



Mary Taylor, CPA
Auditor of State

CITY OF SANDUSKY
ERIE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Schedule of Federal Awards Expenditures	1
Notes to the Schedule of Federal Awards Expenditures.....	2
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	3
Independent Accountants' Report on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133	5
Schedule of Findings.....	8
Schedule of Prior Audit Findings	11

This page intentionally left blank.

**CITY OF SANDUSKY
ERIE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2007**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Direct</i>			
Community Development Block Grant - Entitlement Grants	N/A	14.218	\$ 960,562
<i>Passed Through Ohio Department of Development</i>			
HOME Investment Partnerships Program	A-C-05-172	14.239	680
	A-C-06-172		438,990
Total HOME Investment Partnership Program			<u>439,670</u>
Community Development Block Grant - Total Passed Through Ohio Department of Development	A-X-03-172	14.228	181
			<u>439,851</u>
Total United States Department of Housing and Urban Development			<u>1,400,413</u>
UNITED STATES DEPARTMENT OF TRANSPORTATION			
<i>Direct</i>			
Federal Transit Grant	N/A	20.507	765,578
<i>Passed Through Ohio Department of Transportation</i>			
Federal Transit Grant	UPT-4022-590-071	20.507	50,552
	UPT-0022-527-061		6,303
	EHTA-0022-008-081		71,305
Total Federal Transit Pass Through amounts			<u>128,160</u>
Total Federal Transit Grant			893,738
Highway Planning and Construction Grant	06N003-2006	20.205	111,925
	06N003-2007		27,628
	06N154		31,488
	07N076		<u>304,878</u>
Total Highway Planning and Construction Grant			<u>475,919</u>
Total United States Department of Transportation			<u>1,369,657</u>
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			
<i>Direct</i>			
Brownfield Assessment and Cleanup Cooperative Agreements	N/A	66.818	<u>115,266</u>
UNITED STATES DEPARTMENT OF COMMERCE			
<i>Passed Through Ohio Department of Natural Resources</i>			
Coastal Management Assistance Grant	L768	11.419	<u>150,000</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u><u>\$ 3,035,336</u></u>

The accompanying notes are an integral part of this Schedule

**CITY OF SANDUSKY
ERIE COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2007**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

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

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

These loans are collateralized by mortgage on the property, equipment or other assets acquired or improved through the loan proceeds. At December 31, 2007, the gross amount of loans outstanding under these programs was \$3,103,590. Loans in default due are \$46,694.

NOTE C - MATCHING REQUIREMENTS

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



Mary Taylor, CPA

Auditor of State

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

City of Sandusky
Erie County
222 Meigs Street
Sandusky, Ohio 44870-2837

To the City Commission:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandusky, Erie County, (the City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain matters that we reported to the City's management in a separate letter dated June 30, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated June 30, 2008.

The City's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, City Commission, federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

June 30, 2008



Mary Taylor, CPA

Auditor of State

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

City of Sandusky
Erie County
222 Meigs Street
Sandusky, Ohio 44870-2837

To the City Commission:

Compliance

We have audited the compliance of the City of Sandusky, Erie County (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended December 31, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal programs. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Sandusky complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2007.

Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that the City's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the City's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

Federal Awards Expenditures Schedule

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Sandusky as of and for the year ended December 31, 2007, and have issued our report thereon dated June 30, 2008. Our audit was performed to form an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying federal awards expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

City of Sandusky
Erie County
Independent Accountants' Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133
Page 3

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

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

Mary Taylor, CPA
Auditor of State

June 30, 2008

CITY OF SANDUSKY
ERIE COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Federal Transit Grant (CFDA #20.507) Highway Planning and Construction Grant (CFDA #20.205)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

FINDING NUMBER 2007-001

Noncompliance Finding

Ohio Revised Code Section 5705.41(D) provides that no subdivision shall make any contract of give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively of the Ohio Revised Code.

1. **Then and Now Certificate** – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the City may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

If the amount involved is less than \$3,000 the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the City Commission if such expenditure is otherwise valid.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be, limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The City may also make expenditures and contracts for any amount from a specific line item appropriation in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extent beyond the current year. More than one super blanket may be outstanding a particular time for any line item appropriation.

Additionally, **City of Sandusky Charter §22** states no contract, agreement or other obligation involving the expenditure of money shall be entered into, unless the fiscal officer shall first certify the money required for such contract, agreement, obligation, or expenditure is in the Treasury to the credit of the fund from which it is to be drawn.

The Finance Director did not properly certify 36 percent of the expenditures tested. The failure to properly certify the availability of funds can result in overspending funds and negative cash balances.

**FINDING NUMBER 2007-001
(Continued)**

Failure to certify the availability of funds and encumber appropriations could result in overspending in negative cash balances. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the City's funds exceeding budgetary spending limitations, the Finance Director should certify that the funds are or will be available prior to obligation by the City. When prior certification is not possible, "then and now" certification should be used.

We recommend the Finance Director certify funds as provided by Ohio Rev. Code § 5705.41(D) and by the City's Charter.

Client Response:

The City acknowledges this recommendation and will attempt to certify funds prior to making the expenditure at an acceptable level.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

None

**CITY OF SANDUSKY
ERIE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	ORC §5705.41(C) requires appropriation measures to be classified so as to set forth separately the amounts appropriated for each office, department, and division, and within each, the amount appropriated for personal services.	Yes	
2006-002	Bank to book reconciliations should be performed monthly.	Yes	

CITY OF SANDUSKY, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2007

Introductory

This Page is Intentionally Left Blank.

CITY OF SANDUSKY, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2007

Prepared By:

Department of Finance

Edward A. Widman
Finance Director

Hank S. Solowiej, CPA
Senior Accountant/Auditor

Carol A. Roth
Secretary

Jacki M. Jesberger
Senior Accounting Clerk II

Heather L. Turner
Senior Accounting Clerk II

Lois Huff
Senior Accounting Clerk II



CITY OF SANDUSKY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2007

TABLE OF CONTENTS

INTRODUCTORY SECTION

Title Page.....	i
Table of Contents	iii
Letter of Transmittal.....	vii
Certificate of Achievement.....	xiv
Organizational Chart	xv
City of Sandusky Elected and Appointed Officials.....	xvi

FINANCIAL SECTION

Independent Accountants' Report	1
General Purpose External Financial Statements	
Management's Discussion and Analysis.....	3
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	11
Statement of Activities.....	12
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	14
Reconciliation of Total Governmental Fund Balance to Net Assets of Governmental Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	16
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to Statement of Activities.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual General Fund	19
Statement of Fund Net Assets - Enterprise Funds	20

TABLE OF CONTENTS

(continued)

FINANCIAL SECTION (continued)

Statement of Revenues, Expenses, and Changes in Fund Net Assets - Enterprise Funds	21
Statement of Cash Flows - Enterprise Funds	22
Statement of Fiduciary Assets and Liabilities - Agency Funds	24
Notes to the Basic Financial Statements	25
Combining Statements and Individual Fund Schedules	69
Combining Statements - Nonmajor Governmental Funds	
Fund Descriptions.....	70
Combining Balance Sheet - Nonmajor Governmental Funds	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds.....	79
Combining Statements - Fiduciary Funds	
Fund Descriptions.....	85
Combining Statement of Assets and Liabilities - Agency Funds.....	86
Combining Statement of Changes in Assets and Liabilities - Agency Funds.....	88
Individual Fund Schedules of Revenues, Expenditures/Expenses, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual	91
Major Funds	92
Nonmajor Funds	106

STATISTICAL SECTION

Description	S-1
Net Assets - Last Six Years	S-2
Changes in Net Assets - Last Six Years	S-4
Fund Balance - Governmental Funds - Last Six Years	S-8

TABLE OF CONTENTS

(continued)

STATISTICAL SECTION (continued)

Changes in Fund Balance - Governmental Funds - Last Six Years	S-10
Assessed and Estimated Actual Value of Taxable Property - Last Ten Years.....	S-12
Property Tax Rates - Direct and All Overlapping Governments - Last Ten Years.....	S-14
Real Property Tax Levies and Collections - Last Ten Years.....	S-16
Principal Taxpayers - Current Year and Nine Years Ago	S-17
Personal Income Tax Filers by Income Level - Last Four Years	S-19
Water Sold by Type of Customer - Last Four Years	S-20
Sewer Sold by Type of Customer - Last Four Years	S-22
Principal Water Customers - Last Three Years	S-24
Principal Sewer Customers - Last Three Years	S-26
Number of Water and Sewer Customers by Type - Last Three Years	S-28
Water Produced and Consumed and Wastewater Treated - Last Three Years	S-29
Ratios of Outstanding Debt by Type - Last Ten Years.....	S-30
Ratio of General Bonded Debt to Estimated Actual Value and General Bonded Debt Per Capita - Last Ten Years.....	S-32
Computation of Direct and Overlapping Debt for Governmental Activities	S-33
Computation of Legal Debt Margin - Last Ten Years.....	S-34
General Obligation - Revenue Supported - Bond Coverage - Water Enterprise Fund - Last Ten Years.....	S-36

TABLE OF CONTENTS

(continued)

STATISTICAL SECTION (continued)

General Obligation - Revenue Supported - Bond Coverage - Sewer Enterprise Fund - Last Ten Years.....	S-37
Demographic Statistics - Last Ten Years.....	S-38
Principal Employers - Current Year and Three Years Ago.....	S-40
Full Time Equivalent City Government Employees by Function/Program - Last Four Years	S-41
Operating Indicators by Function/Program - Last Four Years	S-42
Capital Assets by Function/Program - Last Four Years	S-48



DEPARTMENT OF FINANCE
DIVISION OF FINANCE & AUDITS
EDWARD A. WIDMAN, Finance Director

222 MEIGS STREET
SANDUSKY, OHIO 44870
Phone (419) 627-5888
FAX (419) 627-5892

June 30, 2008

To the City Commission and Citizens of Sandusky:

The Comprehensive Annual Financial Report of the City of Sandusky for the year ended December 31, 2007, 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 insure 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 accountants' 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 State of Ohio Auditor's Office has issued an unqualified opinion on the City of Sandusky's basic financial statements for the year ended December 31, 2007. The Independent Accountant'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, Finance Director, Law Director, and Clerk of Commission are appointed by, and serve at the pleasure of, the City Commission.

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 27,844 based on the 2000 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 at Griffing-Sandusky Airport located in the City. Cleveland Hopkins International Airport and the Toledo Express Airport 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 86,000 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.

Within commuting distance are several public and private two-year and four-year colleges and universities including Firelands College, 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 healthcare 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. Further expansion at the Kalahari is planned for the near future. In 2007, the Green Tree Inn on Cleveland Road opened another waterpark facility titled "The Rain." Further waterpark expansion is planned at the Green Tree Inn in 2008.

A public library and several museums 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 A2 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. These agreements will expire on December 31, 2009.

LOCAL ECONOMY

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

During the past six years, the unemployment rate (not seasonally adjusted) has slowly risen from 5.8 percent in December 2001 to 7.5 percent in December 2007. Unemployment is expected to increase due to plans to close one of the local automotive component plants. In addition, an automobile manufacturer located in Lorain County closed in 2005. That has impacted many City and County residents that were employed there. There has been a decrease in total income tax collections from 2001 to 2007. Income tax revenue in 2001 was \$7,404,105 while revenues in 2007 was \$6,891,325.

The median household income for the City based on the 2000 Census is \$37,749, compared to the County, State, and national medians of \$42,746, \$40,956, and \$41,994 respectively. The median house value for the City based on the 2000 Census is \$75,400, compared to the County, State, and national medians of \$109,800, \$103,700, and \$119,600 respectively.

LONG-TERM FINANCIAL PLANNING

The City Commission approved the City Strategic Plan in February 2005. 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 implemented successfully, the strategy will result in growth and overall positive results in the City. The overall purpose of the Strategic Plan is making the City a place where people choose to live, work, and play.

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

- Development of Housing
- Development of Business
- Promotion of the City
- Relationships with Other Local Organizations
- Cultural Diversity
- Customer-Focused Organization

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 staff responsible for its completion;
- Contain an estimate of resources necessary to complete the plan;
- Contain a timeline;
- Contain an estimate of the impact;
- Define how success is measured.

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 a 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.

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. Cedar Point opened "Breakers Express" hotel in 2001. In 2003, they opened another new roller coaster, its 16th; called the "Top Thrill Dragster", it is one of the tallest and fastest in the world. In 2004, they completed their first year-round attraction - Castaway Bay Indoor Water Park Resort. In 2005, Cedar Point unveiled their latest thrill ride, "maXair". In 2006, Cedar Point added a world-record-breaking thrill ride - "Skyhawk.", the tallest ride of its kind in the world, standing 103 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 has given the park more scream machines than any park in the world. Maverick's cost of approximately \$21 million makes it one of the single largest investments in the park's 137-year history. In 2008, capital improvements in the park will include a new children's area featuring seven rides and a family lounge area. This area will replace the former Peanuts Playground. In addition, a new corporate headquarters building will be constructed adjacent to the current corporate office.

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 December 2005. Firelands Professional Center I, which houses the new Cancer Center along with physician offices, opened in August 2006. Firelands Regional Medical Center's East Tower opens in Spring 2008. The building features a new 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 has 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.

The City has been successful in raising funds through various grant opportunities. In the last year alone, the City was able to receive over \$2 million in grant and revolving loan payments. 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 Department of Housing and Urban Development.

In 1999, the City purchased the Chesapeake Building and adopted an urban renewal plan to revitalize about forty acres of the waterfront, including the Chesapeake property, an area now referred to as the "Paper District." In 2002, the Bayfront 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 the properties. The City has entered into a development agreement with Mid-States for that purpose. The City received a State grant to pay for acquisition, environmental cleanup, and demolition of part of the project site and also issued its urban revitalization notes for that purpose. Mid-States plans to invest over \$130 million to revitalize the Paper District, including the Chesapeake Building. Over 190 condominium units have been reserved by prospective buyers and the first tenants moved in during 2007. Construction will soon begin on the new transient marina on the old TriCor property adjacent to the Chesapeake Lofts.

The City strives to improve existing housing by obtaining housing improvement grants. The City received a Community Housing Improvement Program (CHIP) grant in 2007 for owner occupied rehabilitation. In addition, the City received a Distress Grant for infrastructure improvements targeted to the City's south side neighborhood. In 2004, the Cold Creek Subdivision broke ground on the City's west side which will contain ninety-five single family homes and one hundred two condominiums.

The City has entered into a Regional Water Agreement with Erie County and the City of Huron. In addition, the City has entered into a Sewer Services Agreement with Erie County.

In November 2007, the City voted to move forward with the proposed "Marina District", which could spark a decade of change along Sandusky's waterfront. The Marina District could bring 300 new condominiums, a hotel with up to 150 rooms, about 950 parking spaces, and about 27,000 square feet of new retail space. Sandusky's storied Battery Park would also be redesigned and City Hall would be relocated. The area of proposed redevelopment includes about 30 acres along the shore of Sandusky Bay on Meigs Street. The City will now proceed to finalize a development agreement with our development team which will spell out specifically how the development will unfold and define the responsibilities of both the City and the developer.

AWARDS AND ACKNOWLEDGEMENTS

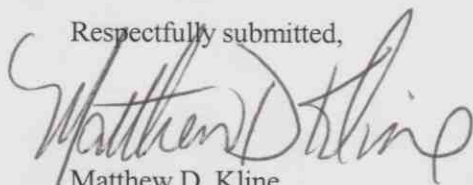
The Government Finance Officers Association of the United States and Canada (GFOA) awarded for the sixteenth time a Certificate of Achievement for Excellence in Financial Reporting to the City of Sandusky for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2006. The Certificate 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 Division of the Office of the Auditor of State for their continued guidance in the preparation of this report.

Respectfully submitted,



Matthew D. Kline
City Manager



Edward A. Widman
Finance Director

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, 2006

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



Charles S. Cox

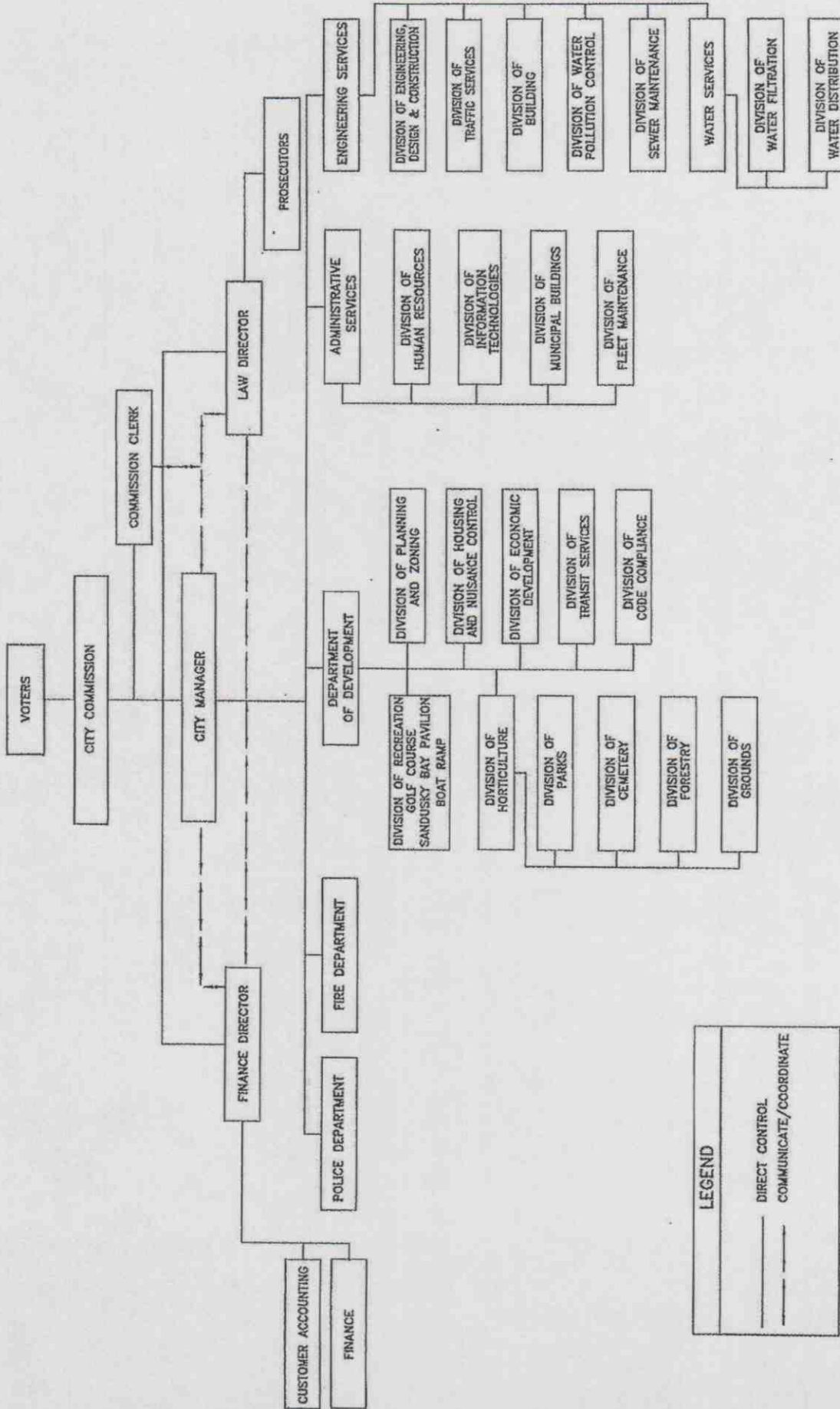
President

Jeffrey R. Emswiler

Executive Director

ORGANIZATIONAL CHART City of Sandusky

2007



LEGEND

— DIRECT CONTROL

- - - COMMUNICATE / COORDINATE

CITY OF SANDUSKY, OHIO

ELECTED PUBLIC OFFICIALS
December 31, 2007

CITY COMMISSION

Daniel J. Kaman
President/Ex-Officio Mayor
Term Expires 12-31-07
First took office 01-01-04

Dannie K. Edmon
Vice-President
Term Expires 12-31-07
First took office 01-01-04

Brian C. Crandall
Term Expires 12-31-09
First took office 01-01-06

Brett L. Fuqua, Sr.
Term Expires 12-31-07
First took office 01-01-06

Dennis E. Murray, Jr.
Term Expires 12-31-09
First took office 01-01-06

Craig H. Stahl
Term Expires 12-31-09
First took office 01-01-06

David L. Waddington
Term Expires 12-31-07
First took office 01-01-04

APPOINTED OFFICIALS
December 31, 2007

CITY MANAGER
Matthew D. Kline

FINANCE DIRECTOR
Edward A. Widman

LAW DIRECTOR
Donald C. Icsman

CLERK OF COMMISSION
B. Joyce Brown

Financial

This Page is Intentionally Left Blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

City of Sandusky
Erie County
222 Meigs Street
Sandusky, Ohio 44870-2837

To the City Commission:

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, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandusky, Erie County, Ohio, as of December 31, 2007, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2008, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

One Government Center / Suite 1420 / Toledo, OH 43604-2246
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484
www.auditor.state.oh.us

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

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

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

Mary Taylor, CPA
Auditor of State

June 30, 2008

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2007
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, 2007. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

HIGHLIGHTS

Highlights for 2007 are as follows:

In total, the City's net assets increased \$10,110,570, or almost 14 percent. Net assets for governmental activities increased less than 4 percent, which indicates little change from the prior year. Business-type activities increased by \$8,529,187, or almost 27 percent. Business-type activities consist of the City's Water and Sewer funds. These activities are supported by charges for services. The increase in net assets can be attributed to a substantial payment received from Erie County in 2007 (\$8 million) as negotiated in the Sewer Agreement with Erie County.

Various contracts for improvements to the City's water and sewer treatment facilities were awarded in 2002. Construction activities on these facilities continued in 2007 and change orders were approved by the City Commissioners on these projects. Both projects were funded by charges for services and with resources borrowed from the Ohio Water Development Authority (OWDA). Electrical improvements at the water plant were completed in 2007.

Both of the City's enterprise funds had an operating income in 2007, indicating operating revenues are currently sufficient to cover operating expenses of the respective funds. As needed, rate increases in the Water and Sewer enterprise funds have kept these funds with positive operating balances; however, 2003 was the last year of scheduled rate increases. As of this date, there are no further rate increases anticipated by the City.

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 assets 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, Various Improvement, Water, and Sewer funds.

REPORTING THE CITY AS A WHOLE

The statement of net assets and the statement of activities reflect how the City did financially during 2007. These statements include all assets and liabilities 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.

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

These statements report the City's net assets and changes in those assets. This change in net assets 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, and water and sewer lines, and equipment). These factors must be considered when assessing the overall health of the City.

In the statement of net assets 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, Various Improvement, 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.

Enterprise Funds - The City's enterprise funds use the accrual basis of accounting, the same as that used for the business-type activities on the government-wide financial statements.

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the City's net assets for 2007 and 2006.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<u>Assets</u>						
Current and Other Assets	\$27,031,069	\$24,879,585	\$24,186,111	\$16,614,698	\$51,217,180	\$41,494,283
Capital Assets, Net	52,268,033	51,487,335	55,221,445	55,243,605	107,489,478	106,730,940
Total Assets	79,299,102	76,366,920	79,407,556	71,858,303	158,706,658	148,225,223
<u>Liabilities</u>						
Current and Other Liabilities	12,961,048	12,071,254	585,100	421,346	13,546,148	12,492,600
Long-Term Liabilities	23,008,158	22,547,153	38,172,480	39,316,168	61,180,638	61,863,321
Total Liabilities	35,969,206	34,618,407	38,757,580	39,737,514	74,726,786	74,355,921
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	32,191,349	30,030,102	18,003,813	16,501,983	50,195,162	46,532,085
Restricted	13,484,532	12,077,784	0	0	13,484,532	12,077,784
Unrestricted (Deficit)	(2,345,985)	(359,373)	22,646,163	15,618,806	20,300,178	15,259,433
Total Net Assets	\$43,329,896	\$41,748,513	\$40,649,976	\$32,120,789	\$83,979,872	\$73,869,302

A review of the above table demonstrates there was very little change from the prior year for governmental activities.

For business-type activities, there was an increase in total net assets of \$8.5 million. This increase is reflected in both current and other assets (cash and cash equivalents) and unrestricted net assets. The increase is the result of a substantial payment received from Erie County in 2007 as negotiated in the Sewer Agreement.

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Table 2 reflects the changes in net assets for 2007 and 2006.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$4,920,363	\$3,958,546	\$11,221,532	\$11,961,127	\$16,141,895	\$15,919,673
Operating Grants, Contributions, and Interest	3,541,296	4,392,095	0	0	3,541,296	4,392,095
Capital Grants and Contributions	1,874,767	1,441,100	8,069,676	194,076	9,944,443	1,635,176
Total Program Revenues	<u>10,336,426</u>	<u>9,791,741</u>	<u>19,291,208</u>	<u>12,155,203</u>	<u>29,627,634</u>	<u>21,946,944</u>
General Revenues						
Property Taxes	2,524,299	2,253,823	0	0	2,524,299	2,253,823
Payment in Lieu of Taxes	22,601	23,815	0	0	22,601	23,815
Municipal Income Taxes	6,891,325	7,179,950	0	0	6,891,325	7,179,950
Other Local Taxes	3,720,784	3,486,825	0	0	3,720,784	3,486,825
Franchise Taxes	272,184	254,087	0	0	272,184	254,087
Grants and Entitlements not Restricted to Specific Programs	1,958,323	2,041,444	0	0	1,958,323	2,041,444
Interest	1,541,216	1,011,952	1,923	691	1,543,139	1,012,643
Other	556,074	638,096	274,658	304,001	830,732	942,097
Total General Revenues	<u>17,486,806</u>	<u>16,889,992</u>	<u>276,581</u>	<u>304,692</u>	<u>17,763,387</u>	<u>17,194,684</u>
Total Revenues	<u>27,823,232</u>	<u>26,681,733</u>	<u>19,567,789</u>	<u>12,459,895</u>	<u>47,391,021</u>	<u>39,141,628</u>
<u>Program Expenses</u>						
Security of Persons and Property						
Police	5,574,825	5,487,963	0	0	5,574,825	5,487,963
Fire	6,007,917	5,307,276	0	0	6,007,917	5,307,276
Other	337,986	141,866	0	0	337,986	141,866
Public Health	390,069	387,849	0	0	390,069	387,849
Leisure Time Activities	724,443	755,381	0	0	724,443	755,381
Community Environment	3,076,512	3,414,429	0	0	3,076,512	3,414,429
Transportation	4,537,224	5,335,488	0	0	4,537,224	5,335,488
General Government						
Municipal Court	915,040	828,045	0	0	915,040	828,045
Other	3,837,012	3,499,303	0	0	3,837,012	3,499,303
Interest and Fiscal Charges	1,347,061	1,280,938	0	0	1,347,061	1,280,938
Water	0	0	4,515,116	3,896,902	4,515,116	3,896,902
Sewer	0	0	6,017,246	4,957,114	6,017,246	4,957,114
Total Expenses	<u>26,748,089</u>	<u>26,438,538</u>	<u>10,532,362</u>	<u>8,854,016</u>	<u>37,280,451</u>	<u>35,292,554</u>

(continued)

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Table 2
Changes in Net Assets
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Increase in Net Assets before Transfers	\$1,075,143	\$243,195	\$9,035,427	\$3,605,879	\$10,110,570	\$3,849,074
Transfers	506,240	(590,241)	(506,240)	590,241	0	0
Increase (Decrease) in Net Assets	1,581,383	(347,046)	8,529,187	4,196,120	10,110,570	3,849,074
Net Assets Beginning of Year	41,748,513	42,095,559	32,120,789	27,924,669	73,869,302	70,020,228
Net Assets End of Year	<u>\$43,329,896</u>	<u>\$41,748,513</u>	<u>\$40,649,976</u>	<u>\$32,120,789</u>	<u>\$83,979,872</u>	<u>\$73,869,302</u>

Overall, both revenues and expenses remained fairly similar in 2007 and 2006 for governmental activities. However, there were somewhat significant changes within program revenues. The increase in charges for services is the result of additional special assessments. The decrease in operating grants and contributions is due to a reduction in grants for the fire department and CDGB related projects. The increase in capital grants and contributions is primarily due to Ohio Public Works Commission grant monies. As a result of the increases and decrease, the total for program revenues reveals a slight increase. For expenses, the most significant changes occurred within the fire department and in the transportation program. A combination of factors affected the increase in fire department expenses including a salary increase, increases in health insurance costs, and increases in materials and supplies and project costs. The decrease in transportation costs is the result of fewer projects. The police and fire departments continue to be the largest share of governmental expenses. These departments comprise 43 percent of all governmental activities costs.

The City's business-type activities are almost entirely funded through charges for services. In 2007, the City received a substantial payment from Erie County (\$8 million) as negotiated in the Sewer Agreement with the County. This amount is reflected in capital grants and contributions. Expenses increased for both water and sewer operations. The increase for both can be attributed to three factors; an increase in materials and supplies expenses used in the normal course of operation, an increase in depreciation expense, and an increase in interest expense on debt payments.

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	
	2007	2006	2007	2006
Security of Persons and Property				
Police	\$5,574,825	\$5,487,963	\$5,252,889	\$5,213,016
Fire	6,007,917	5,307,276	5,234,543	4,518,422
Other	337,986	141,866	337,986	141,866

(continued)

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Table 3
Governmental Activities
(continued)

	Total Cost of Services		Net Cost of Services	
	2007	2006	2007	2006
Public Health	\$390,069	\$387,849	\$257,520	\$249,594
Leisure Time Activities	724,443	755,381	(703,177)	390,457
Community Environment	3,076,512	3,414,429	1,135,064	789,431
Transportation	4,537,224	5,335,488	108,089	1,114,892
General Government				
Municipal Court	915,040	828,045	(194,455)	(263,192)
Other	3,837,012	3,499,303	3,636,143	3,211,373
Interest and Fiscal Charges	1,347,061	1,280,938	1,347,061	1,280,938
Total Expenses	<u>\$26,748,089</u>	<u>\$26,438,538</u>	<u>\$16,411,663</u>	<u>\$16,646,797</u>

It should be noted that for all governmental activities, over 61 percent of the revenues to provide these services are derived from the City's general revenues (compared to 63 percent in 2006), that being primarily property taxes, municipal income taxes, tourism taxes, and State shared revenues.

Although the dependence on general revenues is substantial, there are several programs which were well supported through program revenues in 2007. Leisure time activities received program revenues in excess of costs for 2007. In general, this program is funded through charges for services in the City's park and recreation programs. However, in 2007, the City received a contribution of land (\$1 million) for the East Sandusky Bay coastal management project. Community environment activities received over 63 percent of its support through program revenues in 2007. This is primarily the result of the various community development block grants and transit grants received from both state and federal sources. 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.

The negative net cost of services for the Municipal Court indicates that program revenues are sufficient to cover the costs of this program, which includes fines and other revenues to offset the cost of running the 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. The combined operations of the court resulted in the \$194,455 negative net cost of services. At the same time, over \$290,000 of court generated revenues were generated in these other funds. These funds 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 and Various Improvement capital projects funds. For the General Fund, fund balance increased \$672,581 (almost 19 percent), which is higher than the prior year increase of \$275,860. Much of this year's increase is due to fewer transfers to support activities in other funds.

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

The Capital Projects Fund had a \$1,291,525 decrease in fund balance in 2007 due to expenditures exceeding revenues. Capital outlay expenditures were related to the Paper District project and various street projects.

The increase in fund balance in the Various Improvement Fund of \$1,206,195 (28 percent) is primarily due to fewer street projects in the current year.

BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS

The City's enterprise funds are the Water and Sewer funds. As can be seen on the statement of activities, program revenues, primarily charges for services have been sufficient to cover the expenses of the respective funds.

Although revenues were lower and expenses were higher in the Water Fund, the fund continued to reflect an operating income. The slight decrease in net assets can be attributed to an increase in interest expense on debt payments in 2007. While the Sewer Fund had only a 2 percent increase in revenues and a 16 percent increase in expenses, it too had an operating income for 2007. The significant increase in net assets is due to the contribution from Erie County discussed previously.

Currently, the Water and Sewer Funds are generating adequate revenues to cover the cost of operations and debt service. These funds continue to accumulate a significant amount of debt with the Ohio Water Development Authority for major renovations in progress at the water and sewer treatment plants. The improvements are required to keep the City in compliance with EPA standards. There will be additional improvements within both utilities. The City did increase water and sewer rates by 25 percent in January 2003 as part of a three-year rate program to provide additional funds for operations and future debt retirement; however, 2003 was the last year of the rate increase period. As of this date, there are no further rate increases scheduled.

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. Modifications from the original budget to the final budget have been minimal. Changes from the final budget to actual amounts received and expended were minimal as well. The General Fund supports many of our major activities such as the Police Department and Fire Department as well as most general government operations. City department heads continue to demonstrate a willingness to work with the administration and elected officials to stay within their budgets and keep cost increases minimal.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2007, was \$32,191,349 and \$18,003,813, respectively (net of accumulated depreciation and related debt). The primary additions for governmental activities included land for the coastal management project, completion of construction at the library, and street improvements.

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

The primary addition for the business-type activities was related to electrical upgrades at the water treatment plant. For further information on the City's capital assets, refer to Note 11 to the basic financial statements.

Debt - At December 31, 2007, the City had \$8,260,000 in bond anticipation notes payable from governmental activities. The City also has a number of long-term obligations outstanding. These obligations included \$17,900,290 in general obligation bonds, \$1,992,732 in special assessment bonds, \$2,471,493 in general obligation revenue bonds, \$34,578,434 in Ohio Water Development Authority loans, and \$1,489,793 in other long-term loans. Of the total long-term obligations, \$37,620,865 will be repaid from business-type activities.

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

CURRENT ISSUES

The City of Sandusky 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. Along with existing City grant programs, which includes the Clean Ohio Program, the City of Sandusky will continue to have several million dollars in grant monies available in 2008 for public programs. These funds will help programs that fund fire prevention and safety, fair housing, economic development, brownfield assessments, street improvements, public transit, and downtown revitalization.

In October 2007, the City Commission authorized the issuance of \$8,260,000 in various improvement notes. The 2007 various improvement notes were issued to retire notes previously issued and to replace the air conditioning unit at the Municipal Building, complete street improvements, sidewalk, curb, and gutter improvements, acquiring a fire boat for the fire department, and to revitalize the Bayfront Urban Revitalization Area by acquiring and clearing various properties, undertaking environmental cleanup and remediation, and exercising options on certain properties within the area. This funding will provide the start for downtown redevelopment that has been anticipated for many years.

In November 2007, the City Commission appointed Matthew D. Kline as the City Manager. Mr. Kline replaces Michael J. Will, who resigned in June 2007.

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 Edward A. Widman, Finance Director, 222 Meigs Street, Sandusky, Ohio 44870.

City of Sandusky
Statement of Net Assets
December 31, 2007

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$13,251,234	\$22,546,251	\$35,797,485
Cash and Cash Equivalents with Escrow Agent	146,475	0	146,475
Accounts Receivable	780,575	1,149,902	1,930,477
Accrued Interest Receivable	208,626	0	208,626
Due from Other Governments	2,109,036	0	2,109,036
Municipal Income Taxes Receivable	2,039,774	0	2,039,774
Other Local Taxes Receivable	47,830	0	47,830
Prepaid Items	34,488	14,491	48,979
Materials and Supplies Inventory	208,063	431,444	639,507
Property Taxes Receivable	2,568,148	0	2,568,148
Notes Receivable	3,103,590	0	3,103,590
Special Assessments Receivable	2,342,473	0	2,342,473
Unamortized Bond Issuance Costs	190,757	44,023	234,780
Nondepreciable Capital Assets	11,989,624	15,909,077	27,898,701
Depreciable Capital Assets, Net	40,278,409	39,312,368	79,590,777
Total Assets	79,299,102	79,407,556	158,706,658
<u>Liabilities</u>			
Accrued Wages Payable	565,666	153,646	719,312
Accounts Payable	181,725	27,515	209,240
Contracts Payable	369,110	195,995	565,105
Due to Other Governments	814,894	184,794	999,688
Accrued Interest Payable	157,113	22,790	179,903
Notes Payable	8,260,000	0	8,260,000
Retainage Payable	241,482	360	241,842
Deferred Revenue	2,371,058	0	2,371,058
Long-Term Liabilities			
Due Within One Year	1,379,845	1,199,750	2,579,595
Due in More Than One Year	21,628,313	36,972,730	58,601,043
Total Liabilities	35,969,206	38,757,580	74,726,786
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	32,191,349	18,003,813	50,195,162
Restricted for			
Capital Projects	4,167,685	0	4,167,685
Debt Service	762,037	0	762,037
Street Maintenance	744,644	0	744,644
State Grants	4,091,935	0	4,091,935
Federal Grants	1,911,574	0	1,911,574
Other Purposes	1,806,657	0	1,806,657
Unrestricted (Deficit)	(2,345,985)	22,646,163	20,300,178
Total Net Assets	\$43,329,896	\$40,649,976	\$83,979,872

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Activities
For the Year Ended December 31, 2007

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental Activities</u>				
Security of Persons and Property				
Police	\$5,574,825	\$260,758	\$61,178	\$0
Fire	6,007,917	743,841	28,533	1,000
Other	337,986	0	0	0
Public Health	390,069	132,369	180	0
Leisure Time Activities	724,443	328,280	45,707	1,053,633
Community Environment	3,076,512	326,365	1,374,677	240,406
Transportation	4,537,224	1,892,081	1,957,326	579,728
General Government				
Municipal Court	915,040	1,035,917	73,578	0
Other	3,837,012	200,752	117	0
Interest and Fiscal Charges	1,347,061	0	0	0
Total Governmental Activities	26,748,089	4,920,363	3,541,296	1,874,767
<u>Business-Type Activities</u>				
Water	4,515,116	4,741,359	0	0
Sewer	6,017,246	6,480,173	0	8,069,676
Total Business-Type Activities	10,532,362	11,221,532	0	8,069,676
Total	\$37,280,451	\$16,141,895	\$3,541,296	\$9,944,443

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 Assets

Net Assets Beginning of Year

Net Assets End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$5,252,889)	\$0	(\$5,252,889)
(5,234,543)	0	(5,234,543)
(337,986)	0	(337,986)
(257,520)	0	(257,520)
703,177	0	703,177
(1,135,064)	0	(1,135,064)
(108,089)	0	(108,089)
194,455	0	194,455
(3,636,143)	0	(3,636,143)
(1,347,061)	0	(1,347,061)
(16,411,663)	0	(16,411,663)
0	226,243	226,243
0	8,532,603	8,532,603
0	8,758,846	8,758,846
(16,411,663)	8,758,846	(7,652,817)
1,757,611	0	1,757,611
290,214	0	290,214
476,474	0	476,474
22,601	0	22,601
6,174,450	0	6,174,450
398,287	0	398,287
318,588	0	318,588
3,720,784	0	3,720,784
272,184	0	272,184
1,958,323	0	1,958,323
1,541,216	1,923	1,543,139
556,074	274,658	830,732
17,486,806	276,581	17,763,387
506,240	(506,240)	0
17,993,046	(229,659)	17,763,387
1,581,383	8,529,187	10,110,570
41,748,513	32,120,789	73,869,302
\$43,329,896	\$40,649,976	\$83,979,872

City of Sandusky
Balance Sheet
Governmental Funds
December 31, 2007

	General	Capital Projects	Various Improvement	Other Governmental	Total Governmental Funds
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$4,023,066	\$3,945,668	\$53,456	\$5,152,628	\$13,174,818
Accounts Receivable	321,430	12,394	446,751	0	780,575
Accrued Interest Receivable	171,440	0	0	37,186	208,626
Interfund Receivable	30,685	0	0	0	30,685
Due from Other Governments	947,519	400,909	0	760,608	2,109,036
Municipal Income Taxes Receivable	1,813,293	0	0	226,481	2,039,774
Other Local Taxes Receivable	17,459	0	0	30,371	47,830
Prepaid Items	32,202	45	0	2,241	34,488
Materials and Supplies Inventory	104,298	0	0	103,765	208,063
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	76,416	0	0	0	76,416
Cash and Cash Equivalents with Escrow Agent	0	146,475	0	0	146,475
Property Taxes Receivable	1,884,824	0	0	683,324	2,568,148
Notes Receivable	0	0	0	3,103,590	3,103,590
Special Assessments Receivable	0	0	0	2,342,473	2,342,473
Total Assets	\$9,422,632	\$4,505,491	\$500,207	\$12,442,667	\$26,870,997
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accrued Wages Payable	\$523,832	\$501	\$4,443	\$36,890	\$565,666
Accounts Payable	52,695	17,084	88	111,858	181,725
Contracts Payable	0	369,110	0	0	369,110
Interfund Payable	0	0	30,685	0	30,685
Due to Other Governments	368,966	1,345	4,474	440,109	814,894
Accrued Interest Payable	0	43,220	25,040	0	68,260
Notes Payable	0	5,230,000	3,030,000	0	8,260,000
Retainage Payable	0	84,651	10,356	0	95,007
Deferred Revenue	4,231,078	393,362	446,751	3,874,664	8,945,855
Liabilities Payable from Restricted Assets:					
Retainage Payable	0	146,475	0	0	146,475
Total Liabilities	5,176,571	6,285,748	3,551,837	4,463,521	19,477,677
<u>Fund Balance</u>					
Reserved for Encumbrances	32,033	815,075	27,371	221,318	1,095,797
Reserved for Unclaimed Monies	76,416	0	0	0	76,416
Reserved for Notes Receivable	0	0	0	2,895,079	2,895,079
Unreserved, Reported in					
General Fund	4,137,612	0	0	0	4,137,612
Special Revenue Funds	0	0	0	4,376,446	4,376,446
Debt Service Funds	0	0	0	340,938	340,938
Capital Projects Funds (Deficit)	0	(2,595,332)	(3,079,001)	145,365	(5,528,968)
Total Fund Balance (Deficit)	4,246,061	(1,780,257)	(3,051,630)	7,979,146	7,393,320
Total Liabilities and Fund Balance	\$9,422,632	\$4,505,491	\$500,207	\$12,442,667	\$26,870,997

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
 Reconciliation of Total Governmental Fund Balance
 to Net Assets of Governmental Activities
 December 31, 2007

Total Governmental Fund Balance		\$7,393,320
<p>Amounts reported for governmental activities on the statement of net assets 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.		52,268,033
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Accounts Receivable	701,086	
Accrued Interest Receivable	136,916	
Due from Other Governments	1,652,540	
Municipal Income Taxes Receivable	1,537,108	
Other Local Taxes Receivable	7,584	
Property Taxes Receivable	197,090	
Special Assessments Receivable	2,342,473	
		6,574,797
Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.		190,757
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued Interest Payable	(88,853)	
General Obligation Bonds Payable	(17,900,290)	
Special Assessment Bonds Payable	(1,996,032)	
Loans Payable	(918,855)	
Capital Leases Payable	(111,932)	
Compensated Absences Payable	(2,081,049)	
		(23,097,011)
Net Assets of Governmental Activities		\$43,329,896

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, 2007

	General	Capital Projects	Various Improvement	Other Governmental	Total Governmental Funds
<u>Revenues</u>					
Property Taxes	\$1,768,059	\$0	\$0	\$769,784	\$2,537,843
Payment in Lieu of Taxes	0	0	0	22,601	22,601
Municipal Income Taxes	6,614,999	0	0	772,719	7,387,718
Other Local Taxes	3,714,281	0	0	441,282	4,155,563
Special Assessments	0	0	200,450	313,923	514,373
Charges for Services	378,404	504,233	91,166	588,995	1,562,798
Fees, Licenses, and Permits	480,055	133,519	96,723	67,608	777,905
Fines and Forfeitures	939,914	0	0	60,934	1,000,848
Intergovernmental	1,929,293	864,254	0	3,214,250	6,007,797
Interest	1,459,550	0	4,000	189,705	1,653,255
Other	399,386	199,083	36,534	446,028	1,081,031
Total Revenues	17,683,941	1,701,089	428,873	6,887,829	26,701,732
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	4,895,621	0	0	605,678	5,501,299
Fire	4,753,812	52,863	0	759,505	5,566,180
Other	337,986	0	0	0	337,986
Public Health	317,258	0	0	48,526	365,784
Leisure Time Activities	0	205,109	0	547,054	752,163
Community Environment	2,073,450	126,692	95,656	1,154,042	3,449,840
Transportation	1,142	67,556	85,621	2,730,044	2,884,363
General Government					
Municipal Court	870,060	20,322	0	0	890,382
Other	3,221,818	239,818	0	0	3,461,636
Other	0	0	0	79,540	79,540
Capital Outlay	0	1,926,741	289,735	0	2,216,476
Debt Service:					
Principal Retirement	0	34,282	0	957,400	991,682
Interest and Fiscal Charges	0	155,235	177,921	930,790	1,263,946
Issuance Costs	0	0	0	103,441	103,441
Total Expenditures	16,471,147	2,828,618	648,933	7,916,020	27,864,718
Excess of Revenues Over (Under) Expenditures	1,212,794	(1,127,529)	(220,060)	(1,028,191)	(1,162,986)
<u>Other Financing Sources (Uses)</u>					
General Obligation Bonds Issued	0	0	0	5,478,271	5,478,271
Special Assesment Bonds Issued	0	0	0	356,729	356,729
Loan Proceeds	918,855	0	0	0	918,855
Premium on Bonds Issued	0	0	0	43,403	43,403
Payment to Refunded Bond Escrow Agent	0	0	0	(5,470,416)	(5,470,416)
Sale of Capital Assets	7,655	0	0	3,600	11,255
Transfers In	0	166,306	1,426,255	1,977,379	3,569,940
Transfers Out	(1,466,723)	(330,302)	0	(1,082,970)	(2,879,995)
Total Other Financing Sources (Uses)	(540,213)	(163,996)	1,426,255	1,305,996	2,028,042
Changes in Fund Balance	672,581	(1,291,525)	1,206,195	277,805	865,056
Fund Balance (Deficit) Beginning of Year	3,573,480	(488,732)	(4,257,825)	7,701,341	6,528,264
Fund Balance (Deficit) End of Year	<u>\$4,246,061</u>	<u>(\$1,780,257)</u>	<u>(\$3,051,630)</u>	<u>\$7,979,146</u>	<u>\$7,393,320</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, 2007

Changes in Fund Balance - Total Governmental Funds \$865,056

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	2,281,947	
Capital Contributions	1,030,336	
Depreciation	<u>(2,531,240)</u>	781,043

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 assets when disposed of, resulting in a gain on disposal of capital assets on the statement of activities.

Proceeds from Sale of Capital Assets	(11,255)	
Gain on Disposal of Capital Assets	<u>10,910</u>	(345)

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

Property Taxes	(13,544)	
Municipal Income Taxes	(496,393)	
Other Local Taxes	6,503	
Special Assessments	527,202	
Charges for Services	189,610	
Fees, Licenses, and Permits	7,442	
Intergovernmental	55,161	
Interest	<u>42,021</u>	318,002

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

Payment to Refunded Bond Escrow Agent	5,470,416	
General Obligation Bonds Payable	684,867	
Special Assessment Bonds Payable	272,533	
Capital Leases Payable	<u>34,282</u>	6,462,098

Debt proceeds are other financing sources in the governmental funds, but the issuance increases long-term liabilities on the statement of net assets. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities.

General Obligation Bonds	(5,478,271)	
Special Assessment Bonds	(356,729)	
Loan Proceeds	(918,855)	
Amortization of Premium	891	
Unamortized Premium	<u>(43,403)</u>	(6,796,367)

Interest is reported as an expenditure when due in governmental funds, but is accrued on outstanding debt on the statement of net assets. Accounting losses are amortized over the life of the new debt on the statement of activities.

Accrued Interest Payable	(79,122)	
Amortization of Accounting Loss	<u>(3,743)</u>	(82,865)

(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, 2007
 (continued)

Issuance costs are reported as an expenditure when paid in the governmental funds, but is accrued on outstanding debt on the statement of net activities.

Amortization of Issuance Costs	(\$1,141)	
Unamortized Issuance Costs	<u>103,441</u>	
		102,300

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.

(67,539)

Change in Net Assets of Governmental Activities

\$1,581,383

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, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$1,875,746	\$1,875,746	\$1,748,393	(\$127,353)
Municipal Income Taxes	6,271,510	6,521,510	6,566,701	45,191
Other Local Taxes	3,476,342	3,716,342	3,737,661	21,319
Charges for Services	354,345	354,345	374,981	20,636
Fees, Licenses, and Permits	530,083	540,083	480,055	(60,028)
Fines and Forfeitures	938,864	938,864	928,958	(9,906)
Intergovernmental	1,712,978	1,792,978	1,985,768	192,790
Interest	926,768	1,206,768	1,332,002	125,234
Other	241,898	241,898	247,070	5,172
Total Revenues	16,328,534	17,188,534	17,401,589	213,055
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	5,017,372	5,020,549	4,916,309	104,240
Fire	4,515,255	4,560,675	4,574,740	(14,065)
Other	140,678	212,678	343,652	(130,974)
Public Health	308,632	323,222	316,372	6,850
Community Environment	1,881,826	1,920,026	2,055,988	(135,962)
Transportation	0	1,261	1,142	119
General Government				
Municipal Court	833,186	848,270	830,849	17,421
Other	2,900,869	3,208,040	3,302,912	(94,872)
Total Expenditures	15,597,818	16,094,721	16,341,964	(247,243)
Excess of Revenues Over Expenditures	730,716	1,093,813	1,059,625	(34,188)
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	139,057	149,057	148,445	(612)
Loan Proceeds	0	0	918,855	918,855
Sale of Capital Assets	0	0	7,655	7,655
Advances In	22,434	22,434	22,434	0
Transfers Out	(1,612,427)	(1,499,875)	(1,466,723)	33,152
Total Other Financing Sources (Uses)	(1,450,936)	(1,328,384)	(369,334)	959,050
Changes in Fund Balance	(720,220)	(234,571)	690,291	924,862
Fund Balance Beginning of Year	3,231,840	3,231,840	3,231,840	0
Prior Year Encumbrances Appropriated	54,626	54,626	54,626	0
Fund Balance End of Year	\$2,566,246	\$3,051,895	\$3,976,757	\$924,862

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Fund Net Assets
Enterprise Funds
December 31, 2007

	Water	Sewer	Total
<u>Assets</u>			
<u>Current Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$9,461,002	\$13,085,249	\$22,546,251
Accounts Receivable	342,956	806,946	1,149,902
Prepaid Items	7,506	6,985	14,491
Materials and Supplies Inventory	286,405	145,039	431,444
Total Current Assets	10,097,869	14,044,219	24,142,088
<u>Non-Current Assets</u>			
Unamortized Bond Issuance Costs	16,405	27,618	44,023
Nondepreciable Capital Assets	193,658	15,715,419	15,909,077
Depreciable Capital Assets, Net	22,782,853	16,529,515	39,312,368
Total Non-Current Assets	22,992,916	32,272,552	55,265,468
Total Assets	33,090,785	46,316,771	79,407,556
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accrued Wages Payable	70,960	82,686	153,646
Accounts Payable	16,549	10,966	27,515
Contracts Payable	0	195,995	195,995
Due to Other Governments	83,607	101,187	184,794
Accrued Interest Payable	11,249	11,541	22,790
Retainage Payable	0	360	360
General Obligation Revenue Bonds Payable	85,000	87,000	172,000
OWDA Loans Payable	0	873,604	873,604
Loans Payable	33,017	12,075	45,092
Compensated Absences Payable	35,974	73,080	109,054
Total Current Liabilities	336,356	1,448,494	1,784,850
<u>Non-Current Liabilities</u>			
General Obligation Revenue Bonds Payable	416,406	1,883,087	2,299,493
OWDA Loans Payable	13,050,842	20,653,988	33,704,830
Loans Payable	385,029	140,817	525,846
Compensated Absences Payable	247,694	194,867	442,561
Total Non-Current Liabilities	14,099,971	22,872,759	36,972,730
Total Liabilities	14,436,327	24,321,253	38,757,580
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt Unrestricted	9,228,940	8,774,873	18,003,813
	9,425,518	13,220,645	22,646,163
Total Net Assets	\$18,654,458	\$21,995,518	\$40,649,976

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Revenues, Expenses,
and Changes in Fund Net Assets
Enterprise Funds
For the Year Ended December 31, 2007

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Operating Revenues</u>			
Charges for Services	\$4,741,359	\$6,480,173	\$11,221,532
Other	4,912	269,746	274,658
Total Operating Revenues	<u>4,746,271</u>	<u>6,749,919</u>	<u>11,496,190</u>
<u>Operating Expenses</u>			
Personal Services	1,980,509	2,370,395	4,350,904
Travel and Transportation	14,341	23,960	38,301
Contractual Services	665,494	1,259,508	1,925,002
Materials and Supplies	507,235	546,689	1,053,924
Depreciation	670,014	719,065	1,389,079
Other	4,021	1,977	5,998
Total Operating Expenses	<u>3,841,614</u>	<u>4,921,594</u>	<u>8,763,208</u>
Operating Income	<u>904,657</u>	<u>1,828,325</u>	<u>2,732,982</u>
<u>Non-Operating Revenues (Expenses)</u>			
Interest Revenue	617	1,306	1,923
Interest Expense	<u>(673,502)</u>	<u>(1,095,652)</u>	<u>(1,769,154)</u>
Total Non-Operating Revenues (Expenses)	<u>(672,885)</u>	<u>(1,094,346)</u>	<u>(1,767,231)</u>
Income before Contributions and Transfers	231,772	733,979	965,751
Capital Contributions	102,047	8,151,334	8,253,381
Transfers Out	<u>(425,914)</u>	<u>(264,031)</u>	<u>(689,945)</u>
Changes in Net Assets	(92,095)	8,621,282	8,529,187
Net Assets Beginning of Year	<u>18,746,553</u>	<u>13,374,236</u>	<u>32,120,789</u>
Net Assets End of Year	<u>\$18,654,458</u>	<u>\$21,995,518</u>	<u>\$40,649,976</u>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2007

	Water	Sewer	Total
Increases (Decreases) in Cash and Cash Equivalents			
<u>Cash Flows from Operating Activities</u>			
Cash Received from Customers	\$5,107,591	\$7,177,715	\$12,285,306
Cash Payments for Personal Services	(1,994,184)	(2,306,076)	(4,300,260)
Cash Payments for Contractual Services	(604,476)	(1,193,911)	(1,798,387)
Cash Payments to Vendors	(595,896)	(313,198)	(909,094)
Cash Received from Other Revenues	4,912	269,746	274,658
Cash Payments for Other Expenses	(4,021)	(1,977)	(5,998)
Net Cash Provided by Operating Activities	<u>1,913,926</u>	<u>3,632,299</u>	<u>5,546,225</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers Out	(425,914)	(264,031)	(689,945)
Loan Proceeds	206,318	152,892	359,210
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>(219,596)</u>	<u>(111,139)</u>	<u>(330,735)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Principal Paid on General Obligation Revenue Bonds	(85,000)	(87,000)	(172,000)
Principal Paid on OWDA Loans	(704,008)	(938,524)	(1,642,532)
Interest Paid on General Obligation Revenue Bonds	(26,328)	(85,094)	(111,422)
Interest Paid on OWDA Loans	(638,152)	(1,007,492)	(1,645,644)
OWDA Loans Issued	0	78,826	78,826
Loan Proceeds	211,728	0	211,728
Acquisition of Capital Assets	(325,930)	(857,284)	(1,183,214)
Capital Contributions	0	8,069,676	8,069,676
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(1,567,690)</u>	<u>5,173,108</u>	<u>3,605,418</u>
<u>Cash Flows from Investing Activities</u>			
Interest	617	1,306	1,923
Net Increase in Cash and Cash Equivalents	127,257	8,695,574	8,822,831
Cash and Cash Equivalents Beginning of Year	<u>9,333,745</u>	<u>4,389,675</u>	<u>13,723,420</u>
Cash and Cash Equivalents End of Year	<u>\$9,461,002</u>	<u>\$13,085,249</u>	<u>\$22,546,251</u>

(continued)

City of Sandusky
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2007
(continued)

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>			
Operating Income	\$904,657	\$1,828,325	\$2,732,982
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u>			
Depreciation	670,014	719,065	1,389,079
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	182,109	636,701	818,810
Decrease in Due from Other Governments	184,123	60,841	244,964
Increase in Prepaid Items	(2,645)	(2,531)	(5,176)
(Increase) Decrease in Materials and Supplies Inventory	(18,407)	206,405	187,998
Increase in Accrued Wages Payable	5,505	10,685	16,190
Increase (Decrease) in Accounts Payable	7,641	(68,220)	(60,579)
Increase in Contracts Payable	0	195,995	195,995
Increase in Due to Other Governments	1,201	9,635	10,836
Decrease in Retainage Payable	0	(10,788)	(10,788)
Increase (Decrease) in Compensated Absences Payable	(20,272)	46,186	25,914
Net Cash Provided by Operating Activities	<u>\$1,913,926</u>	<u>\$3,632,299</u>	<u>\$5,546,225</u>

Non-Cash Capital Transactions

In 2007, the Capital Projects fund constructed water lines and donated them to the Water enterprise fund, in the amount of \$102,047.

In 2007, the Capital Projects fund constructed sewer lines and donated them to the Sewer enterprise fund, in the amount of \$81,658.

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2007

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$251,220</u>
 <u>Liabilities</u>	
Due to Other Governments	\$51,518
Undistributed Assets	<u>199,702</u>
 Total Liabilities	 <u>\$251,220</u>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

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 for which the City approves the budget, the issuance of debt, or the levying of taxes. There were no component units of the City of Sandusky in 2007.

The City of Sandusky participates in the Buckeye Ohio Risk Management Agency (BORMA), a public entity shared risk pool. This organization is presented in Note 23 to the basic financial statements.

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. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise funds provided they do not conflict with or contradict GASB pronouncements. The City does not apply Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, to its business-type activities or to its enterprise funds. 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, 2007
(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 assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

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

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and 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 earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each 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, 2007
(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 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 monies received from construction grants, proceeds of bonds and notes, donations, and transfers used for capital projects.

Various Improvement Fund - This fund accounts for the construction of improvements or provision of services which are to be paid for, wholly or in part, from special assessments levied against the benefited property owners.

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are not available to support the City's own programs. The City did not have any trust funds in 2007. 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), and employee payroll deductions.

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities 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 enterprise 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 assets. The statement of revenues, expenses, and changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The statement of cash flows reflects how the City finances and meets the cash flow needs of its enterprise activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; enterprise 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 revenue, and in the presentation of expenses versus expenditures.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Revenues

Deferred revenues arise when assets are recognized before the revenue recognition criteria have been satisfied.

Property taxes for which there was an enforceable legal claim at December 31, 2007, but were levied to finance 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements were met have also been recorded as deferred revenue.

On governmental fund financial statements, receivables that were not collected within the available period are recorded as deferred revenue.

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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 for the City by escrow agents for payment of retainage to contractors upon project completion are recorded as "Cash and Cash Equivalents with Escrow Agent".

During 2007, the City's investments included nonnegotiable certificates of deposit, federal agency securities, and STAR Ohio. Nonnegotiable certificates of deposit are reported at cost. 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2007.

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 2007 was \$1,459,550, which includes \$936,428 assigned from other City funds.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2007, 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.

H. Inventory

Inventory is presented at cost on a first-in, first-out basis and is expensed/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. Resources set aside in separate escrow accounts whose use is limited to the payment of retainage to contractors upon project completion are also reported as restricted.

J. Unamortized Issuance Costs/Bond Discounts and Premiums

For governmental funds, issuance costs and bond premiums are recognized in the current period on the fund financial statements. For the entity-wide and enterprise fund financial statements, issuance costs, bond discounts, and premiums are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Issuance costs are recorded as deferred charges and are generally paid from debt proceeds. Bond discounts and premiums are presented as a reduction of or addition to the face amount of the bonds, as applicable.

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market 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

L. Interfund Receivables/Payables

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 assets, except for any net residual amounts due between governmental and business-type activities. These amounts are presented as "Internal Balances".

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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 enterprise funds are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, 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, special assessment bonds, capital leases, and long-term loans are recognized as liabilities on the fund financial statements when due.

O. Unamortized Loss on Refunding

For 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 accounting loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a reduction of the face amount of the new debt.

P. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include activities for construction, repair, and maintenance of State highways, the public transit system, recreation, and other revenues restricted for use by the municipal court and 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 assets are available. As of December 31, 2007, there were no net assets restricted by enabling legislation.

Q. Fund Balance Reserves

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the City, these revenues are charges for services for water and sewer services. 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 nonoperating.

S. Capital Contributions

Capital contributions arise from contributions from other governments and other funds.

T. Interfund Transactions

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

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 enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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 2007, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES (continued)

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. An OPEB liability at transition was determined in accordance with this statement for both the Ohio Public Employees Retirement System and the Ohio Police and Fire Pension System postemployment healthcare plans, in the amount of \$131,868 and \$120,031, respectively, which are the same as the previously reported liabilities.

GASB Statement No. 48 addresses how to account for the exchange of an interest in expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments. The statement established criteria used to determine whether the transaction should be recorded as revenue or as a liability (a sale or a collateralized borrowing). The implementation of this statement did not result in any change to the financial statements.

GASB Statement No. 50 requires employers contributing to defined benefit pension plans to include the legal or contractual maximum contribution rates in the notes to the financial statements. The implementation of this statement did not result in any change to the financial statements.

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At December 31, 2007, the Parks and Recreational, Fire Pension, and Police Pension special revenue funds had deficit fund balances, in the amount of \$15,288, \$229,072, and \$149,046, 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.

The Capital Projects and Various Improvement capital projects funds had deficit fund balances, in the amount of \$1,780,257 and \$3,051,630, respectively, due to reporting the bond anticipation note liability in the fund receiving the note proceeds. The deficit will be alleviated when the notes are paid.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE (continued)

B. Compliance

The following accounts had expenditures/expenses in excess of appropriations for the year ended December 31, 2007.

Fund/Department/Object	Appropriations	Expenditures/Expenses	Excess
Governmental Activities			
General Fund			
Fire Suppression			
Other	\$480,499	\$504,485	\$23,986
Street Lighting			
Other	212,678	343,652	130,974
Horticulture Services			
Other	198,907	369,634	170,727
Municipal Buildings and Lands			
Other	299,170	471,872	172,702
Mechanic			
Other	0	27,697	27,697
Capital Projects			
Dorn Parking Lot Expansion			
Other	0	194	194
Various Improvement			
Nuisance Removal			
Other	8,735	8,996	261
Rental Registration Fee			
Personal Services	60,850	63,587	2,737
State Highway			
State Highway Maintenance and Repair			
Personal Services	16,456	23,588	7,132

The City will review budgetary activity to avoid future violations of budgetary compliance.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(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 as a reservation of fund balance (GAAP basis).

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

Changes in Fund Balance

GAAP Basis	\$672,581
<u>Increases (Decreases) Due To</u>	
Revenue Accruals:	
Accrued 2006, Received in Cash 2007	886,164
Accrued 2007, Not Yet Received in Cash	(922,780)
Expenditure Accruals:	
Accrued 2006, Paid in Cash 2007	(901,890)
Accrued 2007, Not Yet Paid in Cash	943,386
Cash Adjustments:	
Unrecorded Activity 2006	(33,185)
Unrecorded Activity 2007	(64,106)
	(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

Changes in Fund Balance (continued)

Prepaid Items	(\$7,193)
Materials and Supplies Inventory	153,499
Advances In	22,434
Encumbrances Outstanding at Year End (Budget Basis)	<u>(58,619)</u>
Budget Basis	<u><u>\$690,291</u></u>

NOTE 6 - DEPOSITS AND INVESTMENTS

Monies held by the City are classified by State statute 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.

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;
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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
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 25 percent of the interim monies available for investment at any one time.

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 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, \$7,786,776 of the City's bank balance of \$18,114,105 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Investments

As of December 31, 2007, the City had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Federal National Mortgage Association Notes	\$1,300,313	1/16/09
Federal National Mortgage Association Notes	100,016	1/29/09
Federal National Mortgage Association Notes	500,000	7/2/12
Federal National Mortgage Association Notes	764,063	11/6/12
Federal National Mortgage Association Notes	756,098	11/7/12
Federal Home Loan Bank Bonds	499,667	3/24/08
Federal Home Loan Bank Notes	200,993	7/2/09
Federal Home Loan Bank Notes	1,002,591	11/23/09
Federal Home Loan Bank Notes	1,005,208	6/25/10
Federal Home Loan Bank Notes	1,005,813	9/24/10
Federal Home Loan Bank Notes	729,988	12/20/10
Federal Home Loan Bank Notes	501,565	8/28/12
Federal Farm Credit Bank Notes	500,275	9/28/09
Federal Farm Credit Bank Notes	1,507,296	10/3/11
Federal Home Loan Mortgage Corporation Notes	1,000,273	2/8/08
Federal Home Loan Mortgage Corporation Notes	499,925	2/15/08
Federal Home Loan Mortgage Corporation Notes	1,499,238	6/2/08
Federal Home Loan Mortgage Corporation Notes	200,170	1/24/11
Federal Home Loan Mortgage Corporation Notes	504,180	9/10/12
Federal Home Loan Mortgage Corporation Notes	99,885	11/15/12
Federal Home Loan Mortgage Corporation Notes	1,008,700	11/20/12
Federal Home Loan Mortgage Corporation Notes	1,007,984	11/26/12
Federal Home Loan Mortgage Corporation Notes	503,208	12/11/12
Federal Home Loan Mortgage Corporation Notes	1,003,430	12/15/12
STAR Ohio	959,936	41 days
Total Investments	<u>\$18,660,815</u>	

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.

All of the federal agency securities carry a rating of AAA by Moodys. STAR Ohio carries a rating of AAA 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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Federal National Mortgage Association	\$3,420,490	18.3%
Federal Home Loan Bank	4,945,825	26.5
Federal Farm Credit Bank	2,007,571	10.8
Federal Home Loan Mortgage Corporation	7,326,993	39.3

NOTE 7 - RECEIVABLES

Receivables at December 31, 2007, consisted of accounts (billings for user charged services); accrued interest; interfund; intergovernmental receivables arising from grants, entitlements, and shared revenues; municipal income taxes; other local taxes; property taxes; notes; and special assessments. All receivables are considered fully collectible within one year, except for property taxes, notes receivable, and special assessments. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Notes receivable, in the amount of \$2,895,079, will not be received within one year. Special assessments, in the amount of \$1,921,029, will not be received within one year. At December 31, 2007, the amount of delinquent special assessments was \$367,591.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	\$95,540
\$10,000 Personal Property Exemption	5,046
Personal Property Phase-Out	26,007
Local Government	395,234
Local Government Revenue Assistance	59,637
Beer and Liquor Permits	30,304
Estate Tax	286,303
Charges for Services	4,587
Fines and Forfeitures	44,861
Total General Fund	<u>947,519</u>

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 7 - RECEIVABLES (continued)

	Amount
Governmental Activities (continued)	
Capital Projects Fund	
Miscellaneous	\$7,547
Clean Ohio Assistance	23,698
East Bay Channel Project	150,000
Ohio Public Works Commission	219,664
Total Capital Projects Fund	400,909
Total Major Funds	1,348,428
Nonmajor Funds	
Street Maintenance	
Gasoline Tax	401,580
Motor Vehicle License Tax	86,690
Permissive Motor Vehicle License Tax	324
Total Street Maintenance	488,594
State Highway	
Gasoline Tax	32,561
Motor Vehicle License Tax	7,029
Total State Highway	39,590
Public Transit	
Charges for Services	4,182
Fees, Licenses, and Permits	15,470
Total Public Transit	19,652
Fire Pension	
Homestead and Rollback	7,853
\$10,000 Personal Property Exemption	415
Personal Property Phase-Out	2,138
Total Fire Pension	10,406
Police Pension	
Homestead and Rollback	7,853
\$10,000 Personal Property Exemption	415
Personal Property Phase-Out	2,138
Total Police Pension	10,406
State Grants	
Community Corrections Grant	32,736
	(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 7 - RECEIVABLES (continued)

	Amount
Governmental Activities (continued)	
Nonmajor Funds (continued)	
Federal Grants	
Local Law Enforcement Block Grant	\$13,434
Federal Transit Administration Grant	111,313
Total Federal Grants	124,747
Indigent Drivers Alcohol	
Fees, Licenses, and Permits	828
Enforcement and Education	
Fines and Forfeitures	576
Court Computerization	
Fines and Forfeitures	738
Municipal Probation	
Fees, Licenses, and Permits	5,192
General Bond Retirement	
Homestead and Rollback	26,175
\$10,000 Personal Property Exemption	968
Total General Bond Retirement	27,143
Total Nonmajor Funds	760,608
Total Governmental Activities	\$2,109,036

NOTE 8 - MUNICIPAL INCOME TAXES

The City levies and collects an income tax of 1 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 2007, 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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 9 - PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the City. Real property tax revenues received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, 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.

Public utility property tax revenues received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2005, were levied after October 1, 2006, 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.

Tangible personal property tax revenues received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts 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 property, public utility property, and tangible personal property taxes which were measurable as of December 31, 2007, and for which there was an enforceable legal claim. In the governmental funds, the entire receivable has been deferred since current taxes were not levied to finance 2007 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while the remainder has been deferred.

The full tax rate for all City operations for the year ended December 31, 2007, was \$5.25 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

<u>Category</u>	<u>Amount</u>
Real Property	\$474,571,000
Public Utility Personal Property	15,307,000
Tangible Personal Property	47,462,890
Total Assessed Value	<u>\$537,340,890</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 10 - NOTES RECEIVABLE

A summary of the changes in notes receivable during 2007 follows:

	Balance January 1, 2007	New Loans	Repayments	Balance December 31, 2007
Special Revenue Fund				
State Grants				
CDBG	\$115,834	\$0	\$100,264	\$15,570
Revolving Loans	849,662	94,058	195,690	748,030
Rehabilitation Revolving Loans	1,828,731	564,453	6,500	2,386,684
	<u>\$2,794,227</u>	<u>\$658,511</u>	<u>\$302,454</u>	<u>3,150,284</u>
Less Allowance for Uncollectible Accounts				46,694
				<u>\$3,103,590</u>

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

NOTE 11 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2007, was as follows:

	Balance January 1, 2007	Additions	Reductions	Balance December 31, 2007
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$5,374,857	\$1,204,810	\$0	\$6,579,667
Construction in Progress	9,904,813	590,667	(5,085,523)	5,409,957
Total Nondepreciable Capital Assets	<u>15,279,670</u>	<u>1,795,477</u>	<u>(5,085,523)</u>	<u>11,989,624</u>
Depreciable Capital Assets				
Buildings	18,102,052	0	0	18,102,052
Improvements Other Than Buildings	9,182,139	5,500,641	0	14,682,780
Streets	41,398,563	839,639	0	42,238,202
Bridges	229,802	0	0	229,802
Equipment	9,521,048	262,049	(259,972)	9,523,125
Total Depreciable Capital Assets	<u>78,433,604</u>	<u>6,602,329</u>	<u>(259,972)</u>	<u>84,775,961</u>

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 11 - CAPITAL ASSETS (continued)

	Balance January 1, 2007	Additions	Reductions	Balance December 31, 2007
Governmental Activities (continued)				
Less Accumulated Depreciation for				
Buildings	(\$6,922,357)	(\$599,566)	\$0	(\$7,521,923)
Improvements Other Than Buildings	(5,033,258)	(224,224)	0	(5,257,482)
Streets	(24,020,241)	(1,184,777)	0	(25,205,018)
Bridges	(64,344)	(4,596)	0	(68,940)
Equipment	(6,185,739)	(518,077)	259,627	(6,444,189)
Total Accumulated Depreciation	<u>(42,225,939)</u>	<u>(2,531,240)</u>	<u>259,627</u>	<u>(44,497,552)</u>
Total Depreciable Capital Assets, Net	<u>36,207,665</u>	<u>4,071,089</u>	<u>(345)</u>	<u>40,278,409</u>
Governmental Activities Capital Assets, Net	<u>\$51,487,335</u>	<u>\$5,866,566</u>	<u>(\$5,085,868)</u>	<u>\$52,268,033</u>

Governmental activities accepted contributions of nondepreciable capital assets with a fair value of \$1,030,336 during 2007.

	Balance January 1, 2007	Additions	Reductions	Balance December 31, 2007
Business-Type Activities				
Nondepreciable Capital Assets				
Land	\$614,754	\$0	\$0	\$614,754
Construction in Progress	23,090,869	607,405	(8,403,951)	15,294,323
Total Nondepreciable Capital Assets	<u>23,705,623</u>	<u>607,405</u>	<u>(8,403,951)</u>	<u>15,909,077</u>
Depreciable Capital Assets				
Buildings	18,991,505	0	0	18,991,505
Improvements Other Than Buildings	14,222,558	8,360,096	0	22,582,654
Utility Plant	5,449,656	14,400	0	5,464,056
Water and Sewer Lines	18,417,647	448,153	0	18,865,800
Equipment	2,095,007	340,816	(120,783)	2,315,040
Total Depreciable Capital Assets	<u>59,176,373</u>	<u>9,163,465</u>	<u>(120,783)</u>	<u>68,219,055</u>
Less Accumulated Depreciation for				
Buildings	(13,577,974)	(191,526)	0	(13,769,500)
Improvements Other Than Buildings	(2,103,105)	(570,244)	0	(2,673,349)
Utility Plant	(2,171,374)	(220,004)	0	(2,391,378)
Water and Sewer Lines	(8,194,715)	(288,893)	0	(8,483,608)
Equipment	(1,591,223)	(118,412)	120,783	(1,588,852)
Total Accumulated Depreciation	<u>(27,638,391)</u>	<u>(1,389,079)</u>	<u>120,783</u>	<u>(28,906,687)</u>
Total Depreciable Capital Assets, Net	<u>31,537,982</u>	<u>7,774,386</u>	<u>0</u>	<u>39,312,368</u>
Business-Type Activities Capital Assets, Net	<u>\$55,243,605</u>	<u>\$8,381,791</u>	<u>(\$8,403,951)</u>	<u>\$55,221,445</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 11 - CAPITAL ASSETS (continued)

The enterprise funds accepted a contribution of capital assets from the governmental funds with a fair value of \$183,705 during 2007.

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property - Police	\$127,255
Security of Persons and Property - Fire	387,343
Public Health	31,556
Leisure Time Activities	124,619
Community Environment	129,038
Transportation	1,430,810
General Government - Municipal Court	9,113
General Government - Other	291,506
Total Depreciation Expense - Governmental Activities	<u>\$2,531,240</u>

NOTE 12 - INTERFUND RECEIVABLES/PAYABLES

At December 31, 2007, the General Fund had an interfund receivable, in the amount of \$30,685, for a loan made to the Various Improvement capital projects fund.

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. The City participates in the Buckeye Ohio Risk Management Agency (BORMA), a public entity shared risk pool among several cities in Northern Ohio. The City pays monthly premiums for health care coverage for its employees and for property, crime, and liability insurance. BORMA is responsible for the management and operation of the programs. Member cities agree to share in the coverage of losses and pay all premiums necessary for the specified insurance coverage provided under the respective programs. Member cities are subject to supplemental assessments of up to 25 percent of the premiums paid for health insurance during that year and in an amount equal to the annual premiums for property, crime, and liability insurance in the event of deficiencies. Upon withdrawal from BORMA, a participant is responsible for the payment of all liabilities accruing as a result of withdrawal from the respective programs.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 13 - RISK MANAGEMENT (continued)

During 2007, the City contracted with BORMA for the following coverage:

Type of Coverage	Coverage
Property (building and contents)	\$112,515,561
Inland Marine	2,080,800
General Liability	10,000,000
Employee Benefit Liability	10,000,000
Auto Uninsured-Underinsured	1,000,000
Boiler and Machinery	50,000,000
Public Official Liability	10,000,000

There has been no significant reduction in insurance coverage from 2006, and no insurance settlement has exceeded insurance coverage during the last three years.

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.

NOTE 14 - SIGNIFICANT CONTRACTUAL COMMITMENTS

The City has outstanding contracts for professional services. The following amounts remain on these contracts as of December 31, 2007:

Contract	Remaining Commitment
Arcadis	\$17,502
Blaze Building	194,381
Ed Burdue	342,583
Conestoga Rovers	85,033
George Gradel	274,590
John Hancock	10,280
Helmstetter	19,592
Robert Heneman	24,575
Jones & Henry Engineers	253,296
K S Associates	84,164

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 14 - SIGNIFICANT CONTRACTUAL COMMITMENTS (continued)

Contract	Remaining Commitment
Malcolm Pirnie	\$53,508
Maple City Concrete	27,046
Mapleview Farms	34,480
Montgomery Watson Harza	255,986
New Horizon Development	16,004
Partners Environmental Consulting	14,000
Porter Home Improvement	16,125
Sensu Metering Systems	107,131
Greg Sherman	12,371
Wilkes and Co.	306,284
Total	\$2,148,931

NOTE 15 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs, and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll, public safety members contributed 9.75 percent, and law enforcement members contributed 10.1 percent.

The City's contribution rate for 2007 was 13.85 percent of covered payroll. For the period January 1 through June 30, 2007, a portion of the City's contribution equal to 5 percent of covered payroll was allocated to fund the postemployment health care plan; for the period July 1 through December 31, 2007, this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14 percent.

The City's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 was \$607,660, \$662,275, and \$721,776, respectively; 72 percent has been contributed for 2007 and 100 percent for 2006 and 2005. Contributions to the member-directed plan for 2007 were \$879 made by the City and \$603 made by the plan members.

B. Ohio Police and Fire Pension Fund

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan. 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 stand-alone financial report that may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The City's contribution was 19.5 percent for police officers and 24 percent for firefighters. Contribution rates are established by State statute. For 2007, a portion of the City's contribution equal to 6.75 percent of covered payroll was allocated to fund the postemployment health care plan. The City's required contribution for pension obligations for police and firefighters for the year ended December 31, 2007, was \$451,038 and \$543,127, for the year ended December 31, 2006, was \$417,252 and \$498,729, and for the year ended December 31, 2005, was \$399,203 and \$496,569. For 2007, 77 percent has been contributed for police and 69 percent has been contributed for firefighters. The full amount has been contributed for 2006 and 2005.

NOTE 16 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment health care. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

To qualify for postemployment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

Funding Policy - The postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The amount of the employer contributions which was allocated to fund postemployment health care was 5 percent of covered payroll from January 1 through June 30, 2007, and 6 percent from July 1 to December 31, 2007.

The OPERS retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment health care plan.

The City's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2007, 2006, and 2005 was \$400,834, \$324,301, and \$302,315, respectively; 72 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Police and Fire Pension Fund

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

OPF provides access to postretirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit, or is a spouse or eligible dependent child of such person.

The Ohio Revised Code permits, but does not require, OPF to provide OPEB benefits. Authority for the OPF Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OPF issues a stand-alone financial report that may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - OPF's postemployment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan under the authority granted by the Ohio Revised Code to the OPF Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OPF. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and firefighters, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2007, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of section 401(h).

The OPF Board of Trustees is also authorized to establish requirements for contributions to the healthcare 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. Active members do not make contributions to the OPEB Plan.

The City's contribution to OPF which was allocated to fund postemployment health care benefits for police and firefighters for the year ended December 31, 2007, was \$238,785 and \$212,528, for the year ended December 31, 2006, was \$275,209 and \$237,855, and for the year ended December 31, 2005, was \$263,304 and \$236,825. For 2007, 77 percent has been contributed for police and 69 percent has been contributed for firefighters. The full amount has been contributed for 2006 and 2005.

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, 2007
(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 %	30 %
Sick hours 1,500 - 2,199	35 %	35 %	35 %	35 %
Sick hours over 2,200	45 %	45 %	45 %	45 %
51 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 - NOTES PAYABLE

The City's note transactions for the year ended December 31, 2007, were as follows:

	<u>Interest Rate</u>	<u>Balance January 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2007</u>
<u>Governmental Activities</u>					
<u>Bond Anticipation Notes</u>					
Capital Projects Funds					
2006 Various Improvement	4.125%	\$7,750,000	\$0	\$7,750,000	\$0
2007 Various Improvement	4.125	0	8,260,000	0	8,260,000
Total Governmental Activities		<u>\$7,750,000</u>	<u>\$8,260,000</u>	<u>\$7,750,000</u>	<u>\$8,260,000</u>

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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 18 - NOTES PAYABLE (continued)

The 2006 various improvement notes were issued to retire notes previously issued to replace the air conditioning unit at the Municipal Building, street improvements, roof repairs, sidewalk, curb, and gutter improvements, and to revitalize the Bayfront Urban Revitalization Area. The 2007 various improvement notes were issued to retire notes previously issued to replace the air conditioning unit at the Municipal Building, street improvements, roof repairs, sidewalk, curb, and gutter improvements, and to revitalize the Bayfront Urban Revitalization Area. Upon completion of the Bayfront Urban Revitalization Area project, all assets acquired or constructed will be donated to Mid-States Bayfront Development, LLC.

At December 31, 2007, the total amount of various improvement notes outstanding was \$8,260,000, of which \$7,937,889 has been expended for construction. Of the \$7,937,889, \$4,705,000 is not capitalized.

NOTE 19 - LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2007, was as follows:

	Interest Rate	Balance January 1, 2007	Additions	Reductions	Balance December 31, 2007	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2000 City Complex	4.35-6.25%	\$145,000	\$0	\$25,000	\$120,000	\$35,000
2001 Library	3.00	4,905,000	0	240,000	4,665,000	115,000
2001 Police Pension	3.00	481,752	0	432,725	49,027	14,922
2001 Fire Pension	3.00	648,248	0	582,275	65,973	20,078
2001 Various Purpose	3.00	5,152,866	0	4,378,271	774,595	204,865
2004 Judgement Refunding	4.15	180,000	0	30,000	150,000	30,000
2005 Various Purpose	3.50-5.13	1,190,000	0	120,000	1,070,000	125,000
2005 City Complex Refunding	4.28	6,250,000	0	40,000	6,210,000	45,000
Bond Premium		45,428	0	291	45,137	0
Accounting Loss		(584,897)	0	(3,743)	(581,154)	0
2007 Police Pension Refunding	4.00	0	445,515	0	445,515	0
Bond Premium		0	4,697	0	4,697	0
Accounting Loss		0	(20,078)	0	(20,078)	0
2007 Fire Pension Refunding	4.00	0	599,485	0	599,485	0
Bond Premium		0	6,320	0	6,320	0
Accounting Loss		0	(27,016)	0	(27,016)	0
2007 Various Purpose Refunding	4.00	0	4,433,271	0	4,433,271	25,000
Bond Premium		0	32,386	0	32,386	0
Accounting Loss		0	(142,868)	0	(142,868)	0
Total General Obligation Bonds		18,413,397	5,331,712	5,844,819	17,900,290	614,865

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Balance January 1, 2007	Additions	Reductions	Balance December 31, 2007	Due Within One Year
<u>Governmental Activities</u> (continued)						
Special Assessment Bonds with Government Commitment						
Special Assessment Bonds	3.00-7.75%	\$1,970,132	\$356,729	\$334,129	\$1,992,732	\$293,535
Bond Premium		3,900	0	600	3,300	0
Total Special Assessment Bonds		1,974,032	356,729	334,729	1,996,032	293,535
Other Long-Term Obligations						
Loans Payable		0	918,855	0	918,855	72,570
Capital Leases		146,214	0	34,282	111,932	38,386
Compensated Absences		2,013,510	284,030	216,491	2,081,049	360,489
Total Other Long-Term Obligations		2,159,724	1,202,885	250,773	3,111,836	471,445
Total Governmental Activities		\$22,547,153	\$6,891,326	\$6,430,321	\$23,008,158	\$1,379,845
	Interest Rate	Balance January 1, 2007	Additions	Reductions	Balance December 31, 2007	Due Within One Year
<u>Business-Type Activities</u>						
General Obligation Revenue Bonds						
2002 Waterworks Improvement Refunding	4.50%	\$400,000	\$0	\$80,000	\$320,000	\$80,000
Bond Premium		24,507	0	4,901	19,606	0
Accounting Loss		(4,000)	0	(800)	(3,200)	0
2004 Water Pollution Control Refunding	4.15	259,000	0	42,000	217,000	42,000
2005 Water System	3.50-5.13	170,000	0	5,000	165,000	5,000
2005 Wastewater System	3.50-5.13	1,770,000	0	45,000	1,725,000	45,000
Bond Premium		49,782	0	1,266	48,516	0
Bond Discount		(20,962)	0	(533)	(20,429)	0
Total General Obligation Revenue Bonds		2,648,327	0	176,834	2,471,493	172,000
OWDA Loans						
Water	4.60-5.20	13,754,850	0	704,008	13,050,842	0
Sewer	4.65-6.39	22,387,290	78,826	938,524	21,527,592	873,604
Total OWDA Loans		36,142,140	78,826	1,642,532	34,578,434	873,604
Other Long-Term Obligations						
Loans Payable		0	570,938	0	570,938	45,092
Compensated Absences Payable		525,701	84,926	59,012	551,615	109,054
Total Business-Type Activities		\$39,316,168	\$734,690	\$1,878,378	\$38,172,480	\$1,199,750

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

2000 City Complex General Obligation Bonds

In 2000, the City issued \$6,000,000 in unvoted general obligation bonds for the construction of a city service complex. The bonds were issued for a twenty year period with maturity beginning April 12, 2000. During 2005, \$5,770,000, of these bonds was refunded. The bonds will be paid from the General Bond Retirement debt service fund.

2001 Library Improvement General Obligation Bonds

In 2001, the City issued \$6,340,000 in unvoted general obligation bonds for renovating and improving the City library. The bonds were issued for a twenty year period with maturity beginning May 1, 2001. The bonds will be paid from the General Bond Retirement debt service fund.

The City of Sandusky and the Sandusky Library Association, an Ohio not-for-profit corporation, have entered into a contractual agreement whereby the City issued these 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.

2001 Police Pension General Obligation Bonds

In 2001, the City issued \$552,098 in unvoted general obligation bonds for pension purposes. 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, \$417,803 of these bonds was refunded.

2001 Fire Pension General Obligation Bonds

In 2001, the City issued \$742,902 in unvoted general obligation bonds for pension purposes. 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, \$562,197 of these bonds was refunded.

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.

2004 Judgement General Obligation Refunding Bonds

On October 15, 2004, the City issued \$240,000 in judgement general obligation refunding bonds to refund \$270,000 in judgement general obligation bonds previously issued. The bonds were issued for an eight year period with maturity beginning December 1, 2005. The bonds will be paid from the General Bond Retirement debt service fund.

The proceeds from the bonds were used to fully extinguish the old debt on December 1, 2004.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

2005 Various Purpose General Obligation Bonds

In 2005, the City issued \$1,295,000 in unvoted general obligation bonds for acquiring two fire pumper trucks, the grade separation project, and improving the boat launch ramp. The bonds were issued for a twenty year period with maturity beginning December 1, 2006. The bonds will be paid from the General Bond Retirement debt service fund.

2005 City Complex General Obligation Refunding Bonds

On March 22, 2005, the City issued \$6,410,000 in unvoted general obligation refunding bonds to refund \$5,770,000 in unvoted general obligation bonds for the construction of a city service complex. The bonds were issued for a fifteen year period with maturity beginning December 1, 2005. The bonds will be paid from the General Bond Retirement debt service fund.

The proceeds from the bonds were used to fully extinguish the old debt on December 1, 2005.

2007 Police Pension General Obligation Refunding Bonds

On September 27, 2007, the City issued \$445,515 in unvoted general obligation refunding bonds to refund \$417,803, of the outstanding balance of \$466,830, in pension general obligation bonds previously issued. The bonds were issued for a twenty year period with maturity beginning December 1, 2010. The bonds will be paid from the General Bond Retirement debt service fund.

The net proceeds of the refunding bond issue, in the amount of \$417,803, were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for the future debt service payments on the 2001 Police Pension General Obligation Bonds. As a result, \$417,803 of the 2001 Police Pension General Obligation Bonds is considered to be defeased and the liability for those bonds has been removed from the City's financial statements. At December 31, 2007, \$417,803 of this debt was still outstanding.

Although the refunding will result in the recognition of an accounting loss of \$20,078, the City in effect decreased its aggregated debt service payments by \$17,211 over the next twenty years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$14,262.

The bonds maturing on or after December 1, 2015, 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 June 1, 2015, at par plus accrued interest to the redemption date.

2007 Fire Pension General Obligation Refunding Bonds

On September 27, 2007, the City issued \$599,485 in unvoted general obligation refunding bonds to refund \$562,197, of the outstanding balance of \$628,170, in pension general obligation bonds previously issued. The bonds were issued for a twenty year period with maturity beginning December 1, 2010. The bonds will be paid from the General Bond Retirement debt service fund.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

The net proceeds of the refunding bond issue, in the amount of \$562,197, were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for the future debt service payments on the 2001 Fire Pension General Obligation Bonds. As a result, \$562,197 of the 2001 Fire Pension General Obligation Bonds is considered to be defeased and the liability for those bonds has been removed from the City's financial statements. At December 31, 2007, \$562,197 of this debt was still outstanding.

Although the refunding will result in the recognition of an accounting loss of \$27,016, the City in effect decreased its aggregated debt service payments by \$23,160 over the next twenty years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$19,190.

The bonds maturing on or after December 1, 2015, 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 June 1, 2015, at par plus accrued interest to the redemption date.

2007 Various Purpose General Obligation Refunding Bonds

On September 27, 2007, the City issued \$4,433,271 in unvoted general obligation refunding bonds to refund \$4,183,404, of the outstanding balance of \$4,787,999, in 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 a twenty year period with maturity beginning December 1, 2008. The bonds will be paid from the General Bond Retirement debt service fund.

The net proceeds of the refunding bond issue, in the amount of \$4,183,404, were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for the future debt service payments on the 2001 Various Purpose General Obligation Bonds. As a result, \$4,183,404 of the 2001 Various Purpose General Obligation Bonds is considered to be defeased and the liability for those bonds has been removed from the City's financial statements. At December 31, 2007, \$4,183,404 of this debt was still outstanding.

Although the refunding will result in the recognition of an accounting loss of \$142,868, the City in effect decreased its aggregated debt service payments by \$195,463 over the next twenty years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$150,331.

The bonds maturing on or after December 1, 2015, 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 June 1, 2015, at par plus accrued interest to the redemption date.

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 are not capitalized by the City.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

On September 27, 2007, the City issued \$66,729 in unvoted general obligation refunding bonds to refund \$61,596, of the outstanding balance of \$82,134, in bonds previously issued for the Remington Avenue project. The bonds were issued for a fifteen year period with maturity beginning December 1, 2011. The bonds will be paid from the Special Assessment Bond Retirement debt service fund.

The net proceeds of the refunding bond issue, in the amount of \$61,596, were used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for the future debt service payments on the refunded special assessment bonds. As a result, \$61,596 of the special assessment bonds is considered to be defeased and the liability for those bonds has been removed from the City's financial statements. At December 31, 2007, \$61,596 of this debt was still outstanding. As a result of the refunding, the City decreased its aggregated debt service payments by \$68 over the next fourteen years and obtained an economic loss (difference between the present values of the old and new debt service payments) of \$52.

The bonds maturing on or after December 1, 2015, 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 June 1, 2015, at par plus accrued interest to the redemption date.

Capital Leases Payable

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

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 have an interest rate of 4.25 percent. The loans were obtained for a ten year period with maturity beginning June 22, 2007. The loans are being retired through the General Fund and the Water and Sewer enterprise funds.

Compensated Absences

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, Parks and Recreational, and General Trust special revenue funds, the Various Improvement capital projects fund, and the Water and Sewer enterprise funds.

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. 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.

2002 Waterworks Improvement Refunding Bonds

On September 1, 2002, the City issued \$720,000 in waterworks improvement refunding bonds to refund \$800,000 in waterworks improvement bonds previously issued. The bonds were issued for a nine year period with maturity beginning December 1, 2003. The bonds will be paid from the Water enterprise fund.

The proceeds from the bonds fully extinguished the old debt on December 1, 2002.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

2004 Water Pollution Control Refunding Bonds

On October 15, 2004, the City issued \$353,000 in water pollution control refunding bonds to refund \$400,000 in water pollution control bonds previously issued. The bonds were issued for an eight year period with maturity beginning December 1, 2005. The bonds will be paid from the Sewer enterprise fund.

The proceeds from the bonds were used to fully extinguish the old debt on December 1, 2004.

2005 Water System Bonds

In 2005, the City issued \$175,000 in unvoted general obligation revenue bonds for improvements to the Big Island water works building. The bonds were issued for a twenty-five year period with maturity beginning December 1, 2006. The bonds will be retired from the Water enterprise fund.

2005 Wastewater System Bonds

In 2005, the City issued \$1,815,000 in unvoted general obligation revenue bonds for improvements to the municipal wastewater system. The bonds were issued for a twenty-five year period with maturity beginning December 1, 2006. The bonds will be retired from the Sewer enterprise fund.

OWDA Loans

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

The City's legal debt margin was \$29,577,927 at December 31, 2007.

The water plant improvement, the water treatment plant electrical improvements, and the wastewater treatment plant phase II design projects funded by OWDA loans have not been completed. An amortization schedule for the repayment of the loans will not be available until the projects are completed and, therefore, are not included in the following schedule.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire governmental activities general long-term obligations outstanding at December 31, 2007, were as follows:

Year	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2008	\$614,865	\$935,398	\$293,535	\$102,301
2009	669,865	923,455	273,535	86,745
2010	739,865	902,917	245,535	72,137
2011	952,300	724,538	213,099	59,071
2012	1,077,301	683,408	185,099	48,087
2013-2017	6,519,335	2,641,174	574,265	122,095
2018-2022	6,234,335	1,132,384	132,664	29,568
2023-2027	1,775,000	165,764	75,000	9,561
	<u>\$18,582,866</u>	<u>\$8,109,038</u>	<u>\$1,992,732</u>	<u>\$529,565</u>

Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2007, from the enterprise funds were as follows:

Year	2002 Waterworks Improvement Refunding		2004 Water Pollution Control Refunding	
	Principal	Interest	Principal	Interest
2008	\$80,000	\$15,200	\$42,000	\$9,005
2009	80,000	11,400	42,000	7,263
2010	80,000	7,600	42,000	5,519
2011	80,000	3,800	42,000	3,777
2012	0	0	49,000	2,033
	<u>\$320,000</u>	<u>\$38,000</u>	<u>\$217,000</u>	<u>\$27,597</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

Year	2005 Water System		2005 Wastewater System		OWDA Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$5,000	\$6,923	\$45,000	\$72,039	\$873,604	\$1,052,276
2009	5,000	6,666	45,000	69,732	917,041	1,008,838
2010	5,000	6,410	50,000	67,426	962,658	963,222
2011	5,000	6,154	50,000	64,864	1,010,563	915,316
2012	5,000	5,897	50,000	62,301	1,060,872	865,007
2013-2017	25,000	26,106	295,000	275,044	6,152,051	3,477,345
2018-2022	35,000	21,140	365,000	213,865	7,657,553	1,780,951
2023-2027	50,000	12,390	475,000	133,425	2,814,424	215,523
2028-2030	30,000	2,520	350,000	30,030	0	0
	<u>\$165,000</u>	<u>\$94,206</u>	<u>\$1,725,000</u>	<u>\$988,726</u>	<u>\$21,448,766</u>	<u>\$10,278,478</u>

Long-term obligations at December 31, 2007, consisted of the following issues:

Long Term Obligations	Term	Percent	Original Issue	Outstanding 12/31/07
General Obligation Bonds				
2000 City Complex	2000-2009	4.90 to 5.10%	\$6,000,000	\$120,000
2001 Library	2001-2021	3.00	6,340,000	4,665,000
2001 Police Pension	2001-2026	3.00	552,098	49,027
2001 Fire Pension	2001-2026	3.00	742,902	65,973
2001 Various Purpose	2001-2026	3.00	6,037,200	774,595
2004 Judgement Refunding	2004-2012	4.15	240,000	150,000
2005 Various Purpose	2005-2025	3.50 to 5.13	1,295,000	1,070,000
2005 City Complex Refunding	2005-2020	4.28	6,410,000	6,210,000
2007 Police Pension Refunding	2007-2026	4.00	445,515	445,515
2007 Fire Pension Refunding	2007-2026	4.00	599,485	599,485
2007 Various Purpose Refunding	2007-2026	4.00	4,433,271	4,433,271
			<u>33,095,471</u>	<u>18,582,866</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

Long Term Obligations	Term	Percent	Original Issue	Outstanding 12/31/07
Special Assessment Bonds				
1989 PP Street	1989-2009	7.75%	\$136,640	\$14,000
1990 Street	1990-2010	7.40	87,675	15,000
1995 PP McDonough Street	1995-2015	5.23	2,963	1,091
1995 PP Street	1995-2014	5.23	120,974	44,570
1995 PP Dutch Street	1995-2013	5.23	35,512	11,837
1995 Filmore	1995-2014	5.23	247,677	167,500
1996 Perry Street	1996-2016	5.72	40,000	18,000
1996 Perry Street - City Port	1996-2016	5.72	350,000	222,000
1998 Sidewalk	1998-2008	4.87	201,000	21,000
1998 PP Street	1998-2008	4.87	48,894	26,909
1998 PP Street	1998-2008	4.87	31,000	17,061
1998 PP Street	1998-2008	4.87	69,106	38,030
1999 Sidewalk	1999-2009	5.50	227,000	44,000
1999 Winnebago	1999-2019	5.50	81,000	50,000
1999 Wilbert	1999-2019	5.50	143,000	86,000
1999 Streetscape	1999-2019	5.50	329,000	200,000
2000 Curb, Sidewalk, and Gutter	2000-2010	6.10	254,000	78,000
2001 Remington	2001-2026	5.86	107,800	15,405
2001 PP Sidewalk	2001-2026	5.86	280,000	120,000
2002 Curb, Sidewalk, and Gutter	2002-2012	4.50	102,000	55,000
2003 Curb, Sidewalk, and Gutter	2003-2013	4.00	89,900	54,000
2004 PP St. Clair Street Refunding	2004-2012	4.15	80,000	50,200
2004 PP First Street Refunding	2004-2011	4.15	30,700	17,600
2004 PP Water Refunding	2004-2011	4.15	26,300	15,200
2005 Sidewalk	2005-2015	3.50-5.13	185,000	160,000
2006 Sidewalk	2006-2016	4.66	104,000	93,600
2007 Remington Refunding	2007-2026	4.00	66,729	66,729
2007 Seneca	2007-2027	4.00	52,000	52,000
2007 Huntington	2007-2027	4.00	147,000	147,000
2007 Sidewalk	2007-2027	4.00	91,000	91,000
			3,767,870	1,992,732

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

Long Term Obligations	Term	Percent	Original Issue	Outstanding 12/31/07
General Obligation Revenue Bonds				
Water				
2002 Waterworks Improvement Refunding	2002-2012	4.50%	\$ 720,000	\$320,000
2005 Water System	2005-2030	3.50-5.13	175,000	165,000
			<u>895,000</u>	<u>485,000</u>
Sewer				
2004 Water Pollution Control Refunding	2004-2012	4.15	353,000	217,000
2005 Wastewater System	2005-2030	3.50-5.13	1,815,000	1,725,000
			<u>2,168,000</u>	<u>1,942,000</u>
			<u>\$39,926,341</u>	<u>\$23,002,598</u>
OWDA Loans				
Water				
2003 Water Plant Improvements	2004-2024	5.20%	\$19,993,686	\$8,310,181
2005 WTP Electrical Improvements	2005-2030	4.60	5,267,667	4,740,661
			<u>25,261,353</u>	<u>13,050,842</u>
Sewer				
1998 Ultraviolet Treatment	2001-2026	5.56	2,110,930	1,803,340
1999 Sewer Rehabilitation	2001-2025	6.13	350,878	298,510
2000 Sewer Rehabilitation	2001-2026	6.39	713,436	568,604
2000 CSO Flow Monitors	2001-2026	6.39	306,536	269,733
2000 Sludge Digestion System	2001-2026	6.03	1,409,888	1,052,318
2001 Cedar Point Pump Station	2002-2022	5.05	4,393,697	3,650,894
2001 Final Settling Tank Improv	2002-2022	5.05	383,484	240,883
2002 WWTP Expansion	2003-2023	4.65	26,286,934	13,564,484
2007 WWTP Phase II Design	2008-2013	4.62	78,826	78,826
			<u>36,034,609</u>	<u>21,527,592</u>
			<u>\$61,295,962</u>	<u>\$34,578,434</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 20 - CAPITAL LEASES - LESSEE DISCLOSURE

The City has entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. 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 2007 were \$34,282.

	Governmental Activities
Equipment	\$233,453
Less Accumulated Depreciation	(132,993)
Carrying Value, December 31, 2007	\$100,460

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2007.

	Governmental Activities	
Year	Principal	Interest
2008	\$38,386	\$4,972
2009	37,959	2,801
2010	34,673	877
2011	914	4
Total	\$111,932	\$8,654

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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 21 - OPERATING LEASE (continued)

For 2007, the City received payments, in the amount of \$25,000. Future annual lease payments to be received are as follows:

Year	Annual Lease Payment	Total Lease for Period
2008-2014	\$25,000	\$175,000
2015-2024	30,000	300,000
Total minimum future rentals		\$475,000

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 a percentage of gross income calculated at the following percentages:

	Percentage of Gross Income
2008-2009	.05%
2010-2014	1.0
2015-2024	2.0

The City did not receive any additional rent in 2007.

NOTE 22 - INTERFUND TRANSFERS

During 2007, the General Fund made transfers to other governmental funds, in the amount of \$1,466,723, to subsidize various activities in other funds. The Capital Projects Fund made transfers to other governmental funds, in the amount of \$330,302, to close out capital projects and move receipts as debt payments became due. Other governmental funds made transfers to the Capital Projects Fund, in the amount of \$150,000, to fund various capital activities, to the Various Improvement Fund, in the amount of \$826,367, to fund sidewalk, curb, and gutter projects, and to other governmental funds, in the amount of \$106,603, to move receipts as debt payments became due.

The Water Fund made transfers to the Capital Projects and Various Improvement capital projects funds, in the amount of \$8,153 and \$417,761, respectively, to pay for capital projects activities within the funds. The Sewer Fund made transfers to the Capital Projects and Various Improvement capital projects funds and other governmental funds, in the amount of \$8,153, \$182,127, and \$73,751, respectively, to pay for capital projects activities within the funds and to move receipts as debt payments became due.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007
(continued)

NOTE 23 - PUBLIC ENTITY SHARED RISK POOL

The Buckeye Ohio Risk Management Agency (BORMA) is a public entity shared risk pool among several cities in Northern Ohio. BORMA was formed as an Ohio not-for-profit corporation and operates a health insurance program and a property, crime, and liability insurance program. Each member appoints one person to represent the City on the board of directors for a term of one year for participation in the health insurance program and three years for participation in the property, crime, and liability insurance program. Each member city's control over the budgeting and financing of BORMA is limited to its voting authority and any representation it may have on the board of directors.

Participation in BORMA is by written application subject to the approval of the board of directors and the payment of premiums. Member cities must remain members for cycles of three years. A member may withdraw from a program by giving a forty day notice prior to the beginning of the next cycle. BORMA does not have any outstanding debt obligations as of December 31, 2007. Financial information may be obtained from Arthur J. Gallagher & Co. - Cleveland, Gallagher Pipino, Inc., M-K Ferguson Plaza, 1500 West Third Street, Suite 405, Cleveland, Ohio 44113.

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, 2007, to December 31, 2007, 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. Because several of these grants are currently being questioned and are under review, the City is unable to determine if any disallowances will be material.



**COMBINING STATEMENTS AND
INDIVIDUAL FUND SCHEDULES**

Nonmajor Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes. 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. Monies are used 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. Monies are used 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 monies received from the federal and state government under the Section 18 Program and from users of the public transit system. Monies are used for operations of the public transit system.

Parks and Recreational

To account for monies collected at the municipal golf course and swimming pool, plant rentals from the greenhouse, and transfers from the General Fund (primarily for the parks and greenhouse). Monies are used for operation of the parks, greenhouse, and recreational facilities.

Fire Pension

To account for monies received from property taxes and transfers from the General Fund for payment of both the current pension contribution and the long-term accounting liability.

Police Pension

To account for monies received from property taxes and transfers from the General Fund for payment of both the current pension contribution and the long-term accounting liability.

State Grants

To account for monies received from the state government under the community development block grant program and the revolving loan program, as well as several other state grants.

Federal Grants

To account for monies received from the federal government for EPA related issues, revolving loan monies, and for the public transit system.

(continued)

**Nonmajor Special Revenue Funds
(continued)**

Indigent Drivers Alcohol

To account for monies received under Ohio Revised Code Sections 4511.191(M) and 4507.99(B)(4). This fund provides for payment of the cost for treatment, at a certified alcohol and drug addiction program, of a person convicted of a violation of Ohio Revised Code Section 4511.19 or a similar municipal ordinance.

Enforcement and Education

To account for monies received under Ohio Revised Code Section 4511.99. This fund is used by the police department to pay the costs it incurs in enforcing Ohio Revised Code Section 4511.19 or a similar municipal ordinance, and in 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 under Ohio Revised Code Section 1901.26. This fund is used for computerization of the clerk of court's office.

Indigent Telephone

To account for monies received under Ohio Revised Code Section 2929.23. This fund provides for payment of the costs of providing house detention for eligible indigent offenders.

Municipal Probation

To account for monies received under Ohio Revised Code Section 737.41. This fund provides for 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 monies donated to the City.

Park Donations

To account for donations from the Fred G. Epple Estate.

Cemetery Donations

To account for charges for burials and donations.

Nonmajor Debt Service Funds

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

General Bond Retirement

To account for resources that are used for the payment of principal, interest, and fiscal charges on general obligation debt.

(continued)

**Nonmajor Debt Service Funds
(continued)**

Special Assessment Bond Retirement

To account for special assessment monies received 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 financial resources used for the acquisition or construction of major capital facilities (other than those financed by the enterprise funds.)

Capital Improvement

To account for tax revenues used for capital improvements.

Redevelopment Tax Increment

To account for payments collected in lieu of taxes.

City of Sandusky
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007

	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	\$4,720,849	\$310,195	\$121,584	\$5,152,628
Accrued Interest Receivable	37,186	0	0	37,186
Due from Other Governments	733,465	27,143	0	760,608
Municipal Income Taxes Receivable	0	125,845	100,636	226,481
Other Local Taxes Receivable	30,371	0	0	30,371
Prepaid Items	2,241	0	0	2,241
Materials and Supplies Inventory	103,765	0	0	103,765
Property Taxes Receivable	311,406	371,918	0	683,324
Notes Receivable	3,103,590	0	0	3,103,590
Special Assessments Receivable	0	2,342,473	0	2,342,473
	<u>\$9,042,873</u>	<u>\$3,177,574</u>	<u>\$222,220</u>	<u>\$12,442,667</u>
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$36,890	\$0	\$0	\$36,890
Accounts Payable	111,858	0	0	111,858
Due to Other Governments	440,109	0	0	440,109
Deferred Revenue	961,173	2,836,636	76,855	3,874,664
	<u>1,550,030</u>	<u>2,836,636</u>	<u>76,855</u>	<u>4,463,521</u>
<u>Fund Balance</u>				
Reserved for Encumbrances	221,318	0	0	221,318
Reserved for Notes Receivable	2,895,079	0	0	2,895,079
Unreserved, Reported in				
Special Revenue Funds	4,376,446	0	0	4,376,446
Debt Service Funds	0	340,938	0	340,938
Capital Projects Funds	0	0	145,365	145,365
	<u>7,492,843</u>	<u>340,938</u>	<u>145,365</u>	<u>7,979,146</u>
Total Liabilities and Fund Balance	<u>\$9,042,873</u>	<u>\$3,177,574</u>	<u>\$222,220</u>	<u>\$12,442,667</u>

City of Sandusky
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2007

	Street Maintenance	State Highway	Public Transit	Parks and Recreational	Fire Pension
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$234,035	\$22,663	\$95,694	\$450	\$0
Accrued Interest Receivable	0	0	0	0	0
Due from Other Governments	488,594	39,590	19,652	0	10,406
Other Local Taxes Receivable	30,371	0	0	0	0
Prepaid Items	414	1,499	42	111	0
Materials and Supplies Inventory	103,765	0	0	0	0
Property Taxes Receivable	0	0	0	0	155,703
Notes Receivable	0	0	0	0	0
Total Assets	\$857,179	\$63,752	\$115,388	\$561	\$166,109
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accrued Wages Payable	\$34,672	\$0	\$0	\$2,093	\$0
Accounts Payable	635	0	79,882	297	0
Due to Other Governments	39,588	407	0	13,459	229,487
Deferred Revenue	464,575	37,669	0	0	165,694
Total Liabilities	539,470	38,076	79,882	15,849	395,181
<u>Fund Balance</u>					
Reserved for Encumbrances	1,815	0	0	450	0
Reserved for Notes Receivable	0	0	0	0	0
Unreserved (Deficit)	315,894	25,676	35,506	(15,738)	(229,072)
Total Fund Balance (Deficit)	317,709	25,676	35,506	(15,288)	(229,072)
Total Liabilities and Fund Balance	\$857,179	\$63,752	\$115,388	\$561	\$166,109

Police Pension	State Grants	Federal Grants	Indigent Drivers Alcohol	Enforcement and Education	Court Computerization	Indigent Telephone
\$0	\$1,015,916	\$1,773,796	\$159,737	\$4,295	\$131,212	\$36,033
0	0	26,040	0	0	0	0
10,406	32,736	124,747	828	576	738	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
155,703	0	0	0	0	0	0
0	3,103,590	0	0	0	0	0
<u>\$166,109</u>	<u>\$4,152,242</u>	<u>\$1,924,583</u>	<u>\$160,565</u>	<u>\$4,871</u>	<u>\$131,950</u>	<u>\$36,033</u>
\$0	\$0	\$0	\$0	\$0	\$125	\$0
0	20,208	10,083	0	0	408	0
149,461	1,636	2,926	0	0	132	0
165,694	32,736	85,888	0	0	0	0
<u>315,155</u>	<u>54,580</u>	<u>98,897</u>	<u>0</u>	<u>0</u>	<u>665</u>	<u>0</u>
0	77,756	134,355	0	0	62	0
0	2,895,079	0	0	0	0	0
(149,046)	1,124,827	1,691,331	160,565	4,871	131,223	36,033
<u>(149,046)</u>	<u>4,097,662</u>	<u>1,825,686</u>	<u>160,565</u>	<u>4,871</u>	<u>131,285</u>	<u>36,033</u>
<u>\$166,109</u>	<u>\$4,152,242</u>	<u>\$1,924,583</u>	<u>\$160,565</u>	<u>\$4,871</u>	<u>\$131,950</u>	<u>\$36,033</u>

(continued)

City of Sandusky
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2007
(continued)

	Municipal Probation	General Trust	Park Donations	Cemetery Donations	Total
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$150,809	\$115,345	\$147,760	\$833,104	\$4,720,849
Accrued Interest Receivable	0	0	0	11,146	37,186
Due from Other Governments	5,192	0	0	0	733,465
Other Local Taxes Receivable	0	0	0	0	30,371
Prepaid Items	150	25	0	0	2,241
Materials and Supplies Inventory	0	0	0	0	103,765
Property Taxes Receivable	0	0	0	0	311,406
Notes Receivable	0	0	0	0	3,103,590
Total Assets	\$156,151	\$115,370	\$147,760	\$844,250	\$9,042,873
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accrued Wages Payable	\$0	\$0	\$0	\$0	\$36,890
Accounts Payable	0	0	0	345	111,858
Due to Other Governments	585	1,918	0	510	440,109
Deferred Revenue	0	0	0	8,917	961,173
Total Liabilities	585	1,918	0	9,772	1,550,030
<u>Fund Balance</u>					
Reserved for Encumbrances	0	6,191	0	689	221,318
Reserved for Notes Receivable	0	0	0	0	2,895,079
Unreserved (Deficit)	155,566	107,261	147,760	833,789	4,376,446
Total Fund Balance (Deficit)	155,566	113,452	147,760	834,478	7,492,843
Total Liabilities and Fund Balance	\$156,151	\$115,370	\$147,760	\$844,250	\$9,042,873

City of Sandusky
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2007

	General Bond Retirement	Special Assessment Bond Retirement	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$175,124	\$135,071	\$310,195
Due from Other Governments	27,143	0	27,143
Municipal Income Taxes Receivable	125,845	0	125,845
Property Taxes Receivable	371,918	0	371,918
Special Assessments Receivable	0	2,342,473	2,342,473
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$700,030</u>	<u>\$2,477,544</u>	<u>\$3,177,574</u>
<u>Liabilities and Fund Balance</u>			
<u>Liabilities</u>			
Deferred Revenue	\$494,163	\$2,342,473	\$2,836,636
<u>Fund Balance</u>			
Unreserved	<u>205,867</u>	<u>135,071</u>	<u>340,938</u>
Total Liabilities and Fund Balance	<u>\$700,030</u>	<u>\$2,477,544</u>	<u>\$3,177,574</u>

City of Sandusky
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2007

	Capital Improvement	Redevelopment Tax Increment	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$46,357	\$75,227	\$121,584
Municipal Income Taxes Receivable	100,636	0	100,636
Total Assets	\$146,993	\$75,227	\$222,220
<u>Liabilities and Fund Balance</u>			
<u>Liabilities</u>			
Deferred Revenue	\$76,855	\$0	\$76,855
<u>Fund Balance</u>			
Unreserved	70,138	75,227	145,365
Total Liabilities and Fund Balance	\$146,993	\$75,227	\$222,220

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Revenues</u>				
Property Taxes	\$290,636	\$479,148	\$0	\$769,784
Payment in Lieu of Taxes	0	0	22,601	22,601
Municipal Income Taxes	0	429,311	343,408	772,719
Other Local Taxes	441,282	0	0	441,282
Special Assessments	0	313,923	0	313,923
Charges for Services	588,995	0	0	588,995
Fees, Licenses, and Permits	67,608	0	0	67,608
Fines and Forfeitures	60,934	0	0	60,934
Intergovernmental	3,169,647	44,603	0	3,214,250
Interest	189,705	0	0	189,705
Other	427,648	18,380	0	446,028
Total Revenues	5,236,455	1,285,365	366,009	6,887,829
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	605,678	0	0	605,678
Fire	759,505	0	0	759,505
Public Health	48,526	0	0	48,526
Leisure Time Activities	547,054	0	0	547,054
Community Environment	1,154,042	0	0	1,154,042
Transportation	2,730,044	0	0	2,730,044
Other	79,540	0	0	79,540
Debt Service:				
Principal Retirement	35,000	922,400	0	957,400
Interest and Fiscal Charges	37,905	892,885	0	930,790
Issuance Costs	28,923	74,518	0	103,441
Total Expenditures	6,026,217	1,889,803	0	7,916,020
Excess of Revenues Over (Under) Expenditures	(789,762)	(604,438)	366,009	(1,028,191)
<u>Other Financing Sources (Uses)</u>				
General Obligation Bonds Issued	1,045,000	4,433,271	0	5,478,271
Special Assessment Bonds Issued	0	356,729	0	356,729
Premium on Bonds Issued	11,017	32,386	0	43,403
Payment to Refunded Bond Escrow Agent	(1,027,094)	(4,443,322)	0	(5,470,416)
Sale of Capital Assets	3,600	0	0	3,600
Transfers In	1,329,775	647,604	0	1,977,379
Transfers Out	(472,855)	(312,434)	(297,681)	(1,082,970)
Total Other Financing Sources (Uses)	889,443	714,234	(297,681)	1,305,996
Changes in Fund Balance	99,681	109,796	68,328	277,805
Fund Balance Beginning of Year	7,393,162	231,142	77,037	7,701,341
Fund Balance End of Year	<u>\$7,492,843</u>	<u>\$340,938</u>	<u>\$145,365</u>	<u>\$7,979,146</u>

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007

	Street Maintenance	State Highway	Public Transit	Parks and Recreational	Fire Pension
<u>Revenues</u>					
Property Taxes	\$0	\$0	\$0	\$0	\$145,318
Other Local Taxes	441,282	0	0	0	0
Charges for Services	0	0	234,558	307,806	0
Fees, Licenses, and Permits	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	934,520	75,772	0	0	23,974
Interest	5,318	767	0	0	0
Other	13,108	10	157,859	26,381	0
Total Revenues	1,394,228	76,549	392,417	334,187	169,292
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	0	0	0	0	0
Fire	0	0	0	0	756,062
Public Health	0	0	0	0	0
Leisure Time Activities	0	0	0	524,123	0
Community Environment	0	0	0	0	0
Transportation	1,355,557	104,241	376,352	0	0
Other	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	20,078
Interest and Fiscal Charges	0	0	0	0	21,745
Issuance Costs	0	0	0	0	16,592
Total Expenditures	1,355,557	104,241	376,352	524,123	814,477
Excess of Revenues Over (Under) Expenditures	38,671	(27,692)	16,065	(189,936)	(645,185)
<u>Other Financing Sources (Uses)</u>					
General Obligation Bonds Issued	0	0	0	0	599,485
Premium on Bonds Issued	0	0	0	0	6,320
Payment to Refunded Bond Escrow Agent	0	0	0	0	(589,213)
Sale of Capital Assets	3,600	0	0	0	0
Transfers In	90,654	0	0	193,550	618,081
Transfers Out	(366,252)	0	0	0	0
Total Other Financing Sources (Uses)	(271,998)	0	0	193,550	634,673
Changes in Fund Balance	(233,327)	(27,692)	16,065	3,614	(10,512)
Fund Balance (Deficit) Beginning of Year	551,036	53,368	19,441	(18,902)	(218,560)
Fund Balance (Deficit) End of Year	<u>\$317,709</u>	<u>\$25,676</u>	<u>\$35,506</u>	<u>(\$15,288)</u>	<u>(\$229,072)</u>

<u>Police Pension</u>	<u>State Grants</u>	<u>Federal Grants</u>	<u>Indigent Drivers Alcohol</u>	<u>Enforcement and Education</u>	<u>Court Computerization</u>	<u>Indigent Telephone</u>
\$145,318	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	10,206	0	0	311
0	0	0	0	10,561	26,428	0
23,974	530,109	1,557,042	14,256	0	0	0
0	45,109	94,078	0	0	0	0
757	102,447	7,387	0	0	0	0
<u>170,049</u>	<u>677,665</u>	<u>1,658,507</u>	<u>24,462</u>	<u>10,561</u>	<u>26,428</u>	<u>311</u>
565,042	0	0	0	0	0	0
0	0	434	0	0	0	0
0	0	0	0	0	0	0
0	17,104	0	0	0	0	0
0	99,720	937,845	0	0	0	0
0	0	893,894	0	0	0	0
0	0	0	0	8,686	28,280	81
14,922	0	0	0	0	0	0
16,160	0	0	0	0	0	0
12,331	0	0	0	0	0	0
<u>608,455</u>	<u>116,824</u>	<u>1,832,173</u>	<u>0</u>	<u>8,686</u>	<u>28,280</u>	<u>81</u>
<u>(438,406)</u>	<u>560,841</u>	<u>(173,666)</u>	<u>24,462</u>	<u>1,875</u>	<u>(1,852)</u>	<u>230</u>
445,515	0	0	0	0	0	0
4,697	0	0	0	0	0	0
(437,881)	0	0	0	0	0	0
0	0	0	0	0	0	0
427,490	0	0	0	0	0	0
0	0	(106,603)	0	0	0	0
<u>439,821</u>	<u>0</u>	<u>(106,603)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
1,415	560,841	(280,269)	24,462	1,875	(1,852)	230
<u>(150,461)</u>	<u>3,536,821</u>	<u>2,105,955</u>	<u>136,103</u>	<u>2,996</u>	<u>133,137</u>	<u>35,803</u>
<u>(\$149,046)</u>	<u>\$4,097,662</u>	<u>\$1,825,686</u>	<u>\$160,565</u>	<u>\$4,871</u>	<u>\$131,285</u>	<u>\$36,033</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, 2007
(continued)

	Municipal Probation	General Trust	Park Donations	Cemetery Donations	Total
<u>Revenues</u>					
Property Taxes	\$0	\$0	\$0	\$0	\$290,636
Other Local Taxes	0	0	0	0	441,282
Charges for Services	0	0	20,286	26,345	588,995
Fees, Licenses, and Permits	57,091	0	0	0	67,608
Fines and Forfeitures	0	23,945	0	0	60,934
Intergovernmental	0	10,000	0	0	3,169,647
Interest	0	0	2,704	41,729	189,705
Other	0	91,880	11,846	15,973	427,648
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	57,091	125,825	34,836	84,047	5,236,455
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	0	40,636	0	0	605,678
Fire	0	3,009	0	0	759,505
Public Health	0	0	0	48,526	48,526
Leisure Time Activities	0	3,420	2,407	0	547,054
Community Environment	0	116,477	0	0	1,154,042
Transportation	0	0	0	0	2,730,044
Other	42,493	0	0	0	79,540
Debt Service:					
Principal Retirement	0	0	0	0	35,000
Interest and Fiscal Charges	0	0	0	0	37,905
Issuance Costs	0	0	0	0	28,923
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	42,493	163,542	2,407	48,526	6,026,217
Excess of Revenues Over (Under) Expenditures					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	14,598	(37,717)	32,429	35,521	(789,762)
<u>Other Financing Sources (Uses)</u>					
General Obligation Bonds Issued	0	0	0	0	1,045,000
Premium on Bonds Issued	0	0	0	0	11,017
Payment to Refunded Bond Escrow Agent	0	0	0	0	(1,027,094)
Sale of Capital Assets	0	0	0	0	3,600
Transfers In	0	0	0	0	1,329,775
Transfers Out	0	0	0	0	(472,855)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	0	0	0	0	889,443
Changes in Fund Balance					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	14,598	(37,717)	32,429	35,521	99,681
Fund Balance (Deficit) Beginning of Year					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	140,968	151,169	115,331	798,957	7,393,162
Fund Balance (Deficit) End of Year					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$155,566	\$113,452	\$147,760	\$834,478	\$7,492,843

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2007

	General Bond Retirement	Special Assessment Bond Retirement	Total
<u>Revenues</u>			
Property Taxes	\$479,148	\$0	\$479,148
Municipal Income Taxes	429,311	0	429,311
Special Assessments	0	313,923	313,923
Intergovernmental	44,603	0	44,603
Other	17,511	869	18,380
Total Revenues	970,573	314,792	1,285,365
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	649,867	272,533	922,400
Interest and Fiscal Charges	777,860	115,025	892,885
Issuance Costs	74,518	0	74,518
Total Expenditures	1,502,245	387,558	1,889,803
Excess of Revenues Under Expenditures	(531,672)	(72,766)	(604,438)
<u>Other Financing Sources (Uses)</u>			
General Obligation Bonds Issued	4,433,271	0	4,433,271
Special Assessment Bonds Issued	0	356,729	356,729
Premium on Bonds Issued	32,386	0	32,386
Payment to Refunded Bond Escrow Agent	(4,379,045)	(64,277)	(4,443,322)
Transfers In	573,853	73,751	647,604
Transfers Out	0	(312,434)	(312,434)
Total Other Financing Sources (Uses)	660,465	53,769	714,234
Changes in Fund Balance	128,793	(18,997)	109,796
Fund Balance Beginning of Year	77,074	154,068	231,142
Fund Balance End of Year	\$205,867	\$135,071	\$340,938

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2007

	<u>Capital Improvement</u>	<u>Redevelopment Tax Increment</u>	<u>Total</u>
<u>Revenues</u>			
Payment in Lieu of Taxes	\$0	\$22,601	\$22,601
Municipal Income Taxes	343,408	0	343,408
Total Revenues	343,408	22,601	366,009
<u>Other Financing Uses</u>			
Transfers Out	(297,681)	0	(297,681)
Changes in Fund Balance	45,727	22,601	68,328
Fund Balance Beginning of Year	24,411	52,626	77,037
Fund Balance End of Year	<u>\$70,138</u>	<u>\$75,227</u>	<u>\$145,365</u>

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 monies deposited with the municipal court pending disposition to the Erie County Law Library and other municipalities.

Guaranteed Deposits

To account for monies deposited by contractors to guarantee the satisfactory completion of a job or project. These monies 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 monies 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 monies received and distributed pursuant to Ohio Revised Code Sections 3781.102 and 5705.09(F) regarding the building standards fee assessment.

Income Tax Garnishment

To account for monies deposited by the City for garnishing the wages of delinquent income tax accounts. These monies include both uncashed \$1 garnishment checks and the amount available for garnishment checks.

Payroll

To account for monies used for bi-weekly payroll.

Employee Series E Bonds

To account for monies deposited from payroll deductions for the purchase of Series E Bonds for individuals as requested.

Police Temporary Deposit

To account for monies for which the police department has temporary custody due to drug law enforcement or contraband. This money is held on deposit until the court requests the funds.

Section 125 Plan

To account for monies deposited from payroll deductions for medical bills and childcare for individuals.

City of Sandusky
Combining Statement of Assets and Liabilities
Agency Funds
December 31, 2007

	State Patrol Transfer	Guaranteed Deposits	Sandusky Municipal Court	BSF Assessment	Payroll
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$6,178	\$15,958	\$169,280	\$288	\$51,518
<u>Liabilities</u>					
Due to Other Governments	\$0	\$0	\$0	\$0	\$51,518
Undistributed Assets	6,178	15,958	169,280	288	0
Total Liabilities	\$6,178	\$15,958	\$169,280	\$288	\$51,518

Employee Series E Bonds	Police Temporary Deposit	Section 125 Plan	Total
<u>\$300</u>	<u>\$2,652</u>	<u>\$5,046</u>	<u>\$251,220</u>
\$0	\$0	\$0	\$51,518
<u>300</u>	<u>2,652</u>	<u>5,046</u>	<u>199,702</u>
<u>\$300</u>	<u>\$2,652</u>	<u>\$5,046</u>	<u>\$251,220</u>

City of Sandusky
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2007

	Balance January 1, 2007	Additions	Reductions	Balance December 31, 2007
<u>State Patrol Transfer</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$5,260	\$25,053	\$24,135	\$6,178
<u>Liabilities</u>				
Undistributed Assets	\$5,260	\$25,053	\$24,135	\$6,178
<u>Guaranteed Deposits</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$37,468	\$10,140	\$31,650	\$15,958
<u>Liabilities</u>				
Undistributed Assets	\$37,468	\$10,140	\$31,650	\$15,958
<u>Sandusky Municipal Court</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$142,519	\$2,354,827	\$2,328,066	\$169,280
<u>Liabilities</u>				
Undistributed Assets	\$142,519	\$2,354,827	\$2,328,066	\$169,280
<u>BSF Assessment</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,076	\$3,002	\$3,790	\$288
<u>Liabilities</u>				
Undistributed Assets	\$1,076	\$3,002	\$3,790	\$288
<u>Income Tax Garnishment</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$65	\$0	\$65	\$0
<u>Liabilities</u>				
Undistributed Assets	\$65	\$0	\$65	\$0
<u>Payroll</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$48,498	\$51,518	\$48,498	\$51,518
<u>Liabilities</u>				
Due to Other Governments	\$48,498	\$51,518	\$48,498	\$51,518
<u>Employee Series E Bonds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$350	\$5,500	\$5,550	\$300
<u>Liabilities</u>				
Undistributed Assets	\$350	\$5,500	\$5,550	\$300

(continued)

City of Sandusky
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2007
(continued)

	Balance January 1, 2007	Additions	Reductions	Balance December 31, 2007
<u>Police Temporary Deposit</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$2,164	\$17,943	\$17,455	\$2,652
<u>Liabilities</u>				
Undistributed Assets	\$2,164	\$17,943	\$17,455	\$2,652
<u>Section 125 Plan</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$4,856	\$22,155	\$21,965	\$5,046
<u>Liabilities</u>				
Undistributed Assets	\$4,856	\$22,155	\$21,965	\$5,046
<u>Total - All Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$242,256	\$2,490,138	\$2,481,174	\$251,220
<u>Liabilities</u>				
Due to Other Governments	\$48,498	\$51,518	\$48,498	\$51,518
Undistributed Assets	193,758	2,438,620	2,432,676	199,702
Total Liabilities	\$242,256	\$2,490,138	\$2,481,174	\$251,220



**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, 2007

	Original	Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues</u>				
Property Taxes	\$1,875,746	\$1,875,746	\$1,748,393	(\$127,353)
Municipal Income Taxes	6,271,510	6,521,510	6,566,701	45,191
Other Local Taxes	3,476,342	3,716,342	3,737,661	21,319
Charges for Services	354,345	354,345	374,981	20,636
Fees, Licenses, and Permits	530,083	540,083	480,055	(60,028)
Fines and Forfeitures	938,864	938,864	928,958	(9,906)
Intergovernmental	1,712,978	1,792,978	1,985,768	192,790
Interest	926,768	1,206,768	1,332,002	125,234
Other	241,898	241,898	247,070	5,172
Total Revenues	16,328,534	17,188,534	17,401,589	213,055
<u>Expenditures</u>				
Current:				
Security of Persons and Property-Police				
Police Patrol				
Personal Services	3,236,930	3,284,479	3,283,966	513
Other	275,337	383,891	310,412	73,479
Total Police Patrol	3,512,267	3,668,370	3,594,378	73,992
Police Records				
Personal Services	664,234	624,234	619,856	4,378
Other	42,986	50,238	40,470	9,768
Total Police Records	707,220	674,472	660,326	14,146
Police Reserve				
Personal Services	21,211	42,166	41,863	303
Other	1,400	729	400	329
Total Police Reserve	22,611	42,895	42,263	632
Police Marine Patrol				
Personal Services	40,355	36,855	36,795	60
Other	18,350	18,686	17,572	1,114
Total Police Marine Patrol	58,705	55,541	54,367	1,174
Police Detectives				
Personal Services	670,939	530,939	528,126	2,813
Other	45,630	48,332	36,849	11,483
Total Police Detectives	716,569	579,271	564,975	14,296
Total Security of Persons and Property-Police	5,017,372	5,020,549	4,916,309	104,240
Security of Persons and Property-Fire				
Fire Suppression				
Personal Services	4,109,515	4,080,176	4,070,255	9,921
Other	405,740	480,499	504,485	(23,986)
Total Security of Persons and Property-Fire	4,515,255	4,560,675	4,574,740	(14,065)
Security of Persons and Property-Other				
Street Lighting				
Other	140,678	212,678	343,652	(130,974)
Public Health				
Oakland Cemetery				
Personal Services	273,708	275,008	274,964	44
Other	34,924	48,214	41,408	6,806
Total Public Health	308,632	323,222	316,372	6,850

(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, 2007
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Community Environment				
Community Development Planning				
Personal Services	\$323,761	\$373,761	\$369,617	\$4,144
Other	43,115	59,985	53,899	6,086
Total Community Development Planning	366,876	433,746	423,516	10,230
City Wide Economic Development				
Personal Services	121,746	103,746	103,148	598
Other	24,153	19,507	11,108	8,399
Total City Wide Economic Development	145,899	123,253	114,256	8,997
Community Development Building Division				
Personal Services	337,842	326,842	326,538	304
Other	31,940	33,784	19,888	13,896
Total Community Development Building Division	369,782	360,626	346,426	14,200
Horticulture Services				
Personal Services	838,251	803,494	802,156	1,338
Other	161,018	198,907	369,634	(170,727)
Total Horticulture Services	999,269	1,002,401	1,171,790	(169,389)
Total Community Environment	1,881,826	1,920,026	2,055,988	(135,962)
Transportation				
Jackson Street Pier				
Other	0	1,261	1,142	119
General Government-Municipal Court				
Court-Criminal				
Personal Services	776,699	769,699	768,625	1,074
Other	56,487	78,571	62,224	16,347
Total General Government-Municipal Court	833,186	848,270	830,849	17,421
General Government-Other				
City Manager				
Personal Services	102,441	84,441	83,674	767
Other	19,904	37,333	37,012	321
Total City Manager	122,345	121,774	120,686	1,088
Strategic Planning				
Other	25,113	21,073	20,915	158
Personnel Labor Relations				
Personal Services	130,269	125,269	124,381	888
Other	87,650	72,963	65,734	7,229
Total Personnel Labor Relations	217,919	198,232	190,115	8,117
Finance				
Personal Services	149,059	146,059	145,173	886
Other	16,613	25,404	22,638	2,766
Total Finance	165,672	171,463	167,811	3,652
Income Tax				
Personal Services	59,899	61,899	61,067	832
Other	229,613	290,371	285,406	4,965
Total Income Tax	289,512	352,270	346,473	5,797

(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, 2007
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Data Processing				
Personal Services	\$72,929	\$84,929	\$84,868	\$61
Other	58,807	37,875	33,694	4,181
Total Data Processing	131,736	122,804	118,562	4,242
Law Director				
Personal Services	263,863	261,286	261,055	231
Other	26,468	29,678	24,217	5,461
Total Law Director	290,331	290,964	285,272	5,692
City Commission				
Personal Services	26,343	26,343	26,322	21
Other	8,511	4,661	3,803	858
Total City Commission	34,854	31,004	30,125	879
City Commission Clerk				
Personal Services	71,998	73,998	73,847	151
Other	3,300	9,129	7,542	1,587
Total Commission Clerk	75,298	83,127	81,389	1,738
Municipal Buildings and Lands				
Personal Services	278,779	282,825	282,176	649
Other	278,840	299,170	471,872	(172,702)
Total Municipal Buildings and Lands	557,619	581,995	754,048	(172,053)
Engineering				
Personal Services	317,836	313,845	312,765	1,080
Other	50,577	58,123	49,674	8,449
Total Engineering	368,413	371,968	362,439	9,529
Mechanic				
Personal Services	0	75,657	27,002	48,655
Other	40,023	0	27,697	(27,697)
Total Mechanic	40,023	75,657	54,699	20,958
Unclaimed Funds				
Other	\$0	\$357	\$349	\$8
Administrative Support				
Personal Services	7,682	541	44	497
Other	574,352	784,811	769,985	14,826
Total Administrative Support	582,034	785,352	770,029	15,323
Total General Government-Other	2,900,869	3,208,040	3,302,912	(94,872)
Total Expenditures	15,597,818	16,094,721	16,341,964	(247,243)
Excess of Revenues Over Expenditures	730,716	1,093,813	1,059,625	(34,188)

(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, 2007
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	\$139,057	\$149,057	\$148,445	(\$612)
Loan Proceeds	0	0	918,855	918,855
Sale of Capital Assets	0	0	7,655	7,655
Advances In	22,434	22,434	22,434	0
Transfers Out	(1,612,427)	(1,499,875)	(1,466,723)	33,152
Total Other Financing Sources (Uses)	(1,450,936)	(1,328,384)	(369,334)	959,050
Changes in Fund Balance	(720,220)	(234,571)	690,291	924,862
Fund Balance Beginning of Year	3,231,840	3,231,840	3,231,840	0
Prior Year Encumbrances Appropriated	54,626	54,626	54,626	0
Fund Balance End of Year	<u>\$2,566,246</u>	<u>\$3,051,895</u>	<u>\$3,976,757</u>	<u>\$924,862</u>

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, 2007

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$592,744	\$503,122	(\$89,622)
Fees, Licenses, and Permits	155,000	132,208	(22,792)
Intergovernmental	673,000	864,254	191,254
Other	1,794	63,675	61,881
Total Revenues	1,422,538	1,563,259	140,721
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Fire			
EMS			
Other	62,085	57,643	4,442
Leisure Time Activities			
Underground Railroad Monuement and Park			
Other	5,757	5,241	516
Dorn Community Complex			
Other	12,527	12,416	111
Dorn Parking Lot Expansion			
Personal Services	2,000	186	1,814
Other	0	194	(194)
Total Dorn Parking Lot Expansion	2,000	380	1,620
Pedestrian/Bike Path Phase I			
Other	35,360	34,531	829
Pedestrian/Bike Path Phase III			
Other	200,000	150,000	50,000
Shoreline Park Improvement			
Other	7,170	6,979	191
Shoreline Park Improvement-3481			
Other	4,885	4,885	0
Total Leisure Time Activities	267,699	214,432	53,267
Community Environment			
City Wide Economic Development			
Other	11,411	11,070	341
Library Contractual Services			
Other	9,114	5,146	3,968
Eastside Development			
Other	1,235	1,235	0
Brownfields			
Other	4,453	4,453	0

(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, 2007
(continued)

	Budget	Actual	Variance Over (Under)
Ferry Service			
Other	\$12,750	\$12,500	\$250
Rieger Lofts			
Other	587	587	0
Keller Building			
Other	2,491	2,461	30
Sandusky Cabinets			
Other	121,174	121,174	0
Clean Ohio Phase I			
Other	6,387	6,387	0
Downtown Revitalization			
Other	425	425	0
Total Community Environment	170,027	165,438	4,589
Transportation			
Hayes Avenue Underpass			
Other	2,300	2,300	0
East Bay Channel Dredging			
Personal Services	11	11	0
Cove Channel Dredging			
Personal Services	52	3	49
Camp Street Underpass			
Other	733	725	8
West End Grade Separation			
Other	117	117	0
Monroe Street Resurfacing Phase I			
Personal Services	9,000	8,793	207
Other	666	666	0
Total Monroe Street Resurfacing Phase I	9,666	9,459	207
Monroe Street Resurfacing Phase II			
Personal Services	27,200	27,089	111
Other	11,025	10,920	105
Total Monroe Street Resurfacing Phase II	38,225	38,009	216
Monroe Street Handicap Ramps			
Personal Services	4,610	4,610	0

(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, 2007
(continued)

	Budget	Actual	Variance Over (Under)
Monroe Street Resurfacing Phase III			
Other	\$1,125	\$1,125	\$0
Cooke Street Realignment			
Other	713	699	14
John Street Realignment			
Personal Services	1,000	978	22
Other	6	0	6
Total John Street Realignment	1,006	978	28
Cleveland Road Delineator			
Other	787	0	787
Sanford/Tiffin Sidewalk/Handicap Ramp			
Personal Services	4,600	4,540	60
Other	32	0	32
Total Sanford/Tiffin Sidewalk/Handicap Ramp	4,632	4,540	92
Paper District Shoreline Phase I			
Other	5,298	5,298	0
Total Transportation	69,275	67,874	1,401
General Government-Municipal Court			
Municipal Court			
Personal Services	11,700	11,170	530
Other	2,045	1,645	400
Total General Government-Municipal Court	13,745	12,815	930
General Government-Other			
Strategic Planning			
Other	864	864	0
City Hall Relocation			
Other	60,352	59,369	983
City Hall			
Other	5,788	3,032	2,756
Paper District			
Other	57,324	32,293	25,031
Paper District Phase I			
Other	50,099	47,084	3,015
Paper District Gradel Application			
Other	47,447	46,806	641
Paper District Gradel			
Other	14,280	14,000	280

(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, 2007
(continued)

	Budget	Actual	Variance Over (Under)
Paper District Phase 2 Gradel Other	\$19,875	\$19,515	\$360
Paper District Phase 2 Deep Water Other	40,604	39,804	800
Total General Government-Other	296,633	262,767	33,866
Capital Outlay	2,999,829	2,573,138	426,691
Debt Service:			
Principal Retirement	3,194,750	3,165,000	29,750
Interest and Fiscal Charges	133,800	130,556	3,244
Total Debt Service	3,328,550	3,295,556	32,994
Total Expenditures	7,207,843	6,649,663	558,180
Excess of Revenues Under Expenditures	(5,785,305)	(5,086,404)	698,901
<u>Other Financing Sources (Uses)</u>			
Other Financing Sources	2,127,000	123,014	(2,003,986)
Bond Anticipation Notes Issued	3,230,000	5,230,000	2,000,000
Transfers In	150,000	150,000	0
Transfers Out	(330,306)	(330,302)	4
Total Other Financing Sources	5,176,694	5,172,712	(3,982)
Changes in Fund Balance	(608,611)	86,308	694,919
Fund Balance Beginning of Year	1,976,268	1,976,268	0
Prior Year Encumbrances Appropriated	912,573	912,573	0
Fund Balance End of Year	\$2,280,230	\$2,975,149	\$694,919

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, 2007

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$196,319	\$91,166	(\$105,153)
Fees, Licenses, and Permits	69,200	96,753	27,553
Special Assessments	130,277	200,450	70,173
Interest	4,000	4,000	0
Other	167,734	36,074	(131,660)
Total Revenues	567,530	428,443	(139,087)
<u>Expenditures</u>			
Current:			
Community Environment			
Remove Unsafe Buildings			
Other	4,774	3,550	1,224
Nuisance Removal			
Personal Services	8,938	1,254	7,684
Other	8,735	8,996	(261)
Total Nuisance Removal	17,673	10,250	7,423
Rental Registration Fee			
Personal Services	60,850	63,587	(2,737)
Other	8,925	8,499	426
Total Rental Registration Fee	69,775	72,086	(2,311)
Inspection Fee			
Other	8,826	8,685	141
Total Community Environment	101,048	94,571	6,477
Transportation			
Coldcreek Crossing			
Other	67,835	14,028	53,807
Huntington Avenue			
Personal Services	530	521	9
Other	7,920	7,920	0
Total Huntington Avenue	8,450	8,441	9
Seneca Street			
Personal Services	500	412	88
Other	4,706	4,706	0
Total Seneca Street	5,206	5,118	88

(continued)

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, 2007
(continued)

	Budget	Actual	Variance Over (Under)
Sidewalk-Curb-Gutter 2005			
Personal Services	\$10,479	\$10,479	\$0
Other	1,250	1,250	0
Total Sidewalk-Curb-Gutter 2005	11,729	11,729	0
Sidewalk-Curb-Gutter 2006			
Personal Services	24,419	24,419	0
Other	7,039	7,039	0
Total Sidewalk-Curb-Gutter 2006	31,458	31,458	0
Sidewalk-Curb-Gutter 2007			
Personal Services	12,200	12,137	63
Other	10,308	3,226	7,082
Total Sidewalk-Curb-Gutter 2007	22,508	15,363	7,145
Total Transportation	147,186	86,137	61,049
Capital Outlay	405,017	366,837	38,180
Debt Service:			
Principal Retirement	4,597,785	4,585,000	12,785
Interest and Fiscal Charges	217,715	189,131	28,584
Total Debt Service	4,815,500	4,774,131	41,369
Total Expenditures	5,468,751	5,321,676	147,075
Excess of Revenues Under Expenditures	(4,901,221)	(4,893,233)	7,988
<u>Other Financing Sources</u>			
Other Financing Sources	0	460	460
Bond Anticipation Notes Issued	3,464,480	3,030,000	(434,480)
Special Assessment Bonds Issued	290,000	290,000	0
Transfers In	1,114,190	1,113,821	(369)
Total Other Financing Sources	4,868,670	4,434,281	(434,389)
Changes in Fund Balance	(32,551)	(458,952)	(426,401)
Fund Balance Beginning of Year	442,536	442,536	0
Prior Year Encumbrances Appropriated	42,561	42,561	0
Fund Balance End of Year	\$452,546	\$26,145	(\$426,401)

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, 2007

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$5,235,000	\$5,108,168	(\$126,832)
Loan Proceeds	0	418,046	418,046
Interest	0	617	617
Other	5,200	5,015	(185)
Total Revenues	5,240,200	5,531,846	291,646
<u>Expenses</u>			
Personal Services			
Water Office	76,636	76,554	82
Waterworks Filtration	930,339	930,295	44
Waterworks Distribution	612,012	611,085	927
Administrative Support	376,573	376,424	149
Total Personal Services	1,995,560	1,994,358	1,202
Travel and Transportation			
Water Office	220	220	0
Waterworks Filtration	9,974	6,647	3,327
Waterworks Distribution	8,360	1,981	6,379
Administrative Support	6,754	6,703	51
Total Travel and Transportation	25,308	15,551	9,757
Contractual Services			
Water Office	22,202	22,143	59
Waterworks Filtration	420,133	416,772	3,361
Waterworks Distribution	40,095	36,839	3,256
Administrative Support	155,568	147,773	7,795
Total Contractual Services	637,998	623,527	14,471
Materials and Supplies			
Water Office	3,174	1,027	2,147
Waterworks Filtration	376,930	373,662	3,268
Waterworks Distribution	162,002	155,836	6,166
Administrative Support	15,458	13,232	2,226
Total Materials and Supplies	557,564	543,757	13,807
Other			
Water Office	231	231	0
Administrative Support	4,399	3,790	609
Total Other	4,630	4,021	609
Capital Outlay			
Waterworks Filtration	83,200	83,200	0
Waterworks Distribution	5,293,594	4,293,766	999,828
Administrative Support	10,383	8,152	2,231
Total Capital Outlay	5,387,177	4,385,118	1,002,059

(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, 2007
(continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Debt Service:			
Principal Retirement	\$789,510	\$789,008	\$502
Interest Expense	<u>700,736</u>	<u>664,480</u>	<u>36,256</u>
Total Debt Service	<u>1,490,246</u>	<u>1,453,488</u>	<u>36,758</u>
Total Expenses	<u>10,098,483</u>	<u>9,019,820</u>	<u>1,078,663</u>
Excess of Revenues Under Expenses	(4,858,283)	(3,487,974)	1,370,309
Transfers Out	<u>(417,761)</u>	<u>(417,761)</u>	<u>0</u>
Changes in Fund Balance	(5,276,044)	(3,905,735)	1,370,309
Fund Balance Beginning of Year	4,205,737	4,205,737	0
Prior Year Encumbrances Appropriated	<u>5,128,148</u>	<u>5,128,148</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$4,057,841</u></u>	<u><u>\$5,428,150</u></u>	<u><u>\$1,370,309</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, 2007

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$7,171,000	\$7,178,737	\$7,737
Proceeds of OWDA Loans	782,000	78,826	(703,174)
Loan Proceeds	0	152,892	152,892
Grants	7,400,000	8,069,676	669,676
Interest	0	1,306	1,306
Other	17,000	269,849	252,849
Total Revenues	15,370,000	15,751,286	381,286
<u>Expenses</u>			
Personal Services			
Sewer Office	76,636	76,562	74
Water Pollution Control	1,189,117	1,188,417	700
Sewer Maintenance	738,804	667,248	71,556
Administrative Support	376,901	376,379	522
Total Personal Services	2,381,458	2,308,606	72,852
Travel and Transportation			
Sewer Office	220	220	0
Water Pollution Control	18,559	12,551	6,008
Sewer Maintenance	5,781	5,781	0
Administrative Support	6,816	6,766	50
Total Travel and Transportation	31,376	25,318	6,058
Contractual Services			
Sewer Office	22,046	22,046	0
Water Pollution Control	933,662	923,861	9,801
Sewer Maintenance	165,060	128,889	36,171
Administrative Support	181,509	171,230	10,279
Total Contractual Services	1,302,277	1,246,026	56,251
Materials and Supplies			
Sewer Office	3,171	980	2,191
Water Pollution Control	292,508	272,023	20,485
Sewer Maintenance	139,427	123,096	16,331
Administrative Support	14,211	13,324	887
Total Materials and Supplies	449,317	409,423	39,894
Other			
Sewer Maintenance	226	226	0
Administrative Support	4,151	1,751	2,400
Total Other	4,377	1,977	2,400
Capital Outlay			
Water Pollution Control	538,000	537,526	474
Sewer Maintenance	1,765,749	763,019	1,002,730
Administrative Support	28,956	22,552	6,404
Total Capital Outlay	2,332,705	1,323,097	1,009,608

(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, 2007
(continued)

	Budget	Actual	Variance Over (Under)
Debt Service:			
Principal Retirement	\$1,075,036	\$1,075,028	\$8
Interest Expense	1,163,117	1,116,833	46,284
Total Debt Service	2,238,153	2,191,861	46,292
Total Expenses	8,739,663	7,506,308	1,233,355
Excess of Revenues Over Expenses	6,630,337	8,244,978	1,614,641
Transfers Out	(182,177)	(182,127)	50
Changes in Fund Balance	6,448,160	8,062,851	1,614,691
Fund Balance Beginning of Year	3,110,061	3,110,061	0
Prior Year Encumbrances Appropriated	1,268,331	1,268,331	0
Fund Balance End of Year	<u>\$10,826,552</u>	<u>\$12,441,243</u>	<u>\$1,614,691</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, 2007

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Other Local Taxes	\$470,228	\$443,151	(\$27,077)
Intergovernmental	948,468	976,539	28,071
Interest	1,190	5,252	4,062
Other	0	6,090	6,090
Total Revenues	<u>1,419,886</u>	<u>1,431,032</u>	<u>11,146</u>
<u>Expenditures</u>			
Current:			
Transportation			
Street Resurfacing			
Other	33,228	20,508	12,720
Public Works			
Personal Services	636,411	635,422	989
Other	259,941	238,406	21,535
Total Public Works	<u>896,352</u>	<u>873,828</u>	<u>22,524</u>
Traffic and Electrical Maintenance			
Personal Services	293,116	292,202	914
Other	107,725	99,035	8,690
Total Traffic and Electrical Maintenance	<u>400,841</u>	<u>391,237</u>	<u>9,604</u>
Street Cleaning, Snow, and Ice Removal			
Other	79,716	68,299	11,417
Total Expenditures	<u>1,410,137</u>	<u>1,353,872</u>	<u>56,265</u>
Excess of Revenues Over Expenditures	<u>9,749</u>	<u>77,160</u>	<u>67,411</u>
<u>Other Financing Sources (Uses)</u>			
Other Financing Sources	5,274	7,716	2,442
Sale of Capital Assets	0	3,600	3,600
Transfers In	90,654	90,654	0
Transfers Out	(366,252)	(366,252)	0
Total Other Financing Sources (Uses)	<u>(270,324)</u>	<u>(264,282)</u>	<u>6,042</u>
Changes in Fund Balance	(260,575)	(187,122)	73,453
Fund Balance Beginning of Year	414,691	414,691	0
Prior Year Encumbrances Appropriated	2,958	2,958	0
Fund Balance End of Year	<u>\$157,074</u>	<u>\$230,527</u>	<u>\$73,453</u>

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, 2007

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$82,688	\$79,179	(\$3,509)
Interest	744	767	23
Total Revenues	<u>83,432</u>	<u>79,946</u>	<u>(3,486)</u>
<u>Expenditures</u>			
Current:			
Transportation			
State Highway Maintenance and Repair			
Personal Services	16,456	23,588	(7,132)
Other	91,143	81,393	9,750
Total Expenditures	<u>107,599</u>	<u>104,981</u>	<u>2,618</u>
Excess of Revenues Under Expenditures	(24,167)	(25,035)	(868)
<u>Other Financing Sources</u>			
Other Financing Sources	<u>10</u>	<u>10</u>	<u>0</u>
Changes in Fund Balance	(24,157)	(25,025)	(868)
Fund Balance Beginning of Year	<u>47,688</u>	<u>47,688</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$23,531</u></u>	<u><u>\$22,663</u></u>	<u><u>(\$868)</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, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Charges for Services	\$231,146	\$231,146	\$0
Other	216,611	142,067	(74,544)
Total Revenues	447,757	373,213	(74,544)
<u>Expenditures</u>			
Current:			
Transportation			
Public Transit System			
Other	311,976	296,512	15,464
Excess of Revenues Over Expenditures	135,781	76,701	(59,080)
<u>Other Financing Sources</u>			
Other Financing Sources	322	322	0
Changes in Fund Balance	136,103	77,023	(59,080)
Fund Balance Beginning of Year	12,418	12,418	0
Prior Year Encumbrances Appropriated	6,253	6,253	0
Fund Balance End of Year	<u>\$154,774</u>	<u>\$95,694</u>	<u>(\$59,080)</u>

City of Sandusky
Parks and Recreational 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, 2007

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$319,047	\$309,358	(\$9,689)
Other	17,746	18,552	806
Total Revenues	<u>336,793</u>	<u>327,910</u>	<u>(8,883)</u>
<u>Expenditures</u>			
Current:			
Leisure Time Activities			
Aquatic Center			
Personal Services	27,957	27,271	686
Other	40,298	39,470	828
Total Aquatic Center	<u>68,255</u>	<u>66,741</u>	<u>1,514</u>
Mills Creek Golf Course			
Personal Services	139,735	139,230	505
Other	109,061	104,758	4,303
Total Mills Creek Golf Course	<u>248,796</u>	<u>243,988</u>	<u>4,808</u>
Recreation			
Personal Services	104,065	103,820	245
Other	46,178	43,404	2,774
Total Recreation	<u>150,243</u>	<u>147,224</u>	<u>3,019</u>
Boat Launch Ramp			
Personal Services	28,942	28,421	521
Other	45,848	45,118	730
Total Boat Launch Ramp	<u>74,790</u>	<u>73,539</u>	<u>1,251</u>
Total Expenditures	<u>542,084</u>	<u>531,492</u>	<u>10,592</u>
Excess of Revenues Under Expenditures	<u>(205,291)</u>	<u>(203,582)</u>	<u>1,709</u>
<u>Other Financing Sources</u>			
Other Financing Sources	2,107	7,829	5,722
Transfers In	201,333	193,550	(7,783)
Total Other Financing Sources	<u>203,440</u>	<u>201,379</u>	<u>(2,061)</u>
Changes in Fund Balance	(1,851)	(2,203)	(352)
Fund Balance Beginning of Year	30	30	0
Prior Year Encumbrances Appropriated	<u>2,173</u>	<u>2,173</u>	<u>0</u>
Fund Balance End of Year	<u>\$352</u>	<u>\$0</u>	<u>(\$352)</u>

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, 2007

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$137,557	\$143,702	\$6,145
Intergovernmental	27,137	23,559	(3,578)
Total Revenues	164,694	167,261	2,567
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Fire			
Fire Pension			
Personal Services	741,491	741,043	448
Other	4,528	2,476	2,052
Total Security of Persons and Property-Fire	746,019	743,519	2,500
Debt Service:			
Principal Retirement	36,673	20,078	16,595
Interest and Fiscal Charges	31,294	21,745	9,549
Issuance Costs	16,592	16,592	0
Total Debt Service	84,559	58,415	26,144
Total Expenditures	830,578	801,934	28,644
Excess of Revenues Under Expenditures	(665,884)	(634,673)	31,211
<u>Other Financing Sources (Uses)</u>			
General Obligation Bonds Issued	605,808	599,485	(6,323)
Premium on Bonds Issued	36,685	6,320	(30,365)
Payment to Refunded Bond Escrow Agent	(589,213)	(589,213)	0
Transfers In	638,155	618,081	(20,074)
Total Other Financing Sources (Uses)	691,435	634,673	(56,762)
Changes in Fund Balance	25,551	0	(25,551)
Fund Balance Beginning of Year	0	0	0
Fund Balance End of Year	\$25,551	\$0	(\$25,551)

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, 2007

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$137,557	\$143,702	\$6,145
Intergovernmental	27,137	23,559	(3,578)
Total Revenues	<u>164,694</u>	<u>167,261</u>	<u>2,567</u>
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police Pension			
Personal Services	562,740	562,193	547
Other	2,947	2,233	714
Total Security of Persons and Property-Police	<u>565,687</u>	<u>564,426</u>	<u>1,261</u>
Debt Service:			
Principal Retirement	27,256	14,922	12,334
Interest and Fiscal Charges	23,256	16,160	7,096
Issuance Costs	12,331	12,331	0
Total Debt Service	<u>62,843</u>	<u>43,413</u>	<u>19,430</u>
Total Expenditures	<u>628,530</u>	<u>607,839</u>	<u>20,691</u>
Excess of Revenues Under Expenditures	<u>(463,836)</u>	<u>(440,578)</u>	<u>23,258</u>
<u>Other Financing Sources (Uses)</u>			
Other Financing Sources	10	757	747
General Obligation Bonds Issued	450,215	445,515	(4,700)
Premium on Bonds Issued	19,000	4,697	(14,303)
Payment to Refunded Bond Escrow Agent	(437,881)	(437,881)	0
Transfers In	432,785	427,490	(5,295)
Total Other Financing Sources (Uses)	<u>464,129</u>	<u>440,578</u>	<u>(23,551)</u>
Changes in Fund Balance	293	0	(293)
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u>\$293</u>	<u>\$0</u>	<u>(\$293)</u>

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, 2007

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$549,000	\$530,109	(\$18,891)
Interest	47,000	45,109	(1,891)
Other	269,736	299,954	30,218
Total Revenues	865,736	875,172	9,436
<u>Expenditures</u>			
Current:			
Leisure Time Activities			
Coastal Management Assistance Grant			
Other	17,792	17,104	688
Community Environment			
Home Chip AC051722			
Personal Services	1,600	680	920
Other	10,072	0	10,072
Total Home Chip AC051722	11,672	680	10,992
Home Chip AC061722			
Personal Services	34,950	34,569	381
Other	462,534	446,487	16,047
Total Home Chip AC061722	497,484	481,056	16,428
Comm Dist CDBG A-X-03-172-1			
Personal Services	23,200	181	23,019
Other	2,000	0	2,000
Total Comm Dist CDBG A-X-03-172-1	25,200	181	25,019
A-E-03 172-1 CDBG			
Personal Services	23,200	0	23,200
Other	3,000	0	3,000
Total A-E-03 172-1 CDBG	26,200	0	26,200
Court Security			
Other	126	126	0
Revolving Loan-Home			
Other	75,000	0	75,000
Revolving Loan Rehabilitation			
Other	160,144	122,238	37,906
Revolving Loan Economic Development			
Other	203,447	165,387	38,060

(continued)

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, 2007
(continued)

	Budget	Actual	Variance Over (Under)
DRC Probation			
Personal Services	\$69,647	\$68,727	\$920
Paper District Transient Marina			
Other	586	586	0
Total Community Environment	1,069,506	838,981	230,525
Total Expenditures	1,087,298	856,085	231,213
Excess of Revenues Over (Under) Expenditures	(221,562)	19,087	240,649
<u>Other Financing Sources</u>			
Other Financing Sources	104,264	102,447	(1,817)
Changes in Fund Balance	(117,298)	121,534	238,832
Fund Balance Beginning of Year	727,106	727,106	0
Prior Year Encumbrances Appropriated	78,022	78,022	0
Fund Balance End of Year	<u>\$687,830</u>	<u>\$926,662</u>	<u>\$238,832</u>

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, 2007

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$1,797,500	\$1,738,895	(\$58,605)
Interest	0	74,140	74,140
Total Revenues	1,797,500	1,813,035	15,535
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Fire			
EMS			
Personal Services	260	260	0
Other	144,740	409	144,331
Total Security of Persons and Property-Fire	145,000	669	144,331
Community Environment			
EPA Asmt Petroleum			
Other	206,529	100,529	106,000
EPA Asmt Hazardous Waste			
Other	220,508	122,631	97,877
HUD Entitlement			
Personal Services	700	82	618
Other	233,332	230,531	2,801
Total HUD Entitlement	234,032	230,613	3,419
HUD CDBG 05MC390034			
Personal Services	28,300	27,303	997
Other	371,250	310,069	61,181
Total HUD CDBG 05MC390034	399,550	337,372	62,178
HUD CDBG 06MC390034			
Personal Services	98,900	97,996	904
Other	313,575	296,343	17,232
Total HUD CDBG 06MC390034	412,475	394,339	18,136
HUD CDBG 07MC390034			
Personal Services	20,800	20,422	378
Other	23,796	14,358	9,438
Total HUD CDBG 07MC390034	44,596	34,780	9,816
Revolving Loan Economic Development			
Other	300,000	16,019	283,981
Total Community Environment	1,817,690	1,236,283	581,407

(continued)

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, 2007
(continued)

	Budget	Actual	Variance Over (Under)
Transportation			
Public Transit System			
Personal Services	\$62,900	\$62,702	\$198
Other	835,575	831,036	4,539
Total Transportation	898,475	893,738	4,737
Total Expenditures	2,861,165	2,130,690	730,475
Excess of Revenues Under Expenditures	(1,063,665)	(317,655)	746,010
<u>Other Financing Sources (Uses)</u>			
Other Financing Sources	6,500	7,387	887
Transfers Out	(152,000)	(106,603)	45,397
Total Other Financing Sources (Uses)	(145,500)	(99,216)	46,284
Changes in Fund Balance	(1,209,165)	(416,871)	792,294
Fund Balance Beginning of Year	1,840,583	1,840,583	0
Prior Year Encumbrances Appropriated	197,707	197,707	0
Fund Balance End of Year	<u>\$829,125</u>	<u>\$1,621,419</u>	<u>\$792,294</u>

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, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Intergovernmental	\$13,475	\$14,256	\$781
Fees, Licenses, and Permits	10,201	10,057	(144)
Total Revenues	23,676	24,313	637
Fund Balance Beginning of Year	135,424	135,424	0
Fund Balance End of Year	<u>\$159,100</u>	<u>\$159,737</u>	<u>\$637</u>

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, 2007

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$11,542	\$10,343	(\$1,199)
<u>Expenditures</u>			
Current:			
Other			
Enforcement and Education			
Other	12,430	12,186	244
Changes in Fund Balance	(888)	(1,843)	(955)
Fund Balance Beginning of Year	6,138	6,138	0
Fund Balance End of Year	\$5,250	\$4,295	(\$955)

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, 2007

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$25,273	\$26,292	\$1,019
<u>Expenditures</u>			
Current:			
Other			
Court Computerization			
Personal Services	3,000	2,798	202
Other	34,795	25,135	9,660
Total Expenditures	37,795	27,933	9,862
Changes in Fund Balance	(12,522)	(1,641)	10,881
Fund Balance Beginning of Year	132,496	132,496	0
Prior Year Encumbrances Appropriated	295	295	0
Fund Balance End of Year	\$120,269	\$131,150	\$10,881

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, 2007

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fees, Licenses, and Permits	\$1,500	\$311	(\$1,189)
<u>Expenditures</u>			
Current:			
Other			
Indigent Telephone			
Other	1,000	81	919
Changes in Fund Balance	500	230	(270)
Fund Balance Beginning of Year	35,803	35,803	0
Fund Balance End of Year	\$36,303	\$36,033	(\$270)

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, 2007

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fees, Licenses, and Permits	\$18,620	\$55,955	\$37,335
<u>Expenditures</u>			
Current:			
Other			
Municipal Probation			
Personal Services	35,000	34,966	34
Other	8,955	7,888	1,067
Total Expenditures	43,955	42,854	1,101
Changes in Fund Balance	(25,335)	13,101	38,436
Fund Balance Beginning of Year	137,654	137,654	0
Prior Year Encumbrances Appropriated	54	54	0
Fund Balance End of Year	<u>\$112,373</u>	<u>\$150,809</u>	<u>\$38,436</u>

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, 2007

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$4,308	\$10,000	\$5,692
Fines and Forfeitures	0	23,945	23,945
Other	145,527	91,715	(53,812)
Total Revenues	149,835	125,660	(24,175)
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police Patrol			
Other	5,682	5,551	131
Police DARE			
Other	1,784	1,748	36
Police Dive Team			
Other	6,190	6,090	100
Federal Forfeiture			
Other	6	6	0
Contraband Trust			
Other	44,439	43,639	800
Total Security of Persons and Property-Police	58,101	57,034	1,067
Security of Persons and Property-Fire			
Fire Suppression			
Personal Services	750	742	8
Other	3,176	3,122	54
Total Security of Persons and Property-Fire	3,926	3,864	62
Leisure Time Activities			
Green Trust			
Other	3,470	3,420	50
Community Environment			
Downtown Economic Development			
Personal Services	65,830	65,824	6
Other	49,111	47,405	1,706
Total Downtown Economic Development	114,941	113,229	1,712
Park Trust			
Other	11,599	11,390	209
Total Community Environment	126,540	124,619	1,921
Total Expenditures	192,037	188,937	3,100
Excess of Revenues Under Expenditures	(42,202)	(63,277)	(21,075)

(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, 2007
(continued)

	Budget	Actual	Variance Over (Under)
<u>Other Financing Sources</u>			
Other Financing Sources	\$165	\$165	\$0
Changes in Fund Balance	(42,037)	(63,112)	(21,075)
Fund Balance Beginning of Year	172,247	172,247	0
Prior Year Encumbrances Appropriated	19	19	0
Fund Balance End of Year	\$130,229	\$109,154	(\$21,075)

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, 2007

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$0	\$20,286	\$20,286
Interest	0	2,704	2,704
Other	1,000	11,846	10,846
	<hr/>	<hr/>	<hr/>
Total Revenues	1,000	34,836	33,836
<u>Expenditures</u>			
Current:			
Leisure Time Activities			
Shoreline Park Improvement			
Other	2,244	2,196	48
Wightman/Wieber Park			
Other	211	211	0
	<hr/>	<hr/>	<hr/>
Total Expenditures	2,455	2,407	48
Changes in Fund Balance	(1,455)	32,429	33,884
Fund Balance Beginning of Year	115,331	115,331	0
	<hr/>	<hr/>	<hr/>
Fund Balance End of Year	<u>\$113,876</u>	<u>\$147,760</u>	<u>\$33,884</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, 2007

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$24,000	\$26,645	\$2,645
Interest	23,352	33,940	10,588
Other	0	180	180
Total Revenues	47,352	60,765	13,413
<u>Expenditures</u>			
Current:			
Public Health			
Oakland Cemetery			
Personal Services	25,080	24,982	98
Other	13,467	12,744	723
Total Oakland Cemetery	38,547	37,726	821
Chapel Restoration			
Other	4,555	4,424	131
Garden Mausoleum			
Other	1,862	1,747	115
Perpetual Care			
Other	1,695	1,655	40
Special Care			
Other	2,023	1,954	69
Memorial Paintings			
Other	503	438	65
Mausoleum			
Other	194	194	0
Ridgeview Columbarium			
Other	538	525	13
Total Expenditures	49,917	48,663	1,254
Excess of Revenues Over (Under) Expenditures	(2,565)	12,102	14,667
<u>Other Financing Sources</u>			
Other Financing Sources	8,099	15,993	7,894
Changes in Fund Balance	5,534	28,095	22,561
Fund Balance Beginning of Year	800,378	800,378	0
Prior Year Encumbrances Appropriated	622	622	0
Fund Balance End of Year	\$806,534	\$829,095	\$22,561

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, 2007

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$486,629	\$479,148	(\$7,481)
Municipal Income Taxes	427,762	427,762	0
Intergovernmental	27,454	43,635	16,181
Other	16,443	16,443	0
Total Revenues	<u>958,288</u>	<u>966,988</u>	<u>8,700</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	649,873	649,867	6
Interest and Fiscal Charges	863,806	779,997	83,809
Issuance Costs	74,518	74,518	0
Total Expenditures	<u>1,588,197</u>	<u>1,504,382</u>	<u>83,815</u>
Excess of Revenues Under Expenditures	<u>(629,909)</u>	<u>(537,394)</u>	<u>92,515</u>
<u>Other Financing Sources (Uses)</u>			
Other Financing Sources	0	1,068	1,068
Bond Anticipated Notes Issued	44,993	0	(44,993)
General Obligation Bonds Issued	4,433,286	4,433,271	(15)
Premium on Bonds Issued	32,397	32,386	(11)
Payment to Refunded Bond Escrow Agent	(4,379,045)	(4,379,045)	0
Transfers In	619,251	573,853	(45,398)
Total Other Financing Sources (Uses)	<u>750,882</u>	<u>661,533</u>	<u>(89,349)</u>
Changes in Fund Balance	120,973	124,139	3,166
Fund Balance Beginning of Year	<u>50,985</u>	<u>50,985</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$171,958</u></u>	<u><u>\$175,124</u></u>	<u><u>\$3,166</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, 2007

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Special Assessments	\$383,004	\$313,923	(\$69,081)
Other	869	869	0
Total Revenues	<u>383,873</u>	<u>314,792</u>	<u>(69,081)</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	223,029	223,029	0
Interest and Fiscal Charges	98,445	90,778	7,667
Total Expenditures	<u>321,474</u>	<u>313,807</u>	<u>7,667</u>
Excess of Revenues Over Expenditures	<u>62,399</u>	<u>985</u>	<u>(61,414)</u>
<u>Other Financing Sources (Uses)</u>			
Special Assessment Bonds Issued	66,729	66,729	0
Payment to Refunded Bond Escrow Agent	(64,277)	(64,277)	0
Advances Out	(22,434)	(22,434)	0
Total Other Financing Sources (Uses)	<u>(19,982)</u>	<u>(19,982)</u>	<u>0</u>
Changes in Fund Balance	42,417	(18,997)	(61,414)
Fund Balance Beginning of Year	<u>154,068</u>	<u>154,068</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$196,485</u></u>	<u><u>\$135,071</u></u>	<u><u>(\$61,414)</u></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, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Municipal Income Taxes	\$327,319	\$342,208	\$14,889
<u>Expenditures</u>			
	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	327,319	342,208	14,889
<u>Other Financing Uses</u>			
Transfers Out	<u>(298,000)</u>	<u>(297,681)</u>	<u>319</u>
Changes in Fund Balance	29,319	44,527	15,208
Fund Balance Beginning of Year	<u>1,830</u>	<u>1,830</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$31,149</u></u>	<u><u>\$46,357</u></u>	<u><u>\$15,208</u></u>

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, 2007

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Payment in Lieu of Taxes	\$20,678	\$22,601	\$1,923
<u>Expenditures</u>			
Capital Outlay	70,000	0	70,000
Changes in Fund Balance	(49,322)	22,601	71,923
Fund Balance Beginning of Year	52,626	52,626	0
Fund Balance End of Year	\$3,304	\$75,227	\$71,923

Statistical

This Page is Intentionally Left Blank.

City of Sandusky
Statistical Section

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-30
--------------------	------

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-38
---	------

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-41
-----------------------------	------

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. The City implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

City of Sandusky
Net Assets
Last Six Years
(Accrual Basis of Accounting)

	2007	2006	2005	2004	2003
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$32,191,349	\$30,075,530	\$31,671,586	\$31,969,703	\$31,552,987
Restricted for					
Capital Projects	4,167,685	3,531,814	2,204,456	2,824,223	2,913,134
Debt Service	762,037	155,282	323,278	778,513	0
Other Purposes	8,554,810	8,345,260	7,924,998	7,103,344	6,660,100
Unrestricted (Deficit)	(2,345,985)	(359,373)	(28,759)	(1,306,979)	2,358,124
Total Governmental Activities Net Assets	43,329,896	41,748,513	42,095,559	41,368,804	43,484,345
Business-Type Activities					
Invested in Capital Assets, Net of Related Debt	18,003,813	16,501,983	13,366,444	11,829,893	5,710,006
Unrestricted	22,646,163	15,618,806	14,558,225	12,487,336	12,721,665
Total Business-Type Activities Net Assets	40,649,976	32,120,789	27,924,669	24,317,229	18,431,671
Primary Government					
Invested in Capital Assets, Net of Related Debt	50,195,162	46,577,513	45,038,030	43,799,596	37,262,993
Restricted	13,484,532	12,032,356	10,452,732	10,706,080	9,573,234
Unrestricted	20,300,178	15,259,433	14,529,466	11,180,357	15,079,789
Total Primary Government Net Assets	\$83,979,872	\$73,869,302	\$70,020,228	\$65,686,033	\$61,916,016

<u>2002</u>
\$29,920,305
3,360,829
0
6,029,865
<u>6,114,688</u>
<u>45,425,687</u>
7,775,513
<u>7,982,702</u>
<u>15,758,215</u>
37,695,818
9,390,694
<u>14,097,390</u>
<u><u>\$61,183,902</u></u>

City of Sandusky
Changes in Net Assets
Last Six Years
(Accrual Basis of Accounting)

	2007	2006	2005	2004	2003
<u>Expenses</u>					
Governmental Activities					
Security of Persons and Property					
Police	\$5,574,825	\$5,487,963	\$5,266,496	\$5,136,481	\$5,392,091
Fire	6,007,917	5,307,276	5,144,980	5,255,572	4,944,712
Other	337,986	141,866	98,338	107,843	104,619
Public Health	390,069	387,849	371,995	374,751	355,557
Leisure Time Activities	724,443	755,381	532,317	509,107	863,510
Community Environment	3,076,512	3,414,429	3,089,728	2,470,765	2,517,823
Transportation	4,537,224	5,335,488	4,107,524	4,100,037	3,418,979
General Government					
Municipal Court	915,040	828,045	829,951	888,857	840,986
Other	3,837,012	3,499,303	3,633,634	4,160,795	4,321,420
Interest and Fiscal Charges	1,347,061	1,280,938	1,171,585	1,222,879	1,180,234
Total Governmental Activities Expenses	26,748,089	26,438,538	24,246,548	24,227,087	23,939,931
Business-Type Activities					
Water					
Water	4,515,116	3,896,902	4,257,055	3,495,790	4,147,608
Sewer					
Sewer	6,017,246	4,957,114	5,458,838	5,396,945	5,411,399
Total Business-Type Activities Expenses	10,532,362	8,854,016	9,715,893	8,892,735	9,559,007
Total Primary Government Expenses	37,280,451	35,292,554	33,962,441	33,119,822	33,498,938
<u>Program Revenues</u>					
Governmental Activities					
Charges for Services					
Security of Persons and Property					
Police	260,758	205,984	309,073	152,098	154,638
Fire	743,841	617,742	629,573	628,488	516,005
Public Health	132,369	128,255	125,552	146,215	106,848
Leisure Time Activities	328,280	297,903	275,319	235,152	308,474
Community Environment	326,365	234,689	277,330	153,748	261,498
Transportation	1,892,081	1,150,337	989,425	871,796	1,065,560
General Government					
Municipal Court	1,035,917	1,036,688	982,508	1,220,842	1,166,979
Other	200,752	286,948	411,300	250,519	151,621
Total Charges for Services	4,920,363	3,958,546	4,000,080	3,658,858	3,731,623
Operating Grants, Contributions, and Interest	3,541,296	4,392,095	3,912,640	1,938,688	2,085,948
Capital Grants and Contributions	1,874,767	1,441,100	755,345	2,181,599	558,798
Total Governmental Activities Program Revenues	10,336,426	9,791,741	8,668,065	7,779,145	6,376,369
Business-Type Activities					
Charges for Services					
Water					
Water	4,741,359	5,401,818	6,551,510	6,563,548	5,924,982
Sewer					
Sewer	6,480,173	6,559,309	6,589,124	6,440,877	6,290,237
Total Charges for Services	11,221,532	11,961,127	13,140,634	13,004,425	12,215,219
Capital Grants and Contributions	8,069,676	194,076	162,675	184,117	0
Total Business-Type Activities Program Revenues	19,291,208	12,155,203	13,303,309	13,188,542	12,215,219
Total Primary Government Program Revenues	29,627,634	21,946,944	21,971,374	20,967,687	18,591,588
<u>Net (Expense) Revenue</u>					
Governmental Activities	(16,411,663)	(16,646,797)	(15,578,483)	(16,447,942)	(17,563,562)
Business-Type Activities	8,758,846	3,301,187	3,587,416	4,295,807	2,656,212
Total Primary Governmental Net Revenue	(7,652,817)	(13,345,610)	(11,991,067)	(12,152,135)	(14,907,350)

2002

\$5,087,828
5,058,422
111,257
348,886
681,746
2,845,508
3,582,466

826,586
4,151,714
1,186,757

23,881,170

3,506,290
5,106,863

8,613,153

32,494,323

142,713
459,763
125,348
355,775
454,088
1,334,256

1,166,953
109,126
4,148,022
1,577,529
129,520

5,855,071

5,375,558
5,832,837
11,208,395
0

11,208,395

17,063,466

(18,026,099)
2,595,242

(15,430,857)

(continued)

City of Sandusky
Changes in Net Assets (continued)
Last Six Years
(Accrual Basis of Accounting)

	2007	2006	2005	2004	2003
<u>General Revenues and Other Changes in Net Assets</u>					
Governmental Activities					
Property Taxes Levied for General Purposes	\$1,757,611	\$1,653,693	\$1,672,894	\$1,694,006	\$1,482,917
Property Taxes Levied for Police and Fire Pension	290,214	271,237	274,996	278,468	243,641
Property Taxes Levied for Debt Service	476,474	328,893	316,768	320,817	486,949
Payment in Lieu of Taxes	22,601	23,815	21,793	21,177	20,949
Municipal Income Taxes	6,891,325	7,179,950	7,156,052	7,021,290	7,109,826
Other Local Taxes	3,720,784	3,486,825	3,573,094	3,546,079	3,918,022
Franchise Taxes	272,184	254,087	238,015	232,129	233,695
Grants and Entitlements not Restricted to Specific Programs	1,958,323	2,041,444	2,002,142	1,724,926	1,415,311
Interest	1,541,216	1,011,952	572,828	376,479	268,808
Other	556,074	638,096	420,467	644,316	400,167
Transfers	506,240	(590,241)	56,189	(1,527,286)	41,935
Total Governmental Activities	<u>17,993,046</u>	<u>16,299,751</u>	<u>16,305,238</u>	<u>14,332,401</u>	<u>15,622,220</u>
Business-Type Activities					
Interest	1,923	691	1,191	1,530	475
Other	274,658	304,001	75,022	60,935	58,704
Transfers	(506,240)	590,241	(56,189)	1,527,286	(41,935)
Total Business-Type Activities	<u>(229,659)</u>	<u>894,933</u>	<u>20,024</u>	<u>1,589,751</u>	<u>17,244</u>
Total Primary Government	<u>17,763,387</u>	<u>17,194,684</u>	<u>16,325,262</u>	<u>15,922,152</u>	<u>15,639,464</u>
<u>Changes in Net Assets</u>					
Governmental Activities	1,581,383	(347,046)	726,755	(2,115,541)	(1,941,342)
Business-Type Activities	8,529,187	4,196,120	3,607,440	5,885,558	2,673,456
Total Primary Government	<u>\$10,110,570</u>	<u>\$3,849,074</u>	<u>\$4,334,195</u>	<u>\$3,770,017</u>	<u>\$732,114</u>

2002

\$1,746,584
0
510,501
19,286
7,343,607
4,000,787
229,621

1,430,527
479,135
842,572
51,396

16,654,016

302
72,073
(51,396)

20,979

16,674,995

(1,372,083)
2,616,221

\$1,244,138

City of Sandusky
Fund Balances
Governmental Funds
Last Six Years
(Modified Accrual Basis of Accounting)

	2007	2006	2005	2004	2003
General Fund					
Reserved	\$108,449	\$111,838	\$123,608	\$182,408	\$97,452
Unreserved	4,137,612	3,461,642	3,174,012	2,298,844	2,651,492
Total General Fund	<u>4,246,061</u>	<u>3,573,480</u>	<u>3,297,620</u>	<u>2,481,252</u>	<u>2,748,944</u>
All Other Governmental Funds					
Reserved	3,958,843	3,633,344	3,733,926	2,943,033	3,902,082
Unreserved, Reported in					
Special Revenue Funds	4,376,446	4,650,635	4,839,344	4,741,505	4,603,648
Debt Service Funds	340,938	231,142	425,019	671,817	931,983
Capital Projects Funds (Deficit)	<u>(5,528,968)</u>	<u>(5,560,337)</u>	<u>(5,173,626)</u>	<u>(6,187,308)</u>	<u>(4,165,362)</u>
Total All Other Governmental Funds	<u>3,147,259</u>	<u>2,954,784</u>	<u>3,824,663</u>	<u>2,169,047</u>	<u>5,272,351</u>
Total Governmental Funds	<u><u>\$7,393,320</u></u>	<u><u>\$6,528,264</u></u>	<u><u>\$7,122,283</u></u>	<u><u>\$4,650,299</u></u>	<u><u>\$8,021,295</u></u>

Note: Information prior to 2002 not available.

<u>2002</u>
\$64,040
<u>3,250,002</u>
<u>3,314,042</u>
4,398,355
5,400,820
1,187,737
<u>(1,060,786)</u>
<u>9,926,126</u>
<u>\$13,240,168</u>

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

	2007	2006	2005	2004	2003
<u>Revenues</u>					
Property Taxes	\$2,537,843	\$2,225,347	\$2,258,521	\$2,272,754	\$2,222,007
Payment in Lieu of Taxes	22,601	23,815	21,793	21,177	20,949
Municipal Income Taxes	7,387,718	7,313,992	7,443,699	7,308,576	7,251,576
Other Local Taxes	4,155,563	3,933,675	4,027,163	4,011,666	4,396,773
Special Assessments	514,373	387,246	456,434	384,141	427,724
Charges for Services	1,562,798	1,415,863	1,426,503	1,751,391	1,727,554
Fees, Licenses, and Permits	777,905	828,294	972,001	811,379	769,953
Fines and Forfeitures	1,000,848	973,563	978,369	1,000,227	963,967
Intergovernmental	6,007,797	7,040,114	5,798,366	5,192,973	3,818,995
Interest	1,653,255	1,075,368	695,896	416,103	406,113
Other	1,081,031	1,585,259	1,021,847	1,033,919	861,457
Total Revenues	26,701,732	26,802,536	25,100,592	24,204,306	22,867,068
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	5,501,299	5,398,901	5,005,613	4,955,514	5,306,587
Fire	5,566,180	4,946,518	4,923,135	4,493,492	4,629,532
Other	337,986	141,866	98,338	107,843	104,619
Public Health	365,784	354,785	371,835	338,665	326,208
Leisure Time Activities	752,163	590,560	419,758	387,892	800,359
Community Environment	3,449,840	3,575,935	2,849,352	2,257,296	2,746,294
Transportation	2,884,363	2,555,374	2,488,592	2,216,810	2,119,901
General Government					
Municipal Court	890,382	789,382	849,310	875,791	838,000
Other	3,461,636	3,002,062	3,158,999	3,773,576	3,739,296
Other	79,540	185,530	60,324	31,706	65,691
Capital Outlay	2,216,476	3,990,621	1,928,029	6,373,458	5,561,879
Debt Service:					
Principal Retirement	991,682	944,627	895,901	1,154,167	796,337
Interest and Fiscal Charges	1,263,946	1,279,621	1,164,110	1,225,852	1,183,073
Issuance Costs	103,441	0	86,721	0	0
Total Expenditures	27,864,718	27,755,782	24,300,017	28,192,062	28,217,776
Excess of Revenues Over (Under) Expenditures	(1,162,986)	(953,246)	800,575	(3,987,756)	(5,350,708)
<u>Other Financing Sources (Uses)</u>					
General Obligation Bonds Issued	5,478,271	0	7,705,000	240,000	0
Special Assessment Bonds Issued	356,729	104,000	185,000	137,000	89,900
Loan Proceeds	918,855	0	0	0	0
Premium on General Obligation Bonds Issued	43,403	0	46,591	0	0
Payment to Refunded Bond Escrow Agent	(5,470,416)	0	(6,369,870)	0	0
Sale of Capital Assets	11,255	46,656			
Inception of Capital Lease	0	0	48,499	184,954	0
Transfers In	3,569,940	2,690,340	3,398,033	2,950,732	2,230,717
Transfers Out	(2,879,995)	(2,481,769)	(3,341,844)	(2,895,926)	(2,188,782)
Total Other Financing Sources (Uses)	2,028,042	359,227	1,671,409	616,760	131,835
Changes in Fund Balance	\$865,056	(\$594,019)	\$2,471,984	(\$3,370,996)	(\$5,218,873)
Debt Service as a Percentage of Noncapital Expenditures	9.22%	8.49%	9.49%	10.37%	8.53%

Note: Information prior to 2002 not available.

2002

\$2,247,660
19,286
6,840,357
3,905,391
562,455
1,935,316
680,627
980,432
3,745,672
789,426
894,045

22,600,667

4,815,565
4,324,408
111,257
312,845
562,636
2,503,006
2,264,383

811,711
3,773,986
54,504
5,253,729

793,206
1,194,083
6,120

26,781,439

(4,180,772)

0
102,000
0
6,120
0

0
2,680,869
(2,629,473)

159,516

(\$4,021,256)

8.90%

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

Year	Real Property			Public Utility Personal Property		Tangible Personal Property	
	Assessed Value			Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
	Residential/ Agricultural	Commercial/ Industrial/ Public Utility	Estimated Actual Value				
2007	\$329,451,000	\$145,120,000	1,355,917,142	\$15,307,000	17,394,318	\$47,462,890	379,703,120
2006	293,183,000	130,749,000	1,211,234,285	16,151,000	18,353,409	61,717,130	329,158,027
2005	290,738,000	133,434,000	1,211,920,000	16,655,000	18,926,136	68,206,114	310,027,791
2004	288,207,000	133,366,000	1,204,494,286	17,021,000	19,342,045	64,275,034	279,456,670
2003	240,823,000	120,618,000	1,032,688,571	17,355,000	19,721,591	70,518,286	293,826,192
2002	237,641,000	118,822,000	1,018,465,714	17,706,000	20,120,455	76,042,536	304,170,144
2001	235,541,000	114,898,000	1,001,254,286	23,656,000	26,881,818	65,521,406	262,085,624
2000	212,191,000	105,934,000	908,928,571	22,879,000	25,998,864	64,159,264	256,637,056
1999	211,208,000	105,913,000	906,060,000	24,843,000	28,230,682	64,355,718	257,422,872
1998	209,137,300	104,517,400	896,156,286	25,504,000	28,981,818	61,487,103	245,948,412

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 is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of actual value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed at 25 percent of actual value for machinery and equipment and 23 percent for inventory. The general business tangible personal property tax is being phased out beginning in 2006. The percentage was 18.75 percent for 2006, and is 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009.

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. Beginning in the 2006 collection year, the 10 percent rollback for commercial/industrial property has been eliminated.

Total		
Assessed Value	Estimated Actual Value	Tax Rate
537,340,890	1,753,014,580	5.25
501,800,130	1,558,745,721	4.95
509,033,114	1,540,873,927	4.95
502,869,034	1,503,293,001	4.95
449,314,286	1,346,236,354	5.51
450,211,536	1,342,756,313	5.51
439,616,406	1,290,221,728	5.51
405,163,264	1,191,564,491	5.51
406,319,718	1,191,713,554	5.51
400,645,803	1,171,086,516	4.25

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

Collection Year	2007	2006	2005	2004	2003
City of Sandusky					
Voted Millage					
1998 Library Bond - 23 Years	\$1.0000	\$0.7000	\$0.7000	\$0.7000	\$1.2600
Unvoted Millage					
General	3.6500	3.6500	3.6500	3.6500	3.6500
Fire Pension	0.3000	0.3000	0.3000	0.3000	0.3000
Police Pension	0.3000	0.3000	0.3000	0.3000	0.3000
Total Unvoted Millage	4.2500	4.2500	4.2500	4.2500	4.2500
Total Millage	5.2500	4.9500	4.9500	4.9500	5.5100
Erie County	8.8000	8.8000	8.8000	8.8000	8.8000
Sandusky City School District	70.5500	70.5500	70.5500	70.5500	70.5500

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 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>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
\$1.2600	\$1.2600	\$1.2600	\$1.2600	\$0.0000
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
4.2500	4.2500	4.2500	4.2500	4.2500
5.5100	5.5100	5.5100	5.5100	4.2500
8.3000	8.3000	8.3000	8.3000	8.3000
65.2000	65.2000	66.8400	66.8400	67.2000

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

<u>Collection Year</u>	<u>Current Tax Levy (1)</u>	<u>Current Collections</u>	<u>Percentage of Current Collections to Current Tax Levy</u>	<u>Delinquent Charges</u>	<u>Delinquent Collections</u>	<u>Total Collections</u>	<u>Percentage of Total Collections to Current Tax Levy</u>
2007	\$2,490,471	\$2,335,332	93.77%	\$318,936	\$132,057	\$2,467,389	99.07%
2006	2,327,395	2,067,591	88.84	265,099	114,077	2,181,668	93.74
2005	2,252,773	2,064,530	91.64	242,210	100,158	2,164,688	96.09
2004	2,494,817	2,376,827	95.27	270,627	101,548	2,478,375	99.34
2003	2,520,906	2,334,575	92.61	186,391	90,866	2,425,441	96.21
2002	2,422,401	2,284,463	94.31	137,938	89,665	2,374,128	98.01
2001	2,233,538	2,041,609	91.41	191,929	76,646	2,118,255	94.84
2000	1,878,167	1,811,168	96.43	145,740	75,352	1,886,520	100.44
1999	1,883,592	1,812,916	96.25	141,835	74,586	1,887,502	100.21
1998	1,358,402	1,249,264	91.97	41,665	80,126	1,329,390	97.86

Source: Erie County Auditor

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

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

City of Sandusky
Principal Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Business	2007			1998		
		Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Cedar Fair	Theme Park	\$41,907,320	1	7.80%	\$40,860,915	1	10.20%
Ohio Edison Company	Electric Utility	8,175,830	2	1.52	21,458,520	2	5.36
Firelands Regional Health System	Hospital	4,248,000	3	0.79			
Norfolk & Western Railway	Railroad	4,147,590	4	0.77	2,880,090	10	0.72
S & S Realty	Realty	3,714,080	5	0.69	3,107,980	9	0.77
Key Real Estate LTD	Realty	2,881,790	6	0.54			
Ohio Bell Telephone	Telephone	2,566,770	7	0.48			
Myers Industries, Inc.	Manufacturing/Assembly	2,291,000	8	0.43			
Providence Care Center	Nursing Home	2,194,100	9	0.41			
Sandusky Limited	Port Facilities	1,844,400	10	0.34	3,941,244	8	0.98
Sandusky International	Central Fugal Castings				8,493,050	3	2.12
Ameritech	Telephone				5,471,830	4	1.37
Columbia Gas	Gas Utility				5,469,810	5	1.36
Sandusky Plastics	Manufacturing/Assembly				4,921,690	6	1.23
Stein	Food Equipment				3,991,848	7	1.00
	Total	<u>73,970,880</u>		<u>13.77</u>	<u>100,596,977</u>		<u>25.11</u>
	All Other Taxpayers	<u>463,370,010</u>		<u>86.23</u>	<u>300,048,826</u>		<u>74.89</u>
	Total Assessed Valuation	<u>\$537,340,890</u>		<u>100.00%</u>	<u>\$400,645,803</u>		<u>100.00%</u>

Source: Erie County Auditor



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

2007				
Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
\$100,001 and higher	379	4.88%	\$56,164,615	22.04%
\$75,001 - \$100,000	449	5.78	35,914,482	14.09
\$50,001 - \$75,000	997	12.83	59,095,338	23.20
\$25,001 - \$50,000	1,918	24.68	66,483,384	26.10
\$25,000 and lower	4,027	51.83	37,115,051	14.57
Total	7,770	100.00%	\$254,772,870	100.00%

2006				
Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
\$100,001 and higher	353	4.33%	\$54,550,340	20.65%
\$75,001 - \$100,000	458	5.61	36,993,290	14.01
\$50,001 - \$75,000	1,017	12.46	60,104,118	22.76
\$25,001 - \$50,000	2,120	25.98	73,121,439	27.68
\$25,000 and lower	4,213	51.62	39,361,212	14.90
Total	8,161	100.00%	\$264,130,399	100.00%

2005				
Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
\$100,001 and higher	355	4.18%	\$53,041,156	19.53%
\$75,001 - \$100,000	482	5.68	39,219,772	14.45
\$50,001 - \$75,000	1,049	12.37	62,065,320	22.87
\$25,001 - \$50,000	2,178	25.68	75,171,199	27.70
\$25,000 and lower	4,416	52.09	41,895,579	15.45
Total	8,480	100.00%	\$271,393,026	100.00%

2004				
Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
\$100,001 and higher	366	3.91%	\$52,166,021	17.70%
\$75,001 - \$100,000	509	5.45	42,125,418	14.30
\$50,001 - \$75,000	1,164	12.45	68,609,792	23.29
\$25,001 - \$50,000	2,457	26.29	84,973,665	28.84
\$25,000 and lower	4,851	51.90	46,746,546	15.87
Total	9,347	100.00%	\$294,621,442	100.00%

Source: Regional Income Tax Agency (RITA)

Note: Information prior to 2004 was not available.

City of Sandusky
Water Sold by Type of Customer
Last Four Years

Type of Customer	2007			2006		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	679,939	\$1,547,390	\$1,506,012	660,179	\$1,510,317	\$1,510,051
Commercial	544,937	1,190,056	1,193,784	556,330	1,226,408	1,225,604
Industrial	32,138	72,598	77,686	38,040	84,593	76,639
Municipal	18,663	0	0	21,734	0	0
Total	<u>1,275,677</u>	<u>\$2,810,044</u>	<u>\$2,777,482</u>	<u>1,276,283</u>	<u>\$2,821,318</u>	<u>\$2,812,294</u>
Monthly Base Rate		\$4.10			\$4.10	
Rate per 100 Cubic Feet		\$1.90			\$1.90	

Source: City Records

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

Charges to Erie County are not included in payment amounts.

Information prior to 2004 was not available.

2005			2004		
Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
656,463	\$1,457,843	\$1,448,097	659,329	\$1,506,510	\$1,496,017
595,875	1,283,016	1,296,703	563,771	1,336,619	1,277,123
45,565	97,333	95,961	41,449	92,967	85,129
26,066	0	0	13,832	20	46
<u>1,323,969</u>	<u>\$2,838,192</u>	<u>\$2,840,761</u>	<u>1,278,381</u>	<u>\$2,936,116</u>	<u>\$2,858,315</u>
	\$4.10			\$4.10	
	\$1.90			\$1.90	

City of Sandusky
Sewer Sold by Type of Customer
Last Four Years

Type of Customer	2007			2006		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	679,939	\$3,030,649	\$2,927,168	660,179	\$2,965,144	\$2,931,352
Commercial	544,937	2,237,127	2,202,101	556,330	2,308,180	2,288,275
Industrial	32,138	139,349	143,690	38,040	157,073	137,502
Municipal	18,663	0	0	21,734	0	0
Total	<u>1,275,677</u>	<u>\$5,407,125</u>	<u>\$5,272,959</u>	<u>1,276,283</u>	<u>\$5,430,397</u>	<u>\$5,357,129</u>
Monthly Base Rate		\$7.00			\$7.00	
Rate per 100 Cubic Feet		\$3.97			\$3.97	

Source: City Records

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

Charges to Erie County are not included in payment amounts.

Information prior to 2004 was not available.

2005			2004		
Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
656,463	\$2,858,345	\$2,815,696	659,329	\$2,963,308	\$2,926,004
595,875	2,268,957	2,355,544	563,771	2,329,882	2,308,088
45,565	171,556	174,324	41,449	169,416	146,309
26,066	0	0	13,832	38	95
<u>1,323,969</u>	<u>\$5,298,858</u>	<u>\$5,345,564</u>	<u>1,278,381</u>	<u>\$5,462,644</u>	<u>\$5,380,496</u>
	\$7.00			\$7.00	
	\$3.97			\$3.97	

City of Sandusky
Principal Water Customers
Last Three Years

2007		
Water Revenue		
Customer	Amount	Percentage
Cedar Fair	\$466,048	16.79%
Firelands Regional Health System	62,660	2.26
Sandusky Associates, LLC	30,806	1.11
Radisson Harbour Inn	23,415	0.84
Sandusky Board of Education	21,496	0.77
U S Tsubaki, Inc.	18,646	0.67
G & C Foundry	17,316	0.62
Providence Care Center	13,155	0.47
Sandusky Bay Kiwanis	13,136	0.47
Westwood Management	9,203	0.33
Total	675,881	24.33
Balance from Other Customers	2,101,601	75.67
Total Water Revenue	\$2,777,482	100.00%

2006		
Water Revenue		
Customer	Amount	Percentage
Cedar Fair	\$422,024	15.00%
Sandusky Associates, LLC	40,876	1.45
Radisson Harbour Inn	37,069	1.32
Firelands Regional Health System	32,714	1.16
Sandusky Board of Education	21,116	0.75
U.S. Tsubaki, Inc.	18,646	0.67
Westwood Management	15,264	0.54
G & C Foundry	13,896	0.49
Sandusky Limited	13,250	0.47
Providence Care Center	11,730	0.43
Total	626,585	22.28
Balance from Other Customers	2,185,709	77.72
Total Water Revenue	\$2,812,294	100.00%

(continued)

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

2005		
Customer	Water Revenue	
	Amount	Percentage
Cedar Fair	\$497,392	17.51%
Firelands Regional Health System	63,534	2.24
Radisson Harbour Inn	37,031	1.30
Sandusky Associates, LLC	35,556	1.25
U.S. Tsubaki, Inc.	17,316	0.61
G & C Foundry	16,556	0.58
Muirwood Village	12,756	0.45
Sandusky Limited	11,957	0.42
TGI Fridays	10,431	0.37
MHD Corporation	7,558	0.27
Total	710,087	25.00
Balance from Other Customers	2,130,674	75.00
Total Water Revenue	\$2,840,761	100.00%

Source: City Utility Department

Note: Information prior to 2005 was not available.

City of Sandusky
Principal Sewer Customers
Last Three Years

2007		
Sewer Revenue		
Customer	Amount	Percentage
Cedar Fair	\$865,657	16.41%
Firelands Regional Health System	121,803	2.31
Sandusky Associates, LLC	64,880	1.23
Radisson Harbour Inn	49,406	0.94
Sandusky Board of Education	45,427	0.86
Sandusky Bay Kiwanis	27,688	0.53
Providence Care Center	27,620	0.52
G & C Foundry	26,660	0.51
Westwood Management	19,255	0.37
Erie Metro Housing	18,558	0.35
Total	1,266,954	24.03
Balance from Other Customers	4,006,005	75.97
Total Sewer Revenue	\$5,272,959	100.00%

2006		
Sewer Revenue		
Customer	Amount	Percentage
Cedar Fair	\$749,187	13.97%
Sandusky Associates, LLC	85,921	1.60
Radisson Harbour Inn	77,935	1.45
Firelands Regional Health System	68,865	1.29
Sandusky Board of Education	44,633	0.83
Westwood Management	31,919	0.61
Sandusky Limited	28,952	0.54
Providence Care Center	24,643	0.46
Sandusky Bay Kiwanis	22,528	0.42
G & C Foundry	17,652	0.34
Total	1,152,235	21.51
Balance from Other Customers	4,204,894	78.49
Total Sewer Revenue	\$5,357,129	100.00%

(continued)

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

	2005	
	Sewer Revenue	
Customer	Amount	Percentage
Cedar Fair	\$846,043	15.83%
Firelands Regional Health System	121,642	2.27
Radisson Harbour Inn	77,855	1.45
Sandusky Associates, LLC	74,805	1.40
Muirwood Village	27,165	0.51
Sandusky Limited	26,248	0.49
TGI Fridays	21,927	0.41
MHD Corporation	15,826	0.30
G & C Foundry	12,412	0.23
Lee Group	11,693	0.22
Total	1,235,616	23.11
Balance from Other Customers	4,109,948	76.89
Total Sewer Revenue	\$5,345,564	100.00%

Source: City Utility Department

Note: Information prior to 2005 was not available.

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

Year	Water		Sewer		Total	
	Residential	Commercial	Residential	Commercial	Residential	Commercial
2007	8,462	1,027	8,437	1,009	16,899	2,036
2006	8,516	1,046	8,489	1,025	17,005	2,071
2005	8,625	1,034	8,578	1,014	17,203	2,048

Source: City Utility Department

Note: Information prior to 2005 was not available.

City of Sandusky
 Water Produced and Consumed and Wastewater Treated
 Last Three 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
2007	3,056,130,750	2,522,043,000	174,588,655	340,653,095	11.90%	4,174,000,000
2006	2,861,333,000	1,971,015,750	15,606,750	874,710,500	30.74	4,120,000,000
2005	2,755,114,000	2,334,836,250	15,984,000	404,293,750	14.76	3,943,000,000

Source: City Utility Department

Note: Information prior to 2005 was not available.

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

Year	Governmental Activities					
	General Obligation Bonds	Special Assessment Bonds	OWDA Loans	Capital Leases	Loan Payable	Police and Fire Pension
2007	\$17,900,290	\$1,996,032	\$0	\$111,932	\$918,855	\$0
2006	18,413,397	1,974,032	0	146,214	0	0
2005	19,064,812	2,127,766	0	178,840	0	0
2004	18,287,600	2,194,499	0	160,242	0	0
2003	18,757,467	2,592,800	0	0	0	0
2002	19,212,333	2,787,605	57,186	0	0	0
2001	19,642,200	2,991,758	108,252	0	0	0
2000	6,360,000	2,901,858	131,049	0	0	1,679,666
1999	390,000	2,954,758	176,382	0	0	1,700,941
1998	420,000	2,460,648	212,730	0	0	1,721,340

Source: City Records

(1) See schedule on S-38 for population and personal income. These ratios are calculated using personal income and population for the prior calendar year.

Business-Type Activities					
General Obligation Revenue Bonds	OWDA Loans	Loan Payable	Total Debt	Per Capita (1)	Percentage of Personal Income (1)
\$2,471,493	\$34,578,434	\$570,938	\$58,547,974	\$2,102.71	11.61%
2,648,327	36,142,140	0	\$59,324,110	2,130.59	11.76
2,950,161	36,097,777	0	\$60,419,356	2,169.92	11.98
1,181,710	32,388,142	0	\$54,212,193	1,947.00	10.75
1,432,811	28,495,412	0	\$51,278,490	1,841.64	10.17
1,683,912	15,536,971	0	\$39,278,007	1,410.65	7.79
1,893,000	8,053,001	0	\$32,688,211	1,173.98	6.48
2,182,000	5,657,864	0	\$18,912,437	679.23	3.75
2,471,000	2,450,479	0	\$10,143,560	340.80	2.93
2,760,000	274,739	0	\$7,849,457	263.72	2.27

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

<u>Year</u>	<u>Population</u>	<u>Estimated Actual Value</u>	<u>Gross Bonded Debt</u>	<u>Ratio of Bonded Debt to Estimated Actual Value</u>	<u>Bonded Debt Per Capita</u>
2007	27,844	\$1,753,014,580	\$17,900,290	1.02%	\$642.88
2006	27,844	1,558,745,721	18,413,397	1.18	661.31
2005	27,844	1,540,873,927	19,064,812	1.24	684.70
2004	27,844	1,503,293,001	18,287,600	1.22	656.79
2003	27,844	1,346,236,354	18,757,467	1.39	673.66
2002	27,844	1,342,756,313	19,212,333	1.43	690.00
2001	27,844	1,290,221,728	19,642,200	1.52	705.44
2000	27,844	1,191,564,491	6,360,000	0.53	228.42
1999	29,764	1,191,713,554	390,000	0.03	13.10
1998	29,764	1,171,086,516	420,000	0.04	14.11

Source: (1) City Records

(2) Erie County Auditor

City of Sandusky
 Computation of Direct and Overlapping Debt for Governmental Activities
 December 31, 2007

	Debt Outstanding	Percent Applicable to City of Sandusky (1)	Amount Applicable to City of Sandusky
City of Sandusky			
2000 City Complex	\$120,000	100.00%	\$120,000
2001 Library	4,665,000	100.00	4,665,000
2001 Police Pension	49,027	100.00	49,027
2001 Fire Pension	65,973	100.00	65,973
2001 Various Purpose	774,595	100.00	774,595
2004 Judgement-Refunded	150,000	100.00	150,000
2005 Various Purpose	1,070,000	100.00	1,070,000
2005 City Complex Refunding	5,673,983	100.00	5,673,983
2007 Police Pension Refunding	430,134	100.00	430,134
2007 Fire Pension Refunding	578,789	100.00	578,789
2007 Various Purpose Refunding	4,322,789	100.00	4,322,789
Special Assessment Bonds	1,996,032	100.00	1,996,032
Capital Leases	111,932	100.00	111,932
Loans Payable	918,855	100.00	918,855
	<u>20,927,109</u>		<u>20,927,109</u>
Erie County	6,615,000	25.98	1,718,577
Sandusky City School District	<u>135,000</u>	100.00	<u>135,000</u>
Subtotal	<u>6,750,000</u>		<u>1,853,577</u>
Total	<u>\$27,677,109</u>		<u>\$22,780,686</u>

Source: (1) 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 2007 collection year.

City of Sandusky
Computation of Legal Debt Margin
Last Ten Years

	2007	2006	2005	2004	2003
Total Assessed Valuation	<u>\$537,340,890</u>	<u>\$501,800,130</u>	<u>\$509,033,114</u>	<u>\$502,869,034</u>	<u>\$449,314,286</u>
Overall Debt Limitation - 10.5 Percent of Assessed Valuation	56,420,793	52,689,014	53,448,477	52,801,249	47,178,000
Gross Indebtedness	65,841,032	67,414,138	66,854,776	63,458,254	62,379,979
Less Debt Outside Limitation					
Bond Anticipation Notes	0	0	0	1,850,000	4,110,000
Special Assessment Notes	0	0	0	0	0
Special Assessment Bonds	1,992,732	1,970,132	2,123,266	2,304,512	2,587,100
General Obligation Revenue Bonds	2,427,000	2,599,000	2,896,000	1,153,000	1,400,000
OWDA Loans	<u>34,578,434</u>	<u>36,142,140</u>	<u>36,097,777</u>	<u>32,388,142</u>	<u>28,495,412</u>
Net Indebtedness	26,842,866	26,702,866	25,737,733	25,762,600	25,787,467
Less Fund Balance in Debt Service Fund	<u>0</u>	<u>266,065</u>	<u>256,409</u>	<u>494,598</u>	<u>751,261</u>
Net Debt Within 10.5 Percent Limitation	<u>26,842,866</u>	<u>26,436,801</u>	<u>25,481,324</u>	<u>25,268,002</u>	<u>25,036,206</u>
Legal Debt Margin Within 10.5 Percent Limitation	<u>\$29,577,927</u>	<u>\$26,252,213</u>	<u>\$27,967,153</u>	<u>\$27,533,247</u>	<u>\$22,141,794</u>
Legal Debt Margin as a Percentage of the Overall Debt Limitation	52.42%	49.82%	52.33%	52.15%	46.93%
Unvoted Debt Limitation - 5.5 Percent of Assessed Valuation	\$29,553,749	\$27,599,007	\$27,996,821	\$27,657,797	\$24,712,286
Gross Indebtedness	65,841,032	67,414,138	66,854,776	63,458,254	62,379,979
Less Debt Outside Limitation					
Bond Anticipation Notes	0	0	0	1,850,000	4,110,000
Special Assessment Notes	0	0	0	0	0
Special Assessment Bonds	1,992,732	1,970,132	2,123,266	2,304,512	2,587,100
General Obligation Revenue Bonds	2,427,000	2,599,000	2,896,000	1,153,000	1,400,000
OWDA Loans	<u>34,578,434</u>	<u>36,142,140</u>	<u>36,097,777</u>	<u>32,388,142</u>	<u>28,495,412</u>
Net Indebtedness	26,842,866	26,702,866	25,737,733	25,762,600	25,787,467
Less Fund Balance in Debt Service Fund	<u>0</u>	<u>266,065</u>	<u>256,409</u>	<u>494,598</u>	<u>751,261</u>
Net Debt Within 5.5 Percent Limitation	<u>26,842,866</u>	<u>26,436,801</u>	<u>25,481,324</u>	<u>25,268,002</u>	<u>25,036,206</u>
Legal Debt Margin Within 5.5 Percent Limitation	<u>\$2,710,883</u>	<u>\$1,162,206</u>	<u>\$2,515,497</u>	<u>\$2,389,795</u>	<u>(\$323,920)</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	9.17%	4.21%	8.98%	8.64%	-1.31%

Source: City Records

2002	2001	2000	1999	1998
<u>\$450,211,536</u>	<u>\$439,616,046</u>	<u>\$405,163,264</u>	<u>\$406,319,718</u>	<u>\$400,645,803</u>
47,272,211	46,159,685	42,542,143	42,663,570	42,067,809
43,106,975	36,051,187	27,120,315	21,951,119	17,038,117
2,242,360	2,435,000	2,478,000	2,374,300	3,826,000
252,000	372,000	1,119,000	2,640,000	2,970,000
2,781,605	2,991,758	2,901,858	2,954,758	2,460,648
1,647,000	1,893,000	2,182,000	2,471,000	2,760,000
<u>15,594,157</u>	<u>7,694,729</u>	<u>5,797,457</u>	<u>2,626,861</u>	<u>487,469</u>
20,589,853	20,664,700	12,642,000	8,884,200	4,534,000
<u>970,382</u>	<u>1,196,603</u>	<u>0</u>	<u>834,036</u>	<u>873,482</u>
<u>19,619,471</u>	<u>19,468,097</u>	<u>12,642,000</u>	<u>8,050,164</u>	<u>3,660,518</u>
<u>\$27,652,740</u>	<u>\$26,691,588</u>	<u>\$29,900,143</u>	<u>\$34,613,406</u>	<u>\$38,407,291</u>
58.50%	57.82%	70.28%	81.13%	91.30%
\$24,761,634	\$24,178,883	\$22,283,980	\$22,347,584	\$22,035,519
43,106,975	36,051,187	27,120,315	21,951,119	17,038,117
2,242,360	2,435,000	2,478,000	2,374,300	3,826,000
252,000	372,000	1,119,000	2,640,000	2,970,000
2,781,605	2,991,758	2,901,858	2,954,758	2,460,648
1,647,000	1,893,000	2,182,000	2,471,000	2,760,000
<u>15,594,157</u>	<u>7,694,729</u>	<u>5,797,457</u>	<u>2,626,861</u>	<u>487,469</u>
20,589,853	20,664,700	12,642,000	8,884,200	4,534,000
<u>970,382</u>	<u>1,196,603</u>	<u>0</u>	<u>834,036</u>	<u>873,482</u>
<u>19,619,471</u>	<u>19,468,097</u>	<u>12,642,000</u>	<u>8,050,164</u>	<u>3,660,518</u>
<u>\$5,142,163</u>	<u>\$4,710,786</u>	<u>\$9,641,980</u>	<u>\$14,297,420</u>	<u>\$18,375,001</u>
20.77%	19.48%	43.27%	63.98%	83.39%

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	
2007	\$4,746,271	\$3,841,614	\$904,657	\$85,000	\$26,328	\$111,328	8.13
2006	5,648,139	3,341,908	2,306,231	205,000	39,080	244,080	9.45
2005	6,574,685	3,407,134	3,167,551	200,000	43,655	243,655	13.00
2004	6,571,450	3,062,778	3,508,672	200,000	56,342	256,342	13.69
2003	5,932,736	3,674,710	2,258,026	200,000	76,926	276,926	8.15
2002	5,392,746	3,294,752	2,097,994	920,000	95,115	1,015,115	2.07
2001	4,226,826	3,391,723	835,103	213,500	112,340	325,840	2.56
2000	3,083,574	2,518,245	565,329	213,500	127,152	340,652	1.66
1999	3,280,565	2,495,424	785,141	213,500	139,668	353,168	2.22
1998	3,300,455	2,488,304	812,151	213,500	156,772	370,272	2.19

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	
2007	\$6,749,919	\$4,921,594	\$1,828,325	\$87,000	\$85,094	\$172,094	10.62
2006	6,616,989	4,246,275	2,370,714	92,000	100,920	192,920	12.29
2005	6,640,971	4,186,875	2,454,096	47,000	25,910	72,910	33.66
2004	6,493,910	4,542,126	1,951,784	400,000	22,444	422,444	4.62
2003	6,341,187	4,178,936	2,162,251	47,000	24,887	71,887	30.08
2002	5,887,722	4,127,066	1,760,656	46,000	26,982	72,982	24.12
2001	5,326,004	4,141,231	1,184,773	75,500	31,395	106,895	11.08
2000	3,738,380	3,220,259	518,121	75,500	35,604	111,104	4.66
1999	3,768,240	3,661,278	106,962	75,500	73,392	148,892	0.72
1998	3,372,058	3,172,342	199,716	75,500	44,019	119,519	1.67

Source: City Records

(1) Includes depreciation expense, excludes interest expense.

City of Sandusky
Demographic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (4)	Personal Income Per Capita (1)	Dwelling Units (2)	Occupied Dwelling Units Households (2)	Persons Per Household (2)
2007	27,844	\$504,282,684	\$18,111	13,323	11,851	2.31
2006	27,844	504,282,684	18,111	13,323	11,851	2.31
2005	27,844	504,282,684	18,111	13,323	11,851	2.31
2004	27,844	504,282,684	18,111	13,323	11,851	2.31
2003	27,844	504,282,684	18,111	13,323	11,851	2.31
2002	27,844	504,282,684	18,111	13,323	11,851	2.31
2001	27,844	504,282,684	18,111	13,323	11,851	2.31
2000	27,844	504,282,684	18,111	13,323	11,851	2.31
1999	29,764	345,857,680	11,620	13,416	12,059	2.58
1998	29,764	345,857,680	11,620	13,416	12,059	2.58

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

(2) City of Sandusky Department of Community Development

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

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

<u>Owner Occupied Units (2)</u>	<u>Median Family Income (1)</u>	<u>Unemployment Rate (3)</u>
6,692	\$37,749	7.5%
6,692	37,749	6.6
6,692	37,749	6.7
6,692	37,749	6.4
6,692	37,749	6.3
6,692	37,749	5.9
6,692	37,749	5.8
6,692	37,749	4.1
6,931	28,544	4.8
6,931	28,544	4.8

City of Sandusky
Principal Employers
Current Year and Three Years Ago

Employer	Type of Business	2007			2004		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Magnum Management Corp.	Entertainment	6,195	1	49.17%	6,583	1	51.43%
Firelands Regional Health System	Hospital	1,600	2	12.70	1,979	2	15.46
Sandusky Board of Education	Education	857	3	6.80	914	3	7.14
Erie County	Government	727	4	5.77	683	4	5.34
Delphi Automotive Systems	Automotive	500	5	3.97	286	6	2.23
City of Sandusky	Government	295	6	2.34	399	5	3.12
Ford Motor Company	Automotive	260	7	2.06			
FMC Food Tech	Service	251	8	1.99	228	7	1.78
Sandusky Internation, Inc.	Manufacturing	130	9	1.03			
Sandusky Limited	Port Facilities	121	10	0.96	185	8	1.45
G & C Foundry	Manufacturing				150	9	1.17
Sandusky Internists, Inc.	Medical				26	10	0.20
	Total	<u>10,936</u>		<u>86.79%</u>	<u>11,433</u>		<u>89.32%</u>
	Total City Employment	<u>12,600</u>			<u>12,800</u>		

Source: Regional Income Tax Agency (RITA)

Note: Information prior to 2004 not available.

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

Function/Program	2007	2006	2005	2004
Security of Persons and Property-Police				
Police Patrol	49.0	50.0	51.0	52.0
Police Records	11.0	10.5	11.0	11.0
Police Reserve	7.0	8.5	7.5	9.5
Security of Persons and Property-Fire				
Fire Suppression	53.0	53.0	52.0	54.0
Public Health				
Oakland Cemetary	4.5	4.0	4.0	4.0
Leisure Time Activities				
Recreation	1.0	1.0	2.0	1.0
Community Environment				
Community Development	10.5	11.5	11.5	12.0
Horticulture Services	11.5	11.0	13.0	13.5
Transportation				
Public Works	10.0	9.0	9.0	9.0
Traffic and Electrical Maintenance	5.0	4.0	5.0	4.0
General Government-Municipal Court				
Court - Criminal	19.5	17.5	17.5	19.0
General Government-Other				
City Manager	2.0	3.0	4.0	4.0
Personnel Labor Relations	5.5	3.5	5.0	7.0
Finance	4.0	4.0	4.0	6.0
Law Director	6.0	6.0	6.0	6.0
City Commission	9.0	9.0	9.5	10.0
Municipal Buildings and Lands	4.5	4.5	5.0	5.0
Engineering	11.0	12.0	11.0	12.0
Mechanic	4.0	4.0	4.0	4.0
Basic Utility Services				
Water/Sewer Office	2.0	3.0	3.0	3.0
Waterworks Filtration	13.0	13.0	14.0	15.0
Waterworks Distribution	10.0	10.0	11.0	11.0
Water Pollution Control	18.0	18.0	18.0	19.0
Sewer Maintenance	9.0	10.0	10.0	11.0
Total	<u>280.0</u>	<u>280.0</u>	<u>288.0</u>	<u>302.0</u>

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.

Note: Information prior to 2004 not available.

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

Function/Program	2007	2006	2005
Security of Persons and Property-Police			
Number of Calls for Service	17,529	15,951	16,010
Number of Traffic Citations and Arrests	3,807	2,598	2,537
Number of Parking Tickets Issued	1,815	2,672	2,513
Accident Severity Breakdown			
Fatalities	0	0	0
Injury	132	159	177
Property Damage	651	582	641
Number of Criminal Arrests	8,094	7,829	7,341
Number of DUI Arrests	235	174	145
Amount of Grant Monies Received	\$33,536	\$58,086	\$41,980
Square Miles Served	29.5	14.9	14.9
Original Department Operating Budget (General Fund)	\$5,017,372	\$4,835,645	\$4,416,114
Security of Persons and Property-Fire			
Number of EMS Calls	3,641	3,332	3,223
Number of Fire Calls	1,115	950	928
Net Ambulance Billing Collections	\$599,323	\$637,234	\$595,298
EMS Response Time (in seconds)	214	199	198
Fire Reponse Time (in seconds)	226	191	201
Number of Times Mutual Aid Given	18	23	16
Number of Times Mutual Aid Received	30	45	37
Square Miles Served	14.9	14.9	14.9
Number of Stations	3	3	3
Original Department Operating Budget (General Fund)	\$4,515,255	\$4,314,322	\$3,996,555
Public Health			
Cemetery Burials	103	131	106
Cemetery Cremations	35	26	33
Cemetery Sale of Lots	103	64	70
Cemetery Charges for Services Receipts	\$107,389	\$103,154	\$107,066
Leisure Time Activities			
Recreation			
Boat Ramp Receipts	\$55,519	\$53,306	\$32,280
Golf Course Receipts	\$209,793	\$188,407	\$224,461
Recreation Receipts	\$34,509	\$22,999	\$21,127
Sandusky Bay Pavilion Receipts	\$35,741	\$54,355	\$8,295
Reimbursements/Donations	\$124	\$877	\$1,058
General Fund Subsidy	\$193,549	\$215,713	\$112,894
Golf Course-Daily Pay Rounds	10,357	8,140	9,817
Golf Course-Daily Pass Rounds	10,074	8,695	8,185
Golf Course-Annual Pass Sales	164	197	195
Boat Ramp-Number of Daily Passes Sold	4,513	4,616	4,915
Boat Ramp-Number of Season Passes Sold	113	124	155
Boat Ramp-Number of Tournament Days	22	19	21
Community Environment			
Community Development			
Grant Monies Received for Community/Economic Development	\$1,334,404	\$1,601,479	\$1,298,460

2004

16,869
2,344
2,921

1
196
738
7,169
168
\$47,871
14.9
\$4,628,849

3,279
887
\$596,512
165
171
19
19
14.9
3
\$3,849,625

107
32
89
\$111,878

\$29,504
\$198,801
\$12,394
\$0
\$9,245
\$129,599
9,658
8,578
160
4,523
142
12

\$240,157

(continued)

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

Function/Program	2007	2006	2005
Horticulture Services			
Trees Planted	103	134	39
Trees Removed	159	208	180
Trees Trimmed	659	486	842
Stumps Removed	202	177	137
Loads of Wood and Chips to Residents	246	254	278
Number of Regularly Scheduled Work Hours Related to			
Trees Planted	250	212	135
Trees Removed	1,550	2,242	1,712
Trees Trimmed	866	1,113	1,312
Stumps Removed	364	306	225
Storm Cleanup	357	299	411
Plant Propagation	1,949	2,412	2,271
Plant Installation	700	1,461	1,575
Landscape Maintenance	1,893	2,090	1,933
Fountain and Irrigation Maintenance	121	170	217
Playground Equipment Maintenance	170	221	418
Nursery Maintenance	87	96	106
Baseball Field Maintenance	326	871	573
Public Restroom Maintenance	266	489	229
Holiday Decorations	1,208	533	476
Christmas Tree Pickup	56	59	65
Transportation			
Cost of Salt Purchased	\$83,436	\$25,872	\$67,835
Number of Regularly Scheduled Work Hours Related to Snow Removal	1,301	336	532
Sign Department Hours	2,538	2,312	2,082
Guardrail Repair Hours	18,718	0	7
Street Improvements-Asphalt Overlay (linear feet)	547	7,580	3,419
Pavement Marking Hours	1,160	516	503
Cold Patch Hours	1,281	410	2,499
Street Sweeping Hours	1,477	1,156	1,012
General Government-Court			
Municipal Court			
Number of Civil Cases	3,097	2,893	2,554
Number of Criminal Cases	12,052	10,915	11,955
General Government-Other			
Finance			
Agency Ratings-Moody's Financial Services	A2	A2	A2
Income Tax			
Number of Individual Returns	9,704	11,503	9,450
Number of Business Returns	1,292	1,226	1,429
Number of Business Withholding Accounts	1,352	8,885	1,375
Amount of Interest and Penalties Collected	\$207,015	\$78,435	\$101,724
Tax Revenue	\$6,891,325	\$7,179,950	\$7,156,052
City Commission			
Number of Ordinances Passed	105	130	72
Number of Resolutions Passed	38	55	30
Municipal Buildings and Lands			
Number of Construction Permits Issued (building, electric, plumbing)	892	1,018	1,113
Estimated Value of Construction	\$12,990,490	\$71,960,299	\$49,638,024
Amount of Revenue Generated from Building Department	\$136,065	\$329,152	\$381,708

2004

75
161
762
219
119

356
1,532
1,476
449
315
2,125
1,220
1,430
270
126
173
380
129
1,002
163

\$40,109
371
2,601
11
3,134
217
2,701
771

2,977
11,311

A2

11,601
1,625
N/A
\$127,529
\$7,021,290

165
48

1,155
\$41,545,823
\$229,887

(continued)

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

Function/Program	2007	2006	2005
Civil Service			
Number of Police Entry Tests Administered	1	0	0
Number of Fire Entry Tests Administered	0	0	0
Number of Police Promotional Tests Administered	3	0	0
Number of Fire Promotional Tests Administered	0	0	0
Number of Hires of Police Officers from Certified Lists	4	0	0
Number of Hires of Fire/Medics from Certified Lists	0	0	0
Number of Promotions from Police Certified Lists	8	0	0
Number of Promotions from Fire Certified Lists	0	0	0
Water Department			
Water Rates per 100 Cubic Feet of Water Used Monthly (1)	\$4.10	\$4.10	\$4.10
Sewer Department			
Sewer Rates per 100 Cubic Feet of Water Used Monthly (1)	\$7.00	\$7.00	\$7.00
Total Flow of Wastewater Treatment Plant	4,174	4,120	3,943
Average Daily Flow (millions of gallons per day)	11.42	11.30	10.82
Tons of Dry Sludge Removed	1,650	1,357	1,466

Source: City Records

(1) Based on 5/8" meter

Note: Information prior to 2004 not available.

N/A - Not Available

2004

0
0
0
0
0
0
0
0

\$4.10

\$7.00
3,868
10.57
1,468

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

Function/Program	2007	2006	2005
Security of Persons and Property-Police			
Stations	1	1	1
Vehicles	25	27	22
Security of Persons and Property-Fire			
Stations	3	3	3
Vehicles	15	14	14
Public Health			
Vehicles	3	3	3
Leisure Time Activities			
Number of Parks	20	20	21
Number of Piers/Pavilions/Plazas	4	4	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	34	34	34
Transportation			
Bridges	1	1	1
Streets (miles)	113.7	113.7	113.7
Vehicles	29	29	30
General Government-Other			
City Manager Vehicles	6	6	6
Mechanic Vehicles	4	5	5
Engineering Vehicles	10	10	10
Water			
Water Lines (miles)	134.66	134.37	134.37
Vehicles	16	16	17
Sewer			
Sewer Lines (miles)	162.52	162.50	161.73
Vehicles	19	19	20

Source: City Records

2004

1
22

3
13

3

21
4
1
1
17
1

34

1
112.3
30

6
5
10

134.37
17

161.73
20





Mary Taylor, CPA
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
SEPTEMBER 18, 2008**