,685	5,076	5,489
Golf Course-Annual Pass Sales	130	106	102
Boat Ramp-Number of Daily Passes Sold	0	0	0
Boat Ramp-Number of Season Passes Sold	0	0	0
Boat Ramp-Number of Tournament Days	6	20	19
Paper District Marina-3-Hour Docks	3,015	2,757	1,795
Paper District Marina-Overnight Boat	497	420	255
Paper District Marina-Weekly Boat	0	0	0
Paper District Marina-Jetski Day	0	0	14
Paper District Marina-Jetski Overnight	4	6	5
Paper District Marina-Jetski 10-Day	0	0	2
Paper District Marina-Seasonal Dock (Boat)	20	22	10
Paper District Marina-Seasonal Dock (Jetski)	8	8	8

2014	2013	2012	2011	2010	2009	2008
25,192	43,330	36,934	37,071	19,471	28,288	21,441
2,785	4,281	3,922	3,452	3,072	4,319	4,892
349	396	445	557	611	1,069	1,819
0	0	2	0	0	0	2
125	100	127	138	101	120	123
568	514	577	574	603	511	575
6,026	6,391	6,094	5,881	6,505	5,771	7,953
255	237	184	185	241	241	209
14.9	14.9	14.9	14.9	14.9	14.9	14.9
\$4,665,990	\$4,727,118	\$4,951,507	\$4,686,741	\$4,673,083	\$5,404,496	\$5,384,630
4,904	4,542	4,495	4,312	3,914	3,858	3,673
1,059	897	855	791	838	1,177	1,168
\$850,165	\$780,893	\$864,791	\$622,476	\$767,177	\$626,958	\$660,239
186	175	178	191	184	178	186
255	226	251	288	285	247	207
29	32	23	26	21	18	27
23	23	17	29	23	16	19
14.9	14.9	14.9	14.9	14.9	14.9	14.9
3	3	3	3	3	3	3
\$4,508,719	\$4,294,596	\$4,176,776	\$4,105,936	\$4,392,888	\$4,900,965	\$4,745,641
138	138	108	128	110	95	93
38	48	34	34	33	42	42
62	75	74	66	65	69	74
\$90,118	\$96,550	\$74,340	\$90,515	\$86,562	\$100,113	\$95,190
\$0	\$28,763	\$21,369	\$938	\$201	\$845	\$38,128
\$183,990	\$162,553	\$204,010	\$211,717	\$214,839	\$207,048	\$244,384
\$46,700	\$40,456	\$30,954	\$30,958	\$23,786	\$27,820	\$36,325
\$790	\$10,540	\$0	\$5,000	\$500	\$17,515	\$34,261
\$44,738	\$36,975	\$21,369	\$6,033	\$0	\$0	\$0
\$3,048	\$3,483	\$3,262	\$760	\$650	\$669	\$529
7,707	7,150	9,801	6,935	9,610	9,517	11,275
6,487	5,983	6,952	6,880	6,588	9,484	9,973
110	113	120	119	124	132	145
0	2,932	2,501	0	n/a	n/a	3,915
0	80	65	0	n/a	n/a	78
22	19	12	14	12	14	4
1,811	1,722	722	186	0	0	0
299	334	109	89	0	0	0
0	0	0	11	0	0	0
15	38	17	39	0	0	0
0	6	0	2	0	0	0
0	0	0	2	0	0	0
6	1	0	0	0	0	0
8	5	0	0	0	0	0

(continued)

City of Sandusky
 Operating Indicators by Function/Program
 Last Ten Years
 (continued)

Function/Program	2017	2016	2015
Horticulture Services			
Trees Planted	99	110	40
Trees Removed	55	136	129
Trees Trimmed	88	150	102
Stumps Removed	6	50	62
Loads of Wood and Chips to Residents	25	25	30
Number of Regularly Scheduled Work Hours Related to			
Trees Planted	276	276	0
Trees Removed	456	624	0
Trees Trimmed	110	40	0
Stumps Removed	633	360	32
Storm Cleanup	100	100	350
Plant Propagation	1,300	1,200	1,060
Plant Installation	1,000	1,000	700
Landscape Maintenance	2,200	2,000	1,500
Fountain and Irrigation Maintenance	350	400	200
Playground Equipment Maintenance	316	316	225
Nursery Maintenance	0	0	0
Baseball Field Maintenance	610	610	400
Public Restroom Maintenance	700	700	680
Holiday Decorations	700	206	224
Christmas Tree Pickup	225	225	40
Transportation			
Cost of Salt Purchased	\$37,946	\$34,652	\$9,847
Number of Regularly Scheduled Work Hours Related to Snow Removal	205	491	0
Sign Department Hours	2,128	2,414	2,180
Guardrail Repair Hours	80	10	48
Street Improvements-Asphalt Overlay (linear feet)	1,863	1,942	4,084
Pavement Marking Hours	208	1,072	256
Cold Patch Hours	936	1,187	2,512
Street Sweeping Hours	1,456	1,376	1,160
General Government-Court			
Municipal Court			
Number of Civil Cases	2,839	2,865	2,383
Number of Criminal Cases	10,179	10,401	10,519
General Government-Other			
Finance			
Agency Ratings-Moody's Financial Services	Aa3	Aa3	Aa3
Income Tax			
Number of Individual Returns	16,305	15,619	14,938
Number of Business Returns	3,104	3,195	3,019
Number of Business Withholding Accounts	17,046	15,626	13,979
Amount of Interest and Penalties Collected	128,529	120,705	115,775
Tax Revenue	\$12,301,074	\$13,121,939	\$11,126,894
City Commission			
Number of Ordinances Passed	234	236	201
Number of Resolutions Passed	59	73	57

2014	2013	2012	2011	2010	2009	2008
58	56	65	52	25	20	32
136	113	153	143	118	108	133
235	250	232	223	478	265	408
136	98	177	132	114	75	245
132	132	135	128	132	176	133
135	143	244	18	166	222	188
818	827	688	939	854	1,036	1,210
427	476	375	430	622	216	680
137	149	144	119	185	230	382
336	297	491	220	179	288	489
1,172	1,112	1,350	1,055	931	1,857	1,276
565	499	731	465	300	573	961
1,575	1,521	1,945	1,260	1,357	2,060	875
143	164	174	92	226	130	100
103	102	120	87	99	117	80
327	371	16	593	503	75	95
117	106	125	120	73	342	371
295	289	286	309	271	258	242
793	732	715	931	551	856	1,251
87	81	122	57	64	16	24
\$45,472	\$50,460	\$25,307	\$60,650	\$63,648	\$7,095	\$71,372
996	1,110	694	1,185	1,452	1,398	1,595
1,561	1,600	1,503	1,581	1,716	2,251	1,904
3	8	0	0	24	16	0
896	1,241	1,331	115	2,278	2,740	3,444
555	654	520	492	950	841	850
1,090	1,245	839	1,185	1,711	1,330	1,922
1,502	1,484	1,425	1,598	1,429	1,453	1,358
2,375	2,622	2,749	2,502	2,727	3,166	3,277
11,716	12,843	11,597	9,879	10,295	13,156	12,888
Aa3	Aa3	Aa3	Aa3	Aa3	A2	A2
15,827	13,682	15,306	15,050	10,091	6,982	12,838
3,382	2,927	2,748	2,460	1,846	2,070	1,423
14,381	14,168	13,387	12,168	9,767	8,550	1,337
\$149,107	\$97,234	\$100,984	\$122,404	\$98,699	\$148,491	\$165,724
\$7,297,336	\$8,303,179	\$7,971,818	\$7,234,468	\$6,811,653	\$6,249,181	\$8,179,964
160	146	141	143	162	131	150
54	50	39	52	44	33	37

(continued)

City of Sandusky
 Operating Indicators by Function/Program
 Last Ten Years
 (continued)

Function/Program	2017	2016	2015
Municipal Buildings and Lands			
Number of Construction Permits Issued (building, electric, plumbing)	929	900	803
Estimated Value of Construction	\$24,530,634	\$16,932,873	\$8,096,977
Amount of Revenue Generated from Building Department	\$242,967	\$218,303	\$192,458
Civil Service			
Number of Police Entry Tests Administered	1	0	1
Number of Fire Entry Tests Administered	1	0	1
Number of Police Promotional Tests Administered	1	0	0
Number of Fire Promotional Tests Administered	1	0	1
Number of Hires of Police Officers from Certified Lists	5	2	4
Number of Hires of Fire/Medics from Certified Lists	0	2	3
Number of Promotions from Police Certified Lists	2	0	2
Number of Promotions from Fire Certified Lists	0	0	2
Water Department			
Water Rates per 100 Cubic Feet of Water Used Monthly (1)	\$6.85	\$6.85	\$6.41
Sewer Department			
Sewer Rates per 100 Cubic Feet of Water Used Monthly (1)	\$13.67	\$13.67	\$10.94
Total Flow of Wastewater Treatment Plant	5,997	5,151	5,132
Average Daily Flow (millions of gallons per day)	16.43	14.10	14.10
Tons of Dry Sludge Removed	1,141	1,369	1,189

Source: City Records

(1) Based on 5/8" meter (base rate)

2014	2013	2012	2011	2010	2009	2008
772	842	927	1,060	2,259	931	1,146
\$15,478,633	\$55,106,730	\$16,070,557	\$11,484,665	\$26,426,795	\$30,794,209	\$14,812,745
\$170,621	\$290,930	\$188,287	\$146,647	\$232,932	\$162,116	\$162,072
0	0	0	1	0	0	0
0	1	0	1	0	0	1
0	1	0	2	0	0	1
0	2	1	2	0	1	1
0	0	7	5	0	0	7
0	0	4	6	0	2	2
2	0	5	4	0	0	2
4	0	6	2	0	1	1
\$4.10	\$4.10	\$4.10	\$4.10	\$4.10	\$4.10	\$4.10
\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00
4,625	4,696	4,401	5,865	3,764	3,791	4,300
12.70	12.90	12.01	16.10	10.30	10.42	11.79
1,211	1,210	1,272	1,017	1,246	1,441	1,491

City of Sandusky
Capital Assets by Function/Program
Last Ten Years

Function/Program	2017	2016	2015
Security of Persons and Property-Police			
Stations	1	1	1
Vehicles	24	26	26
Security of Persons and Property-Fire			
Stations	3	3	3
Vehicles	15	15	15
Public Health			
Vehicles	3	3	2
Leisure Time Activities			
Number of Parks	22	20	20
Number of Piers/Pavilions/Plazas	7	3	4
Number of Boat Launch Ramps	1	1	1
Number of Golf Courses	1	1	1
Number of Baseball/Softball Diamonds	17	17	17
Number of Skateboarding Areas	1	1	1
Community Environment			
Vehicles	55	42	50
Transportation			
Bridges	2	2	1
Streets (miles)	113.8	113.8	113.8
Vehicles	19	19	17
General Government-Other			
City Manager Vehicles	1	1	0
Mechanic Vehicles	5	4	4
Engineering Vehicles	3	3	3
Water			
Water Lines (miles)	135.88	135.88	134.88
Vehicles	14	14	14
Sewer			
Sewer Lines (miles)	165.92	165.92	164.44
Vehicles	16	13	15
Source: City Records			

2014	2013	2012	2011	2010	2009	2008
1 24	1 22	1 27	1 26	1 26	1 27	1 27
3 15	3 15	3 16	3 15	3 15	3 15	3 16
2	2	3	3	3	3	3
20 4 1 1 17 1	20 4 1 1 17 1	20 4 1 1 17 1	20 4 1 1 17 1	20 4 1 1 17 1	20 4 1 1 17 1	20 4 1 1 17 1
50	46	46	46	46	34	34
1 113.7 17	1 113.7 17	1 113.7 29	1 113.7 29	1 113.7 29	1 113.7 29	1 113.7 29
0 4 3	0 4 3	5 4 10	6 4 10	6 4 10	6 4 10	6 4 10
134.88 12	134.88 11	134.88 18	134.88 18	134.88 18	134.82 16	134.69 16
164.15 16	163.69 14	163.69 20	163.69 20	163.69 20	163.69 19	163.49 19



City of Sandusky
Erie County, Ohio

*Reports Issued Pursuant to
Government Auditing Standards
And Uniform Guidance*

For the Year Ended
December 31, 2017

City of Sandusky
Erie County, Ohio
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December 31, 2017

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June 20, 2018

To the City Commission
City of Sandusky
Erie County, Ohio
222 Meigs Street
Sandusky, OH 44870

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandusky, Erie County, Ohio (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 20, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Medina, Ohio

June 20, 2018

To the City Commission
City of Sandusky
Erie County, Ohio
222 Meigs Street
Sandusky, OH 44870

**Independent Auditor's Report on Compliance for Each Major Federal Program;
Report on Internal Control over Compliance; and Report on the Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

Report on Compliance for Each Major Federal Program

We have audited the City of Sandusky's, Erie County, Ohio (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2017. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2017, and have issued our report thereon dated June 20, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Rea & Associates, Inc.

Medina, Ohio

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CITY OF SANDUSKY
ERIE COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Subrecipients
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Direct</i>				
Community Development Block Grant - Entitlement Grants	N/A	14.218	\$ 537,475	\$ 122,699
<i>Passed Through Ohio Development Services Agency</i>				
Community Housing Impact Preservation	A-C-15-2DM-2	14.239	106,936	0
Total Community Housing Impact Preservation			<u>106,936</u>	<u>0</u>
Total United States Department of Housing and Urban Development			<u>644,411</u>	<u>122,699</u>
UNITED STATES DEPARTMENT OF TRANSPORTATION				
<i>Passed Through Ohio Department of Transportation</i>				
Formula Grants for Rural Areas	RPTF-4081-036-161	20.509	66,433	0
	RPTM-0081-036-161	20.509	47,879	0
	RPTF-0081-036-161	20.509	410,539	0
	RPTF-4081-050-161	20.509	688,413	0
	RPTM-0081-050-161	20.509	169,683	0
Total Formula Grants for Rural Areas			<u>1,382,947</u>	<u>0</u>
Highway Planning and Construction Cluster	PID #82672	20.205	266,343	0
	PID #100018	20.205	135,809	0
	OH-85-X002	20.205	10,793	0
Total Highway Planning and Construction Cluster			<u>412,945</u>	<u>0</u>
Total United States Department of Transportation			<u>1,795,892</u>	<u>0</u>
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY				
<i>Direct</i>				
Great Lakes Program	N/A	66.469	285,310	0
Brownsfield Assessment and Cleanup Cooperative Agreements	N/A	66.818	95,311	0
Total United States Environmental Protection Agency			<u>380,621</u>	<u>0</u>
UNITED STATES DEPARTMENT OF JUSTICE				
<i>Direct</i>				
Bulletproof Vest Partnership	N/A	16.607	4,296	0
<i>Passed Through Ohio Department of Transportation</i>				
Edward Byrne Memorial Justice Assistance Grant Program	2016-JG-A02-6944	16.738	6,057	0
Total United States Department of Justice			<u>10,353</u>	<u>0</u>
UNITED STATES DEPARTMENT OF HOMELAND SECURITY				
<i>Direct</i>				
Urban and Community Forestry Program	EMW-2015-FO-00405	97.044	227,000	0
Total United States Department of Homeland Security			<u>227,000</u>	<u>0</u>
UNITED STATES DEPARTMENT OF AGRICULTURE				
<i>Direct</i>				
Urban and Community Forestry Program	2017	10.675	34,628	0
Total United States Department of Agriculture			<u>34,628</u>	<u>0</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$ 3,092,905</u>	<u>\$ 122,699</u>

The accompanying notes are an integral part of this Schedule

**CITY OF SANDUSKY
ERIE COUNTY, OHIO**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the City of Sandusky (City) under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C – LOANS OUTSTANDING

The City administers loan programs with funding received from the Department of Housing and Urban Development. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule of Expenditures of Federal Awards. Following are the loan balances outstanding that have continuing compliance requirements for these programs as of December 31, 2017.

Program Title	CFDA	
	Number	Amounts Outstanding
Home Investment Partnership	14.239	\$ 1,635,300
Community Development Block Grant	14.218	555,198

NOTE D – MATCHING REQUIREMENTS

Certain federal programs require that the City contribute non-federal funds (matching funds) to support federally-funded programs. The City has met its matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.

**CITY OF SANDUSKY
ERIE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
2 CFR §200.515
DECEMBER 31, 2017**

1. SUMMARY OF AUDITOR'S RESULTS
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(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any significant deficiencies reported at the financial statement level (GAGAS)?	None reported
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any significant deficiencies reported for major programs which were not considered to be material?	None reported
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unmodified
(d) (1) (vi)	Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	No
(d) (1) (vii)	Major Programs (list): Formula Grants for Rural Access	CFDA #20.509
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$750,000 Type B: > all others
(d) (1) (ix)	Low Risk Auditee under 2 CFR 200.520	Yes

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

NONE

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

NONE

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Dave Yost • Auditor of State

CITY OF SANDUSKY

ERIE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 14, 2018**