



# **The City of Sandusky, Ohio**

**Comprehensive Annual Financial Report**

**For the Year Ended  
December 31, 2011**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Sandusky, Erie County, prepared by Rea & Associates, Inc., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

August 9, 2012

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# Introductory

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# CITY OF SANDUSKY, OHIO

## COMPREHENSIVE

### ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2011

Prepared By:

Department of Finance

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Senior Accounting Clerk II

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Senior Accounting Clerk II



**CITY OF SANDUSKY**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

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

222 Meigs Street  
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Phone (419) 627-5888  
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June 28, 2012

To the City Commission and Citizens of Sandusky:

The Comprehensive Annual Financial Report of the City of Sandusky for the year ended December 31, 2011, 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 auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The independent public accountant has issued an unqualified opinion on the City of Sandusky's basic financial statements for the year ended December 31, 2011. The Independent Auditor's Report is located at the front of the financial section of this report.

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

### **PROFILE OF THE CITY OF SANDUSKY**

The City of Sandusky, located in Erie County, is a home rule municipal corporation founded in 1818 under the laws of the State of Ohio and, as such, operates under its own Charter adopted in 1914. The City may exercise all powers of home rule granted under Article XVIII, Section 3, of the Ohio Constitution not in conflict with applicable general laws of the State of Ohio. The City operates under the City Commission - City Manager form of government. The seven City Commissioners are elected at-large and serve four-year terms. The president of the City Commission serves as the Ex-Officio Mayor. The City Manager, 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 25,793 based on the 2010 Census conducted by the U.S. Census Bureau.

The City is served by diversified transportation facilities, including five State and Interstate Highways and is located near the Ohio Turnpike. It is served by CSX and Norfolk Southern Railroad for freight service and Amtrak for daily passenger service. Passenger air service is provided 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 100,000 rides annually, with 55 percent being work related. STS is demand-responsive with a curbside-to-curbside 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 2011, Kalahari announced that it plans to spend \$22 million to boost its existing convention space to 250,000 square feet, which, when completed, increases the conference capacity from 2,200 people to 5,200 people, making it the largest independently owned convention center in the Midwest. In 2007, the Green Tree Inn on Cleveland Road opened another waterpark facility titled "The Rain." Further waterpark expansion was completed at the Green Tree Inn during 2008.

A public library 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 Aa3 with Moody's Investor Services.

The City negotiates with three bargaining units: American Federation of State, County, and Municipal Employees Local No. 1519, the Fraternal Order of Police - Lodge No. 17, and the International Association of Fire Fighters - Local No. 327. Current agreements will expire on December 31, 2012.

### **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 nine years, the unemployment rate (not seasonally adjusted) has slowly risen from 5.9 percent in December 2002 to an estimated 9.2 percent in December 2011. Current economic conditions indicate income tax collections will continue to be lower in upcoming years. As such, the City began reducing its workforce in attempts to stabilize the financial situation during 2010. The 2010 median family income for the City, as reported by the Census Bureau, is \$44,270, compared to the County, State, and national medians of \$61,247, \$59,680, and \$62,982 respectively. The 2010 median value of owner-occupied housing units for the City, as reported by the Census Bureau, is \$87,900, compared to the County, State, and national medians of \$138,100, \$136,400, and \$188,400 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 and maintained 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 tax abatement for its \$2.94 million project. There are over 8,000 slips available in the Sandusky Bay area.

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

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

Significant capital expenditures on new attractions are made every year at Cedar Point. These expenditures have aggregated over \$85 million during the last few years. 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 included a new children's area featuring seven rides and a family lounge area. This area replaced the former Peanuts Playground. In addition, a new corporate headquarters building was constructed adjacent to the current corporate office. In 2009, the \$1 million Starlight Experience, a nighttime LED light extravaganza with floats themed to the four seasons was added. In 2010, Cedar Point added "Shoot the Rapids," a new flume ride located on the parks Frontier Trail. This was a \$10.5 million investment. For the 2011 season, Cedar Point debuted the new ride "WindSeeker", a 301-foot tall tower that spins riders almost thirty stories high along the shoreline of Lake Erie. "WindSeeker" was a \$5 million investment by Cedar Point.

In 2012, Cedar Point will be investing \$1 million in the “Dinosaurs Alive!” attraction. The new attraction will be located on four acres on the wooded island that is located in the lagoons toward the back of the park. The attraction will be multi-sensory and interactive as guests will be able to see approximately fifty life-size dinosaurs that will roar and move.

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

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

The City purchased the Chesapeake Building in 1999 and also adopted an urban renewal plan to revitalize about forty acres of the waterfront, including the Chesapeake property, and that area is now referred to as the “Paper District”. In 2002, the Bay-Front Corridor Committee was established to act as an advisory committee on the selection of a developer. They received proposals from six developers and selected Mid-States Development Corporation (Mid-States) to develop certain properties. The City received a State grant to pay for acquisition, environmental cleanup, and demolition of part of the project site and also issued urban revitalization notes for that purpose. Mid-States redeveloped the Chesapeake Building into 190 condominium units a few years ago; thereafter, the development agreement with Mid-States was terminated in March 2009. Construction on a lighted public concrete walkway around the Chesapeake Building was completed in 2009 and a sixty-two slip transient public marina and amphitheater was completed in 2011. The City issued its \$2,700,000 in urban renewal temporary revenue bonds in 2011 to provide resources to pay for a portion of that project. Debt charges on that financing are expected to be met from “urban renewal service payments” (commonly referred to as “payments in lieu of taxes”) from this redevelopment.

In 2010, the City invested over \$137,000 for the installation of an 18,720 watt commercial solar system on the roof of the City’s greenhouse. The Solar Array panel system consists of seventy-eight panels at 240-watts each that will provide up to 70 percent of the greenhouse’s energy needs. A portion of this project was funded by a grant through the Ohio Department of Development.

In January 2011, the U.S. Department of Homeland Security awarded the City over \$1 million to provide for two years of salaries for six firefighters under Round 5 of the Assistance to Firefighters Grant Program - Staffing for Adequate Fire and Emergency Response (SAFER). The goal of any SAFER grant is to enhance the ability of grantees to attain and maintain 24-hour staffing and to assure that their communities have adequate protection from fire and fire-related hazards. The objective of the program is to award grants directly to volunteer, combination, and career fire departments to help the departments increase the number of frontline firefighters and to rehire firefighters who were laid-off due to the economy.

Finally, the West End Overpass Project is a project the City is undertaking in cooperation with the Ohio Department of Transportation (ODOT) in order to build a grade separation bridge over rail lines in the western area of the City. These rail lines are heavily used by Norfolk Southern resulting in significant traffic delays in, and access to, that part of the City. ODOT is in charge of the bidding and contracting for the construction of the project and is expected to pay over 90 percent of the cost of the project. A groundbreaking ceremony was held on October 24, 2011, and the project is expected to be completed by July 2014. The City's share of the project is expected to be approximately \$600,000. The City has financed the project by issuing bond anticipation notes.

### **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded for the twentieth 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, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and the supervisors of the other various departments of the City of Sandusky. The preparation of the CAFR requires a major effort and we would like to express our appreciation to everyone who assisted and contributed to the presentation of this year's CAFR.

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

Respectfully submitted,



Hank S. Solowiej, CPA  
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, 2010

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.



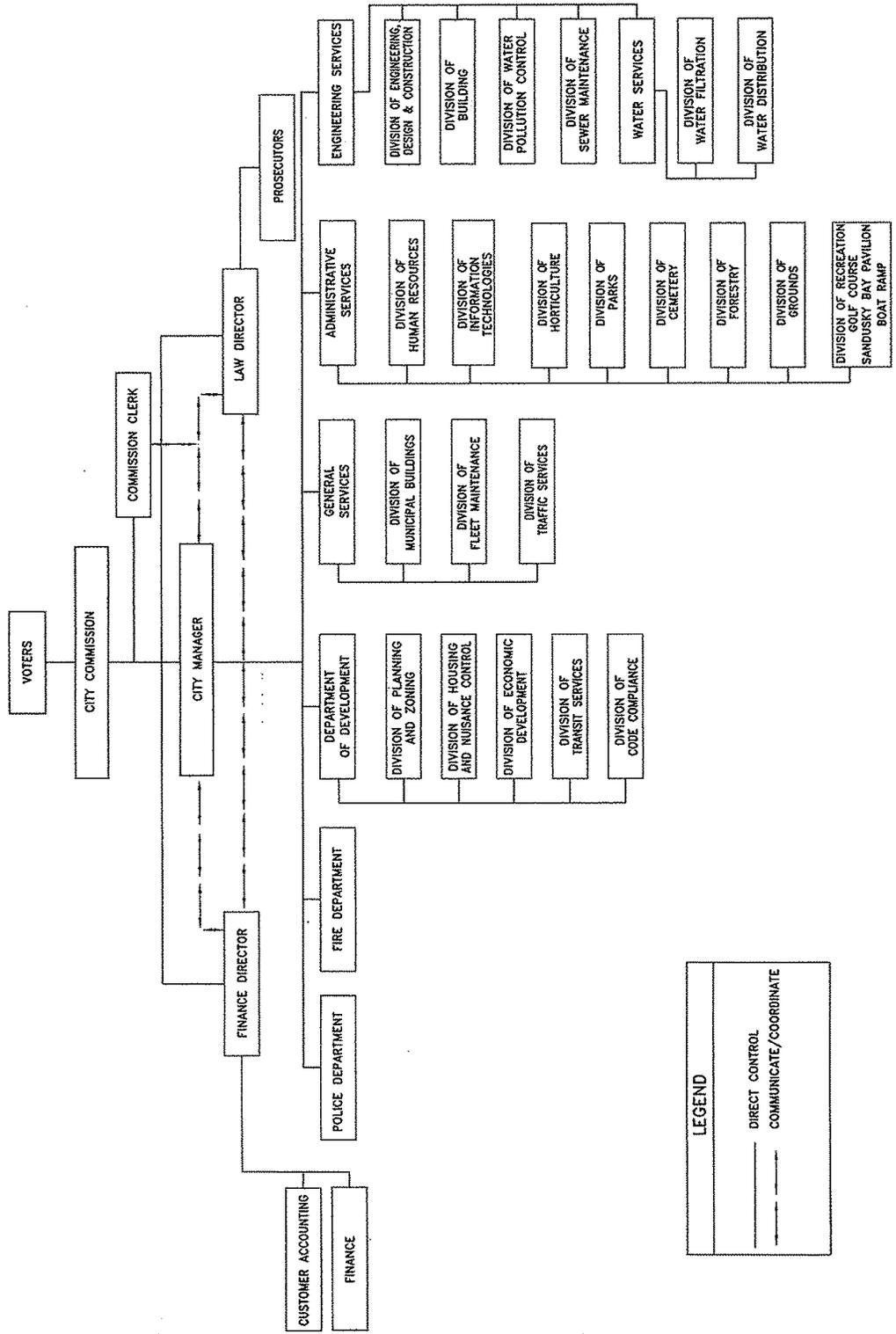
*Linda C. Davison*

President

*Jeffrey R. Enev*

Executive Director

# ORGANIZATIONAL CHART City of Sandusky



LEGEND	
—	DIRECT CONTROL
- - -	COMMUNICATE/COORDINATE

CITY OF SANDUSKY, OHIO

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ELECTED PUBLIC OFFICIALS

December 31, 2011

**CITY COMMISSION**

Daniel J. Kaman  
President/Ex-Officio Mayor  
Term Expires 12-31-11  
First took office 01-01-04

John Hamilton  
Vice-President  
Term Expires 12-31-13  
First took office 01-01-10

Pervis D. Brown, Jr.  
Term Expires 12-31-13  
First took office 12-12-08

Julie A. Farrar  
Term Expires 12-31-11  
First took office 01-01-08

Richard R. Brady  
Term Expires 12-31-11  
First took office 01-10-11

David L. Waddington  
Term Expires 12-31-11  
First took office 01-01-04

Diedre Cole  
Term Expires 12-31-11  
First took office 08-09-10

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APPOINTED OFFICIALS

December 31, 2011

**CITY MANAGER**

Nicole C. Ard

**FINANCE DIRECTOR**

Hank S. Solowiej, CPA

**LAW DIRECTOR**

Donald C. Icsman

**CLERK OF COMMISSION**

Kelly Kresser

# Financial

June 28, 2012

To the City Commission  
City of Sandusky  
Erie County, Ohio

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandusky, Ohio, as of and for the year ended December 31, 2011, 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 of Sandusky's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandusky, Ohio, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective 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 28, 2012, on our consideration of the City of Sandusky'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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted

of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sandusky's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sandusky's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Hea & Associates, Inc.*

**CITY OF SANDUSKY**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2011  
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, 2011. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

**HIGHLIGHTS**

Highlights for 2011 are as follows:

In total, the City's net assets decreased \$2,842,733, or less than 3 percent. Net assets for both governmental and business-type activities decreased under 3 percent.

Various contracts for improvements to the City's water and sewer treatment facilities were awarded in 2002. Construction activities on these facilities continued in 2011 and change orders were approved by the City Commissioners on these projects. Both projects are funded by charges for services and with resources borrowed from the Ohio Water Development Authority (OWDA).

Both of the City's enterprise funds had an operating income in 2011, 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.

**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, General Bond Retirement, Special Assessment Bond Retirement, Capital Projects, 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 2011. 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  
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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, 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, General Bond Retirement, Special Assessment Bond Retirement, Capital Projects, Water, and Sewer funds. While the City uses many funds to account for its financial transactions, these are the most significant.

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

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

**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, 2011  
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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 2011 and 2010.

Table 1  
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<u>Assets</u>						
Current and Other Assets	\$26,398,601	\$25,244,242	\$18,747,465	\$19,831,472	\$45,146,066	\$45,075,714
Capital Assets, Net	51,172,565	54,457,203	88,439,574	85,489,771	139,612,139	139,946,974
Total Assets	77,571,166	79,701,445	107,187,039	105,321,243	184,758,205	185,022,688
<u>Liabilities</u>						
Current and Other Liabilities	10,978,183	10,491,657	2,537,338	2,012,974	13,515,521	12,504,631
Long-Term Liabilities	21,053,731	22,426,300	49,452,732	46,512,803	70,506,463	68,939,103
Total Liabilities	32,031,914	32,917,957	51,990,070	48,525,777	84,021,984	81,443,734
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	35,639,758	38,636,112	39,918,374	39,941,052	75,558,132	78,577,164
Restricted	11,472,704	10,829,149	0	0	11,472,704	10,829,149
Unrestricted (Deficit)	(1,573,210)	(2,681,773)	15,278,595	16,854,414	13,705,385	14,172,641
Total Net Assets	\$45,539,252	\$46,783,488	\$55,196,969	\$56,795,466	\$100,736,221	\$103,578,954

Net assets for governmental activities decreased less than 3 percent, which was not a significant change overall. Note the increase in current and other assets of slightly over \$1 million. A combination of modest increases in cash and cash equivalents and various receivables led to this increase, the most significant of which was a 6 percent increase in revenues from municipal income taxes as well as an increase in the income tax receivable, both a reflection of gradually improving economic conditions. This increase is also reflected in the increase in unrestricted net assets. The decrease in net capital assets and invested in capital assets represents, in large part, the donation of certain Bayfront Urban Revitalization Area assets to Mid-States Bayfront Development, LLC as outlined in the agreement for this economic development project. The decrease in long-term liabilities simply reflects the annual principal obligation on existing debt service.

Similarly, the overall change in net assets for business-type activities was a decrease of less than 3 percent. Current and other assets decreased 5 percent primarily due to a decrease in cash and cash equivalents as resources were spent for capital acquisition and debt reduction. This is also reflected in the decrease in unrestricted net assets. The most significant change for business-type activities was the increase in long-term liabilities related on ongoing water and sewer related improvements funded with loans from the Ohio Water Development Authority. Because the amount of resources spent for capital acquisition was similar to the increase in long-term debt, there was little change in invested in capital assets.

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Table 2 reflects the change in net assets for 2011 and 2010.

Table 2  
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$4,220,550	\$3,999,718	\$11,954,670	\$11,231,762	\$16,175,220	\$15,231,480
Operating Grants, Contributions, and Interest	3,742,313	4,514,002	0	0	3,742,313	4,514,002
Capital Grants and Contributions	1,074,582	1,509,594	148,225	4,108,459	1,222,807	5,618,053
Total Program Revenues	<u>9,037,445</u>	<u>10,023,314</u>	<u>12,102,895</u>	<u>15,340,221</u>	<u>21,140,340</u>	<u>25,363,535</u>
General Revenues						
Property Taxes	2,276,893	2,397,548	0	0	2,276,893	2,397,548
Payment in Lieu of Taxes	554,005	546,140	0	0	554,005	546,140
Municipal Income Taxes	7,234,468	6,811,653	0	0	7,234,468	6,811,653
Other Local Taxes	3,835,778	3,823,682	0	0	3,835,778	3,823,682
Franchise Taxes	350,146	321,254	0	0	350,146	321,254
Grants and Entitlements not Restricted to Specific Programs	1,343,834	1,774,328	0	0	1,343,834	1,774,328
Interest	303,999	241,382	1,380	1,328	305,379	242,710
Other	1,112,606	987,687	159,716	295,870	1,272,322	1,283,557
Total General Revenues	<u>17,011,729</u>	<u>16,903,674</u>	<u>161,096</u>	<u>297,198</u>	<u>17,172,825</u>	<u>17,200,872</u>
Total Revenues	<u>26,049,174</u>	<u>26,926,988</u>	<u>12,263,991</u>	<u>15,637,419</u>	<u>38,313,165</u>	<u>42,564,407</u>
<u>Program Expenses</u>						
Security of Persons and Property						
Police	5,402,963	5,516,364	0	0	5,402,963	5,516,364
Fire	5,527,949	5,515,869	0	0	5,527,949	5,515,869
Other	252,562	249,581	0	0	252,562	249,581
Public Health	283,560	329,948	0	0	283,560	329,948
Leisure Time Activities	508,712	460,013	0	0	508,712	460,013
Community Environment	2,893,502	3,331,774	0	0	2,893,502	3,331,774
Transportation	4,445,226	4,239,588	0	0	4,445,226	4,239,588
General Government						
Municipal Court	1,023,043	970,915	0	0	1,023,043	970,915
Other	3,497,520	3,456,520	0	0	3,497,520	3,456,520
Interest and Fiscal Charges	1,005,849	1,252,643	0	0	1,005,849	1,252,643
Water	0	0	5,359,486	4,511,328	5,359,486	4,511,328
Sewer	0	0	8,341,844	6,895,098	8,341,844	6,895,098
Total Expenses	<u>24,840,886</u>	<u>25,323,215</u>	<u>13,701,330</u>	<u>11,406,426</u>	<u>38,542,216</u>	<u>36,729,641</u>
Increase (Decrease) in Net Assets before Transfers and Special Item						
	1,208,288	1,603,773	(1,437,339)	4,230,993	(229,051)	5,834,766
Transfers	161,158	1,097,027	(161,158)	(1,097,027)	0	0
Special Item	(2,613,682)	0	0	0	(2,613,682)	0
Increase (Decrease) in Net Assets	<u>(1,244,236)</u>	<u>2,700,800</u>	<u>(1,598,497)</u>	<u>3,133,966</u>	<u>(2,842,733)</u>	<u>5,834,766</u>
Net Assets Beginning of Year	46,783,488	44,082,688	56,795,466	53,661,500	103,578,954	97,744,188
Net Assets End of Year	<u>\$45,539,252</u>	<u>\$46,783,488</u>	<u>\$55,196,969</u>	<u>\$56,795,466</u>	<u>\$100,736,221</u>	<u>\$103,578,954</u>

**CITY OF SANDUSKY**  
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For governmental activities, there was a 10 percent decrease in program revenues due to a reduction in grant funding for both operating grants and contributions and capital grants and contributions. There was modest 1 percent increase in general revenues, primarily due to an increase in income tax revenues resulting from improving economic conditions.

Governmental activities expenses remained very similar to the prior year with a slight decrease overall. The police and fire departments continue to be the largest share of governmental expenses. These departments comprise 44 percent of all governmental activities costs.

As mentioned previously, as part of the agreement for the Bayfront Urban Revitalization Area, certain assets were donated to Mid-States Bayfront Development, LLC as outlined in the agreement for this economic development project. This activity was reflected as special item for 2011.

The City's business-type activities are largely funded through charges for services. Capital grants and contributions decreased as Erie County's contribution toward the wastewater treatment system improvements was less in 2011. Total program expenses increased 20 percent for 2011 and largely due to an increase in contractual services which included electrical improvements at the water treatment plant and a reimbursent to Erie County sewer overpayments.

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	
	2011	2010	2011	2010
Security of Persons and Property				
Police	\$5,402,963	\$5,516,364	\$4,807,510	\$5,037,805
Fire	5,527,949	5,515,869	4,252,177	4,612,769
Other	252,562	249,581	252,562	249,581
Public Health	283,560	329,948	174,942	222,891
Leisure Time Activities	508,712	460,013	253,887	193,604
Community Environment	2,893,502	3,331,774	1,567,005	1,379,154
Transportation	4,445,226	4,239,588	351,440	(474,996)
General Government				
Municipal Court	1,023,043	970,915	(111,673)	(254,451)
Other	3,497,520	3,456,520	3,249,742	3,080,901
Interest and Fiscal Charges	1,005,849	1,252,643	1,005,849	1,252,643
Total Expenses	<u>\$24,840,886</u>	<u>\$25,323,215</u>	<u>\$15,803,441</u>	<u>\$15,299,901</u>

It should be noted that for all governmental activities, 64 percent of the costs for services in 2011 were provided for through general revenues (compared to 60 percent in 2010), that being primarily property taxes, municipal income taxes, tourism taxes, and State shared revenues.

**CITY OF SANDUSKY**  
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Although the dependence on general revenues is substantial, there are several programs which were supported through program revenues in 2011. Leisure time activities received 50 percent of its support through program revenues, with the majority of these revenues generated by charges for services in the City's park and recreation programs. Community environment activities received over 46 percent of its support through program revenues in 2011. This is primarily the result of various community development block grant programs. The transportation program receives charges for services in the form of permissive motor vehicle license monies. The transportation program also receives operating grants in the form of state levied motor vehicle license fees and gas taxes.

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 \$111,673 negative net cost of services; however, revenues generated from these other restricted accounts established by the judges 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, the General Bond Retirement debt service fund, the Special Assessment Bond Retirement debt service fund, and the Capital Projects capital projects fund. There was a 13 percent increase in fund balance for the General Fund. Although revenues decreased 3 percent (generally due to a decrease in charges for services from Park activities) and expenditures remained similar to the prior year, the City sold capital assets during 2011 which provided for an increase in fund balance.

The General Bond Retirement debt service fund had a 60 percent decrease in fund balance, generally due to costs associated with the current refunding of general obligation bonds. However, fund balance remained positive at year end.

There was no change in fund balance in the Special Assessment Bond Retirement debt service fund as all resources were used to make principal and interest payments during the year.

The Capital Projects capital projects fund had a substantial increase in fund balance (53 percent). Projects undertaken by the City were less than half of the costs of those of the prior year.

**BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS**

The City's enterprise funds consist of the Water and Sewer funds. Both funds reflect an operating income for 2011, however, a decrease in net assets. Currently, the Water and Sewer funds are generating adequate revenues to cover the cost of operations and debt service; however, 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.

**CITY OF SANDUSKY**  
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While the decrease in net assets in the Water Fund was only approximately \$7,400, the decrease in net assets in the Sewer Fund was over \$1.5 million (4 percent). Along with the increase in contractual services mentioned previously, there was also an increase in interest expense associated with the retirement of debt.

**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. There were no significant changes from either the original budget to the final budget or from the final budget to actual revenues and expenditures in the General Fund during 2011.

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2011, was \$35,639,758 and \$39,918,374, respectively (net of accumulated depreciation and related debt). The primary additions for governmental activities included ongoing construction in progress (such as Camp Street, Hayes Avenue, and West End Overpass), police cruisers, a street sweeper, ambulance, and the Paper District Marina. Disposals largely consisted of the assets donated to Mid-States Bayfront Development, LLC. The primary additions for the business-type activities were related to water treatment plant chemical improvements, wastewater treatment plant improvements, the Follett Street water tower, the Cedar Point Road water main extension, and the Hayes Avenue waterline replacement. Disposals were minimal. For further information on the City's capital assets, refer to Note 11 to the basic financial statements.

Debt - At December 31, 2011, the City had \$6,315,000 in bond anticipation notes payable from governmental activities. The City also has a number of long-term obligations outstanding. These obligations included \$15,094,396 in general obligation bonds, \$3,486,729 in special assessment bonds, \$1,753,994 in general obligation revenue bonds, \$46,725,607 in Ohio Water Development Authority loans, and \$971,084 in other long-term loans. Of the total long-term obligations, \$48,851,753 will be repaid from business-type activities.

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

**CITY OF SANDUSKY**  
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**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 2012 for public programs.

In January 2011, the U.S. Department of Homeland Security awarded the City over \$1 million to provide for two years of salaries for six firefighters under Round 5 of the Assistance to Firefighters Grant Program - Staffing for Adequate Fire and Emergency Response (SAFER). The goal of any SAFER grant is to enhance the ability of grantees to attain and maintain 24-hour staffing and to assure that their communities have adequate protection from fire and fire-related hazards. The objective of the program is to award grants directly to volunteer, combination, and career fire departments to help the departments increase the number of frontline firefighters, and to rehire firefighters who were laid-off due to the economy.

In October 2011, the City Commission authorized the issuance of \$3,615,000 in various improvement notes. The 2011 various improvement notes were issued to retire notes previously issued to acquire a pumper truck, fire boat, replace the air conditioning unit at the Municipal Building, street improvements, sidewalk, curb, and gutter improvements, 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, and to pay the costs of the Venice Road grade separation. This funding will also assist with downtown redevelopment.

In May 2012, the Ohio Department of Development awarded the City over \$950,000 for the demolition and remediation of the former Sandusky Cabinets facility. Following the demolition, the City plans to utilize the property as a mixed-use development site including commercial and residential usage.

**REQUEST FOR INFORMATION**

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

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City of Sandusky  
Statement of Net Assets  
December 31, 2011

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$9,790,897	\$16,440,843	\$26,231,740
Cash and Cash Equivalents in Segregated Accounts	28,566	0	28,566
Accounts Receivable	1,541,363	1,207,581	2,748,944
Accrued Interest Receivable	23,011	0	23,011
Due from Other Governments	1,830,725	421,590	2,252,315
Municipal Income Taxes Receivable	1,883,647	0	1,883,647
Other Local Taxes Receivable	44,913	0	44,913
Prepaid Items	41	0	41
Materials and Supplies Inventory	207,805	652,875	860,680
Property Taxes Receivable	2,745,180	0	2,745,180
Payment in Lieu of Taxes Receivable	534,714	0	534,714
Notes Receivable	2,247,107	0	2,247,107
Special Assessments Receivable	5,141,441	0	5,141,441
Unamortized Bond Issuance Costs	379,191	24,576	403,767
Nondepreciable Capital Assets	11,035,628	27,430,660	38,466,288
Depreciable Capital Assets, Net	40,136,937	61,008,914	101,145,851
<b>Total Assets</b>	<b>77,571,166</b>	<b>107,187,039</b>	<b>184,758,205</b>
<u>Liabilities</u>			
Accrued Wages Payable	276,684	82,827	359,511
Accounts Payable	550,758	164,839	715,597
Contracts Payable	169,465	285,198	454,663
Due to Other Governments	758,551	807,419	1,565,970
Accrued Interest Payable	82,565	916,532	999,097
Notes Payable	6,315,000	0	6,315,000
Retainage Payable	200	280,523	280,723
Deferred Revenue	2,824,960	0	2,824,960
Long-Term Liabilities			
Due Within One Year	1,772,728	1,721,805	3,494,533
Due in More Than One Year	19,281,003	47,730,927	67,011,930
<b>Total Liabilities</b>	<b>32,031,914</b>	<b>51,990,070</b>	<b>84,021,984</b>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	35,639,758	39,918,374	75,558,132
Restricted for			
Capital Projects	3,492,887	0	3,492,887
Debt Service	1,918,564	0	1,918,564
Other Purposes			
Street Maintenance	632,293	0	632,293
State Grants	2,540,964	0	2,540,964
Federal Grants	725,293	0	725,293
Court Operations	726,557	0	726,557
Cemetery Operations	835,461	0	835,461
Other	600,685	0	600,685
Unrestricted (Deficit)	(1,573,210)	15,278,595	13,705,385
<b>Total Net Assets</b>	<b>\$45,539,252</b>	<b>\$55,196,969</b>	<b>\$100,736,221</b>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky  
Statement of Activities  
For the Year Ended December 31, 2011

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Interest</u>	<u>Capital Grants and Contributions</u>
<u>Governmental Activities</u>				
Security of Persons and Property				
Police	\$5,402,963	\$353,733	\$241,720	\$0
Fire	5,527,949	988,659	287,113	0
Other	252,562	0	0	0
Public Health	283,560	108,618	0	0
Leisure Time Activities	508,712	217,068	21,989	15,768
Community Environment	2,893,502	215,830	928,787	181,880
Transportation	4,445,226	1,019,259	2,197,593	876,934
General Government				
Municipal Court	1,023,043	1,070,168	64,548	0
Other	3,497,520	247,215	563	0
Interest and Fiscal Charges	1,005,849	0	0	0
Total Governmental Activities	<u>24,840,886</u>	<u>4,220,550</u>	<u>3,742,313</u>	<u>1,074,582</u>
<u>Business-Type Activities</u>				
Water	5,359,486	5,224,179	0	58,266
Sewer	8,341,844	6,730,491	0	89,959
Total Business-Type Activities	<u>13,701,330</u>	<u>11,954,670</u>	<u>0</u>	<u>148,225</u>
Total	<u><u>\$38,542,216</u></u>	<u><u>\$16,175,220</u></u>	<u><u>\$3,742,313</u></u>	<u><u>\$1,222,807</u></u>

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

Special Item - Asset Donated to Developer (Note 11)

Total General Revenues, Transfers, and Special Item

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

Net (Expense) Revenue  
and Change in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$4,807,510)	\$0	(\$4,807,510)
(4,252,177)	0	(4,252,177)
(252,562)	0	(252,562)
(174,942)	0	(174,942)
(253,887)	0	(253,887)
(1,567,005)	0	(1,567,005)
(351,440)	0	(351,440)
111,673	0	111,673
(3,249,742)	0	(3,249,742)
(1,005,849)	0	(1,005,849)
(15,803,441)	0	(15,803,441)
0	(77,041)	(77,041)
0	(1,521,394)	(1,521,394)
0	(1,598,435)	(1,598,435)
(15,803,441)	(1,598,435)	(17,401,876)
1,582,982	0	1,582,982
260,218	0	260,218
433,693	0	433,693
554,005	0	554,005
6,473,159	0	6,473,159
422,949	0	422,949
338,360	0	338,360
3,835,778	0	3,835,778
350,146	0	350,146
1,343,834	0	1,343,834
303,999	1,380	305,379
1,112,606	159,716	1,272,322
17,011,729	161,096	17,172,825
161,158	(161,158)	0
(2,613,682)	0	(2,613,682)
14,559,205	(62)	14,559,143
(1,244,236)	(1,598,497)	(2,842,733)
46,783,488	56,795,466	103,578,954
\$45,539,252	\$55,196,969	\$100,736,221

City of Sandusky  
Balance Sheet  
Governmental Funds  
December 31, 2011

	General	General Bond Retirement	Special Assessment Bond Retirement	Capital Projects
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$3,880,494	\$1,691	\$0	\$2,581,797
Cash and Cash Equivalents in Segregated Accounts	28,566	0	0	0
Accounts Receivable	604,016	0	0	0
Accrued Interest Receivable	20,111	0	0	0
Interfund Receivable	16,200	0	0	0
Due from Other Governments	590,521	26,257	0	61,371
Municipal Income Taxes Receivable	1,671,736	117,728	0	0
Other Local Taxes Receivable	12,253	0	0	0
Prepaid Items	0	0	0	41
Materials and Supplies Inventory	115,975	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	97,873	0	0	0
Property Taxes Receivable	1,917,675	524,123	0	0
Payment in Lieu of Taxes Receivable	2,025	557	0	0
Notes Receivable	0	0	0	0
Special Assessments Receivable	0	0	5,141,441	0
<b>Total Assets</b>	<b>\$8,957,445</b>	<b>\$670,356</b>	<b>\$5,141,441</b>	<b>\$2,643,209</b>
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$257,842	\$0	\$0	\$0
Accounts Payable	117,628	0	0	32,600
Contracts Payable	0	0	0	169,465
Interfund Payable	0	0	0	0
Due to Other Governments	336,513	0	0	188
Accrued Interest Payable	0	0	0	10,411
Notes Payable	0	0	0	4,180,350
Retainage Payable	0	0	0	0
Deferred Revenue	4,138,040	637,603	5,141,441	43,431
<b>Total Liabilities</b>	<b>4,850,023</b>	<b>637,603</b>	<b>5,141,441</b>	<b>4,436,445</b>
<u>Fund Balance</u>				
Nonspendable	227,348	0	0	41
Restricted	0	32,753	0	0
Committed	0	0	0	0
Assigned	281,308	0	0	0
Unassigned (Deficit)	3,598,766	0	0	(1,793,277)
<b>Total Fund Balance (Deficit)</b>	<b>4,107,422</b>	<b>32,753</b>	<b>0</b>	<b>(1,793,236)</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$8,957,445</b>	<b>\$670,356</b>	<b>\$5,141,441</b>	<b>\$2,643,209</b>

See Accompanying Notes to the Basic Financial Statements

<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$3,229,042	\$9,693,024
0	28,566
937,347	1,541,363
2,900	23,011
0	16,200
1,152,576	1,830,725
94,183	1,883,647
32,660	44,913
0	41
91,830	207,805
0	97,873
303,382	2,745,180
532,132	534,714
2,247,107	2,247,107
0	5,141,441
<u>\$8,623,159</u>	<u>\$26,035,610</u>

\$18,842	\$276,684
400,530	550,758
0	169,465
16,200	16,200
421,850	758,551
1,392	11,803
2,134,650	6,315,000
200	200
<u>2,736,016</u>	<u>12,696,531</u>
<u>5,729,680</u>	<u>20,795,192</u>

91,830	319,219
5,276,235	5,308,988
42,338	42,338
0	281,308
<u>(2,516,924)</u>	<u>(711,435)</u>
<u>2,893,479</u>	<u>5,240,418</u>
<u>\$8,623,159</u>	<u>\$26,035,610</u>



City of Sandusky  
 Reconciliation of Total Governmental Fund Balance  
 to Net Assets of Governmental Activities  
 December 31, 2011

Total Governmental Fund Balance		\$5,240,418
<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.		51,172,565
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Accounts Receivable	508,841	
Accrued Interest Receivable	19,863	
Due from Other Governments	1,466,244	
Municipal Income Taxes Receivable	1,386,656	
Other Local Taxes Receivable	1,545	
Property Taxes Receivable	454,934	
Special Assessments Receivable	<u>6,033,488</u>	
		9,871,571
Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.		379,191
Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds; it is reported when due.		(70,762)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
General Obligation Bonds Payable	(15,094,396)	
Special Assessment Bonds Payable	(3,486,729)	
Loans Payable	(598,932)	
Compensated Absences Payable	<u>(1,873,674)</u>	
		<u>(21,053,731)</u>
Net Assets of Governmental Activities		<u><u>\$45,539,252</u></u>

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, 2011

	General	General Bond Retirement	Special Assessment Bond Retirement	Capital Projects
<u>Revenues</u>				
Property Taxes	\$1,592,168	\$436,210	\$0	\$0
Payment in Lieu of Taxes	3,279	903	0	0
Municipal Income Taxes	6,478,772	423,345	0	0
Other Local Taxes	3,835,329	0	0	0
Special Assessments	0	0	329,360	0
Charges for Services	659,684	0	0	527,111
Fees, Licenses, and Permits	575,077	0	0	132,515
Fines and Forfeitures	967,415	0	0	0
Intergovernmental	1,391,170	52,866	0	1,025,014
Interest	305,282	0	0	0
Other	596,512	3,249	0	47,038
<b>Total Revenues</b>	<b>16,404,688</b>	<b>916,573</b>	<b>329,360</b>	<b>1,731,678</b>
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	4,547,242	0	0	225,208
Fire	4,178,545	0	0	412,767
Other	252,562	0	0	0
Public Health	208,742	0	0	0
Leisure Time Activities	371,737	0	0	8,116
Community Environment	1,346,886	0	0	104,966
Transportation	1,629	0	0	259,057
General Government				
Municipal Court	956,651	0	0	14,081
Other	2,849,058	0	0	12,373
Other	0	0	0	0
Capital Outlay	0	0	0	1,628,024
Debt Service:				
Principal Retirement	67,281	5,002,300	321,539	914
Interest and Fiscal Charges	22,075	681,732	193,867	49,323
Issuance Costs	0	115,335	0	0
<b>Total Expenditures</b>	<b>14,802,408</b>	<b>5,799,367</b>	<b>515,406</b>	<b>2,714,829</b>
Excess of Revenues Over (Under) Expenditures	1,602,280	(4,882,794)	(186,046)	(983,151)
<u>Other Financing Sources (Uses)</u>				
General Obligation Bonds Issued	0	4,090,000	0	0
Premium on General Obligation Bonds Issued	0	120,335	0	0
Sale of Capital Assets	376,112	0	0	0
Transfers In	0	622,525	189,436	3,154,382
Transfers Out	(1,516,087)	0	(3,390)	(117,498)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,139,975)</b>	<b>4,832,860</b>	<b>186,046</b>	<b>3,036,884</b>
Changes in Fund Balance	462,305	(49,934)	0	2,053,733
Fund Balance (Deficit) Beginning of Year	3,645,117	82,687	0	(3,846,969)
Fund Balance (Deficit) End of Year	\$4,107,422	\$32,753	\$0	(\$1,793,236)

<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$261,728	\$2,290,106
549,823	554,005
338,676	7,240,793
452,501	4,287,830
0	329,360
221,377	1,408,172
233,071	940,663
59,962	1,027,377
3,247,992	5,717,042
36,508	341,790
578,959	1,225,758
<u>5,980,597</u>	<u>25,362,896</u>
726,216	5,498,666
931,058	5,522,370
0	252,562
62,388	271,130
5,520	385,373
1,252,562	2,704,414
2,849,871	3,110,557
67,308	1,038,040
2,400	2,863,831
92,756	92,756
7,447	1,635,471
63,660	5,455,694
54,863	1,001,860
0	115,335
<u>6,116,049</u>	<u>29,948,059</u>
<u>(135,452)</u>	<u>(4,585,163)</u>
0	4,090,000
0	120,335
9,525	385,637
994,995	4,961,338
<u>(3,163,205)</u>	<u>(4,800,180)</u>
<u>(2,158,685)</u>	<u>4,757,130</u>
(2,294,137)	171,967
<u>5,187,616</u>	<u>5,068,451</u>
<u>\$2,893,479</u>	<u>\$5,240,418</u>

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, 2011

Changes in Fund Balance - Total Governmental Funds \$171,967

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	2,389,870	
Depreciation	<u>(3,002,714)</u>	(612,844)

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 or loss on disposal of capital assets on the statement of activities.

Proceeds from Sale of Capital Assets	(385,637)	
Gain on Disposal of Capital Assets	327,525	
Loss on Disposal of Capital Assets	<u>(2,613,682)</u>	(2,671,794)

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

Property Taxes	(13,213)	
Municipal Income Taxes	(6,325)	
Other Local Taxes	449	
Special Assessments	(282,928)	
Charges for Services	328,586	
Fees, Licenses, and Permits	34,700	
Intergovernmental	303,739	
Interest	<u>(6,255)</u>	358,753

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

General Obligation Bonds Payable	5,047,300	
Special Assessment Bonds Payable	321,539	
Loans Payable	85,941	
Capital Leases Payable	<u>914</u>	5,455,694

Debt proceeds are other financing sources in governmental funds but the issuance increases long-term liabilities on the statement of net assets. (4,090,000)

(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, 2011  
 (continued)

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

Accrued Interest Payable	\$33,988	
Amortization of Premium	8,326	
Unamortized Premium	(120,335)	
Amortization of Issuance Costs	(12,210)	
Unamortized Issuance Costs	115,335	
Amortization of Accounting Loss	<u>(34,093)</u>	
		(8,989)

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.

152,977

Change in Net Assets of Governmental Activities

(\$1,244,236)

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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$1,996,421	\$1,996,421	\$1,592,168	(\$404,253)
Payment in Lieu of Taxes	0	0	3,279	3,279
Municipal Income Taxes	5,828,838	6,022,095	6,440,977	418,882
Other Local Taxes	3,652,865	3,826,494	3,835,174	8,680
Charges for Services	598,000	578,677	670,420	91,743
Fees, Licenses, and Permits	571,996	532,748	575,253	42,505
Fines and Forfeitures	1,143,002	957,638	969,400	11,762
Intergovernmental	1,075,294	1,119,851	1,359,144	239,293
Interest	250,000	208,021	208,021	0
Other	289,675	265,425	302,069	36,644
<b>Total Revenues</b>	<b>15,406,091</b>	<b>15,507,370</b>	<b>15,955,905</b>	<b>448,535</b>
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	4,686,741	4,597,241	4,559,078	38,163
Fire	4,105,936	4,219,936	4,211,870	8,066
Other	235,000	251,802	251,802	0
Public Health	194,552	217,052	214,034	3,018
Leisure Time Activities	316,480	378,880	376,555	2,325
Community Environment	1,035,355	1,359,355	1,339,854	19,501
Transportation	1,000	1,660	1,629	31
General Government				
Municipal Court	969,694	964,694	959,463	5,231
Other	2,664,806	2,910,516	2,851,962	58,554
Debt Service:				
Principal Retirement	67,281	67,281	67,281	0
Interest and Fiscal Charges	22,075	22,075	22,075	0
<b>Total Expenditures</b>	<b>14,298,920</b>	<b>14,990,492</b>	<b>14,855,603</b>	<b>134,889</b>
Excess of Revenues Over Expenditures	1,107,171	516,878	1,100,302	583,424
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	166,752	126,666	293,839	167,173
Sale of Capital Assets	0	0	376,112	376,112
Advances In	3,390	3,390	3,390	0
Transfers Out	(1,574,934)	(1,676,130)	(1,516,087)	160,043
<b>Total Other Financing Sources (Uses)</b>	<b>(1,404,792)</b>	<b>(1,546,074)</b>	<b>(842,746)</b>	<b>703,328</b>
Changes in Fund Balance	(297,621)	(1,029,196)	257,556	1,286,752
Fund Balance Beginning of Year	3,601,604	3,601,604	3,601,604	0
Prior Year Encumbrances Appropriated	52,486	52,486	52,486	0
<b>Fund Balance End of Year</b>	<b>\$3,356,469</b>	<b>\$2,624,894</b>	<b>\$3,911,646</b>	<b>\$1,286,752</b>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky  
Statement of Fund Net Assets  
Enterprise Funds  
December 31, 2011

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Assets</u>			
<u>Current Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$6,945,145	\$9,495,698	\$16,440,843
Accounts Receivable	353,208	854,373	1,207,581
Due from Other Governments	230,272	191,318	421,590
Materials and Supplies Inventory	434,675	218,200	652,875
Total Current Assets	<u>7,963,300</u>	<u>10,759,589</u>	<u>18,722,889</u>
<u>Non-Current Assets</u>			
Unamortized Bond Issuance Costs	0	24,576	24,576
Nondepreciable Capital Assets	5,723,957	21,706,703	27,430,660
Depreciable Capital Assets, Net	23,088,054	37,920,860	61,008,914
Total Non-Current Assets	<u>28,812,011</u>	<u>59,652,139</u>	<u>88,464,150</u>
Total Assets	<u>36,775,311</u>	<u>70,411,728</u>	<u>107,187,039</u>
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accrued Wages Payable	38,555	44,272	82,827
Accounts Payable	78,206	86,633	164,839
Contracts Payable	282,350	2,848	285,198
Due to Other Governments	62,703	744,716	807,419
Accrued Interest Payable	189,599	726,933	916,532
Retainage Payable	176,015	104,508	280,523
General Obligation Revenue Bonds Payable	5,000	99,000	104,000
OWDA Loans Payable	413,985	1,060,872	1,474,857
Loans Payable	40,779	14,914	55,693
Compensated Absences Payable	23,646	63,609	87,255
Total Current Liabilities	<u>1,310,838</u>	<u>2,948,305</u>	<u>4,259,143</u>
<u>Non-Current Liabilities</u>			
General Obligation Revenue Bonds Payable	140,000	1,509,994	1,649,994
OWDA Loans Payable	15,541,187	29,709,563	45,250,750
Loans Payable	231,714	84,745	316,459
Compensated Absences Payable	203,809	309,915	513,724
Total Non-Current Liabilities	<u>16,116,710</u>	<u>31,614,217</u>	<u>47,730,927</u>
Total Liabilities	<u>17,427,548</u>	<u>34,562,522</u>	<u>51,990,070</u>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	12,645,664	27,272,710	39,918,374
Unrestricted	6,702,099	8,576,496	15,278,595
Total Net Assets	<u>\$19,347,763</u>	<u>\$35,849,206</u>	<u>\$55,196,969</u>

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, 2011

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Operating Revenues</u>			
Charges for Services	\$5,224,179	\$6,730,491	\$11,954,670
Other	72,635	86,131	158,766
Total Operating Revenues	<u>5,296,814</u>	<u>6,816,622</u>	<u>12,113,436</u>
<u>Operating Expenses</u>			
Personal Services	2,000,253	2,475,201	4,475,454
Travel and Transportation	13,104	9,651	22,755
Contractual Services	1,064,531	2,293,558	3,358,089
Materials and Supplies	692,660	373,916	1,066,576
Depreciation	980,069	1,190,340	2,170,409
Other	19,654	1,097	20,751
Total Operating Expenses	<u>4,770,271</u>	<u>6,343,763</u>	<u>11,114,034</u>
Operating Income	<u>526,543</u>	<u>472,859</u>	<u>999,402</u>
<u>Non-Operating Revenues (Expenses)</u>			
Gain on Disposal of Capital Assets	650	300	950
Interest Revenue	420	960	1,380
Interest Expense	(589,215)	(1,998,081)	(2,587,296)
Total Non-Operating Revenues (Expenses)	<u>(588,145)</u>	<u>(1,996,821)</u>	<u>(2,584,966)</u>
Loss before Contributions and Transfers	(61,602)	(1,523,962)	(1,585,564)
Capital Contributions	58,266	89,959	148,225
Transfers Out	(4,092)	(157,066)	(161,158)
Changes in Net Assets	(7,428)	(1,591,069)	(1,598,497)
Net Assets Beginning of Year	<u>19,355,191</u>	<u>37,440,275</u>	<u>56,795,466</u>
Net Assets End of Year	<u>\$19,347,763</u>	<u>\$35,849,206</u>	<u>\$55,196,969</u>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky  
Statement of Cash Flows  
Enterprise Funds  
For the Year Ended December 31, 2011

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Increases (Decreases) in Cash and Cash Equivalents			
<u>Cash Flows from Operating Activities</u>			
Cash Received from Customers	\$5,201,976	\$6,626,070	\$11,828,046
Cash Payments for Personal Services	(2,043,946)	(2,490,087)	(4,534,033)
Cash Payments for Contractual Services	(678,786)	(1,313,043)	(1,991,829)
Cash Payments to Vendors	(1,625,637)	(1,705,279)	(3,330,916)
Cash Received from Other Revenues	72,635	86,457	159,092
Cash Payments for Other Expenses	(19,654)	(1,097)	(20,751)
Net Cash Provided by Operating Activities	<u>906,588</u>	<u>1,203,021</u>	<u>2,109,609</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers Out	(4,092)	(157,066)	(161,158)
<u>Cash Flows from Capital and Related Financing Activities</u>			
Principal Paid on General Obligation Revenue Bonds	(85,000)	(92,000)	(177,000)
Principal Paid on OWDA Loans	(393,269)	(1,124,885)	(1,518,154)
Principal Paid on Loans	(39,100)	(14,300)	(53,400)
Interest Paid on General Obligation Revenue Bonds	(10,523)	(68,641)	(79,164)
Interest Paid on OWDA Loans	(383,083)	(1,207,068)	(1,590,151)
Interest Paid on Loans	(12,828)	(4,692)	(17,520)
OWDA Loans Issued	2,980,420	1,726,329	4,706,749
Acquisition of Capital Assets	(3,531,978)	(932,554)	(4,464,532)
Capital Contributions	168,296	0	168,296
Sale of Capital Assets	650	300	950
Net Cash Used for Capital and Related Financing Activities	<u>(1,306,415)</u>	<u>(1,717,511)</u>	<u>(3,023,926)</u>
<u>Cash Flows from Investing Activities</u>			
Interest	420	960	1,380
Net Decrease in Cash and Cash Equivalents	(403,499)	(670,596)	(1,074,095)
Cash and Cash Equivalents Beginning of Year	<u>7,348,644</u>	<u>10,166,294</u>	<u>17,514,938</u>
Cash and Cash Equivalents End of Year	<u>\$6,945,145</u>	<u>\$9,495,698</u>	<u>\$16,440,843</u>

(continued)

City of Sandusky  
Statement of Cash Flows  
Enterprise Funds  
For the Year Ended December 31, 2011  
(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	\$526,543	\$472,859	\$999,402
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u>			
Depreciation	980,069	1,190,340	2,170,409
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(13,391)	(63,726)	(77,117)
Increase in Due from Other Governments	(8,812)	(40,369)	(49,181)
(Increase) Decrease in Materials and Supplies Inventory	28,380	(7,102)	21,278
Decrease in Accrued Wages Payable	(5,539)	(2,920)	(8,459)
Increase (Decrease) in Accounts Payable	13,470	(20,574)	(7,104)
Decrease in Contracts Payable	(546,417)	(292,317)	(838,734)
Increase (Decrease) in Due to Other Governments	(12,934)	644,556	631,622
Decrease in Retainage Payable	(29,865)	(689,292)	(719,157)
Increase (Decrease) in Compensated Absences Payable	(24,916)	11,566	(13,350)
Net Cash Provided by Operating Activities	<u>\$906,588</u>	<u>\$1,203,021</u>	<u>\$2,109,609</u>

Non-Cash Capital Transactions

In 2011, the Water enterprise fund had a receivable for grants related to capital assets, in the amount of \$32,562.

In 2011, the Sewer enterprise fund received contributions of capital assets from Erie County, in the amount of \$89,959.

See Accompanying Notes to the Basic Financial Statements

City of Sandusky  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
December 31, 2011

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$272,432</u></u>
 <u>Liabilities</u>	
Due to Other Governments	\$95,310
Undistributed Assets	<u>177,122</u>
 Total Liabilities	 <u><u>\$272,432</u></u>

See Accompanying Notes to the Basic Financial Statements

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**

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**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 2011.

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, 2011**  
**(continued)**

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**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 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, 2011**  
**(continued)**

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**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.

General Bond Retirement Fund - This fund accounts for property taxes and income taxes that are restricted for the payment of principal, interest, and fiscal charges on general obligation debt.

Special Assessment Bond Retirement Fund - This fund accounts for special assessments restricted for the payment of principal, interest, and fiscal charges on special assessment debt.

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

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net 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, 2011**  
**(continued)**

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**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 2011. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for various funds held for final disposition to the Erie County Law Library, contractors, municipal courts (excluding the City of Sandusky), insurance proceeds to secure proper handling of fire damaged structures, 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 (e.g., revenues) and decreases (e.g., 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, 2011**  
**(continued)**

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**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, 2011, but were levied to finance 2012 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, 2011**  
**(continued)**

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**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 within departments of the City, and not included in the City treasury, are recorded as "Cash and Cash Equivalents in Segregated Accounts".

During 2011, 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 net asset value per share, which is the price the investment could be sold for on December 31, 2011.

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 2011 was \$305,282, which includes \$247,704 assigned from other City funds.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
**(continued)**

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**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, 2011, 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.

**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, 2011**  
(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", when applicable.

**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, 2011**  
**(continued)**

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**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, long-term loans, and capital leases 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.

**Q. Fund Balance**

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

**Nonspendable** - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term portion of interfund receivables.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
**(continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

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

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

Assigned - Amounts in the assigned classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council or by a City official delegated that authority by ordinance.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

**R. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the 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.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
**(continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

S. Capital Contributions

Capital contributions arise from contributions from other governments.

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. Special Items

Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. See Note 11 to the basic financial statements.

V. 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 - ACCOUNTABILITY AND COMPLIANCE**

A. Accountability

At December 31, 2011, the Public Transit, Fire Pension, and Police Pension special revenue funds had deficit fund balances, in the amount of \$63,950, \$193,757, and \$123,175, 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 Urban Renewal Debt Retirement debt retirement fund and the Capital Projects capital projects fund had deficit fund balances, in the amount of \$2,136,042 and 1,793,236, 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, 2011**  
(continued)

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE** (continued)

**B. Compliance**

The following accounts had expenditures/expenses in excess of appropriations for the year ended December 31, 2011.

Fund/Department/Program/Object	Appropriations	Expenditures/ Expenses	Excess
Governmental Activities			
General Fund			
Security of Persons and Property-Police			
Police Patrol			
Personal Services	\$3,316,439	\$3,317,215	\$776
Police Records			
Personal Services	502,964	503,064	100
Security of Persons and Property-Fire			
Fire Suppression			
Personal Services	3,812,289	3,813,116	827
Public Health			
Oakland Cemetery			
Personal Services	169,500	170,149	649
General Government-Other			
City Manager			
Personal Services	50,000	50,421	421
City Commission			
Personal Services	26,745	26,753	8
Water Fund			
Capital Outlay			
Waterworks Filtration	3,665,459	3,675,606	10,147

The City will monitor future appropriations to ensure they are adequate for amounts needed for expenditures/expenses.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP 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:

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
(continued)

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING** (continued)

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

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

Changes in Fund Balance

	General
GAAP Basis	\$462,305
<u>Increases (Decreases) Due To</u>	
Revenue Accruals:	
Accrued 2010, Received in Cash 2011	640,422
Accrued 2011, Not Yet Received in Cash	(678,073)
Expenditure Accruals:	
Accrued 2010, Paid in Cash 2011	(748,459)
Accrued 2011, Not Yet Paid in Cash	709,759
Cash Adjustments:	
Unrecorded Activity 2010	(89,551)
Unrecorded Activity 2011	(27,731)
Materials and Supplies Inventory	14,495
Advances In	3,390
Excess of Revenues Under Expenditures for Nonbudgeted Activity	9,989
Encumbrances Outstanding at Year End (Budget Basis)	(38,990)
Budget Basis	\$257,556

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
**(continued)**

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**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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;
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.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
**(continued)**

**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

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, \$2,979,041 of the City's bank balance of \$15,640,708 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.

Investments

As of December 31, 2011, the City had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Federal National Mortgage Association Notes	\$502,995	6/29/16
Federal National Mortgage Association Notes	1,345,982	9/28/16
Federal National Mortgage Association Notes	999,950	10/12/16
Federal National Mortgage Association Notes	1,136,226	11/28/16
Federal Home Loan Bank Notes	1,200,720	10/29/15
Federal Home Loan Bank Notes	1,001,420	9/21/16
Federal Home Loan Bank Notes	1,400,817	9/29/16
Federal Home Loan Mortgage Corporation Notes	1,210,368	6/29/16
Federal Home Loan Mortgage Corporation Notes	1,001,150	9/14/16
Federal Farm Credit Bank Notes	201,784	6/18/12
STAR Ohio	1,207,229	57 days
Total Investments	<u>\$11,208,641</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.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
**(continued)**

**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

All of the federal agency securities carry a rating of AAA by Moodys or AA+ by Standard and Poor's. STAR Ohio carries a rating of AAAM by Standard and Poor's. The City has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

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

	Fair Value	Percentage of Portfolio
Federal National Mortgage Association	\$3,985,153	35.6%
Federal Home Loan Bank	3,602,957	32.1
Federal Home Loan Mortgage Corporation	2,211,518	19.7
Federal Farm Credit Bank	201,784	1.8

**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2011, 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; payment in lieu of taxes; notes; and special assessments. All receivables are considered fully collectible within one year, except for interfund, municipal income taxes, property taxes, notes, and special assessments. Municipal income taxes and property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Notes receivable, in the amount of \$1,996,916, will not be received within one year. Special assessments, in the amount of \$4,710,490, will not be received within one year. At December 31, 2011, the amount of delinquent special assessments was \$1,006,299.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	\$95,840
Local Government	289,674
Beer and Liquor Permits	30,305
Estate Tax	86,159
Cigarette Tax	2,696
Charges for Services	13,757
Fines and Forfeitures	72,090
Total General Fund	590,521

(continued)

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
(continued)

**NOTE 6 - RECEIVABLES** (continued)

	Amount
Governmental Activities (continued)	
General Bond Retirement Fund	
Homestead and Rollback	\$26,257
Capital Projects Fund	
Fees, Licenses, and Permits	8,440
Underground Storage Tank Removal Grant	52,931
Total Capital Projects Fund	61,371
Total Major Funds	678,149
Nonmajor Funds	
Street Maintenance	
Gasoline Tax	402,236
Motor Vehicle License Tax	82,503
Permissive Motor Vehicle License Tax	13
Total Street Maintenance	484,752
State Highway	
Gasoline Tax	32,614
Motor Vehicle License Tax	6,690
Total State Highway	39,304
Public Transit	
Urban Transit Program Grant	154,424
Job Access/Reverse Commute Grant	20,348
Total Public Transit	174,772
Fire Pension	
Homestead and Rollback	7,877
Personal Property Phase-Out	1,534
Total Fire Pension	9,411
Police Pension	
Homestead and Rollback	7,877
Personal Property Phase-Out	1,534
Total Police Pension	9,411
State Grants	
Community Corrections Grant	32,274
	(continued)

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
(continued)

**NOTE 6 - RECEIVABLES** (continued)

	Amount
Governmental Activities (continued)	
Federal Grants	
Federal Transit Grant	\$135,503
Bulletproof Vest Partnership Grant	8,881
FEMA - SAFER Grant	39,142
CDBG	210,013
Total Federal Grants	393,539
Indigent Drivers Alcohol	
Drug and Alcohol Addiction Grant	4,616
Fees, Licenses, and Permits	2,312
Total Indigent Drivers Alcohol	6,928
Enforcement and Education	
Fines and Forfeitures	666
Court Computerization	
Fines and Forfeitures	1,519
Total Nonmajor Funds	1,152,576
Total Governmental Activities	\$1,830,725
Business-Type Activities	
Water Fund	
Erie County	\$197,710
Ohio Public Works Commission	32,562
Total Water Fund	230,272
Sewer Fund	
Erie County	191,318
Total Business-Type Activities	\$421,590

**NOTE 7 - 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 2011, 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, 2011**  
**(continued)**

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**NOTE 8 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the City. Real property tax revenues received in 2011 represent the collection of 2010 taxes. Real property taxes received in 2011 were levied after October 1, 2010, on the assessed values as of January 1, 2010, 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 2011 represent the collection of 2010 taxes. Public utility real and tangible personal property taxes received in 2011 became a lien on December 31, 2009, were levied after October 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of December 31, 2011, 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 2011 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, 2011, was \$5.25 per \$1,000 of assessed value. The assessed values of real property and public utility property upon which 2011 property tax receipts were based are as follows:

<u>Category</u>	<u>Amount</u>
Real Property	\$474,466,000
Public Utility Personal Property	13,386,000
Total Assessed Value	<u>\$487,852,000</u>

**NOTE 9 - PAYMENT IN LIEU OF TAXES**

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

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
(continued)

**NOTE 10 - NOTES RECEIVABLE**

A summary of the changes in notes receivable during 2011 follows:

	Balance January 1, 2011	New Loans	Repayments	Balance December 31, 2011
Special Revenue Funds				
State Grants				
Revolving Loans	\$701,307	\$2,127	\$78,159	\$625,275
Rehabilitation Revolving Loans	1,932,354	15,000	147,804	1,799,550
Micro-Enterprise Loans	4,063	0	1,875	2,188
Total State Grants	2,637,724	17,127	227,838	2,427,013
Federal Grants				
Downtown Façade Loans	56,175	0	14,014	42,161
	<u>\$2,693,899</u>	<u>\$17,127</u>	<u>\$241,852</u>	<u>2,469,174</u>
Less Allowance for Uncollectible Accounts				222,067
				<u>\$2,247,107</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, 2011, was as follows:

	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$7,238,338	\$0	(\$58,112)	\$7,180,226
Construction in Progress	8,777,020	1,709,645	(6,631,263)	3,855,402
Total Nondepreciable Capital Assets	16,015,358	1,709,645	(6,689,375)	11,035,628
Depreciable Capital Assets				
Buildings	18,241,047	2,838,682	(2,613,682)	18,466,047
Improvements Other Than Buildings	17,538,495	3,792,581	0	21,331,076
Streets	44,790,537	0	0	44,790,537
Bridges	229,802	0	0	229,802
Equipment	10,496,789	680,225	(302,474)	10,874,540
Total Depreciable Capital Assets	91,296,670	7,311,488	(2,916,156)	95,692,002

(continued)

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
**(continued)**

**NOTE 11 - CAPITAL ASSETS** (continued)

	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011
Governmental Activities (continued)				
Less Accumulated Depreciation for				
Buildings	(\$9,311,073)	(\$596,490)	\$0	(\$9,907,563)
Improvements Other Than Buildings	(6,820,980)	(506,207)	0	(7,327,187)
Streets	(29,169,225)	(1,446,944)	0	(30,616,169)
Bridges	(82,728)	(4,596)	0	(87,324)
Equipment	(7,470,819)	(448,477)	302,474	(7,616,822)
Total Accumulated Depreciation	<u>(52,854,825)</u>	<u>(3,002,714)</u>	<u>302,474</u>	<u>(55,555,065)</u>
Total Depreciable Capital Assets, Net	<u>38,441,845</u>	<u>4,308,774</u>	<u>(2,613,682)</u>	<u>40,136,937</u>
Governmental Activities Capital Assets, Net	<u>\$54,457,203</u>	<u>\$6,018,419</u>	<u>(\$9,303,057)</u>	<u>\$51,172,565</u>

During 2011, the Bayfront Urban Revitalization Area project was completed. The agreement related to this project provided that, upon completion, certain assets would be donated to the developer for continued economic development. Assets, in the amount of \$2,613,682, were donated to Mid-States Bayfront Development, LLC and are reflected as a special item on the statement of activities.

	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011
Business-Type Activities				
Nondepreciable Capital Assets				
Land	\$802,002	\$0	\$0	\$802,002
Construction in Progress	25,155,725	4,902,535	(3,429,602)	26,628,658
Total Nondepreciable Capital Assets	<u>25,957,727</u>	<u>4,902,535</u>	<u>(3,429,602)</u>	<u>27,430,660</u>
Depreciable Capital Assets				
Buildings	42,747,904	0	0	42,747,904
Improvements Other Than Buildings	22,588,354	3,429,602	0	26,017,956
Utility Plant	5,464,056	43,684	0	5,507,740
Water and Sewer Lines	20,679,957	0	0	20,679,957
Equipment	2,408,378	173,993	(32,336)	2,550,035
Total Depreciable Capital Assets	<u>93,888,649</u>	<u>3,647,279</u>	<u>(32,336)</u>	<u>97,503,592</u>
Less Accumulated Depreciation for				
Buildings	(14,783,514)	(654,030)	0	(15,437,544)
Improvements Other Than Buildings	(5,214,849)	(892,255)	0	(6,107,104)
Utility Plant	(3,025,120)	(201,215)	0	(3,226,335)
Water and Sewer Lines	(9,425,138)	(330,969)	0	(9,756,107)
Equipment	(1,907,984)	(91,940)	32,336	(1,967,588)
Total Accumulated Depreciation	<u>(34,356,605)</u>	<u>(2,170,409)</u>	<u>32,336</u>	<u>(36,494,678)</u>
Total Depreciable Capital Assets, Net	<u>59,532,044</u>	<u>1,476,870</u>	<u>0</u>	<u>61,008,914</u>
Business-Type Activities Capital Assets, Net	<u>\$85,489,771</u>	<u>\$6,379,405</u>	<u>(\$3,429,602)</u>	<u>\$88,439,574</u>

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
(continued)

**NOTE 11 - CAPITAL ASSETS** (continued)

The Sewer enterprise fund accepted a contribution of capital assets from Erie County with a fair value of \$89,959 during 2011.

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property - Police	\$94,546
Security of Persons and Property - Fire	417,193
Public Health	17,581
Leisure Time Activities	125,195
Community Environment	115,803
Transportation	1,672,499
General Government - Municipal Court	9,724
General Government - Other	550,173
Total Depreciation Expense - Governmental Activities	\$3,002,714

**NOTE 12 - INTERFUND RECEIVABLES/PAYABLES**

At December 31, 2011, the General Fund had an interfund receivable, in the amount of \$16,200, for a loan made to other governmental funds. Of this amount, \$13,500 is not scheduled to be collected within one year.

**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, 2011**  
(continued)

**NOTE 13 - RISK MANAGEMENT** (continued)

During 2011, the City contracted with BORMA for the following coverage:

<u>Type of Coverage</u>	<u>Coverage</u>
Property (building and contents)	\$123,237,000
Inland Marine	3,000,000
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 2010, 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, 2011:

<u>Contract</u>	<u>Remaining Commitment</u>
Arcadis Us	\$14,061
Buckeye Excavating & Construction	20,035
C & K Industrial	18,238
Feick Contractors	2,010
Herbst Excavating	7,356
Industrial Power System	10,020
John Hancock & Associates	9,745
Jones & Henry	385,207
Kirk Bros.	873
Mar-King Construction	28,198
Mosser Construction	366,531
MWH Americas	137,450
Norfolk Southern	17,431
S A Communale	17,420
Schirmer Construction	35,052
South Shore Electric	199,550
Transystems	10,321
TTL Associates	7,101
Wilkes and Co.	35,568
Total	<u>\$1,322,167</u>

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
**(continued)**

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**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. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the traditional plan benefit. Member contributions, the investment of which is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed 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 visiting <https://www.opers.org/investments/cafr.shtml>, 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 Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2011, members in state and local classifications contributed 10 percent of covered payroll. For 2011, member and employer contribution rates were consistent across all three plans.

The City's 2011 contribution rate was 14 percent. The portion of the City's contribution used to fund pension benefits is net of postemployment health care benefits. The portion of the City's contribution allocated to health care for members in the traditional plan was 4 percent for 2011. The portion of the employer contribution allocated to health care for members in the combined plan was 6.05 percent for 2011. Employer contribution rates are actuarially determined.

The City's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010, and 2009 was \$636,084, \$580,130, and \$585,054, respectively. For 2011, 89 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009. Contributions to the member-directed plan for 2011 were \$3,035 made by the City and \$2,168 made by the plan members.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
**(continued)**

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**NOTE 15 - DEFINED BENEFIT PENSION PLANS** (continued)

**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 publicly available financial that includes financial information and required supplementary information for the plan. The 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 - The Ohio Revised Code requires plan members to contribute 10 percent of their annual covered salary while employers are required to contribute 19.5 percent for police officers and 24 percent for firefighters. The OPF pension fund is authorized by the Ohio Revised Code to allocate a portion of the employer contribution to retiree health care benefits. For 2011, the portion of the City's contribution used to fund pension benefits was 12.75 percent of covered payroll for police officers and 17.25 percent of covered payroll for firefighters. The City's contribution to OPF for police and firefighters pension was \$414,828 and \$530,397 for the year ended December 31, 2011, \$424,305 and \$556,853, for the year ended December 31, 2010, and \$468,884 and \$578,909, for the year ended December 31, 2009. For 2011, 78 percent has been contributed for police and 72 percent has been contributed for firefighters with the balance for each being reported as intergovernmental payable. The full amount has been contributed for 2010 and 2009.

**NOTE 16 - POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order 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 mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
**(continued)**

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**NOTE 16 - POSTEMPLOYMENT BENEFITS** (continued)

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, 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). The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed 14 percent of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code.

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 portion of the employer contribution allocated to health care for members in the traditional plan was 4 percent for 2011. The portion of the employer contribution allocated to health care for members in the combined plan was 6.05 percent for 2011.

The OPERS retirement board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or 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, 2011, 2010, and 2009 was \$255,648, \$332,744, and \$430,556, respectively. For 2011, 89 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

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

**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, 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, 2011**  
**(continued)**

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**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 check, or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OPF meets the definition of an Other Postemployment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

The Ohio Revised Code allows, but does not mandate, 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 publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contribution made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2011, 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 is limited by the provisions of Sections 115 and 401(h).

The OPF Board of Trustees is also authorized to establish requirements for contributions to the 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.

The City's contribution to OPF which was allocated to fund postemployment health care benefits for police and firefighters was \$219,615 and \$207,547 for the year ended December 31, 2011, \$224,632 and \$217,899 for the year ended December 31, 2010, and \$248,233 and \$226,530 for the year ended December 31, 2009. For 2011, 78 percent has been contributed for police and 72 percent has been contributed for firefighters with the balance for each being reported as intergovernmental payable. The full amount has been contributed for 2010 and 2009.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
(continued)

**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.

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

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

**NOTE 18 - SHORT-TERM OBLIGATIONS**

The City's short-term obligations activity for the year ended December 31, 2011, were as follows:

	<u>Interest Rate</u>	<u>Balance January 1, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2011</u>
<u>Governmental Activities</u>					
<u>Bond Anticipation Notes</u>					
<u>Capital Projects Funds</u>					
2010 Various Improvement	0.95%	\$3,030,000	\$0	\$3,030,000	\$0
2011 Venice Road Grade Separation	0.70	0	600,000	600,000	0

(continued)

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
**(continued)**

**NOTE 18 - SHORT-TERM OBLIGATIONS** (continued)

	Interest Rate	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011
<u>Governmental Activities</u> (continued)					
<u>Bond Anticipation Notes</u>					
Capital Projects Funds					
2011 Various Improvement	1.25 %	\$0	\$3,615,000	\$0	\$3,615,000
Total Bond Anticipation Notes		3,030,000	4,215,000	3,630,000	3,615,000
<u>Temporary Revenue Bonds</u>					
Debt Service Fund					
2010 Urban Renewal	1.25	100,000	0	100,000	0
2011 Urban Renewal	0.40	0	2,134,650	0	2,134,650
Total Debt Service Funds		100,000	2,134,650	100,000	2,134,650
Capital Projects Funds					
2010 Urban Renewal	0.70	2,600,000	0	2,600,000	0
2011 Urban Renewal	0.40	0	565,350	0	565,350
Total Capital Projects Funds		2,600,000	565,350	2,600,000	565,350
Total Temporary Revenue Bonds		2,700,000	2,700,000	2,700,000	2,700,000
Total Governmental Activities		\$5,730,000	\$6,915,000	\$6,330,000	\$6,315,000

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

The 2010 various improvement notes were issued to partially retire notes previously issued to acquire a pumper truck, fire boat, replace the air conditioning unit at the Municipal Building, street improvements, sidewalk, curb, and gutter improvements, and to revitalize the Bayfront Urban Revitalization Area. The 2011 Venice Road Grade Separation Notes were issued to pay the cost of the Venice Road Grade Separation Project. The 2011 various improvement notes were issued to partially retire notes previously issued to acquire a pumper truck, fire boat, replace the air conditioning unit at the Municipal Building, street improvements, sidewalk, curb, and gutter improvements, to revitalize the Bayfront Urban Revitalization Area, and to pay the cost of the Venice Road Grade Separation Project.

At December 31, 2011, the total amount of various improvement notes outstanding was \$3,615,000, of which \$3,592,025 has been expended for construction. Of the \$3,592,025, \$1,900,000 was not capitalized.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
(continued)

**NOTE 18 - SHORT-TERM OBLIGATIONS** (continued)

During 2010, the City issued \$2,700,000 in temporary revenue bonds with a maturity of one year to revitalize the Bayfront Urban Revitalization Area. During 2011, the City issued \$2,700,000 in temporary revenue bonds with a maturity of one year to retire bonds previously issued to revitalize the Bayfront Urban Revitalization Area and for continued revitalization efforts.

At December 31, 2011, the total amount of urban renewal temporary revenue bonds outstanding was \$2,700,000, of which \$2,700,000 has been expended for construction. None of the \$2,700,000 was capitalized.

**NOTE 19 - LONG-TERM OBLIGATIONS**

The City's long-term obligations activity for the year ended December 31, 2011, was as follows:

	Interest Rate	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2001 Library	3.00-5.05%	\$4,345,000	\$0	\$4,345,000	\$0	\$0
2001 Various Purpose	3.00-5.05	140,000	0	10,000	130,000	10,000
2004 Judgement Refunding	4.15	60,000	0	30,000	30,000	30,000
2005 Various Purpose	3.50-5.13	675,000	0	105,000	570,000	105,000
2005 City Complex Refunding	4.28	5,935,000	0	275,000	5,660,000	375,000
Bond Premium		43,138	0	1,999	41,139	0
Accounting Loss		(555,418)	0	(25,735)	(529,683)	0
2007 Police Pension Refunding	4.00-4.25	443,383	0	19,185	424,198	21,316
Bond Premium		4,674	0	202	4,472	0
Accounting Loss		(19,982)	0	(865)	(19,117)	0
2007 Fire Pension Refunding	4.00-4.25	596,617	0	25,815	570,802	28,684
Bond Premium		6,290	0	272	6,018	0
Accounting Loss		(26,887)	0	(1,163)	(25,724)	0
2007 Various Purpose Refunding	4.00-4.25	4,363,271	0	237,300	4,125,971	247,301
Bond Premium		31,924	0	1,435	30,489	0
Accounting Loss		(140,834)	0	(6,330)	(134,504)	0
2011 Library Refunding	2.00-4.25	0	4,090,000	0	4,090,000	295,000
Bond Premium		0	120,335	0	120,335	0
Total General Obligation Bonds		15,901,176	4,210,335	5,017,115	15,094,396	1,112,301

(continued)

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
**(continued)**

**NOTE 19 - LONG-TERM OBLIGATIONS** (continued)

	Interest Rate	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011	Due Within One Year
<u>Governmental Activities</u> (continued)						
Special Assessment Bonds with Government Commitment						
Special Assessment Bonds	3.50-7.75%	\$3,706,088	\$0	\$321,539	\$3,384,549	\$298,540
2002 Bond Premium		1,500	0	600	900	0
2008 Bond Premium		105,098	0	3,818	101,280	0
Total Special Assessment Bonds		3,812,686	0	325,957	3,486,729	298,540
Other Long-Term Obligations						
Loans		684,873	0	85,941	598,932	89,631
Capital Leases		914	0	914	0	0
Compensated Absences		2,026,651	0	152,977	1,873,674	272,256
Total Other Long-Term Obligations		2,712,438	0	239,832	2,472,606	361,887
Total Governmental Activities		\$22,426,300	\$4,210,335	\$5,582,904	\$21,053,731	\$1,772,728
	Interest Rate	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011	Due Within One Year
<u>Business-Type Activities</u>						
General Obligation Revenue Bonds						
2002 Waterworks Improvement Refunding	4.50-4.75%	\$80,000	\$0	\$80,000	\$0	\$0
Bond Premium		4,902	0	4,902	0	0
Accounting Loss		(800)	0	(800)	0	0
2004 Water Pollution Control Refunding	4.15	91,000	0	42,000	49,000	49,000
2005 Water System	3.50-5.13	150,000	0	5,000	145,000	5,000
2005 Wastewater System	3.50-5.13	1,585,000	0	50,000	1,535,000	50,000
Bond Premium		44,579	0	1,406	43,173	0
Bond Discount		(18,771)	0	(592)	(18,179)	0
Total General Obligation Revenue Bonds		1,935,910	0	181,916	1,753,994	104,000
OWDA Loans						
Water	4.60-5.20	13,368,021	2,980,420	393,269	15,955,172	413,985
Sewer	4.27-6.39	30,168,991	1,726,329	1,124,885	30,770,435	1,060,872
Total OWDA Loans		43,537,012	4,706,749	1,518,154	46,725,607	1,474,857
Other Long-Term Obligations						
Loans		425,552	0	53,400	372,152	55,693
Compensated Absences		614,329	31,297	44,647	600,979	87,255
Total Other Long-Term Obligations		1,039,881	31,297	98,047	973,131	142,948
Total Business-Type Activities		\$46,512,803	\$4,738,046	\$1,798,117	\$49,452,732	\$1,721,805

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
**(continued)**

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**NOTE 19 - LONG-TERM OBLIGATIONS** (continued)

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. During 2011, the bonds were fully retired with the proceeds of the 2011 Library Refunding general obligation bonds.

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 Refunding General Obligation Bonds

On October 15, 2004, the City issued \$240,000 in judgement refunding general obligation 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.

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 Refunding General Obligation Bonds

On March 22, 2005, the City issued \$6,410,000 in unvoted refunding general obligation 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 Refunding General Obligation Bonds

On September 27, 2007, the City issued \$445,515 in unvoted refunding general obligation bonds to refund \$417,803 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 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.

At December 31, 2011, the refunded bonds were fully retired.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
**(continued)**

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**NOTE 19 - LONG-TERM OBLIGATIONS** (continued)

2007 Fire Pension Refunding General Obligation Bonds

On September 27, 2007, the City issued \$599,485 in unvoted refunding general obligation bonds to refund \$562,197 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 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.

At December 31, 2011, the refunded bonds were fully retired.

2007 Various Purpose Refunding General Obligation Bonds

On September 27, 2007, the City issued \$4,433,271 in unvoted refunding general obligation bonds to refund \$4,183,404 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 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.

At December 31, 2011, the refunded bonds were fully retired.

2011 Library Improvement Refunding General Obligation Bonds

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

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

The current refunding fully retired the refunded bonds.

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

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
**(continued)**

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**NOTE 19 - LONG-TERM OBLIGATIONS** (continued)

Special Assessment Bonds

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

On September 27, 2007, the City issued \$66,729 in unvoted refunding general obligation bonds to refund \$61,596 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 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.

At December 31, 2011, the refunded bonds were fully retired.

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. Of this loan, \$598,932 was not capitalized in governmental activities and \$305,977 was not capitalized in the business-type activities.

Compensated Absences Payable

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund, the Street Maintenance, and Federal Grants 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. During 2011, the bonds were fully retired from the Water enterprise fund.

The proceeds from the bonds were used to fully extinguish the old debt on December 1, 2002.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
**(continued)**

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**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 water plant improvements, water treatment plant electrical improvements, chemical improvements, ultraviolet treatment, sewer rehabilitation, flow monitors, sludge digestion system improvements, Cedar Point pump station, settling tank improvements, wastewater treatment plant expansion, and wastewater treatment plant phase II design. OWDA loans will be paid from resources of the Water and Sewer enterprise funds.

The OWDA loans will be paid from the gross revenues of the Water and Sewer enterprise funds after provisions for reasonable operating and maintenance expenses. Annual principal and interest payments are expected to require less than 100 percent of these net revenues in future years. The total principal and interest currently remaining to be paid on the OWDA loans, for completed projects for which amortization schedules are available, is \$33,728,128. Principal and interest paid for the current year and net revenues were \$776,352 and \$1,506,612 from the Water enterprise fund and \$2,331,953 and \$1,663,199 for the Sewer enterprise fund.

The City's legal debt margin was \$29,341,242 at December 31, 2011.

The water treatment plant electrical improvements, chemical 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, 2011**  
(continued)

**NOTE 19 - LONG-TERM OBLIGATIONS** (continued)

Principal and interest requirements to retire governmental activities general long-term obligations outstanding at December 31, 2011, were as follows:

Year	General Obligation Bonds		Special Assessment Bonds		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$1,112,301	\$609,281	\$298,540	\$177,832	\$89,631	\$24,507
2013	1,219,867	568,366	275,973	163,741	93,480	20,658
2014	1,284,867	522,889	270,973	150,528	97,494	16,643
2015	1,374,867	476,719	246,972	137,694	101,680	12,457
2016	1,329,867	426,764	225,973	126,266	106,047	8,091
2017-2021	6,834,202	1,308,069	836,118	485,903	110,600	3,537
2022-2026	2,445,000	263,678	840,000	269,013	0	0
2027-2028	0	0	390,000	34,838	0	0
	<u>\$15,600,971</u>	<u>\$4,175,766</u>	<u>\$3,384,549</u>	<u>\$1,545,815</u>	<u>\$598,932</u>	<u>\$85,893</u>

Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2011, from the enterprise funds were as follows:

Year	2004 Water Pollution Control Refunding		2005 Water System		2005 Wastewater System	
	Principal	Interest	Principal	Principal	Principal	Interest
2012	\$49,000	\$2,033	\$5,000	\$5,897	\$50,000	\$62,301
2013	0	0	5,000	5,641	55,000	59,739
2014	0	0	5,000	5,385	55,000	56,920
2015	0	0	5,000	5,210	60,000	54,995
2016	0	0	5,000	5,030	60,000	52,835
2017-2021	0	0	30,000	22,300	350,000	227,315
2022-2026	0	0	50,000	14,400	450,000	151,525
2027-2030	0	0	40,000	4,190	455,000	49,035
	<u>\$49,000</u>	<u>\$2,033</u>	<u>\$145,000</u>	<u>\$68,053</u>	<u>\$1,535,000</u>	<u>\$714,665</u>

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
(continued)

**NOTE 19 - LONG-TERM OBLIGATIONS** (continued)

Year	OWDA Loans		Loans Payable	
	Principal	Interest	Principal	Interest
2012	\$1,474,857	\$1,227,374	\$55,693	\$15,227
2013	1,549,500	1,152,732	58,084	12,836
2014	1,627,946	1,074,285	60,579	10,342
2015	1,710,390	991,841	63,180	7,740
2016	1,797,039	905,193	65,893	5,027
2017-2021	10,447,801	3,063,357	68,723	2,198
2022-2026	6,148,142	557,671	0	0
	<u>\$24,755,675</u>	<u>\$8,972,453</u>	<u>\$372,152</u>	<u>\$53,370</u>

Long-term obligations at December 31, 2011, consisted of the following issues:

Long-Term Obligations	Term	Percent	Original Issue	Outstanding 12/31/11
<b>General Obligation Bonds</b>				
2001 Various Purpose	2001-2026	3.00-5.05%	\$6,037,200	\$130,000
2004 Judgement Refunding	2004-2012	4.15	240,000	30,000
2005 Various Purpose	2005-2015	3.50-5.13	1,295,000	570,000
2005 City Complex Refunding	2005-2020	4.28	6,410,000	5,660,000
2007 Police Pension Refunding	2007-2026	4.00-4.25	445,515	424,198
2007 Fire Pension Refunding	2007-2026	4.00-4.25	599,485	570,802
2007 Various Purpose Refunding	2007-2026	4.00-4.25	4,433,271	4,125,971
2011 Library Refunding	2011-2023	2.00-4.25	4,090,000	4,090,000
			<u>23,550,471</u>	<u>15,600,971</u>
<b>Special Assessment Bonds</b>				
1995 PP McDonough Street	1995-2015	5.23%	2,963	467
1995 PP Street	1995-2014	5.23	120,974	19,102
1995 PP Dutch Street	1995-2013	5.23	35,512	3,946
1995 Filmore	1995-2014	5.23	247,677	81,484
1996 Perry Street	1996-2016	5.72	40,000	10,000
1996 Perry Street - City Port	1996-2016	5.72	350,000	115,000
1998 PP Street	1998-2018	4.87	48,894	17,065
1998 PP Street	1998-2018	4.87	31,000	10,820
1998 PP Street	1998-2018	4.87	69,106	24,116
1999 Winnebago	1999-2019	5.50	81,000	34,000
1999 Wilbert	1999-2019	5.50	143,000	54,000
1999 Streetscape	1999-2019	5.50	329,000	132,000

(continued)

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
(continued)

**NOTE 19 - LONG-TERM OBLIGATIONS** (continued)

<u>Long-Term Obligations</u>	<u>Term</u>	<u>Percent</u>	<u>Original Issue</u>	<u>Outstanding 12/31/11</u>
<b>Special Assessment Bonds (continued)</b>				
2002 Curb, Sidewalk, and Gutter	2002-2012	4.75%	\$102,000	\$15,000
2003 Curb, Sidewalk, and Gutter	2003-2013	4.00	89,900	18,000
2004 PP St. Clair Street Refunding	2004-2012	4.15	80,000	11,000
2005 Sidewalk	2005-2015	3.50-5.13	185,000	80,000
2006 Sidewalk	2006-2016	4.66	104,000	52,000
2007 Remington Refunding	2007-2026	4.00	66,729	59,029
2007 Seneca	2007-2027	4.00	52,000	41,600
2007 Huntington	2007-2027	4.00	147,000	127,800
2007 Sidewalk	2007-2027	4.00	91,000	60,600
2008 Sidewalk, Curb, and Gutter	2008-2018	4.00-5.00	113,000	83,000
2008 Cold Creek	2008-2028	4.00-6.00	2,425,000	2,202,000
2008 Monroe Street	2008-2018	4.00-5.00	87,000	65,000
2009 Monroe Street	2009-2019	4.50	84,400	67,520
			<u>5,126,155</u>	<u>3,384,549</u>
<b>General Obligation Revenue Bonds</b>				
<b>Water</b>				
2005 Water System	2005-2030	3.50-5.13	175,000	145,000
<b>Sewer</b>				
2004 Water Pollution Control Refunding	2004-2012	4.15	353,000	49,000
2005 Wastewater System	2005-2030	3.50-5.13	1,815,000	1,535,000
			<u>2,168,000</u>	<u>1,584,000</u>
			<u>\$31,019,626</u>	<u>\$20,714,520</u>
<b>OWDA Loans</b>				
<b>Water</b>				
2003 Water Plant Improvements	2004-2024	5.20%	\$19,993,686	\$7,070,774
2005 WTP Electrical Improvements	2005-2030	4.60	8,476,601	6,218,381
2011 Chemical Improvements	2011-2042	4.45	2,666,017	2,666,017
			<u>31,136,304</u>	<u>15,955,172</u>

(continued)

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
(continued)

**NOTE 19 - LONG-TERM OBLIGATIONS** (continued)

Long-Term Obligations	Term	Percent	Original Issue	Outstanding 12/31/11
OWDA Loans (continued)				
Sewer				
1998 Ultraviolet Treatment	2001-2026	5.56%	\$2,110,930	\$1,551,741
1999 Sewer Rehabilitation	2001-2025	6.13	350,878	257,007
2000 Sewer Rehabilitation	2001-2026	6.39	713,436	494,719
2000 CSO Flow Monitors	2001-2026	6.39	306,536	236,239
2000 Sludge Digestion System	2001-2026	6.03	1,409,888	911,273
2001 Cedar Point Pump Station	2002-2022	5.05	4,393,697	2,891,135
2001 Final Settling Tank Improv	2002-2022	5.05	383,484	190,755
2002 WWTP Expansion	2003-2024	4.65	26,286,934	11,152,032
2007 WWTP Phase II Design	2008-2041	4.27	13,278,682	13,085,534
			<u>49,234,465</u>	<u>30,770,435</u>
			<u>\$80,370,769</u>	<u>\$46,725,607</u>

**NOTE 20 - OPERATING LEASE**

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

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

For 2011, 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
2012-2014	\$25,000	\$75,000
2015-2024	30,000	300,000
Total minimum future rentals		<u>\$375,000</u>

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
(continued)

**NOTE 20 - OPERATING LEASE** (continued)

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
2012-2014	1.0%
2015-2024	2.0

The City received additional rent, in the amount \$14,915, in 2011.

**NOTE 21 - FUND BALANCE**

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

Fund Balance	General	General Bond Retirement	Capital Projects	Other Governmental Funds
Nonspendable for:				
Interfund Loans	\$13,500	\$0	\$0	\$0
Materials and Supplies Inventory	115,975	0	0	91,830
Prepaid Items	0	0	41	0
Unclaimed Monies	97,873	0	0	0
Total Nonspendable	227,348	0	41	91,830
Restricted for:				
Cemetery Operations	0	0	0	835,431
Court Computerization	0	0	0	164,477
Court Security	0	0	0	5,486
Debt Retirement	0	32,753	0	0
Drug and Alcohol Treatment/Enforcement	0	0	0	335,772
Economic Development and Rehabilitation	0	0	0	2,778,764

(continued)

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
(continued)

**NOTE 21 - FUND BALANCE** (continued)

Fund Balance	General	General Bond Retirement	Capital Projects	Other Governmental Funds
Restricted for: (continued)				
Electronic Monitoring	\$0	\$0	\$0	\$531
Police and Fire Operations	0	0	0	184,659
Probation	0	0	0	394,064
Recreation	0	0	0	207,443
Street Construction and Maintenance	0	0	0	239,357
Transit System	0	0	0	130,251
Total Restricted	<u>0</u>	<u>32,753</u>	<u>0</u>	<u>5,276,235</u>
Committed for:				
Capital Improvements	<u>0</u>	<u>0</u>	<u>0</u>	<u>42,338</u>
Assigned for:				
Future Severance Payments	250,000	0	0	0
Unpaid Obligations	31,308	0	0	0
Total Assigned	<u>281,308</u>	<u>0</u>	<u>0</u>	<u>0</u>
Unassigned (Deficit)	3,598,766	0	(1,793,277)	(2,516,924)
Total Fund Balance (Deficit)	<u>\$4,107,422</u>	<u>\$32,753</u>	<u>(\$1,793,236)</u>	<u>\$2,893,479</u>

**NOTE 22 - INTERFUND TRANSFERS**

During 2011, the General Fund made transfers to the General Bond Retirement Fund and Special Assessment Bond Retirement Fund, in the amount of \$392,897 and \$131,585, respectively, to move receipts as debt payments became due, and to other governmental funds, in the amount of \$991,605, to subsidize various activities in other funds. The Special Assessment Bond Retirement Fund made transfers to other governmental funds, in the amount of \$3,390, to move receipts as debt payments became due. The Capital Projects Fund made transfers to the General Bond Retirement Fund, in the amount of \$117,498, to move receipts as debt payments became due. Other governmental funds made transfers to the General Bond Retirement Fund, in the amount of \$112,130, to move receipts as debt payments became due, and to the Capital Projects Fund, in the amount of \$3,051,075 to fund various capital activities.

The Water Fund made transfers to the Capital Projects Fund, in the amount of \$4,092, to pay for capital projects activities within the fund. The Sewer Fund made transfers to the Special Assessment Bond Retirement Fund and Capital Projects Fund, in the amount of \$57,851 and \$99,215; respectively, to move receipts as debt payments became due and to pay for capital projects activities within the funds.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2011**  
**(continued)**

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**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, 2011. Financial information may be obtained from Arthur J. Gallagher Risk Management Services, Inc., 2 Summit Park Drive, Suite 235, Independence, Ohio 44131.

**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, 2011, to December 31, 2011, the City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

**NOTE 25 - SUBSEQUENT EVENTS**

On April 3, 2012, the City issued \$2,500,000 in temporary revenue bonds with a maturity of one year to retire bonds previously issued to revitalize the Bayfront Urban Revitalization Area and for continued revitalization efforts. The bonds have an interest rate of .65 percent and mature on April 3, 2013.



**COMBINING STATEMENTS AND  
INDIVIDUAL FUND SCHEDULES**

### **Nonmajor Special Revenue Funds**

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

#### Street Maintenance

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

#### State Highway

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

#### Public Transit

To account for resources from the federal and state government under the Section 18 Program and from charges to users of the public transit system. Resources are restricted for operations of the public transit system.

#### Fire Pension

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

#### Police Pension

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

#### State Grants

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

#### Federal Grants

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

#### Indigent Drivers Alcohol

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

(continued)

**Nonmajor Special Revenue Funds  
(continued)**

Enforcement and Education

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

Court Computerization

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

Indigent Telephone

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

Municipal Probation

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

General Trust

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

Park Donations

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

Cemetery Donations

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

**Nonmajor Debt Service Funds**

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

Urban Renewal Debt Retirement Fund

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

**Nonmajor Capital Projects Funds**

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

Capital Improvement

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

Redevelopment Tax Increment

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

Various Improvement

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

City of Sandusky  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$2,996,909	\$0	\$232,133	\$3,229,042
Accounts Receivable	45,300	0	892,047	937,347
Accrued Interest Receivable	2,900	0	0	2,900
Due from Other Governments	1,152,576	0	0	1,152,576
Municipal Income Taxes Receivable	0	0	94,183	94,183
Other Local Taxes Receivable	32,660	0	0	32,660
Materials and Supplies Inventory	91,830	0	0	91,830
Property Taxes Receivable	303,382	0	0	303,382
Payment in Lieu of Taxes Receivable	352	505,988	25,792	532,132
Notes Receivable	2,247,107	0	0	2,247,107
<b>Total Assets</b>	<b>\$6,873,016</b>	<b>\$505,988</b>	<b>\$1,244,155</b>	<b>\$8,623,159</b>
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$17,679	\$0	\$1,163	\$18,842
Accounts Payable	400,155	0	375	400,530
Interfund Payable	0	0	16,200	16,200
Due to Other Governments	419,619	0	2,231	421,850
Accrued Interest Payable	0	1,392	0	1,392
Notes Payable	0	2,134,650	0	2,134,650
Retainage Payable	200	0	0	200
Deferred Revenue	1,242,856	505,988	987,172	2,736,016
<b>Total Liabilities</b>	<b>2,080,509</b>	<b>2,642,030</b>	<b>1,007,141</b>	<b>5,729,680</b>
<u>Fund Balance</u>				
Nonspendable	91,830	0	0	91,830
Restricted	5,081,559	0	194,676	5,276,235
Committed	0	0	42,338	42,338
Unassigned (Deficit)	(380,882)	(2,136,042)	0	(2,516,924)
<b>Total Fund Balance (Deficit)</b>	<b>4,792,507</b>	<b>(2,136,042)</b>	<b>237,014</b>	<b>2,893,479</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$6,873,016</b>	<b>\$505,988</b>	<b>\$1,244,155</b>	<b>\$8,623,159</b>

City of Sandusky  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2011

	Street Maintenance	State Highway	Public Transit	Fire Pension	Police Pension
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$153,510	\$86,753	\$45,785	\$285	\$285
Accounts Receivable	0	0	45,300	0	0
Accrued Interest Receivable	0	0	0	0	0
Due from Other Governments	484,752	39,304	174,772	9,411	9,411
Other Local Taxes Receivable	32,660	0	0	0	0
Materials and Supplies Inventory	91,718	0	0	0	0
Property Taxes Receivable	0	0	0	151,691	151,691
Payment in Lieu of Taxes Receivable	0	0	0	176	176
Notes Receivable	0	0	0	0	0
<b>Total Assets</b>	<b>\$762,640</b>	<b>\$126,057</b>	<b>\$265,857</b>	<b>\$161,563</b>	<b>\$161,563</b>
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accrued Wages Payable	\$14,459	\$0	\$1,050	\$0	\$0
Accounts Payable	25,392	28,314	227,196	0	0
Due to Other Governments	25,393	13,056	891	194,042	123,460
Retainage Payable	0	0	0	0	0
Deferred Revenue	417,182	33,826	100,670	161,278	161,278
<b>Total Liabilities</b>	<b>482,426</b>	<b>75,196</b>	<b>329,807</b>	<b>355,320</b>	<b>284,738</b>
<u>Fund Balance</u>					
Nonspendable	91,718	0	0	0	0
Restricted	188,496	50,861	0	0	0
Unassigned (Deficit)	0	0	(63,950)	(193,757)	(123,175)
<b>Total Fund Balance (Deficit)</b>	<b>280,214</b>	<b>50,861</b>	<b>(63,950)</b>	<b>(193,757)</b>	<b>(123,175)</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$762,640</b>	<b>\$126,057</b>	<b>\$265,857</b>	<b>\$161,563</b>	<b>\$161,563</b>

State Grants	Federal Grants	Indigent Drivers Alcohol	Enforcement and Education	Court Computerization	Indigent Telephone	Municipal Probation
\$313,200	\$448,373	\$303,320	\$43,392	\$162,958	\$531	\$266,710
0	0	0	0	0	0	0
0	1,434	0	0	0	0	0
32,274	393,539	6,928	666	1,519	0	0
0	0	0	0	0	0	0
0	82	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
2,204,946	42,161	0	0	0	0	0
<u>\$2,550,420</u>	<u>\$885,589</u>	<u>\$310,248</u>	<u>\$44,058</u>	<u>\$164,477</u>	<u>\$531</u>	<u>\$266,710</u>
\$0	\$2,170	\$0	\$0	\$0	\$0	\$0
7,959	111,294	0	0	0	0	0
1,497	45,376	13,918	0	0	0	960
0	200	0	0	0	0	0
16,137	347,869	4,616	0	0	0	0
<u>25,593</u>	<u>506,909</u>	<u>18,534</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>960</u>
0	82	0	0	0	0	0
2,524,827	378,598	291,714	44,058	164,477	531	265,750
0	0	0	0	0	0	0
<u>2,524,827</u>	<u>378,680</u>	<u>291,714</u>	<u>44,058</u>	<u>164,477</u>	<u>531</u>	<u>265,750</u>
<u>\$2,550,420</u>	<u>\$885,589</u>	<u>\$310,248</u>	<u>\$44,058</u>	<u>\$164,477</u>	<u>\$531</u>	<u>\$266,710</u>

(continued)

City of Sandusky  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2011  
(continued)

	General Trust	Park Donations	Cemetery Donations	Total
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$144,950	\$191,866	\$834,991	\$2,996,909
Accounts Receivable	0	0	0	45,300
Accrued Interest Receivable	0	0	1,466	2,900
Due from Other Governments	0	0	0	1,152,576
Other Local Taxes Receivable	0	0	0	32,660
Materials and Supplies Inventory	0	0	30	91,830
Property Taxes Receivable	0	0	0	303,382
Payment in Lieu of Taxes Receivable	0	0	0	352
Notes Receivable	0	0	0	2,247,107
<b>Total Assets</b>	<b>\$144,950</b>	<b>\$191,866</b>	<b>\$836,487</b>	<b>\$6,873,016</b>
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$0	\$0	\$0	\$17,679
Accounts Payable	0	0	0	400,155
Due to Other Governments	0	0	1,026	419,619
Retainage Payable	0	0	0	200
Deferred Revenue	0	0	0	1,242,856
<b>Total Liabilities</b>	<b>0</b>	<b>0</b>	<b>1,026</b>	<b>2,080,509</b>
<u>Fund Balance</u>				
Nonspendable	0	0	30	91,830
Restricted	144,950	191,866	835,431	5,081,559
Unassigned (Deficit)	0	0	0	(380,882)
<b>Total Fund Balance (Deficit)</b>	<b>144,950</b>	<b>191,866</b>	<b>835,461</b>	<b>4,792,507</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$144,950</b>	<b>\$191,866</b>	<b>\$836,487</b>	<b>\$6,873,016</b>

City of Sandusky  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2011

	Capital Improvement	Redevelopment Tax Increment	Various Improvement	Total
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$17,488	\$23,670	\$190,975	\$232,133
Accounts Receivable	0	0	892,047	892,047
Municipal Income Taxes Receivable	94,183	0	0	94,183
Payment in Lieu of Taxes Receivable	0	25,792	0	25,792
<b>Total Assets</b>	<b>\$111,671</b>	<b>\$49,462</b>	<b>\$1,083,022</b>	<b>\$1,244,155</b>
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$0	\$0	\$1,163	\$1,163
Accounts Payable	0	0	375	375
Interfund Payable	0	0	16,200	16,200
Due to Other Governments	0	0	2,231	2,231
Deferred Revenue	69,333	25,792	892,047	987,172
<b>Total Liabilities</b>	<b>69,333</b>	<b>25,792</b>	<b>912,016</b>	<b>1,007,141</b>
<u>Fund Balance</u>				
Restricted	0	23,670	171,006	194,676
Committed	42,338	0	0	42,338
<b>Total Fund Balance</b>	<b>42,338</b>	<b>23,670</b>	<b>171,006</b>	<b>237,014</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$111,671</b>	<b>\$49,462</b>	<b>\$1,083,022</b>	<b>\$1,244,155</b>



City of Sandusky  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Revenues</u>				
Property Taxes	\$261,728	\$0	\$0	\$261,728
Payment in Lieu of Taxes	570	523,374	25,879	549,823
Municipal Income Taxes	0	0	338,676	338,676
Other Local Taxes	452,501	0	0	452,501
Charges for Services	192,733	0	28,644	221,377
Fees, Licenses, and Permits	125,671	0	107,400	233,071
Fines and Forfeitures	59,962	0	0	59,962
Intergovernmental	3,187,027	60,965	0	3,247,992
Interest	34,243	0	2,265	36,508
Other	557,843	0	21,116	578,959
	<u>4,872,278</u>	<u>584,339</u>	<u>523,980</u>	<u>5,980,597</u>
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	726,216	0	0	726,216
Fire	931,058	0	0	931,058
Public Health	62,388	0	0	62,388
Leisure Time Activities	5,520	0	0	5,520
Community Environment	1,136,140	0	116,422	1,252,562
Transportation	2,849,871	0	0	2,849,871
General Government				
Municipal Court	67,308	0	0	67,308
Other	2,400	0	0	2,400
Other	92,756	0	0	92,756
Capital Outlay	0	0	7,447	7,447
Debt Service:				
Principal Retirement	63,660	0	0	63,660
Interest and Fiscal Charges	48,535	6,328	0	54,863
	<u>5,985,852</u>	<u>6,328</u>	<u>123,869</u>	<u>6,116,049</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,113,574)</u>	<u>578,011</u>	<u>400,111</u>	<u>(135,452)</u>
<u>Other Financing Sources (Uses)</u>				
Sale of Capital Assets	9,525	0	0	9,525
Transfers In	991,605	0	3,390	994,995
Transfers Out	(205,234)	(2,618,048)	(339,923)	(3,163,205)
	<u>795,896</u>	<u>(2,618,048)</u>	<u>(336,533)</u>	<u>(2,158,685)</u>
Changes in Fund Balance	(317,678)	(2,040,037)	63,578	(2,294,137)
Fund Balance (Deficit) Beginning of Year	5,110,185	(96,005)	173,436	5,187,616
Fund Balance (Deficit) End of Year	<u>\$4,792,507</u>	<u>(\$2,136,042)</u>	<u>\$237,014</u>	<u>\$2,893,479</u>

City of Sandusky  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2011

	Street Maintenance	State Highway	Public Transit	Fire Pension	Police Pension
<u>Revenues</u>					
Property Taxes	\$0	\$0	\$0	\$130,864	\$130,864
Payment in Lieu of Taxes	0	0	0	285	285
Other Local Taxes	452,501	0	0	0	0
Charges for Services	0	0	165,110	0	0
Fees, Licenses, and Permits	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	963,248	78,102	248,158	32,892	32,892
Interest	109	26	0	0	0
Other	23,011	40	336,277	0	0
<b>Total Revenues</b>	<b>1,438,869</b>	<b>78,168</b>	<b>749,545</b>	<b>164,041</b>	<b>164,041</b>
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	0	0	0	0	534,021
Fire	0	0	0	701,314	0
Public Health	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Environment	0	0	0	0	0
Transportation	1,263,649	74,848	724,784	0	0
General Government					
Municipal Court	0	0	0	0	0
Other	0	0	0	0	0
Other	0	0	0	0	0
Debt Service:					
Principal Retirement	18,660	0	0	25,815	19,185
Interest and Fiscal Charges	6,122	0	0	24,331	18,082
<b>Total Expenditures</b>	<b>1,288,431</b>	<b>74,848</b>	<b>724,784</b>	<b>751,460</b>	<b>571,288</b>
Excess of Revenues Over (Under) Expenditures	150,438	3,320	24,761	(587,419)	(407,247)
<u>Other Financing Sources (Uses)</u>					
Sale of Capital Assets	9,525	0	0	0	0
Transfers In	0	0	0	583,721	407,884
Transfers Out	(93,104)	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(83,579)</b>	<b>0</b>	<b>0</b>	<b>583,721</b>	<b>407,884</b>
Changes in Fund Balance	66,859	3,320	24,761	(3,698)	637
Fund Balance (Deficit) Beginning of Year	213,355	47,541	(88,711)	(190,059)	(123,812)
Fund Balance (Deficit) End of Year	\$280,214	\$50,861	(\$63,950)	(\$193,757)	(\$123,175)

State Grants	Federal Grants	Indigent Drivers Alcohol	Enforcement and Education	Court Computerization	Indigent Telephone	Municipal Probation
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	42,623	0	0	0	83,048
0	0	0	7,774	31,771	0	0
107,712	1,709,032	14,991	0	0	0	0
19,979	10,486	0	0	0	0	0
29,636	50,848	0	0	0	0	50
<u>157,327</u>	<u>1,770,366</u>	<u>57,614</u>	<u>7,774</u>	<u>31,771</u>	<u>0</u>	<u>83,098</u>
0	131,148	0	0	0	0	0
0	202,722	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
219,466	911,290	0	0	0	0	0
0	786,590	0	0	0	0	0
67,308	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	13,918	0	15,373	19,926	43,539
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>286,774</u>	<u>2,031,750</u>	<u>13,918</u>	<u>0</u>	<u>15,373</u>	<u>19,926</u>	<u>43,539</u>
<u>(129,447)</u>	<u>(261,384)</u>	<u>43,696</u>	<u>7,774</u>	<u>16,398</u>	<u>(19,926)</u>	<u>39,559</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	(112,130)	0	0	0	0	0
0	(112,130)	0	0	0	0	0
<u>(129,447)</u>	<u>(373,514)</u>	<u>43,696</u>	<u>7,774</u>	<u>16,398</u>	<u>(19,926)</u>	<u>39,559</u>
<u>2,654,274</u>	<u>752,194</u>	<u>248,018</u>	<u>36,284</u>	<u>148,079</u>	<u>20,457</u>	<u>226,191</u>
<u>\$2,524,827</u>	<u>\$378,680</u>	<u>\$291,714</u>	<u>\$44,058</u>	<u>\$164,477</u>	<u>\$531</u>	<u>\$265,750</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, 2011  
(continued)

	General Trust	Park Donations	Cemetery Donations	Total
<u>Revenues</u>				
Property Taxes	\$0	\$0	\$0	\$261,728
Payment in Lieu of Taxes	0	0	0	570
Other Local Taxes	0	0	0	452,501
Charges for Services	987	8,455	18,181	192,733
Fees, Licenses, and Permits	0	0	0	125,671
Fines and Forfeitures	20,417	0	0	59,962
Intergovernmental	0	0	0	3,187,027
Interest	0	73	3,570	34,243
Other	61,516	1,005	55,460	557,843
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	82,920	9,533	77,211	4,872,278
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	61,047	0	0	726,216
Fire	27,022	0	0	931,058
Public Health	0	0	62,388	62,388
Leisure Time Activities	5,220	300	0	5,520
Community Environment	5,384	0	0	1,136,140
Transportation	0	0	0	2,849,871
General Government				
Municipal Court	0	0	0	67,308
Other	0	2,400	0	2,400
Other	0	0	0	92,756
Debt Service:				
Principal Retirement	0	0	0	63,660
Interest and Fiscal Charges	0	0	0	48,535
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	98,673	2,700	62,388	5,985,852
Excess of Revenues Over (Under) Expenditures				
	<hr/>	<hr/>	<hr/>	<hr/>
	(15,753)	6,833	14,823	(1,113,574)
<u>Other Financing Sources (Uses)</u>				
Sale of Capital Assets	0	0	0	9,525
Transfers In	0	0	0	991,605
Transfers Out	0	0	0	(205,234)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	0	0	0	795,896
Changes in Fund Balance				
	<hr/>	<hr/>	<hr/>	<hr/>
	(15,753)	6,833	14,823	(317,678)
Fund Balance (Deficit) Beginning of Year				
	<hr/>	<hr/>	<hr/>	<hr/>
	160,703	185,033	820,638	5,110,185
Fund Balance (Deficit) End of Year				
	<hr/>	<hr/>	<hr/>	<hr/>
	\$144,950	\$191,866	\$835,461	\$4,792,507

City of Sandusky  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2011

	Capital Improvement	Redevelopment Tax Increment	Various Improvement	Total
<u>Revenues</u>				
Payment in Lieu of Taxes	\$0	\$25,879	\$0	\$25,879
Municipal Income Taxes	338,676	0	0	338,676
Charges for Services	0	0	28,644	28,644
Fees, Licenses, and Permits	0	0	107,400	107,400
Interest	0	0	2,265	2,265
Other	0	0	21,116	21,116
<b>Total Revenues</b>	<b>338,676</b>	<b>25,879</b>	<b>159,425</b>	<b>523,980</b>
<u>Expenditures</u>				
Current:				
Community Environment	0	2,500	113,922	116,422
Capital Outlay	0	0	7,447	7,447
<b>Total Expenditures</b>	<b>0</b>	<b>2,500</b>	<b>121,369</b>	<b>123,869</b>
Excess of Revenues Over Expenditures	338,676	23,379	38,056	400,111
<u>Other Financing Sources (Uses)</u>				
Transfers In	0	0	3,390	3,390
Transfers Out	(339,923)	0	0	(339,923)
<b>Total Other Financing Sources (Uses)</b>	<b>(339,923)</b>	<b>0</b>	<b>3,390</b>	<b>(336,533)</b>
Changes in Fund Balance	(1,247)	23,379	41,446	63,578
Fund Balance Beginning of Year	43,585	291	129,560	173,436
<b>Fund Balance End of Year</b>	<b>\$42,338</b>	<b>\$23,670</b>	<b>\$171,006</b>	<b>\$237,014</b>

City of Sandusky  
Combining Statements - Fiduciary Funds

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

**Agency Funds**

State Patrol Transfer

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

Guaranteed Deposits

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

Sandusky Municipal Court

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

BSF Assessment

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

Fire Escrow

To account for insurance proceeds in which a fire occurred under Ohio Revised Code Section 3929.86, divisions (C) and (D). These proceeds are released to the insured after removal or repair of the structure and an inspection by the Fire Chief.

Payroll

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

Police Temporary Deposit

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

Section 125 Plan

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

City of Sandusky  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2011

	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011
<u>State Patrol Transfer</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$5,897	\$0	\$0	\$5,897
<u>Liabilities</u>				
Undistributed Assets	\$5,897	\$0	\$0	\$5,897
<u>Guaranteed Deposits</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$46,235	\$10,056	\$6,278	\$50,013
<u>Liabilities</u>				
Undistributed Assets	\$46,235	\$10,056	\$6,278	\$50,013
<u>Sandusky Municipal Court</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$89,532	\$2,370,509	\$2,356,612	\$103,429
<u>Liabilities</u>				
Undistributed Assets	\$89,532	\$2,370,509	\$2,356,612	\$103,429
<u>BSF Assessment</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,620	\$3,013	\$3,032	\$1,601
<u>Liabilities</u>				
Undistributed Assets	\$1,620	\$3,013	\$3,032	\$1,601
<u>Fire Escrow</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$3,314	\$24,900	\$25,400	\$2,814
<u>Liabilities</u>				
Undistributed Assets	\$3,314	\$24,900	\$25,400	\$2,814
<u>Payroll</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$102,554	\$95,310	\$102,554	\$95,310
<u>Liabilities</u>				
Due to Other Governments	\$102,554	\$95,310	\$102,554	\$95,310
<u>Police Temporary Deposit</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,980	\$5,420	\$5,419	\$1,981
<u>Liabilities</u>				
Undistributed Assets	\$1,980	\$5,420	\$5,419	\$1,981

(continued)

City of Sandusky  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2011  
(continued)

	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011
<u>Section 125 Plan</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$7,189	\$32,209	\$28,011	\$11,387
<u>Liabilities</u>				
Undistributed Assets	\$7,189	\$32,209	\$28,011	\$11,387
 <u>Total - All Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$258,321	\$2,541,417	\$2,527,306	\$272,432
<u>Liabilities</u>				
Due to Other Governments	\$102,554	\$95,310	\$102,554	\$95,310
Undistributed Assets	155,767	2,446,107	2,424,752	177,122
Total Liabilities	\$258,321	\$2,541,417	\$2,527,306	\$272,432

**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, 2011

	Original	Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues</u>				
Property Taxes	\$1,996,421	\$1,996,421	\$1,592,168	(\$404,253)
Payment in Lieu of Taxes	0	0	3,279	3,279
Municipal Income Taxes	5,828,838	6,022,095	6,440,977	418,882
Other Local Taxes	3,652,865	3,826,494	3,835,174	8,680
Charges for Services	598,000	578,677	670,420	91,743
Fees, Licenses, and Permits	571,996	532,748	575,253	42,505
Fines and Forfeitures	1,143,002	957,638	969,400	11,762
Intergovernmental	1,075,294	1,119,851	1,359,144	239,293
Interest	250,000	208,021	208,021	0
Other	289,675	265,425	302,069	36,644
<b>Total Revenues</b>	<b>15,406,091</b>	<b>15,507,370</b>	<b>15,955,905</b>	<b>448,535</b>
<u>Expenditures</u>				
Current:				
Security of Persons and Property-Police				
Police Patrol				
Personal Services	3,366,439	3,316,439	3,317,215	(776)
Other	259,424	277,424	266,983	10,441
<b>Total Police Patrol</b>	<b>3,625,863</b>	<b>3,593,863</b>	<b>3,584,198</b>	<b>9,665</b>
Police Records				
Personal Services	502,964	502,964	503,064	(100)
Other	46,325	36,325	35,255	1,070
<b>Total Police Records</b>	<b>549,289</b>	<b>539,289</b>	<b>538,319</b>	<b>970</b>
Police Reserves				
Personal Services	0	51,500	51,454	46
Other	0	1,000	132	868
<b>Total Police Reserves</b>	<b>0</b>	<b>52,500</b>	<b>51,586</b>	<b>914</b>
Police Detectives				
Personal Services	502,332	402,332	380,050	22,282
Other	9,257	9,257	4,925	4,332
<b>Total Police Detectives</b>	<b>511,589</b>	<b>411,589</b>	<b>384,975</b>	<b>26,614</b>
<b>Total Security of Persons and Property-Police</b>	<b>4,686,741</b>	<b>4,597,241</b>	<b>4,559,078</b>	<b>38,163</b>
Security of Persons and Property-Fire				
Fire Suppression				
Personal Services	3,718,289	3,812,289	3,813,116	(827)
Other	387,647	407,647	398,754	8,893
<b>Total Security of Persons and Property-Fire</b>	<b>4,105,936</b>	<b>4,219,936</b>	<b>4,211,870</b>	<b>8,066</b>
Security of Persons and Property-Other				
Street Lighting				
Other	235,000	251,802	251,802	0

(continued)

City of Sandusky  
General Fund

Schedule of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2011  
(continued)

	<u>Original</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Public Health				
Oakland Cemetery				
Personal Services	\$162,000	\$169,500	\$170,149	(\$649)
Other	32,552	47,552	43,885	3,667
<b>Total Public Health</b>	<b>194,552</b>	<b>217,052</b>	<b>214,034</b>	<b>3,018</b>
Leisure Time Activities				
Aquatic Center				
Personal Services	15,981	4,581	4,534	47
Other	2,891	6,291	6,275	16
<b>Total Aquatic Center</b>	<b>18,872</b>	<b>10,872</b>	<b>10,809</b>	<b>63</b>
Mills Creek Golf Course				
Personal Services	105,822	100,422	100,380	42
Other	84,245	100,845	99,626	1,219
<b>Total Mills Creek Golf Course</b>	<b>190,067</b>	<b>201,267</b>	<b>200,006</b>	<b>1,261</b>
Recreation				
Personal Services	67,256	54,756	54,711	45
Other	30,406	51,106	51,058	48
<b>Total Recreation</b>	<b>97,662</b>	<b>105,862</b>	<b>105,769</b>	<b>93</b>
Paper District Marina				
Personal Services	0	13,500	13,441	59
Other	0	23,800	23,310	490
<b>Total Paper District Marina</b>	<b>0</b>	<b>37,300</b>	<b>36,751</b>	<b>549</b>
Boat Launch Ramp				
Other	9,879	23,579	23,220	359
<b>Total Leisure Time Activities</b>	<b>316,480</b>	<b>378,880</b>	<b>376,555</b>	<b>2,325</b>
Community Environment				
Community Development Planning				
Personal Services	109,000	188,000	187,916	84
Other	31,536	61,536	60,137	1,399
<b>Total Community Development Planning</b>	<b>140,536</b>	<b>249,536</b>	<b>248,053</b>	<b>1,483</b>
City Wide Economic Development				
Other	30,000	125,000	124,377	623
Community Development Building Division				
Personal Services	164,463	134,463	133,088	1,375
Other	11,626	16,626	11,353	5,273
<b>Total Community Development Building Division</b>	<b>176,089</b>	<b>151,089</b>	<b>144,441</b>	<b>6,648</b>

(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, 2011  
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Horticulture Services				
Personal Services	\$567,000	\$574,000	\$573,225	\$775
Other	121,730	259,730	249,758	9,972
Total Horticulture Services	688,730	833,730	822,983	10,747
Total Community Environment	1,035,355	1,359,355	1,339,854	19,501
Transportation				
Jackson Street Pier				
Other	1,000	1,660	1,629	31
General Government-Municipal Court				
Court-Criminal				
Personal Services	915,904	900,904	896,523	4,381
Other	53,790	63,790	62,940	850
Total General Government-Municipal Court	969,694	964,694	959,463	5,231
General Government-Other				
City Manager				
Personal Services	55,000	50,000	50,421	(421)
Other	3,600	24,600	20,753	3,847
Total City Manager	58,600	74,600	71,174	3,426
Personnel Labor Relations				
Personal Services	82,195	83,195	82,899	296
Other	42,300	22,300	18,256	4,044
Total Personnel Labor Relations	124,495	105,495	101,155	4,340
Finance				
Personal Services	89,281	90,281	89,611	670
Other	9,211	13,211	12,346	865
Total Finance	98,492	103,492	101,957	1,535
Income Tax				
Personal Services	53,790	53,790	53,522	268
Other	255,166	262,066	261,919	147
Total Income Tax	308,956	315,856	315,441	415
Data Processing				
Personal Services	58,000	68,500	68,170	330
Other	37,597	48,597	48,199	398
Total Data Processing	95,597	117,097	116,369	728
Law Director				
Personal Services	199,135	205,435	205,348	87
Other	28,888	28,888	25,815	3,073
Total Law Director	228,023	234,323	231,163	3,160

(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, 2011  
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
City Commission				
Personal Services	\$26,735	\$26,745	\$26,753	(\$8)
Other	8,737	12,737	12,605	132
Total City Commission	35,472	39,482	39,358	124
City Commission Clerk				
Personal Services	38,915	38,915	38,307	608
Other	3,425	3,425	984	2,441
Total City Commission Clerk	42,340	42,340	39,291	3,049
Municipal Buildings and Lands				
Personal Services	246,000	191,000	187,732	3,268
Other	252,888	227,888	221,305	6,583
Total Municipal Buildings and Lands	498,888	418,888	409,037	9,851
Engineering				
Personal Services	139,958	169,958	166,008	3,950
Other	77,082	117,082	115,328	1,754
Total Engineering	217,040	287,040	281,336	5,704
Mechanic				
Personal Services	222,562	212,562	211,571	991
Other	81,969	101,969	82,638	19,331
Total Mechanic	304,531	314,531	294,209	20,322
Unclaimed Funds				
Other	500	500	0	500
Administrative Support				
Other	651,872	856,872	851,472	5,400
Total General Government-Other	2,664,806	2,910,516	2,851,962	58,554
Debt Service:				
Principal Retirement	67,281	67,281	67,281	0
Interest and Fiscal Charges	22,075	22,075	22,075	0
Total Debt Service	89,356	89,356	89,356	0
Total Expenditures	14,298,920	14,990,492	14,855,603	134,889
Excess of Revenues Over Expenditures	1,107,171	516,878	1,100,302	583,424

(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, 2011  
(continued)

	<u>Original</u>	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget Over (Under)
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	\$166,752	\$126,666	\$293,839	\$167,173
Sale of Capital Assets	0	0	376,112	376,112
Advances In	3,390	3,390	3,390	0
Transfers Out	(1,574,934)	(1,676,130)	(1,516,087)	160,043
Total Other Financing Sources (Uses)	<u>(1,404,792)</u>	<u>(1,546,074)</u>	<u>(842,746)</u>	<u>703,328</u>
Changes in Fund Balance	(297,621)	(1,029,196)	257,556	1,286,752
Fund Balance Beginning of Year	3,601,604	3,601,604	3,601,604	0
Prior Year Encumbrances Appropriated	<u>52,486</u>	<u>52,486</u>	<u>52,486</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$3,356,469</u></u>	<u><u>\$2,624,894</u></u>	<u><u>\$3,911,646</u></u>	<u><u>\$1,286,752</u></u>

City of Sandusky  
General Bond Retirement Debt Service Fund

Schedule of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2011

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$348,732	\$436,210	\$87,478
Payment in Lieu of Taxes	0	903	903
Municipal Income Taxes	406,408	420,604	14,196
Intergovernmental	53,473	52,866	(607)
Total Revenues	<u>808,613</u>	<u>910,583</u>	<u>101,970</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	5,002,360	5,002,300	60
Interest and Fiscal Charges	681,732	681,732	0
Issuance Costs	115,335	115,335	0
Total Expenditures	<u>5,799,427</u>	<u>5,799,367</u>	<u>60</u>
Excess of Revenues Under Expenditures	<u>(4,990,814)</u>	<u>(4,888,784)</u>	<u>102,030</u>
<u>Other Financing Sources</u>			
Other Financing Sources	84,567	3,249	(81,318)
General Obligation Bonds Issued	4,100,000	4,090,000	(10,000)
Premium on General Obligation Bonds Issued	120,606	120,335	(271)
Transfers In	631,275	622,525	(8,750)
Total Other Financing Sources	<u>4,936,448</u>	<u>4,836,109</u>	<u>(100,339)</u>
Changes in Fund Balance	(54,366)	(52,675)	1,691
Fund Balance Beginning of Year	<u>54,366</u>	<u>54,366</u>	<u>0</u>
Fund Balance End of Year	<u>\$0</u>	<u>\$1,691</u>	<u>\$1,691</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, 2011

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Special Assessments	\$329,565	\$329,360	(\$205)
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	277,035	277,035	0
Interest and Fiscal Charges	180,520	180,520	0
Total Expenditures	457,555	457,555	0
Excess of Revenues Under Expenditures	(127,990)	(128,195)	(205)
<u>Other Financing Sources (Uses)</u>			
Advances Out	(3,390)	(3,390)	0
Transfers In	132,878	131,585	(1,293)
Total Other Financing Sources (Uses)	129,488	128,195	(1,293)
Changes in Fund Balance	1,498	0	(1,498)
Fund Balance Beginning of Year	0	0	0
Fund Balance End of Year	<u>\$1,498</u>	<u>\$0</u>	<u>(\$1,498)</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, 2011

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$527,111	\$527,111	\$0
Fees, Licenses, and Permits	100,000	132,431	32,431
Intergovernmental	238,191	1,015,514	777,323
Other	6,494	37,259	30,765
<b>Total Revenues</b>	<b>871,796</b>	<b>1,712,315</b>	<b>840,519</b>
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police			
Other	226,000	225,208	792
Security of Persons and Property-Fire			
EMS			
Personal Services	17,500	17,371	129
Other	444,098	411,886	32,212
<b>Total Security of Persons and Property-Fire</b>	<b>461,598</b>	<b>429,257</b>	<b>32,341</b>
Leisure Time Activities			
Schade/Mylander Plaza			
Other	10,000	8,116	1,884
Community Environment			
City Wide Economic Development			
Other	50,000	13,751	36,249
Keller Building			
Other	50,000	1,080	48,920
Marina District			
Other	45,000	45,000	0
Underground Storage Tank Removal			
Other	82,311	39,734	42,577
<b>Total Community Environment</b>	<b>227,311</b>	<b>99,565</b>	<b>127,746</b>
Transportation			
First Street Resurfacing			
Personal Services	3,800	3,724	76
Hayes Avenue Underpass			
Personal Services	2,200	2,102	98
Other	419,626	2,284	417,342
<b>Total Hayes Avenue Underpass</b>	<b>421,826</b>	<b>4,386</b>	<b>417,440</b>
Hayes Avenue Resurfacing			
Personal Services	2,196	2,196	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, 2011  
(continued)

	Budget	Actual	Variance Over (Under)
Camp Street Underpass			
Personal Services	\$521	\$521	\$0
Other	11,072	10,708	364
Total Camp Street Underpass	11,593	11,229	364
Cedar Point Drive Improvement Phase I			
Personal Services	1,400	1,340	60
Other	356	356	0
Total Cedar Point Drive Improvement Phase I	1,756	1,696	60
Paper District Waterfront Improvement Design			
Other	1,456	1,456	0
Paper District Waterfront Improvement Phase I			
Personal Services	1,000	97	903
Other	347,408	326,267	21,141
Total Paper District Waterfront Improvement Phase I	348,408	326,364	22,044
Westend Grade Separation			
Other	7,875	7,875	0
Mills Street Reconstruction			
Personal Services	1,000	368	632
Total Transportation	799,910	359,294	440,616
General Government-Municipal Court			
Municipal Court			
Personal Services	100	0	100
Other	150,000	14,081	135,919
Total General Government-Municipal Court	150,100	14,081	136,019
General Government-Other			
City Hall Relocation			
Other	1,751	1,751	0
Paper District			
Other	10,622	10,622	0
Total General Government-Other	12,373	12,373	0
Capital Outlay	1,850,893	1,724,072	126,821
Debt Service:			
Principal Retirement	3,746,987	3,630,000	116,987
Interest and Fiscal Charges	52,086	30,063	22,023
Total Debt Service	3,799,073	3,660,063	139,010
Total Expenditures	7,537,258	6,532,029	1,005,229

(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, 2011  
(continued)

	Budget	Actual	Variance Over (Under)
Excess of Revenues Under Expenditures	(\$6,665,462)	(\$4,819,714)	\$1,845,748
<u>Other Financing Sources (Uses)</u>			
Other Financing Sources	0	9,779	9,779
Bond Anticipation Notes Issued	5,505,000	4,780,350	(724,650)
Transfers In	620,001	535,966	(84,035)
Transfers Out	(117,498)	(117,498)	0
Total Other Financing Sources (Uses)	6,007,503	5,208,597	(798,906)
Changes in Fund Balance	(657,959)	388,883	1,046,842
Fund Balance Beginning of Year	1,219,695	1,219,695	0
Prior Year Encumbrances Appropriated	901,264	901,264	0
Fund Balance End of Year	<u>\$1,463,000</u>	<u>\$2,509,842</u>	<u>\$1,046,842</u>

City of Sandusky  
Water Enterprise Fund

Schedule of Revenues, Expenses,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2011

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$5,235,000	\$5,201,874	(\$33,126)
OWDA Loan Proceeds	0	2,980,420	2,980,420
Sale of Capital Assets	0	650	650
Grants	0	168,296	168,296
Interest	0	420	420
Other	5,200	72,635	67,435
<b>Total Revenues</b>	<b>5,240,200</b>	<b>8,424,295</b>	<b>3,184,095</b>
<u>Expenses</u>			
Personal Services			
Water Office	91,137	90,673	464
Waterworks Filtration	1,078,036	968,548	109,488
Waterworks Distribution	700,229	636,645	63,584
Administrative Support	438,000	362,478	75,522
<b>Total Personal Services</b>	<b>2,307,402</b>	<b>2,058,344</b>	<b>249,058</b>
Travel and Transportation			
Water Office	175	50	125
Waterworks Filtration	10,485	8,163	2,322
Waterworks Distribution	2,979	2,979	0
Administrative Support	3,243	3,243	0
<b>Total Travel and Transportation</b>	<b>16,882</b>	<b>14,435</b>	<b>2,447</b>
Contractual Services			
Water Office	23,266	23,266	0
Waterworks Filtration	489,292	483,959	5,333
Waterworks Distribution	108,362	69,880	38,482
Administrative Support	206,729	206,705	24
<b>Total Contractual Services</b>	<b>827,649</b>	<b>783,810</b>	<b>43,839</b>
Materials and Supplies			
Water Office	1,618	853	765
Waterworks Filtration	524,753	523,996	757
Waterworks Distribution	176,549	175,180	1,369
Administrative Support	8,762	7,528	1,234
<b>Total Materials and Supplies</b>	<b>711,682</b>	<b>707,557</b>	<b>4,125</b>
Other			
Water Office	55	55	0
Administrative Support	19,599	19,599	0
<b>Total Other</b>	<b>19,654</b>	<b>19,654</b>	<b>0</b>
Capital Outlay			
Waterworks Filtration	3,665,459	3,675,606	(10,147)
Waterworks Distribution	1,278,732	1,154,249	124,483
Administrative Support	15,602	15,479	123
<b>Total Capital Outlay</b>	<b>4,959,793</b>	<b>4,845,334</b>	<b>114,459</b>

(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, 2011  
(continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Debt Service:			
Principal Retirement	\$517,857	\$517,369	\$488
Interest Expense	458,651	406,434	52,217
Total Debt Service	<u>976,508</u>	<u>923,803</u>	<u>52,705</u>
Total Expenses	<u>9,819,570</u>	<u>9,352,937</u>	<u>466,633</u>
Excess of Revenues Under Expenses	(4,579,370)	(928,642)	3,650,728
Transfers Out	<u>(90,000)</u>	<u>(3,908)</u>	<u>86,092</u>
Changes in Fund Balance	(4,669,370)	(932,550)	3,736,820
Fund Balance Beginning of Year	7,065,306	7,065,306	0
Prior Year Encumbrances Appropriated	<u>283,505</u>	<u>283,505</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$2,679,441</u></u>	<u><u>\$6,416,261</u></u>	<u><u>\$3,736,820</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, 2011

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$6,421,000	\$6,625,998	\$204,998
OWDA Loan Proceeds	1,922,450	1,786,873	(135,577)
Sale of Capital Assets	0	300	300
Interest	0	960	960
Other	24,550	86,457	61,907
<b>Total Revenues</b>	<b>8,368,000</b>	<b>8,500,588</b>	<b>132,588</b>
<u>Expenses</u>			
Personal Services			
Sewer Office	91,137	90,673	464
Water Pollution Control	1,476,087	1,351,693	124,394
Sewer Maintenance	749,148	681,392	67,756
Administrative Support	450,000	366,428	83,572
<b>Total Personal Services</b>	<b>2,766,372</b>	<b>2,490,186</b>	<b>276,186</b>
Travel and Transportation			
Sewer Office	175	50	125
Water Pollution Control	7,589	4,853	2,736
Sewer Maintenance	3,037	1,909	1,128
Administrative Support	3,284	3,241	43
<b>Total Travel and Transportation</b>	<b>14,085</b>	<b>10,053</b>	<b>4,032</b>
Contractual Services			
Sewer Office	23,266	23,266	0
Water Pollution Control	926,839	874,270	52,569
Sewer Maintenance	153,397	145,748	7,649
Administrative Support	282,396	279,937	2,459
<b>Total Contractual Services</b>	<b>1,385,898</b>	<b>1,323,221</b>	<b>62,677</b>
Materials and Supplies			
Sewer Office	1,618	854	764
Water Pollution Control	218,554	184,826	33,728
Sewer Maintenance	251,915	215,711	36,204
Administrative Support	8,762	7,505	1,257
<b>Total Materials and Supplies</b>	<b>480,849</b>	<b>408,896</b>	<b>71,953</b>
Other			
Sewer Office	55	55	0
Administrative Support	1,042	1,042	0
<b>Total Other</b>	<b>1,097</b>	<b>1,097</b>	<b>0</b>
Capital Outlay			
Water Pollution Control	3,372,891	2,166,737	1,206,154
Sewer Maintenance	447,405	424,544	22,861
Administrative Support	22,776	18,479	4,297
<b>Total Capital Outlay</b>	<b>3,843,072</b>	<b>2,609,760</b>	<b>1,233,312</b>

(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, 2011  
(continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Debt Service:			
Principal Retirement	\$1,275,689	\$1,275,689	\$0
Interest Expense	<u>1,294,672</u>	<u>1,293,748</u>	<u>924</u>
Total Debt Service	<u>2,570,361</u>	<u>2,569,437</u>	<u>924</u>
Total Expenses	<u>11,061,734</u>	<u>9,412,650</u>	<u>1,649,084</u>
Excess of Revenues Under Expenses	(2,693,734)	(912,062)	1,781,672
Transfers Out	<u>(100,000)</u>	<u>(99,031)</u>	<u>969</u>
Changes in Fund Balance	(2,793,734)	(1,011,093)	1,782,641
Fund Balance Beginning of Year	8,815,922	8,815,922	0
Prior Year Encumbrances Appropriated	<u>1,290,041</u>	<u>1,290,041</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$7,312,229</u></u>	<u><u>\$9,094,870</u></u>	<u><u>\$1,782,641</u></u>

City of Sandusky  
Street Maintenance Special Revenue Fund

Schedule of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2011

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Other Local Taxes	\$442,000	\$451,511	\$9,511
Intergovernmental	899,000	969,477	70,477
Interest	559	128	(431)
<b>Total Revenues</b>	<b>1,341,559</b>	<b>1,421,116</b>	<b>79,557</b>
<u>Expenditures</u>			
Current:			
Transportation			
Public Works			
Personal Services	692,038	689,626	2,412
Other	285,003	275,184	9,819
<b>Total Public Works</b>	<b>977,041</b>	<b>964,810</b>	<b>12,231</b>
Traffic and Electrical Maintenance			
Personal Services	187,640	177,643	9,997
Other	73,268	67,683	5,585
<b>Total Traffic and Electrical Maintenance</b>	<b>260,908</b>	<b>245,326</b>	<b>15,582</b>
Street Cleaning, Snow, and Ice Removal			
Other	66,113	63,777	2,336
<b>Total Transportation</b>	<b>1,304,062</b>	<b>1,273,913</b>	<b>30,149</b>
Debt Service:			
Principal Retirement	18,660	18,660	0
Interest and Fiscal Charges	6,122	6,122	0
<b>Total Debt Service</b>	<b>24,782</b>	<b>24,782</b>	<b>0</b>
<b>Total Expenditures</b>	<b>1,328,844</b>	<b>1,298,695</b>	<b>30,149</b>
Excess of Revenues Over Expenditures	12,715	122,421	109,706
<u>Other Financing Sources (Uses)</u>			
Other Financing Sources	8,441	23,011	14,570
Sale of Capital Assets	0	9,525	9,525
Transfers Out	(93,104)	(93,104)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(84,663)</b>	<b>(60,568)</b>	<b>24,095</b>
Changes in Fund Balance	(71,948)	61,853	133,801
Fund Balance Beginning of Year	59,250	59,250	0
Prior Year Encumbrances Appropriated	19,624	19,624	0
<b>Fund Balance End of Year</b>	<b>\$6,926</b>	<b>\$140,727</b>	<b>\$133,801</b>

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, 2011

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$73,895	\$78,606	\$4,711
Interest	105	26	(79)
Total Revenues	<u>74,000</u>	<u>78,632</u>	<u>4,632</u>
<u>Expenditures</u>			
Current:			
Transportation			
State Highway Maintenance and Repair			
Personal Services	35,000	34,480	520
Other	<u>50,000</u>	<u>28,198</u>	<u>21,802</u>
Total Expenditures	<u>85,000</u>	<u>62,678</u>	<u>22,322</u>
Excess of Revenues Over (Under) Expenditures	(11,000)	15,954	26,954
<u>Other Financing Sources</u>			
Other Financing Sources	<u>0</u>	<u>40</u>	<u>40</u>
Changes in Fund Balance	(11,000)	15,994	26,994
Fund Balance Beginning of Year	<u>42,561</u>	<u>42,561</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$31,561</u></u>	<u><u>\$58,555</u></u>	<u><u>\$26,994</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, 2011

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$132,066	\$128,681	(\$3,385)
Intergovernmental	165,185	165,185	0
Other	282,353	332,265	49,912
<b>Total Revenues</b>	<b>579,604</b>	<b>626,131</b>	<b>46,527</b>
<u>Expenditures</u>			
Current:			
Transportation			
Public Transit System			
Personal Services	31,000	25,259	5,741
Other	673,000	672,490	510
<b>Total Expenditures</b>	<b>704,000</b>	<b>697,749</b>	<b>6,251</b>
Excess of Revenues Under Expenditures	(124,396)	(71,618)	52,778
<u>Other Financing Sources</u>			
Other Financing Sources	11,395	4,012	(7,383)
Changes in Fund Balance	(113,001)	(67,606)	45,395
Fund Balance Beginning of Year	113,001	113,001	0
Fund Balance End of Year	<u>\$0</u>	<u>\$45,395</u>	<u>\$45,395</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, 2011

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$132,495	\$130,864	(\$1,631)
Payment in Lieu of Taxes	0	285	285
Intergovernmental	35,251	32,892	(2,359)
<b>Total Revenues</b>	<b>167,746</b>	<b>164,041</b>	<b>(3,705)</b>
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Fire			
Fire Pension			
Personal Services	694,557	694,557	0
Other	2,774	2,774	0
<b>Total Security of Persons and Property-Fire</b>	<b>697,331</b>	<b>697,331</b>	<b>0</b>
Debt Service:			
Principal Retirement	25,815	25,815	0
Interest and Fiscal Charges	24,331	24,331	0
<b>Total Debt Service</b>	<b>50,146</b>	<b>50,146</b>	<b>0</b>
<b>Total Expenditures</b>	<b>747,477</b>	<b>747,477</b>	<b>0</b>
Excess of Revenues Under Expenditures	(579,731)	(583,436)	(3,705)
<u>Other Financing Sources</u>			
Other Financing Sources	41,279	0	(41,279)
Transfers In	583,721	583,721	0
<b>Total Other Financing Sources</b>	<b>625,000</b>	<b>583,721</b>	<b>(41,279)</b>
Changes in Fund Balance	45,269	285	(44,984)
Fund Balance Beginning of Year	0	0	0
<b>Fund Balance End of Year</b>	<b>\$45,269</b>	<b>\$285</b>	<b>(\$44,984)</b>

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, 2011

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$132,495	\$130,864	(\$1,631)
Payment in Lieu of Taxes	0	285	285
Intergovernmental	35,251	32,892	(2,359)
<b>Total Revenues</b>	<b>167,746</b>	<b>164,041</b>	<b>(3,705)</b>
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police Pension			
Personal Services	531,599	531,599	0
Other	2,774	2,774	0
<b>Total Security of Persons and Property-Police</b>	<b>534,373</b>	<b>534,373</b>	<b>0</b>
Debt Service:			
Principal Retirement	19,185	19,185	0
Interest and Fiscal Charges	18,082	18,082	0
<b>Total Debt Service</b>	<b>37,267</b>	<b>37,267</b>	<b>0</b>
<b>Total Expenditures</b>	<b>571,640</b>	<b>571,640</b>	<b>0</b>
Excess of Revenues Under Expenditures	(403,894)	(407,599)	(3,705)
<u>Other Financing Sources</u>			
Other Financing Sources	17,116	0	(17,116)
Transfers In	407,884	407,884	0
<b>Total Other Financing Sources</b>	<b>425,000</b>	<b>407,884</b>	<b>(17,116)</b>
Changes in Fund Balance	21,106	285	(20,821)
Fund Balance Beginning of Year	0	0	0
<b>Fund Balance End of Year</b>	<b>\$21,106</b>	<b>\$285</b>	<b>(\$20,821)</b>

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, 2011

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$69,048	\$107,712	\$38,664
Interest	37,906	19,979	(17,927)
Other	77,546	81,034	3,488
<b>Total Revenues</b>	<b>184,500</b>	<b>208,725</b>	<b>24,225</b>
<u>Expenditures</u>			
Current:			
Leisure Time Activities			
Lions Park Shoreline Rehabilitation			
Other	5,000	0	5,000
Community Environment			
Landbank			
Other	25,000	19,426	5,574
Neighborhood Stabilization Program Purchase			
Personal Services	15,000	309	14,691
Other	36,025	568	35,457
<b>Total Neighborhood Stabilization Program Purchase</b>	<b>51,025</b>	<b>877</b>	<b>50,148</b>
Revolving Loan Home			
Other	50,000	48,399	1,601
Revolving Loan Economic Development			
Other	101,478	8,079	93,399
<b>Total Community Environment</b>	<b>227,503</b>	<b>76,781</b>	<b>150,722</b>
General Government-Municipal Court			
Court Security			
Other	5,000	2,760	2,240
General Government-Other			
DRC Probation			
Personal Services	70,000	64,548	5,452
Other	3,000	0	3,000
<b>Total General Government-Other</b>	<b>73,000</b>	<b>64,548</b>	<b>8,452</b>
<b>Total Expenditures</b>	<b>310,503</b>	<b>144,089</b>	<b>166,414</b>
Excess of Revenues Over (Under) Expenditures	(126,003)	64,636	190,639
<u>Other Financing Sources</u>			
Other Financing Sources	15,500	29,636	14,136
Changes in Fund Balance	(110,503)	94,272	204,775
Fund Balance Beginning of Year	170,879	170,879	0
Prior Year Encumbrances Appropriated	47,503	47,503	0
<b>Fund Balance End of Year</b>	<b>\$107,879</b>	<b>\$312,654</b>	<b>\$204,775</b>

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, 2011

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$1,909,279	\$1,698,690	(\$210,589)
Interest	40,000	8,771	(31,229)
Total Revenues	<u>1,949,279</u>	<u>1,707,461</u>	<u>(241,818)</u>
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Justice Assistance Grant			
Other	39,000	31,823	7,177
Bulletproof Vest Grant			
Other	10,000	7,974	2,026
Weed and Seed Grant			
Personal Services	35,900	35,873	27
Other	100,000	99,540	460
Total Weed and Seed Grant	<u>135,900</u>	<u>135,413</u>	<u>487</u>
Total Security of Persons and Property-Police	<u>184,900</u>	<u>175,210</u>	<u>9,690</u>
Security of Persons and Property-Fire			
EMS			
Personal Services	160,000	149,546	10,454
Other	50,000	48,641	1,359
Total Security of Persons and Property-Fire	<u>210,000</u>	<u>198,187</u>	<u>11,813</u>
Community Environment			
EPA Asmt Petroleum 2007			
Other	63,796	47,977	15,819
EPA Asmt Hazardous Waste 2007			
Other	44,296	35,286	9,010
HUD Special Review			
Other	409,105	309,449	99,656
HUD CDBG 08MC390034			
Personal Services	1,000	358	642
Other	200	200	0
Total HUD CDBG 08MC390034	<u>1,200</u>	<u>558</u>	<u>642</u>
HUD CDBG 09MC390034			
Personal Services	119,000	97,788	21,212
Other	501,500	463,463	38,037
Total HUD CDBG 09MC390034	<u>620,500</u>	<u>561,251</u>	<u>59,249</u>

(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, 2011  
(continued)

	Budget	Actual	Variance Over (Under)
Revolving Loan Economic Development			
Other	\$37,870	\$13,383	\$24,487
Total Community Environment	1,176,767	967,904	208,863
Transportation			
Public Transit System			
Personal Services	60,000	52,988	7,012
Other	738,000	733,523	4,477
Total Transportation	798,000	786,511	11,489
Total Expenditures	2,369,667	2,127,812	241,855
Excess of Revenues			
Under Expenditures	(420,388)	(420,351)	37
<u>Other Financing Sources (Uses)</u>			
Other Financing Sources	50,721	50,848	127
Transfers Out	(112,130)	(112,130)	0
Total Other Financing Sources (Uses)	(61,409)	(61,282)	127
Changes in Fund Balance	(481,797)	(481,633)	164
Fund Balance Beginning of Year	789,661	789,661	0
Prior Year Encumbrances Appropriated	125,897	125,897	0
Fund Balance End of Year	\$433,761	\$433,925	\$164

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, 2011

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fees, Licenses, and Permits	\$25,009	\$42,773	\$17,764
Intergovernmental	14,991	14,991	0
Total Revenues	40,000	57,764	17,764
Fund Balance Beginning of Year	245,556	245,556	0
Fund Balance End of Year	\$285,556	\$303,320	\$17,764

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, 2011

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$9,000	\$7,654	(\$1,346)
Fund Balance Beginning of Year	35,738	35,738	0
Fund Balance End of Year	\$44,738	\$43,392	(\$1,346)

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, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Fines and Forfeitures	\$30,000	\$31,815	\$1,815
<u>Expenditures</u>			
Current:			
Other			
Court Computerization			
Personal Services	1,000	0	1,000
Other	20,000	16,614	3,386
Total Expenditures	21,000	16,614	4,386
Changes in Fund Balance	9,000	15,201	6,201
Fund Balance Beginning of Year	147,307	147,307	0
Fund Balance End of Year	<u>\$156,307</u>	<u>\$162,508</u>	<u>\$6,201</u>

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, 2011

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fees, Licenses, and Permits	\$1,500	\$0	(\$1,500)
<u>Expenditures</u>			
Current:			
Other			
Indigent Telephone			
Other	20,500	20,246	254
	(19,000)	(20,246)	(1,246)
Changes in Fund Balance			
Fund Balance Beginning of Year	20,777	20,777	0
Fund Balance End of Year	\$1,777	\$531	(\$1,246)

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, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Fees, Licenses, and Permits	\$65,000	\$83,048	\$18,048
<u>Expenditures</u>			
Current:			
Other			
Municipal Probation			
Personal Services	45,000	41,886	3,114
Other	5,000	2,219	2,781
Total Expenditures	50,000	44,105	5,895
Excess of Revenues Over Expenditures	15,000	38,943	23,943
<u>Other Financing Sources</u>			
Other Financing Sources	0	50	50
Changes in Fund Balance	15,000	38,993	23,993
Fund Balance Beginning of Year	227,717	227,717	0
Fund Balance End of Year	<u>\$242,717</u>	<u>\$266,710</u>	<u>\$23,993</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, 2011

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$0	\$987	\$987
Fines and Forfeitures	23,557	20,417	(3,140)
Other	6,943	47,618	40,675
<b>Total Revenues</b>	<b>30,500</b>	<b>69,022</b>	<b>38,522</b>
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police Patrol			
Other	20,500	15,112	5,388
Police Dive Team			
Other	500	0	500
Federal Forfeiture			
Other	500	0	500
Contraband Trust			
Personal Services	1,000	606	394
Other	52,000	45,329	6,671
<b>Total Contraband Trust</b>	<b>53,000</b>	<b>45,935</b>	<b>7,065</b>
<b>Total Security of Persons and Property-Police</b>	<b>74,500</b>	<b>61,047</b>	<b>13,453</b>
Security of Persons and Property-Fire			
Fire Suppression			
Other	30,422	27,022	3,400
Leisure Time Activities			
Green Trust			
Other	2,150	1,115	1,035
Friends of the Greenhouse			
Other	7,000	4,585	2,415
Sailing Scholarship			
Other	5,000	1,630	3,370
<b>Total Leisure Time Activities</b>	<b>14,150</b>	<b>7,330</b>	<b>6,820</b>
Community Environment			
Park Trust			
Other	8,543	5,384	3,159
<b>Total Expenditures</b>	<b>127,615</b>	<b>100,783</b>	<b>26,832</b>
Excess of Revenues Under Expenditures	(97,115)	(31,761)	65,354

(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, 2011  
(continued)

	Budget	Actual	Variance Over (Under)
<u>Other Financing Sources</u>			
Other Financing Sources	\$0	\$13,898	\$13,898
Changes in Fund Balance	(97,115)	(17,863)	79,252
Fund Balance Beginning of Year	160,548	160,548	0
Prior Year Encumbrances Appropriated	2,115	2,115	0
Fund Balance End of Year	\$65,548	\$144,800	\$79,252

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, 2011

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$16,000	\$8,455	(\$7,545)
Interest	400	73	(327)
Other	6,131	1,005	(5,126)
Total Revenues	<u>22,531</u>	<u>9,533</u>	<u>(12,998)</u>
<u>Expenditures</u>			
Current:			
Leisure Time Activities			
Shoreline Park Improvement			
Other	1,000	0	1,000
Washington Park and Greenhouse			
Other	1,000	300	700
Total Leisure Time Activities	<u>2,000</u>	<u>300</u>	<u>1,700</u>
General Government-Other			
Fred Epple Trust			
Other	5,000	2,400	2,600
Total Expenditures	<u>7,000</u>	<u>2,700</u>	<u>4,300</u>
Changes in Fund Balance	15,531	6,833	(8,698)
Fund Balance Beginning of Year	<u>185,033</u>	<u>185,033</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$200,564</u></u>	<u><u>\$191,866</u></u>	<u><u>(\$8,698)</u></u>

City of Sandusky  
Cemetery Donations Special Revenue Fund

Schedule of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2011

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$20,000	\$18,181	(\$1,819)
Interest	2,258	3,570	1,312
Other	0	48,865	48,865
<b>Total Revenues</b>	<b>22,258</b>	<b>70,616</b>	<b>48,358</b>
<u>Expenditures</u>			
Current:			
Public Health			
Oakland Cemetery			
Personal Services	41,000	37,622	3,378
Other	29,971	15,632	14,339
<b>Total Oakland Cemetery</b>	<b>70,971</b>	<b>53,254</b>	<b>17,717</b>
Chapel Restoration			
Other	5,005	3,426	1,579
Garden Mausoleum			
Other	11,500	5,364	6,136
Perpetual Care			
Other	1,000	0	1,000
Special Care			
Other	1,000	439	561
Memorial Paintings			
Other	800	448	352
Ridgeview Columbarium			
Other	2,000	1,610	390
<b>Total Expenditures</b>	<b>92,276</b>	<b>64,541</b>	<b>27,735</b>
Excess of Revenues Over (Under) Expenditures	(70,018)	6,075	76,093
<u>Other Financing Sources</u>			
Other Financing Sources	5,211	6,595	1,384
Changes in Fund Balance	(64,807)	12,670	77,477
Fund Balance Beginning of Year	815,273	815,273	0
Prior Year Encumbrances Appropriated	4,976	4,976	0
<b>Fund Balance End of Year</b>	<b>\$755,442</b>	<b>\$832,919</b>	<b>\$77,477</b>

City of Sandusky  
Urban Renewal Debt Retirement Debt Service Fund

Schedule of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2011

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Payment in Lieu of Taxes	\$599,035	\$523,374	(\$75,661)
Intergovernmental	60,965	60,965	0
Total Revenues	<u>660,000</u>	<u>584,339</u>	<u>(75,661)</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	2,700,000	2,700,000	0
Interest and Fiscal Charges	23,300	23,300	0
Total Expenditures	<u>2,723,300</u>	<u>2,723,300</u>	<u>0</u>
Excess of Revenues Under Expenditures	(2,063,300)	(2,138,961)	(75,661)
<u>Other Financing Sources</u>			
Bond Anticipation Notes Issued	<u>2,500,000</u>	<u>2,134,650</u>	<u>(365,350)</u>
Changes in Fund Balance	436,700	(4,311)	(441,011)
Fund Balance Beginning of Year	<u>4,311</u>	<u>4,311</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$441,011</u></u>	<u><u>\$0</u></u>	<u><u>(\$441,011)</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, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Municipal Income Taxes	\$350,000	\$336,483	(\$13,517)
<u>Expenditures</u>			
	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	350,000	336,483	(13,517)
<u>Other Financing Uses</u>			
Transfers Out	<u>(340,000)</u>	<u>(339,923)</u>	<u>77</u>
Changes in Fund Balance	10,000	(3,440)	(13,440)
Fund Balance Beginning of Year	<u>20,928</u>	<u>20,928</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$30,928</u></u>	<u><u>\$17,488</u></u>	<u><u>(\$13,440)</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, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Payment in Lieu of Taxes	\$25,000	\$25,879	\$879
<u>Expenditures</u>			
Current:			
Community Environment			
City Wide Economic Development			
Other	20,000	7,600	12,400
Changes in Fund Balance	5,000	18,279	13,279
Fund Balance Beginning of Year	5,391	5,391	0
Fund Balance End of Year	<u>\$10,391</u>	<u>\$23,670</u>	<u>\$13,279</u>

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, 2011

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$41,383	\$28,644	(\$12,739)
Fees, Licenses, and Permits	123,559	107,400	(16,159)
Interest	3,085	2,265	(820)
Other	20,000	20,000	0
<b>Total Revenues</b>	<b>188,027</b>	<b>158,309</b>	<b>(29,718)</b>
<u>Expenditures</u>			
Current:			
Community Environment			
Remove Unsafe Buildings			
Personal Services	500	0	500
Other	50,000	0	50,000
<b>Total Remove Unsafe Buildings</b>	<b>50,500</b>	<b>0</b>	<b>50,500</b>
Nuisance Removal			
Personal Services	45,002	1,471	43,531
Other	8,179	8,179	0
<b>Total Nuisance Removal</b>	<b>53,181</b>	<b>9,650</b>	<b>43,531</b>
Rental Registration Fee			
Personal Services	105,000	87,068	17,932
Other	15,000	9,412	5,588
<b>Total Rental Registration Fee</b>	<b>120,000</b>	<b>96,480</b>	<b>23,520</b>
Inspection Fee			
Personal Services	5,000	2,080	2,920
Other	20,000	7,876	12,124
<b>Total Inspection Fee</b>	<b>25,000</b>	<b>9,956</b>	<b>15,044</b>
Administration Fee			
Other	2,675	773	1,902
<b>Total Community Environment</b>	<b>251,356</b>	<b>116,859</b>	<b>134,497</b>
Capital Outlay	47,819	7,447	40,372
<b>Total Expenditures</b>	<b>299,175</b>	<b>124,306</b>	<b>174,869</b>
Excess of Revenues Over (Under) Expenditures	(111,148)	34,003	145,151
<u>Other Financing Sources</u>			
Other Financing Sources	111,973	1,116	(110,857)
Changes in Fund Balance	825	35,119	34,294
Fund Balance Beginning of Year	154,894	154,894	0
Prior Year Encumbrances Appropriated	675	675	0
<b>Fund Balance End of Year</b>	<b>\$156,394</b>	<b>\$190,688</b>	<b>\$34,294</b>

# Statistical

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This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

**Contents** **Page**

Financial Trends..... S-2

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

Revenue Capacity ..... S-12

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

Debt Capacity..... S-38

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-46

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-50

These schedules contain service data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.

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

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

	2011	2010	2009	2008	2007
<b>Governmental Activities</b>					
Invested in Capital Assets, Net of Related Debt	\$35,639,758	\$38,636,112	\$34,869,732	\$33,005,235	\$32,191,349
Restricted for					
Capital Projects	3,492,887	2,920,974	3,218,958	6,197,701	4,249,788
Debt Service	1,918,564	1,902,993	2,439,729	2,528,165	1,242,965
Other Purposes	6,061,253	6,005,182	6,367,187	8,143,328	8,553,276
Unrestricted (Deficit)	<u>(1,573,210)</u>	<u>(2,681,773)</u>	<u>(2,812,918)</u>	<u>(2,978,838)</u>	<u>(2,362,700)</u>
<b>Total Governmental Activities Net Assets</b>	<u>45,539,252</u>	<u>46,783,488</u>	<u>44,082,688</u>	<u>46,895,591</u>	<u>43,874,678</u>
<b>Business-Type Activities</b>					
Invested in Capital Assets, Net of Related Debt	39,918,374	39,941,052	35,050,194	17,057,860	18,003,813
Unrestricted	<u>15,278,595</u>	<u>16,854,414</u>	<u>18,611,306</u>	<u>23,825,346</u>	<u>22,646,163</u>
<b>Total Business-Type Activities Net Assets</b>	<u>55,196,969</u>	<u>56,795,466</u>	<u>53,661,500</u>	<u>40,883,206</u>	<u>40,649,976</u>
<b>Primary Government</b>					
Invested in Capital Assets, Net of Related Debt	75,558,132	78,577,164	69,919,926	50,063,095	50,195,162
Restricted	11,472,704	10,829,149	12,025,874	16,869,194	14,046,029
Unrestricted	<u>13,705,385</u>	<u>14,172,641</u>	<u>15,798,388</u>	<u>20,846,508</u>	<u>20,283,463</u>
<b>Total Primary Government Net Assets</b>	<u>\$100,736,221</u>	<u>\$103,578,954</u>	<u>\$97,744,188</u>	<u>\$87,778,797</u>	<u>\$84,524,654</u>

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$30,075,530	\$31,671,586	\$31,969,703	\$31,552,987	\$29,920,305
3,531,814	2,204,456	2,824,223	2,913,134	3,360,829
155,282	323,278	778,513	0	0
8,345,260	7,924,998	7,103,344	6,660,100	6,029,865
(359,373)	(28,759)	(1,306,979)	2,358,124	6,114,688
<u>41,748,513</u>	<u>42,095,559</u>	<u>41,368,804</u>	<u>43,484,345</u>	<u>45,425,687</u>
16,501,983	13,366,444	11,829,893	5,710,006	7,775,513
15,618,806	14,558,225	12,487,336	12,721,665	7,982,702
<u>32,120,789</u>	<u>27,924,669</u>	<u>24,317,229</u>	<u>18,431,671</u>	<u>15,758,215</u>
46,577,513	45,038,030	43,799,596	37,262,993	37,695,818
12,032,356	10,452,732	10,706,080	9,573,234	9,390,694
15,259,433	14,529,466	11,180,357	15,079,789	14,097,390
<u>\$73,869,302</u>	<u>\$70,020,228</u>	<u>\$65,686,033</u>	<u>\$61,916,016</u>	<u>\$61,183,902</u>

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

	2011	2010	2009	2008	2007
<u>Expenses</u>					
<u>Governmental Activities</u>					
Security of Persons and Property					
Police	\$5,402,963	\$5,516,364	\$5,669,764	\$5,874,509	\$5,574,825
Fire	5,527,949	5,515,869	5,862,556	5,937,365	6,007,917
Other	252,562	249,581	258,171	314,316	337,986
Public Health	283,560	329,948	315,947	403,533	390,069
Leisure Time Activities	508,712	460,013	816,417	601,231	724,443
Community Environment	2,893,502	3,331,774	4,228,845	3,310,344	3,076,512
Transportation	4,445,226	4,239,588	4,205,229	4,303,144	4,537,224
General Government					
Municipal Court	1,023,043	970,915	933,795	870,524	915,040
Other	3,497,520	3,456,520	3,870,955	4,408,458	3,859,012
Interest and Fiscal Charges	1,005,849	1,252,643	1,495,442	1,447,618	1,347,061
<b>Total Governmental Activities Expenses</b>	<b>24,840,886</b>	<b>25,323,215</b>	<b>27,657,121</b>	<b>27,471,042</b>	<b>26,770,089</b>
<u>Business-Type Activities</u>					
Water	5,359,486	4,511,328	5,101,130	5,585,538	4,515,116
Sewer	8,341,844	6,895,098	6,337,377	6,433,075	6,017,246
<b>Total Business-Type Activities Expenses</b>	<b>13,701,330</b>	<b>11,406,426</b>	<b>11,438,507</b>	<b>12,018,613</b>	<b>10,532,362</b>
<b>Total Primary Government Expenses</b>	<b>38,542,216</b>	<b>36,729,641</b>	<b>39,095,628</b>	<b>39,489,655</b>	<b>37,302,451</b>
<u>Program Revenues</u>					
<u>Governmental Activities</u>					
Charges for Services					
Security of Persons and Property					
Police	353,733	321,561	342,426	383,757	260,758
Fire	988,659	827,407	721,402	625,434	743,841
Public Health	108,618	107,057	122,323	118,531	132,369
Leisure Time Activities	217,068	234,894	233,214	327,660	328,280
Community Environment	215,830	236,362	417,210	358,027	326,365
Transportation	1,019,259	844,608	882,613	5,149,554	1,892,081
General Government					
Municipal Court	1,070,168	1,160,818	1,184,632	1,196,877	1,035,917
Other	247,215	267,011	178,236	175,414	200,752
<b>Total Charges for Services</b>	<b>4,220,550</b>	<b>3,999,718</b>	<b>4,082,056</b>	<b>8,335,254</b>	<b>4,920,363</b>
Operating Grants, Contributions, and Interest	3,742,313	4,514,002	3,531,046	3,008,317	3,541,296
Capital Grants and Contributions	1,074,582	1,509,594	2,010,876	258,793	1,874,767
<b>Total Governmental Activities Program Revenues</b>	<b>9,037,445</b>	<b>10,023,314</b>	<b>9,623,978</b>	<b>11,602,364</b>	<b>10,336,426</b>
<u>Business-Type Activities</u>					
Charges for Services					
Water	5,224,179	5,055,459	5,361,036	5,480,958	4,741,359
Sewer	6,730,491	6,176,303	5,881,665	6,460,336	6,480,173
<b>Total Charges for Services</b>	<b>11,954,670</b>	<b>11,231,762</b>	<b>11,242,701</b>	<b>11,941,294</b>	<b>11,221,532</b>
Capital Grants and Contributions	148,225	4,108,459	12,273,563	178,083	8,069,676
<b>Total Business-Type Activities Program Revenues</b>	<b>12,102,895</b>	<b>15,340,221</b>	<b>23,516,264</b>	<b>12,119,377</b>	<b>19,291,208</b>
<b>Total Primary Government Program Revenues</b>	<b>21,140,340</b>	<b>25,363,535</b>	<b>33,140,242</b>	<b>23,721,741</b>	<b>29,627,634</b>
<u>Net (Expense) Revenue</u>					
Governmental Activities	(15,803,441)	(15,299,901)	(18,033,143)	(15,868,678)	(16,433,663)
Business-Type Activities	(1,598,435)	3,933,795	12,077,757	100,764	8,758,846
<b>Total Primary Governmental Net Expense</b>	<b>(17,401,876)</b>	<b>(11,366,106)</b>	<b>(5,955,386)</b>	<b>(15,767,914)</b>	<b>(7,674,817)</b>

2006	2005	2004	2003	2002
\$5,487,963	\$5,266,496	\$5,136,481	\$5,392,091	\$5,087,828
5,307,276	5,144,980	5,255,572	4,944,712	5,058,422
141,866	98,338	107,843	104,619	111,257
387,849	371,995	374,751	355,557	348,886
755,381	532,317	509,107	863,510	681,746
3,414,429	3,089,728	2,470,765	2,517,823	2,845,508
5,335,488	4,107,524	4,100,037	3,418,979	3,582,466
828,045	829,951	888,857	840,986	826,586
3,499,303	3,633,634	4,160,795	4,321,420	4,151,714
1,280,938	1,171,585	1,222,879	1,180,234	1,186,757
26,438,538	24,246,548	24,227,087	23,939,931	23,881,170
3,896,902	4,257,055	3,495,790	4,147,608	3,506,290
4,957,114	5,458,838	5,396,945	5,411,399	5,106,863
8,854,016	9,715,893	8,892,735	9,559,007	8,613,153
35,292,554	33,962,441	33,119,822	33,498,938	32,494,323
205,984	309,073	152,098	154,638	142,713
617,742	629,573	628,488	516,005	459,763
128,255	125,552	146,215	106,848	125,348
297,903	275,319	235,152	308,474	355,775
234,689	277,330	153,748	261,498	454,088
1,150,337	989,425	871,796	1,065,560	1,334,256
1,036,688	982,508	1,220,842	1,166,979	1,166,953
286,948	411,300	250,519	151,621	109,126
3,958,546	4,000,080	3,658,858	3,731,623	4,148,022
4,392,095	3,912,640	1,938,688	2,085,948	1,577,529
1,441,100	755,345	2,181,599	558,798	129,520
9,791,741	8,668,065	7,779,145	6,376,369	5,855,071
5,401,818	6,551,510	6,563,548	5,924,982	5,375,558
6,559,309	6,589,124	6,440,877	6,290,237	5,832,837
11,961,127	13,140,634	13,004,425	12,215,219	11,208,395
194,076	162,675	184,117	0	0
12,155,203	13,303,309	13,188,542	12,215,219	11,208,395
21,946,944	21,971,374	20,967,687	18,591,588	17,063,466
(16,646,797)	(15,578,483)	(16,447,942)	(17,563,562)	(18,026,099)
3,301,187	3,587,416	4,295,807	2,656,212	2,595,242
(13,345,610)	(11,991,067)	(12,152,135)	(14,907,350)	(15,430,857)

(continued)

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

	2011	2010	2009	2008	2007
<u>General Revenues and Other Changes in Net Assets</u>					
<u>Governmental Activities</u>					
Property Taxes Levied for General Purposes	\$1,582,982	\$1,670,722	\$1,568,338	\$1,808,771	\$1,757,611
Property Taxes Levied for Police and Fire Pension	260,218	274,602	257,807	296,040	290,214
Property Taxes Levied for Debt Service	433,693	452,224	423,572	488,892	476,474
Payment in Lieu of Taxes	554,005	546,140	1,030	2,939	589,383
Municipal Income Taxes Levied for General Purposes	6,473,159	6,092,961	5,609,577	7,308,067	6,174,450
Municipal Income Taxes Levied for Debt Service	422,949	404,895	355,717	478,361	398,287
Municipal Income Taxes Levied for Capital Projects	338,360	313,797	283,887	393,536	318,588
Other Local Taxes	3,835,778	3,823,682	3,530,345	3,759,788	3,720,784
Franchise Taxes	350,146	321,254	304,588	290,451	272,184
Grants and Entitlements not Restricted to Specific Programs	1,343,834	1,774,328	1,808,763	1,884,362	1,958,323
Interest	303,999	241,382	559,857	1,329,987	1,541,216
Other	1,112,606	987,687	967,843	540,308	556,074
Transfers	161,158	1,097,027	(451,084)	308,089	506,240
Special Item - Asset Donated to Developer	(2,613,682)	0	0	0	0
Total Governmental Activities	<u>14,559,205</u>	<u>18,000,701</u>	<u>15,220,240</u>	<u>18,889,591</u>	<u>18,559,828</u>
<u>Business-Type Activities</u>					
Interest	1,380	1,328	1,086	1,955	1,923
Other	159,716	295,870	248,367	438,600	274,658
Transfers	(161,158)	(1,097,027)	451,084	(308,089)	(506,240)
Total Business-Type Activities	<u>(62)</u>	<u>(799,829)</u>	<u>700,537</u>	<u>132,466</u>	<u>(229,659)</u>
Total Primary Government	<u>14,559,143</u>	<u>17,200,872</u>	<u>15,920,777</u>	<u>19,022,057</u>	<u>18,330,169</u>
<u>Changes in Net Assets</u>					
Governmental Activities	(1,244,236)	2,700,800	(2,812,903)	3,020,913	2,126,165
Business-Type Activities	(1,598,497)	3,133,966	12,778,294	233,230	8,529,187
Total Primary Government	<u>(\$2,842,733)</u>	<u>\$5,834,766</u>	<u>\$9,965,391</u>	<u>\$3,254,143</u>	<u>\$10,655,352</u>

2006	2005	2004	2003	2002
\$1,653,693	\$1,672,894	\$1,694,006	\$1,482,917	\$1,746,584
271,237	274,996	278,468	243,641	0
328,893	316,768	320,817	486,949	510,501
23,815	21,793	21,177	20,949	19,286
6,424,092	6,298,260	6,512,919	6,594,364	6,851,404
419,919	419,110	440,575	444,364	424,460
335,939	438,682	67,796	71,098	67,743
3,486,825	3,573,094	3,546,079	3,918,022	4,000,787
254,087	238,015	232,129	233,695	229,621
2,041,444	2,002,142	1,724,926	1,415,311	1,430,527
1,011,952	572,828	376,479	268,808	479,135
638,096	420,467	644,316	400,167	842,572
(590,241)	56,189	(1,527,286)	41,935	51,396
0	0	0	0	0
16,299,751	16,305,238	14,332,401	15,622,220	16,654,016
691	1,191	1,530	475	302
304,001	75,022	60,935	58,704	72,073
590,241	(56,189)	1,527,286	(41,935)	(51,396)
894,933	20,024	1,589,751	17,244	20,979
17,194,684	16,325,262	15,922,152	15,639,464	16,674,995
(347,046)	726,755	(2,115,541)	(1,941,342)	(1,372,083)
4,196,120	3,607,440	5,885,558	2,673,456	2,616,221
\$3,849,074	\$4,334,195	\$3,770,017	\$732,114	\$1,244,138

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

	2011	2010	2009	2008	2007
General Fund					
Reserved	\$0	\$0	\$0	\$134,443	\$108,449
Unreserved	0	0	0	3,689,976	4,115,612
Nonspendable	227,348	146,670	19,590	n/a	n/a
Restricted	0	93,120	86,561	n/a	n/a
Assigned	281,308	133,224	26,956	n/a	n/a
Unassigned	3,598,766	3,272,103	2,897,549	n/a	n/a
<b>Total General Fund</b>	<b>4,107,422</b>	<b>3,645,117</b>	<b>3,030,656</b>	<b>3,824,419</b>	<b>4,224,061</b>
All Other Governmental Funds					
Reserved	0	0	0	3,280,330	3,958,843
Unreserved, Reported in					
Special Revenue Funds	0	0	0	4,233,164	4,376,446
Debt Service Funds	0	0	0	267,924	340,938
Capital Projects Funds (Deficit)	0	0	0	(1,746,995)	(5,528,968)
Nonspendable	91,871	85,551	2,259,561	n/a	n/a
Restricted	5,308,988	5,639,796	1,798,115	n/a	n/a
Committed	42,338	43,585	38,443	n/a	n/a
Unassigned (Deficit)	(4,310,201)	(4,345,598)	(333,517)	n/a	n/a
<b>Total All Other Governmental Funds</b>	<b>1,132,996</b>	<b>1,423,334</b>	<b>3,762,602</b>	<b>6,034,423</b>	<b>3,147,259</b>
<b>Total Governmental Funds</b>	<b>\$5,240,418</b>	<b>\$5,068,451</b>	<b>\$6,793,258</b>	<b>\$9,858,842</b>	<b>\$7,371,320</b>

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

2006	2005	2004	2003	2002
\$111,838	\$123,608	\$182,408	\$97,452	\$64,040
3,461,642	3,174,012	2,298,844	2,651,492	3,250,002
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
3,573,480	3,297,620	2,481,252	2,748,944	3,314,042
3,633,344	3,733,926	2,943,033	3,902,082	4,398,355
4,650,635	4,839,344	4,741,505	4,603,648	5,400,820
231,142	425,019	671,817	931,983	1,187,737
(5,560,337)	(5,173,626)	(6,187,308)	(4,165,362)	(1,060,786)
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a	n/a
2,954,784	3,824,663	2,169,047	5,272,351	9,926,126
\$6,528,264	\$7,122,283	\$4,650,299	\$8,021,295	\$13,240,168

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

	2011	2010	2009	2008	2007
<u>Revenues</u>					
Property Taxes	\$2,290,106	\$2,265,450	\$2,296,321	\$2,408,140	\$2,537,843
Payment in Lieu of Taxes	554,005	546,140	509,041	61,710	22,601
Municipal Income Taxes	7,240,793	6,716,022	7,035,145	7,633,758	7,387,718
Other Local Taxes	4,287,830	4,289,953	3,954,181	4,192,054	4,155,563
Special Assessments	329,360	312,486	363,594	716,482	514,373
Charges for Services	1,408,172	1,566,291	1,625,516	1,734,744	1,562,798
Fees, Licenses, and Permits	940,663	951,838	860,515	818,094	777,905
Fines and Forfeitures	1,027,377	1,089,255	1,175,414	1,216,730	1,000,848
Intergovernmental	5,717,042	7,606,331	6,725,011	5,484,268	6,007,797
Interest	341,790	322,815	626,662	1,419,311	1,653,255
Other	1,225,758	1,253,526	1,011,487	948,160	1,081,031
<b>Total Revenues</b>	<b>25,362,896</b>	<b>26,920,107</b>	<b>26,182,887</b>	<b>26,633,451</b>	<b>26,701,732</b>
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	5,498,666	5,440,140	5,524,466	5,814,874	5,501,299
Fire	5,522,370	5,263,815	5,369,175	5,537,118	5,566,180
Other	252,562	249,581	258,171	314,316	337,986
Public Health	271,130	353,288	289,282	385,481	365,784
Leisure Time Activities	385,373	340,606	375,479	472,955	752,163
Community Environment	2,704,414	3,464,442	4,711,509	3,351,746	3,449,840
Transportation	3,110,557	3,864,900	2,810,287	2,648,551	2,884,363
General Government					
Municipal Court	1,038,040	957,168	924,136	856,718	890,382
Other	2,863,831	2,795,838	3,179,119	3,723,204	3,483,636
Other	92,756	68,108	112,205	106,467	79,540
Capital Outlay	1,635,471	4,507,569	3,404,107	1,487,593	2,216,476
Debt Service:					
Principal Retirement	5,455,694	1,213,401	1,118,512	1,033,726	991,682
Interest and Fiscal Charges	1,001,860	1,241,563	1,472,318	1,436,324	1,263,946
Issuance Costs	115,335	0	0	97,668	103,441
<b>Total Expenditures</b>	<b>29,948,059</b>	<b>29,760,419</b>	<b>29,548,766</b>	<b>27,266,741</b>	<b>27,886,718</b>
Excess of Revenues Over (Under) Expenditures	(4,585,163)	(2,840,312)	(3,365,879)	(633,290)	(1,184,986)
<u>Other Financing Sources (Uses)</u>					
General Obligation Bonds Issued	4,090,000	0	0	0	5,478,271
Special Assessment Bonds Issued	0	0	84,400	2,625,000	356,729
Loan Proceeds	0	0	0	0	918,855
Premium on General Obligation Bonds Issued	120,335	0	0	111,537	43,403
Payment to Refunded Bond Escrow Agent	0	0	0	0	(5,470,416)
Sale of Capital Assets	385,637	18,478	30,806	900	11,255
Inception of Capital Lease	0	0	0	0	0
Transfers In	4,961,338	4,664,279	2,769,241	5,259,992	3,569,940
Transfers Out	(4,800,180)	(3,567,252)	(2,584,152)	(4,876,617)	(2,879,995)
<b>Total Other Financing Sources (Uses)</b>	<b>4,757,130</b>	<b>1,115,505</b>	<b>300,295</b>	<b>3,120,812</b>	<b>2,028,042</b>
<b>Changes in Fund Balance</b>	<b>\$171,967</b>	<b>(\$1,724,807)</b>	<b>(\$3,065,584)</b>	<b>\$2,487,522</b>	<b>\$843,056</b>
Debt Service as a Percentage of Noncapital Expenditures	23.43%	10.35%	9.82%	9.85%	9.22%

2006	2005	2004	2003	2002
\$2,225,347	\$2,258,521	\$2,272,754	\$2,222,007	\$2,247,660
23,815	21,793	21,177	20,949	19,286
7,313,992	7,443,699	7,308,576	7,251,576	6,840,357
3,933,675	4,027,163	4,011,666	4,396,773	3,905,391
387,246	456,434	384,141	427,724	562,455
1,415,863	1,426,503	1,751,391	1,727,554	1,935,316
828,294	972,001	811,379	769,953	680,627
973,563	978,369	1,000,227	963,967	980,432
7,040,114	5,798,366	5,192,973	3,818,995	3,745,672
1,075,368	695,896	416,103	406,113	789,426
1,585,259	1,021,847	1,033,919	861,457	894,045
<u>26,802,536</u>	<u>25,100,592</u>	<u>24,204,306</u>	<u>22,867,068</u>	<u>22,600,667</u>
5,398,901	5,005,613	4,955,514	5,306,587	4,815,565
4,946,518	4,923,135	4,493,492	4,629,532	4,324,408
141,866	98,338	107,843	104,619	111,257
354,785	371,835	338,665	326,208	312,845
590,560	419,758	387,892	800,359	562,636
3,575,935	2,849,352	2,257,296	2,746,294	2,503,006
2,555,374	2,488,592	2,216,810	2,119,901	2,264,383
789,382	849,310	875,791	838,000	811,711
3,002,062	3,158,999	3,773,576	3,739,296	3,773,986
185,530	60,324	31,706	65,691	54,504
3,990,621	1,928,029	6,373,458	5,561,879	5,253,729
944,627	895,901	1,154,167	796,337	793,206
1,279,621	1,164,110	1,225,852	1,183,073	1,194,083
0	86,721	0	0	6,120
<u>27,755,782</u>	<u>24,300,017</u>	<u>28,192,062</u>	<u>28,217,776</u>	<u>26,781,439</u>
<u>(953,246)</u>	<u>800,575</u>	<u>(3,987,756)</u>	<u>(5,350,708)</u>	<u>(4,180,772)</u>
0	7,705,000	240,000	0	0
104,000	185,000	137,000	89,900	102,000
0	0	0	0	0
0	46,591	0	0	6,120
0	(6,369,870)	0	0	0
46,656				
0	48,499	184,954	0	0
2,690,340	3,398,033	2,950,732	2,230,717	2,680,869
<u>(2,481,769)</u>	<u>(3,341,844)</u>	<u>(2,895,926)</u>	<u>(2,188,782)</u>	<u>(2,629,473)</u>
<u>359,227</u>	<u>1,671,409</u>	<u>616,760</u>	<u>131,835</u>	<u>159,516</u>
<u>(\$594,019)</u>	<u>\$2,471,984</u>	<u>(\$3,370,996)</u>	<u>(\$5,218,873)</u>	<u>(\$4,021,256)</u>
8.49%	9.49%	10.37%	8.53%	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				
2011	\$327,604,000	\$146,862,000	\$1,355,617,142	\$13,386,000	\$15,211,364	\$0	\$0
2010	268,557,000	118,719,000	1,106,502,856	12,639,000	14,362,500	567,525	567,525
2009	332,312,000	144,827,000	1,363,254,285	11,862,000	13,479,545	1,135,050	1,135,050
2008	329,995,000	150,360,000	1,372,442,857	11,439,000	12,998,864	16,392,420	262,278,720
2007	329,451,000	145,120,000	1,355,917,142	15,307,000	17,394,318	32,423,470	259,387,760
2006	293,183,000	130,749,000	1,211,234,285	16,151,000	18,353,409	47,462,890	253,135,413
2005	290,738,000	133,434,000	1,211,920,000	16,655,000	18,926,136	61,717,130	280,532,409
2004	288,207,000	133,366,000	1,204,494,286	17,021,000	19,342,045	68,206,114	296,548,322
2003	240,823,000	120,618,000	1,032,688,571	17,355,000	19,721,591	64,275,034	267,812,642
2002	237,641,000	118,822,000	1,018,465,714	17,706,000	20,120,455	70,518,286	282,073,144

Source: Erie County Auditor

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

The assessed value of real property (including public utility real property) is 35 percent of estimated actual value. Personal property tax was assessed on all tangible personal property used in Ohio. The assessed value of public utility personal property ranges from 25 of actual value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent actual value for machinery and equipment and 23 percent for inventory. The general business tangible personal property tax was phased out beginning in 2006. The assessment percentage was 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four-year phase out on the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes have been levied or collected since 2009 from general business taxpayers, except telephone companies whose last year to pay tangible personal property tax was 2010.

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

Total		
Assessed Value	Estimated Actual Value	Tax Rate
\$487,852,000	\$1,370,828,506	\$5.25
400,482,525	1,121,432,881	5.25
490,136,050	1,377,868,880	5.25
508,186,420	1,647,720,441	5.25
522,301,470	1,632,699,220	5.25
487,545,890	1,482,723,107	4.95
502,544,130	1,511,378,545	4.95
506,800,114	1,520,384,653	4.95
443,071,034	1,320,222,804	5.51
444,687,286	1,320,659,313	5.51

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

Year	2011	2010	2009	2008	2007
City of Sandusky					
Voted Millage					
1998 Library Bond - 23 Years	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$1.0000
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	5.2500	5.2500	5.2500	5.2500
Erie County	8.8000	8.8000	8.8000	8.8000	8.8000
Sandusky City School District	75.4000	75.4000	75.3500	75.9500	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 tax rate can be increased only by a majority vote of the City's residents.

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

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

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$0.7000	\$0.7000	\$0.7000	\$1.2600	\$1.2600
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
4.9500	4.9500	4.9500	5.5100	5.5100
8.8000	8.8000	8.8000	8.8000	8.3000
70.5500	70.5500	70.5500	70.5500	65.2000

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

<u>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>
2011	\$2,569,664	\$2,396,091	93.25%	\$467,320	\$166,077	\$2,562,168	99.71%
2010	3,172,208	2,990,421	94.27	427,533	127,728	3,118,149	98.30
2009	3,125,545	2,943,945	94.19	414,025	136,816	3,080,761	98.57
2008	2,635,189	2,451,407	93.03	343,152	134,420	2,585,827	98.13
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

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	2011			2002		
		Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Cedar Fair	Theme Park	\$39,793,610	1	8.16%	\$52,913,510	1	11.90%
Ohio Edison Company	Utility	10,499,620	2	2.15	7,450,800	2	1.68
Firelands Regional Health System	Hospital	4,417,440	3	0.90	3,138,510	9	0.71
Norfolk & Western Railway	Railroad	4,300,480	4	0.88	3,082,530	10	0.69
Key Real Estate LTD	Realty	3,656,490	5	0.76			
S & S Realty	Realty	3,456,310	6	0.71	3,438,920	8	0.77
CNL Income Sandusky Marina	Port Facilities	2,494,360	7	0.51			
Myers Industries, Inc.	Manufacturing/Assembly	2,306,800	8	0.47			
Columbia Gas	Utility	2,269,230	9	0.47			
Providence Care Center	Nursing Home	2,194,100	10	0.44			
Fort James Operating Company	Thermaformed Container				5,316,360	3	1.20
Sandusky Limited	Port Facilities				5,287,839	4	1.19
Sandusky International, Inc.	Manufacturing				4,912,760	5	1.10
Ohio Bell	Telephone				3,986,320	6	0.90
FMC Corporation	Food Equipment				3,481,380	7	0.78
	Total	75,388,440		15.45	93,008,929		20.92
	All Other Taxpayers	412,463,560		84.55	351,678,357		79.08
	Total Assessed Valuation	<u>\$487,852,000</u>		<u>100.00%</u>	<u>\$444,687,286</u>		<u>100.00%</u>

Source: Erie County Auditor

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

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

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

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

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

(continued)

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

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
<b>Total</b>	<b>7,770</b>	<b>100.00%</b>	<b>\$254,772,870</b>	<b>100.00%</b>

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
<b>Total</b>	<b>8,161</b>	<b>100.00%</b>	<b>\$264,130,399</b>	<b>100.00%</b>

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	52.08	41,895,579	15.45
<b>Total</b>	<b>8,480</b>	<b>100.00%</b>	<b>\$271,393,026</b>	<b>100.00%</b>

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
<b>Total</b>	<b>9,347</b>	<b>100.00%</b>	<b>\$294,621,442</b>	<b>100.00%</b>

Source: Regional Income Tax Agency (RITA)

Note: Information prior to 2004 not available.

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

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

Source: City Records

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

Charges to Erie County are not included in payment amounts.

Information prior to 2004 not available.

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

(continued)

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

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
<b>Total</b>	<b>1,275,677</b>	<b>\$2,810,044</b>	<b>\$2,777,482</b>	<b>1,276,283</b>	<b>\$2,821,318</b>	<b>\$2,812,294</b>
Monthly Base Rate		\$4.10			\$4.10	
Rate per 100 Cubic Feet		\$1.90			\$1.90	

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 Service by Type of Customer  
Last Eight Years

Type of Customer	2011			2010		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	615,721	\$2,785,808	\$2,657,644	602,857	\$2,734,948	\$2,689,269
Commercial	521,961	2,144,778	2,105,590	488,715	2,014,088	2,125,726
Industrial	31,093	130,625	126,327	25,519	108,864	101,797
Municipal	52,242	0	0	56,694	0	0
<b>Total</b>	<b>1,221,017</b>	<b>\$5,061,211</b>	<b>\$4,889,561</b>	<b>1,173,785</b>	<b>\$4,857,900</b>	<b>\$4,916,792</b>
Monthly Base Rate		\$7.00			\$7.00	
Rate per 100 Cubic Feet		\$3.97			\$3.97	

Source: City Records

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

Charges to Erie County are not included in payment amounts.

Information prior to 2004 not available.

2009			2008		
Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
607,578	\$2,754,445	\$2,773,222	652,538	\$2,943,970	\$2,816,847
501,882	2,066,859	2,052,461	531,077	2,195,755	2,145,365
23,337	100,270	99,459	26,814	114,945	111,770
37,754	0	0	27,297	0	0
<u>1,170,551</u>	<u>\$4,921,574</u>	<u>\$4,925,142</u>	<u>1,237,726</u>	<u>\$5,254,670</u>	<u>\$5,073,982</u>
	\$7.00			\$7.00	
	\$3.97			\$3.97	

(continued)

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

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
<b>Total</b>	<b>1,275,677</b>	<b>\$5,407,125</b>	<b>\$5,272,959</b>	<b>1,276,283</b>	<b>\$5,430,397</b>	<b>\$5,357,129</b>
Monthly Base Rate		\$7.00			\$7.00	
Rate per 100 Cubic Feet		\$3.97			\$3.97	

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 Seven Years

2011		
Water Revenue		
Customer	Amount	Percentage
Cedar Fair	\$507,358	19.24%
Firelands Regional Health System	58,166	2.22
Sandusky Associates, LLC	32,516	1.23
U. S. Tsubaki, Inc.	31,946	1.21
Sandusky Board of Education	19,976	0.76
MHD Corporation	15,587	0.59
Sandusky Foundry	11,619	0.44
Greentree Inn	9,982	0.37
Providence Care Center	9,906	0.38
Erie Metro Housing	9,526	0.35
Total	706,582	26.79
Balance from Other Customers	1,930,635	73.21
Total Water Revenue	\$2,637,217	100.00%

2010		
Water Revenue		
Customer	Amount	Percentage
Cedar Fair	\$525,661	20.23%
Firelands Regional Health System	61,288	2.37
Sandusky Associates, LLC	25,486	0.98
U. S. Tsubaki, Inc.	17,696	0.68
MHD Corporation	13,136	0.51
Providence Care Center	11,084	0.43
Greentree Inn	10,913	0.42
Sandusky Board of Education	10,856	0.41
Westwood Management	8,158	0.31
Erie Metro Housing	8,004	0.30
Total	692,282	26.64
Balance from Other Customers	1,906,534	73.36
Total Water Revenue	\$2,598,816	100.00%

(continued)

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

2009		
Water Revenue		
Customer	Amount	Percentage
Cedar Fair	\$452,902	17.66%
Firelands Regional Health System	46,981	1.84
Sandusky Associates, LLC	33,657	1.31
U. S. Tsubaki, Inc.	16,937	0.66
Sandusky Board of Education	16,367	0.64
Providence Care Center	11,901	0.46
MHD Corporation	9,811	0.38
Lutheran Memorial Home	9,203	0.36
Greentree Inn	8,576	0.33
Sandusky Foundry	8,284	0.32
Total	614,619	23.96
Balance from Other Customers	1,950,269	76.04
Total Water Revenue	\$2,564,888	100.00%

2008		
Water Revenue		
Customer	Amount	Percentage
Cedar Fair	\$465,123	17.52%
Firelands Regional Health System	52,087	1.96
Sandusky Associates, LLC	27,196	1.02
Sandusky Board of Education	21,306	0.80
U. S. Tsubaki, Inc.	20,546	0.77
Providence Care Center	13,250	0.50
Westwood Management	9,963	0.37
Lutheran Memorial Home	8,785	0.33
MHD Corporation	8,044	0.30
Erie Metro Housing	7,436	0.28
Total	633,736	23.85
Balance from Other Customers	2,023,283	76.15
Total Water Revenue	\$2,657,019	100.00%

(continued)

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

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%

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

Customer	2005	
	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 not available.

City of Sandusky  
Principal Sewer Customers  
Last Seven Years

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

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

(continued)

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

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

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

(continued)

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

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 Seven Years  
(continued)

Customer	2005	
	Sewer Revenue	
	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 not available.

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

Year	Water		Sewer		Total	
	Residential	Commercial	Residential	Commercial	Residential	Commercial
2011	8,357	1,006	8,329	989	16,686	1,995
2010	8,361	1,019	8,334	1,002	16,695	2,021
2009	8,379	1,014	8,351	997	16,730	2,011
2008	8,393	1,038	8,368	1,020	16,761	2,058
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 not available.

City of Sandusky  
 Water Produced and Consumed and Wastewater Treated  
 Last Seven 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
2011	3,477,491,000	2,478,440,404	38,144,266	860,098,299	25.76%	5,865,100,000
2010	3,311,345,000	2,732,551,064	64,910,000	462,193,250	14.47%	3,764,140,000
2009	3,055,757,000	2,439,575,070	38,973,750	532,694,360	17.92	3,790,900,000
2008	3,056,657,000	2,545,413,752	35,622,000	302,599,669	10.62	4,300,500,000
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 not available.

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

Governmental Activities					
Year	General Obligation Bonds	Special Assessment Bonds	OWDA Loans	Loans Payable	Capital Leases
2011	\$15,094,396	\$3,486,729	\$0	\$598,932	\$0
2010	15,901,176	3,812,686	0	684,873	914
2009	16,624,377	4,170,986	0	767,275	38,073
2008	17,289,834	4,438,434	0	829,545	75,916
2007	17,900,290	1,996,032	0	918,855	111,932
2006	18,413,397	1,974,032	0	0	146,214
2005	19,064,812	2,127,766	0	0	178,840
2004	18,287,600	2,194,499	0	0	160,242
2003	18,757,467	2,592,800	0	0	0
2002	19,212,333	2,787,605	57,186	0	0

Source: City Records

(1) See schedule on S-46 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	Loans Payable	Total Debt	Per Capita (1)	Percentage of Personal Income (1)
\$1,753,994	\$46,725,607	\$372,152	\$68,031,810	\$2,637.61	13.77%
1,935,910	43,537,012	425,552	\$66,298,123	2,570.39	13.58
2,117,825	40,693,071	476,753	\$64,888,360	2,330.43	12.87
2,294,659	36,781,982	515,446	\$62,225,816	2,234.80	12.34
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

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

Year	Population	Estimated Actual Value	Gross Bonded Debt	Bonded Debt Per Capita	Ratio of Bonded Debt to Estimated Actual Value
2011	25,793	\$1,370,828,506	\$20,335,119	\$788.40	1.48%
2010	25,793	1,121,432,882	21,649,772	839.37	1.93
2009	27,844	1,377,868,880	22,913,188	822.91	1.66
2008	27,844	1,647,720,441	24,022,927	862.77	1.46
2007	27,844	1,632,699,220	22,367,815	803.33	1.37
2006	27,844	1,482,723,107	23,035,756	827.31	1.55
2005	27,844	1,511,378,545	24,142,739	867.07	1.60
2004	27,844	1,520,384,653	21,663,809	778.04	1.42
2003	27,844	1,320,222,804	22,783,078	818.24	1.73
2002	27,844	1,320,659,313	23,683,850	850.59	1.79

Source: City Records

Erie County Auditor

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

City of Sandusky  
 Computation of Direct and Overlapping Debt for Governmental Activities  
 December 31, 2011

	Debt Outstanding	Percent Applicable to City of Sandusky (1)	Amount Applicable to City of Sandusky
City of Sandusky			
2001 Various Purpose	\$130,000	100.00%	\$130,000
2004 Judgement Refunding	30,000	100.00	30,000
2005 Various Purpose	570,000	100.00	570,000
2005 City Complex Refunding	5,171,456	100.00	5,171,456
2007 Police Pension Refunding	409,553	100.00	409,553
2007 Fire Pension Refunding	551,096	100.00	551,096
2007 Various Purpose Refunding	4,021,956	100.00	4,021,956
2011 Library Refunding	4,210,335	100.00	4,210,335
Special Assessment Bonds	3,486,729	100.00	3,486,729
Loans Payable	598,932	100.00	598,932
	<u>19,180,057</u>		<u>19,180,057</u>
Erie County	<u>16,655,175</u>	23.57	<u>3,925,625</u>
Total	<u>\$35,835,232</u>		<u>\$23,105,682</u>

Source: City Records and Erie County Auditor

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the total assessed valuation of the political subdivision. The valuations used were for the 2011 collection year.

City of Sandusky  
Computation of Legal Debt Margin  
Last Ten Years

	2011	2010	2009	2008
Total Assessed Valuation	<u>\$487,852,000</u>	<u>\$400,482,525</u>	<u>\$490,136,050</u>	<u>\$508,186,420</u>
Overall Debt Limitation - 10.5 Percent of Assessed Valuation	51,224,460	42,050,665	51,464,285	53,359,574
Gross Indebtedness	73,755,127	71,437,371	69,034,270	68,244,180
Less Debt Outside Limitation				
Bond Anticipation Notes	0	0	0	0
Special Assessment Notes	0	0	0	0
Special Assessment Bonds	3,384,549	3,706,088	4,060,063	4,324,197
General Obligation Revenue Bonds	1,729,000	1,906,000	2,083,000	2,255,000
OWDA Loans	<u>46,725,607</u>	<u>43,537,012</u>	<u>40,693,071</u>	<u>36,781,982</u>
Net Indebtedness	21,915,971	22,288,271	22,198,136	24,883,001
Less Fund Balance in Debt Service Fund	<u>32,753</u>	<u>82,687</u>	<u>173,295</u>	<u>162,155</u>
Net Debt Within 10.5 Percent Limitation	<u>21,883,218</u>	<u>22,205,584</u>	<u>22,024,841</u>	<u>24,720,846</u>
Legal Debt Margin Within 10.5 Percent Limitation	<u>\$29,341,242</u>	<u>\$19,845,081</u>	<u>\$29,439,444</u>	<u>\$28,638,728</u>
Legal Debt Margin as a Percentage of the Overall Debt Limitation	57.28%	47.19%	57.20%	53.67%
Unvoted Debt Limitation - 5.5 Percent of Assessed Valuation	\$26,831,860	\$22,026,539	\$26,957,483	\$27,950,253
Gross Indebtedness	73,755,127	71,437,371	69,034,270	68,244,180
Less Debt Outside Limitation				
Bond Anticipation Notes	0	0	0	0
Special Assessment Notes	0	0	0	0
Special Assessment Bonds	3,384,549	3,706,088	4,060,063	4,324,197
General Obligation Revenue Bonds	1,729,000	1,906,000	2,083,000	2,255,000
OWDA Loans	<u>46,725,607</u>	<u>43,537,012</u>	<u>40,693,071</u>	<u>36,781,982</u>
Net Indebtedness	21,915,971	22,288,271	22,198,136	24,883,001
Less Fund Balance in Debt Service Fund	<u>32,753</u>	<u>82,687</u>	<u>173,295</u>	<u>162,155</u>
Net Debt Within 5.5 Percent Limitation	<u>21,883,218</u>	<u>22,205,584</u>	<u>22,024,841</u>	<u>24,720,846</u>
Legal Debt Margin Within 5.5 Percent Limitation	<u>\$4,948,642</u>	<u>(\$179,045)</u>	<u>\$4,932,642</u>	<u>\$3,229,407</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	18.44%	(0.81%)	18.30%	11.55%

Source: City Records

2007	2006	2005	2004	2003	2002
<u>\$522,301,470</u>	<u>\$487,545,890</u>	<u>\$502,544,130</u>	<u>\$506,800,114</u>	<u>\$443,071,034</u>	<u>\$444,687,286</u>
54,841,654	51,192,318	52,767,134	53,214,012	46,522,459	46,692,165
65,841,032	67,414,138	66,854,776	63,458,254	62,379,979	43,106,975
0	0	0	1,850,000	4,110,000	2,242,360
0	0	0	0	0	252,000
1,992,732	1,970,132	2,123,266	2,304,512	2,587,100	2,781,605
2,427,000	2,599,000	2,896,000	1,153,000	1,400,000	1,647,000
<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>	<u>15,594,157</u>
26,842,866	26,702,866	25,737,733	25,762,600	25,787,467	20,589,853
<u>205,867</u>	<u>266,065</u>	<u>256,409</u>	<u>494,598</u>	<u>751,261</u>	<u>970,382</u>
<u>26,636,999</u>	<u>26,436,801</u>	<u>25,481,324</u>	<u>25,268,002</u>	<u>25,036,206</u>	<u>19,619,471</u>
<u>\$28,204,655</u>	<u>\$24,755,517</u>	<u>\$27,285,810</u>	<u>\$27,946,010</u>	<u>\$21,486,253</u>	<u>\$27,072,694</u>
51.43%	48.36%	51.71%	52.52%	46.18%	57.98%
\$28,726,581	\$26,815,024	\$27,639,927	\$27,874,006	\$24,368,907	\$24,457,801
65,841,032	67,414,138	66,854,776	63,458,254	62,379,979	43,106,975
0	0	0	1,850,000	4,110,000	2,242,360
0	0	0	0	0	252,000
1,992,732	1,970,132	2,123,266	2,304,512	2,587,100	2,781,605
2,427,000	2,599,000	2,896,000	1,153,000	1,400,000	1,647,000
<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>	<u>15,594,157</u>
26,842,866	26,702,866	25,737,733	25,762,600	25,787,467	20,589,853
<u>205,867</u>	<u>266,065</u>	<u>256,409</u>	<u>494,598</u>	<u>751,261</u>	<u>970,382</u>
<u>26,636,999</u>	<u>26,436,801</u>	<u>25,481,324</u>	<u>25,268,002</u>	<u>25,036,206</u>	<u>19,619,471</u>
<u>\$2,089,582</u>	<u>\$378,223</u>	<u>\$2,158,603</u>	<u>\$2,606,004</u>	<u>(\$667,299)</u>	<u>\$4,838,330</u>
7.27%	1.41%	7.81%	9.35%	(2.74%)	19.78%

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	
2011	\$5,296,814	\$4,770,271	\$526,543	\$85,000	\$10,523	\$95,523	5.51
2010	5,135,801	4,198,140	937,661	85,000	14,523	99,523	9.42
2009	5,377,081	4,182,466	1,194,615	85,000	18,524	103,524	11.54
2008	5,499,096	4,626,578	872,518	85,000	22,525	107,525	8.11
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

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	
2011	\$6,816,622	\$6,343,763	\$472,859	\$92,000	\$68,641	\$160,641	2.94
2010	6,390,831	5,854,281	536,550	92,000	72,946	164,946	3.25
2009	6,113,987	5,143,723	970,264	87,000	76,995	163,995	5.92
2008	6,879,298	5,276,170	1,603,128	87,000	81,045	168,045	9.54
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

Source: City Records

(1) Includes depreciation expense, excludes interest expense.

City of Sandusky  
Demographic Statistics  
Last Ten Years

Year	Population (1)	Total Personal Income (3)	Personal Income Per Capita (1)	Dwelling Units (1)	Occupied Dwelling Units Households (1)	Persons Per Household (1)
2011	25,793	\$494,116,501	\$19,157	13,386	11,082	2.28
2010	25,793	488,106,732	18,924	13,377	11,153	2.26
2009	27,844	504,282,684	18,111	13,323	11,851	2.31
2008	27,844	504,282,684	18,111	13,323	11,851	2.31
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

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

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

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

Owner Occupied Units (1)	Median Family Income (1)	Unemployment Rate (2)
5,916	\$44,270	9.2%
6,490	43,302	9.8
6,692	37,749	12.4
6,692	37,749	9.8
6,692	37,749	7.3
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



City of Sandusky  
Principal Employers  
Current Year and Seven Years Ago

Employer	Type of Business	2011			2004		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Magnum Management Corp.	Entertainment	5,627	1	46.88%	6,583	1	51.43%
Firelands Regional Health System	Hospital	2,043	2	17.02	1,979	2	15.46
Sandusky Board of Education	Education	806	3	6.72	914	3	7.14
Erie County	Government	590	4	4.92	683	4	5.34
Stein Hospice Service	Hospice	339	5	2.83			
City of Sandusky	Government	248	6	2.07	399	5	3.12
Kyklos Bearings International	Automotive	215	7	1.79	286	6	2.23
FMC Corporation	Food Equipment	200	8	1.67	228	7	1.78
Ford Motor Company	Automotive	150	9	1.25			
Cedar Fair	Theme Park	118	10	0.98			
Sandusky Limited	Port Facilities				185	8	1.45
G & C Foundry	Manufacturing				150	9	1.17
Sandusky Internists, Inc.	Medical				26	10	0.20
	Total	<u>10,336</u>		<u>86.13%</u>	<u>11,433</u>		<u>89.32%</u>
	Total City Employment	<u>12,000</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 Eight Years

Function/Program	2011	2010	2009	2008
<b>Security of Persons and Property-Police</b>				
Police Patrol	47.0	45.0	52.0	52.0
Police Records	4.5	6.0	10.0	12.0
Police Reserve	2.0	0.0	0.0	3.5
<b>Security of Persons and Property-Fire</b>				
Fire Suppression	54.0	48.0	54.0	52.0
<b>Public Health</b>				
Oakland Cemetery	2.5	2.5	3.5	3.0
<b>Leisure Time Activities</b>				
Recreation	2.0	1.0	1.0	1.0
Pavillion	0.0	0.0	0.5	0.5
<b>Community Environment</b>				
Community Development	6.0	6.0	5.0	8.5
Horticultural Services	8.5	8.5	8.0	9.0
<b>Transportation</b>				
Streets	9.5	9.5	10.0	10.0
Traffic and Electrical Maintenance	2.0	3.0	3.0	3.0
<b>General Government-Municipal Court</b>				
Court-Criminal	17.0	18.0	18.0	19.5
<b>General Government-Other</b>				
City Manager	1.5	0.0	0.0	2.0
Personnel Labor Relations	4.0	4.0	4.5	5.5
Finance	2.0	3.0	4.0	4.0
Law Director	4.5	4.5	4.0	6.0
City Commission	8.0	8.0	8.0	9.0
Municipal Buildings and Lands	3.5	4.5	4.0	5.5
Engineering	7.0	7.0	10.0	11.0
Fleet	4.0	4.0	4.0	4.0
<b>Basic Utility Services</b>				
Water/Sewer Office	3.0	3.0	3.0	3.0
Waterworks Filtration	13.0	13.0	12.0	12.0
Waterworks Distribution	8.0	8.5	9.0	9.0
Water Pollution Control	18.0	18.0	18.0	18.0
Sewer Maintenance	8.0	9.0	9.0	9.0
<b>Total</b>	<u>239.5</u>	<u>234.0</u>	<u>254.5</u>	<u>272.0</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.

2007	2006	2005	2004
49.0	50.0	51.0	52.0
11.0	10.5	11.0	11.0
7.0	8.5	7.5	9.5
53.0	53.0	52.0	54.0
4.5	4.0	4.0	4.0
1.0	1.0	2.0	1.0
0.0	0.0	0.0	0.0
10.5	11.5	11.5	12.0
11.5	11.0	13.0	13.5
10.0	9.0	9.0	9.0
5.0	4.0	5.0	4.0
19.5	17.5	17.5	19.0
2.0	3.0	4.0	4.0
5.5	3.5	5.0	7.0
4.0	4.0	4.0	6.0
6.0	6.0	6.0	6.0
9.0	9.0	9.5	10.0
4.5	4.5	5.0	5.0
11.0	12.0	11.0	12.0
4.0	4.0	4.0	4.0
2.0	3.0	3.0	3.0
13.0	13.0	14.0	15.0
10.0	10.0	11.0	11.0
18.0	18.0	18.0	19.0
9.0	10.0	10.0	11.0
<u>280.0</u>	<u>280.0</u>	<u>288.0</u>	<u>302.0</u>

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

Function/Program	2011	2010	2009
<b>Security of Persons and Property-Police</b>			
Number of Calls for Service	37,071	19,471	28,288
Number of Traffic Citations and Arrests	3,452	3,072	4,319
Number of Parking Tickets Issued	557	611	1,069
<b>Accident Severity Breakdown</b>			
Fatalities	0	0	0
Injury	138	101	120
Property Damage	574	603	511
Number of Criminal Arrests	5,881	6,505	5,771
Number of DUI Arrests	185	241	241
Square Miles Served	14.9	14.9	14.9
Original Department Operating Budget (General Fund)	\$4,686,741	\$4,673,083	\$5,404,496
<b>Security of Persons and Property-Fire</b>			
Number of EMS Calls	4,312	3,914	3,858
Number of Fire Calls	791	838	1,177
Net Ambulance Billing Collections	\$622,476	\$767,177	\$626,958
EMS Response Time (in seconds)	191	184	178
Fire Reponse Time (in seconds)	288	285	247
Number of Times Mutual Aid Given	26	21	18
Number of Times Mutual Aid Received	29	23	16
Square Miles Served	14.9	14.9	14.9
Number of Stations	3	3	3
Original Department Operating Budget (General Fund)	\$4,105,936	\$4,392,888	\$4,900,965
<b>Public Health</b>			
Cemetery Burials	128	110	95
Cemetery Cremations	34	33	42
Cemetery Sale of Lots	66	65	69
Cemetery Charges for Services Receipts	\$90,515	\$86,562	\$100,113
<b>Leisure Time Activities</b>			
<b>Recreation</b>			
Boat Ramp Receipts	\$938	\$201	\$845
Golf Course Receipts	\$211,717	\$214,839	\$207,048
Recreation Receipts	\$30,958	\$23,786	\$27,820
Sandusky Bay Pavilion Receipts	\$5,000	\$500	\$17,515
Paper District Marina Receipts	\$6,033	\$0	\$0
Reimbursements/Donations	\$760	\$650	\$669
Golf Course-Daily Pay Rounds	6,935	9,610	9,517
Golf Course-Daily Pass Rounds	6,880	6,588	9,484
Golf Course-Annual Pass Sales	119	124	132
Boat Ramp-Number of Daily Passes Sold	0	n/a	n/a
Boat Ramp-Number of Season Passes Sold	0	n/a	n/a
Boat Ramp-Number of Tournament Days	14	12	14
Paper District Marina-3-Hour Docks	186	0	0
Paper District Marina-Overnight Boat	89	0	0
Paper District Marina-Weekly Boat	11	0	0
Paper District Marina-Jetski Day	39	0	0
Paper District Marina-Jetski Overnight	2	0	0
Paper District Marina-Jetski 10-Day	2	0	0

2008	2007	2006	2005	2004
21,441	17,529	15,951	16,010	16,869
4,892	3,807	2,598	2,537	2,344
1,819	1,815	2,672	2,513	2,921
2	0	0	0	1
123	132	159	177	196
575	651	582	641	738
7,953	8,094	7,829	7,341	7,169
209	235	174	145	168
14.9	14.9	14.9	14.9	14.9
\$5,384,630	\$5,017,372	\$4,835,645	\$4,416,114	\$4,628,849
3,673	3,641	3,332	3,223	3,279
1,168	1,115	950	928	887
\$660,239	\$599,323	\$637,234	\$595,298	\$596,512
186	214	199	198	165
207	226	191	201	171
27	18	23	16	19
19	30	45	37	19
14.9	14.9	14.9	14.9	14.9
3	3	3	3	3
\$4,745,641	\$4,515,255	\$4,314,322	\$3,996,555	\$3,849,625
93	103	131	106	107
42	35	26	33	32
74	103	64	70	89
\$95,190	\$107,389	\$103,154	\$107,066	\$111,878
\$38,128	\$55,519	\$53,306	\$32,280	\$29,504
\$244,384	\$209,793	\$188,407	\$224,461	\$198,801
\$36,325	\$34,509	\$22,999	\$21,127	\$12,394
\$34,261	\$35,741	\$54,355	\$8,295	\$0
\$0	\$0	\$0	\$0	\$0
\$529	\$124	\$877	\$1,058	\$9,245
11,275	10,357	8,140	9,817	9,658
9,973	10,074	8,695	8,185	8,578
145	164	197	195	160
3,915	4,513	4,616	4,915	4,523
78	113	124	155	142
4	22	19	21	12
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0

(continued)

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

Function/Program	2011	2010	2009
<b>Horticulture Services</b>			
Trees Planted	52	25	20
Trees Removed	143	118	108
Trees Trimmed	223	478	265
Stumps Removed	132	114	75
Loads of Wood and Chips to Residents	128	132	176
Number of Regularly Scheduled Work Hours Related to			
Trees Planted	18	166	222
Trees Removed	939	854	1,036
Trees Trimmed	430	622	216
Stumps Removed	119	185	230
Storm Cleanup	220	179	288
Plant Propagation	1,055	931	1,857
Plant Installation	465	300	573
Landscape Maintenance	1,260	1,357	2,060
Fountain and Irrigation Maintenance	92	226	130
Playground Equipment Maintenance	87	99	117
Nursery Maintenance	593	503	75
Baseball Field Maintenance	120	73	342
Public Restroom Maintenance	309	271	258
Holiday Decorations	931	551	856
Christmas Tree Pickup	57	64	16
<b>Transportation</b>			
Cost of Salt Purchased	\$60,650	\$63,648	\$7,095
Number of Regularly Scheduled Work Hours Related to Snow Removal	1,185	1,452	1,398
Sign Department Hours	1,581	1,716	2,251
Guardrail Repair Hours	0	24	16
Street Improvements-Asphalt Overlay (linear feet)	115	2,278	2,740
Pavement Marking Hours	492	950	841
Cold Patch Hours	1,185	1,711	1,330
Street Sweeping Hours	1,598	1,429	1,453
<b>General Government-Court</b>			
Municipal Court			
Number of Civil Cases	2,502	2,727	3,166
Number of Criminal Cases	9,879	10,295	13,156
<b>General Government-Other</b>			
Finance			
Agency Ratings-Moody's Financial Services	Aa3	Aa3	A2
<b>Income Tax</b>			
Number of Individual Returns	9,524	10,091	6,982
Number of Business Returns	1,810	1,846	2,070
Number of Business Withholding Accounts	9,737	9,767	8,550
Amount of Interest and Penalties Collected	\$122,404	\$98,699	\$148,491
Tax Revenue	\$7,234,468	\$6,811,653	\$6,249,181
<b>City Commission</b>			
Number of Ordinances Passed	143	162	131
Number of Resolutions Passed	52	44	33
<b>Municipal Buildings and Lands</b>			
Number of Construction Permits Issued (building, electric, plumbing)	1,060	2,259	931
Estimated Value of Construction	\$11,484,665	\$26,426,795	\$30,794,209
Amount of Revenue Generated from Building Department	\$146,647	\$232,932	\$162,116

2008	2007	2006	2005	2004
32	103	134	39	75
133	159	208	180	161
408	659	486	842	762
245	202	177	137	219
133	246	254	278	119
188	250	212	135	356
1,210	1,550	2,242	1,712	1,532
680	866	1,113	1,312	1,476
382	364	306	225	449
489	357	299	411	315
1,276	1,949	2,412	2,271	2,125
961	700	1,461	1,575	1,220
875	1,893	2,090	1,933	1,430
100	121	170	217	270
80	170	221	418	126
95	87	96	106	173
371	326	871	573	380
242	266	489	229	129
1,251	1,208	533	476	1,002
24	56	59	65	163
\$71,372	\$83,436	\$25,872	\$67,835	\$40,109
1,595	1,301	336	532	371
1,904	2,538	2,312	2,082	2,601
0	18,718	0	7	11
3,444	547	7,580	3,419	3,134
850	1,160	516	503	217
1,922	1,281	410	2,499	2,701
1,358	1,477	1,156	1,012	771
3,277	3,097	2,893	2,554	2,977
12,888	12,052	10,915	11,955	11,311
A2	A2	A2	A2	A2
12,838	9,704	11,503	9,450	11,601
1,423	1,292	1,226	1,429	1,625
1,337	1,352	8,885	1,375	N/A
\$165,724	\$207,015	\$78,435	\$101,724	\$127,529
\$8,179,964	\$6,891,325	\$7,179,950	\$7,156,052	\$7,021,290
150	105	130	72	165
37	38	55	30	48
1,146	892	1,018	1,113	1,155
\$14,812,745	\$12,990,490	\$71,960,299	\$49,638,024	\$41,545,823
\$162,072	\$136,065	\$329,152	\$381,708	\$229,887

(continued)

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

Function/Program	2011	2010	2009
Civil Service			
Number of Police Entry Tests Administered	1	0	0
Number of Fire Entry Tests Administered	1	0	0
Number of Police Promotional Tests Administered	2	0	0
Number of Fire Promotional Tests Administered	2	0	1
Number of Hires of Police Officers from Certified Lists	5	0	0
Number of Hires of Fire/Medics from Certified Lists	6	0	2
Number of Promotions from Police Certified Lists	4	0	0
Number of Promotions from Fire Certified Lists	2	0	1
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	5,865	3,764	3,791
Average Daily Flow (millions of gallons per day)	16.10	10.30	10.42
Tons of Dry Sludge Removed	1,017	1,246	1,441

Source: City Records

(1) Based on 5/8" meter

Note: Information prior to 2004 not available.

2008	2007	2006	2005	2004
0	1	0	0	0
1	0	0	0	0
1	3	0	0	0
1	0	0	0	0
7	4	0	0	0
2	0	0	0	0
2	8	0	0	0
1	0	0	0	0
\$4.10	\$4.10	\$4.10	\$4.10	\$4.10
\$7.00	\$7.00	\$7.00	\$7.00	\$7.00
4,300	4,174	4,120	3,943	3,868
11.79	11.42	11.30	10.82	10.57
1,491	1,650	1,357	1,466	1,468

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

Function/Program	2011	2010	2009
Security of Persons and Property-Police			
Stations	1	1	1
Vehicles	26	26	27
Security of Persons and Property-Fire			
Stations	3	3	3
Vehicles	15	15	15
Public Health			
Vehicles	3	3	3
Leisure Time Activities			
Number of Parks	20	20	20
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	46	46	34
Transportation			
Bridges	1	1	1
Streets (miles)	113.7	113.7	113.7
Vehicles	29	29	29
General Government-Other			
City Manager Vehicles	6	6	6
Mechanic Vehicles	4	4	4
Engineering Vehicles	10	10	10
Water			
Water Lines (miles)	134.88	134.88	134.82
Vehicles	18	18	16
Sewer			
Sewer Lines (miles)	163.69	163.69	163.69
Vehicles	20	20	19

Source: City Records

Note: Information prior to 2004 not available.

2008	2007	2006	2005	2004
1	1	1	1	1
27	25	27	22	22
3	3	3	3	3
16	15	14	14	13
3	3	3	3	3
20	20	20	21	21
4	4	4	4	4
1	1	1	1	1
1	1	1	1	1
17	17	17	17	17
1	1	1	1	1
34	34	34	34	34
1	1	1	1	1
113.7	113.7	113.7	113.7	112.3
29	29	29	30	30
6	6	6	6	6
4	4	5	5	5
10	10	10	10	10
134.69	134.66	134.37	134.37	134.37
16	16	16	17	17
163.49	162.52	162.50	161.73	161.73
19	19	19	20	20



**City of Sandusky**

**Erie County**

\* \* \* \*

*Report Letters*

***December 31, 2011***

**CITY OF SANDUSKY**

**ERIE COUNTY, OHIO**

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June 28, 2012

To the City Commission  
City of Sandusky  
Erie County, Ohio

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandusky (the City) as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of the City is responsible for establishing and maintaining effective 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

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

City of Sandusky  
Independent Auditors Report on Internal Control Over  
Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*  
Page 2

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Sandusky in a separate letter dated June 28, 2012.

This report is intended solely for the information and use of the City Manager, Members of the City Commission, federal awarding agencies and pass-through entities, and management, and is not intended to be and should not be used by anyone other than those specified parties.

*Rea & Associates, Inc.*

June 28, 2012

To the City Commission  
City of Sandusky  
Erie County, Ohio

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

**Compliance**

We have audited the compliance of the City of Sandusky (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 could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. The City of Sandusky's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings*. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs are the responsibility of the City of Sandusky's management. Our responsibility is to express an opinion on the City of Sandusky's compliance based on our audit.

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

In our opinion, the City of Sandusky complied, in all material respects, with the requirements referred to above that could have a direct and material effect on of its major federal programs for the year ended December 31, 2011.

**Internal Control over Compliance**

Management of the City of Sandusky is responsible for establishing and maintaining effective internal control over compliance with 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 have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

City of Sandusky  
Independent Auditor's Report on Compliance with  
Requirements That Could Have a Direct and Material  
Effect on Each Major Program and Internal Control Over  
Compliance in Accordance with OMB Circular A-133  
Page 2

Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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.

**Schedule of Expenditures of Federal Awards**

We have audited the basic financial statements of the governmental activities, 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, 2011, and have issued our report thereon dated June 28, 2012, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the City's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the City Manager, members of City Commission, management and others within the city and, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specific parties.

*Hea & Associates, Inc.*

CITY OF SANDUSKY  
ERIE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2011

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Direct</i>			
Community Development Block Grant - Entitlement Grants	N/A	14.218	\$ 557,408
Total United States Department of Housing and Urban Development			<u>557,408</u>
<b>UNITED STATES DEPARTMENT OF TRANSPORTATION</b>			
<i>Direct</i>			
Federal Transit Grant	N/A	20.507	786,511
<i>Passed Through Ohio Department of Transportation</i>			
Job Access - Reverse Commute Program	11-JARC-0022-071	20.516	32,025
	11-JARC-4022-071	20.516	19,035
	12-JARC-0022-071	20.516	42,302
	12-JARC-4022-071	20.516	17,352
			<u>110,714</u>
Highway Planning and Construction	09N052	20.205	29,631
Total United States Department of Transportation			<u>926,856</u>
<b>UNITED STATES ENVIRONMENTAL PROTECTION AGENCY</b>			
<i>Direct</i>			
Brownfields Assessment and Cleanup Cooperative Agreements	N/A	66.818	66,263
ARRA - Brownfields Assessment and Cleanup Cooperative Agreements	N/A	66.818	118,449
Total United States Environmental Protection Agency			<u>184,712</u>
<b>UNITED STATES DEPARTMENT OF JUSTICE</b>			
<i>Direct</i>			
Community Capacity Development Office - The Weed & Seed Program	N/A	16.595	135,241
Edward Byrne Memorial Justice Assistance Grant Program	N/A	16.738	31,823
<i>Passed Through Ohio Department of Public Safety</i>			
Bulletproof Vest Partnership	N/A	16.607	7,974
Total United States Department of Justice			<u>175,038</u>
<b>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Direct</i>			
Assistance to Firefighters Grant	EMW-2010-FH-00803	97.044	145,186
	EMW-2010-FO-08568	97.044	45,000
Total United States Department of Homeland Security			<u>190,186</u>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<u>\$ 2,034,200</u>

The accompanying notes are an integral part of this Schedule

**CITY OF SANDUSKY  
ERIE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) reports the City of Sandusky’s (the City) federal award programs’ expenditures. The Schedule has been prepared on the cash basis of accounting.

**NOTE B – SUBRECIPIENTS**

The City passes certain federal awards received from the United States Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As Note A describes, the City reports expenditures of federal awards to subrecipients when paid in cash. Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows:

<b>Program Title</b>	<b>CFDA Number</b>	<b>Amount Provided to Subrecipients</b>
Community Development Block Grant – Entitlement	14.218	\$ 99,861

As a subrecipient, the City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award’s performance goals.

**NOTE C – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING 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 and for economic development. The Federal Department of Housing and Urban Development (HUD) granted money for these loans to the City. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Expenditures of Federal Awards when drawn from HUD. Loans repaid, including interest, are used to make additional loans. The Schedule reports loans made and administrative costs as disbursements on the Schedule. Subsequent loans are subject to the same compliance requirements imposed by HUD as the initial loans.

These loans are collateralized by mortgages on the property, business assets to include equipment, inventory and receivables, and personal assets. At December 31, 2011, the gross amount of loans outstanding under this program was \$625,275.

Activity in the CDBG revolving loan fund during 2011 is as follows:

Beginning loans receivable balance as of January 1, 2011:	\$ 701,307
Loans made:	2,127
Loan principal repaid on loans issued prior to 2011:	(78,159)
Ending loan receivable balance as of December 31, 2011:	\$ 625,275

**CITY OF SANDUSKY  
ERIE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
(Continued)**

**NOTE C – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS (continued)**

Ending loan receivable balance as of December 31, 2011 (from previous page)	\$ 625,275
Cash balance on hand in the revolving loan fund as of December 31, 2011:	765,923
Interest subsidies and administrative costs expended during 2011:	<u>8,382</u>
<b>Total value of RLF portion of the CDBG 14.218 program</b>	<b>1,399,580</b>
Other grants administered through the 14.218 program	<u>557,408</u>
<b>Total CDBG 14.218 program</b>	<b><u>\$ 1,956,988</u></b>

**NOTE D – HOME REVOLVING LOAN PROGRAM**

The City has established a revolving loan program to provide low-interest loans to eligible persons to rehabilitate homes, for rental housing rehabilitation, and down payment assistance. HUD granted money for these loans to the City, passed through the Ohio Department of Development. The initial loan of this money would be recorded as a disbursement on the accompanying 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 also included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property. At December 31, 2011, the gross amount of loans outstanding under this program was \$1,799,550. Loans written off are \$222,067.

**NOTE E – MATCHING REQUIREMENTS**

Certain federal programs require that the City contribute non-federal funds (matching funds) to support federally-funded programs. The City has met its matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.

**CITY OF SANDUSKY, OHIO**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2011**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

A-133 Ref.  
.505(d)

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other internal control deficiencies reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any internal control deficiencies reported for major programs which were not considered to be material?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section 510(a) of Circular A-133?	No
(d) (1) (vii)	Major Programs (list): Federal Transit Grants Brownfields Assessment and Cleanup Grants	CFDA # 20.507 66.818
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
---

NONE

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
--

NONE



# Dave Yost • Auditor of State

CITY OF SANDUSKY

ERIE COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
AUGUST 21, 2012