



**City of Sandusky,**

**Comprehensive Annual  
Financial Report**

**For the Year Ended December 31, 2012**





# 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, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

July 23, 2013

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# Introductory

# CITY OF SANDUSKY, OHIO

## COMPREHENSIVE

### ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2012

Prepared By:

Department of Finance

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**CITY OF SANDUSKY**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

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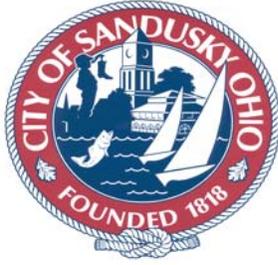
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**DEPARTMENT OF FINANCE**  
**HANK S. SOLOWIEJ, CPA, FINANCE DIRECTOR**

222 Meigs Street  
Sandusky, Ohio 44870  
Phone (419) 627-5888  
Fax (419) 627-5892

June 21, 2013

To the City Commission and Citizens of Sandusky:

The Comprehensive Annual Financial Report of the City of Sandusky for the year ended December 31, 2012, 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 unmodified opinion on the City of Sandusky's basic financial statements for the year ended December 31, 2012. 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. 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 expired 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 ten years, the unemployment rate (not seasonally adjusted) has slowly risen from 6.3 percent in December 2003 to an estimated 7.6 percent in December 2012. The 2012 median family income for the City, as reported by the Census Bureau, is \$44,615, compared to the County, State, and national medians of \$61,013, \$60,762, and \$64,293, respectively. The 2012 median value of owner-occupied housing units for the City, as reported by the Census Bureau, is \$87,600, compared to the County, State, and national medians of \$138,000, \$135,600, and \$186,200 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 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 spin riders almost thirty stories high along the shoreline of Lake Erie. "WindSeeker" was a \$5 million investment by Cedar Point.

In 2012, Cedar Point invested \$1 million in the “Dinosaurs Alive!” attraction. This attraction is located on four acres on the wooded island that is located in the lagoons toward the back of the park. The attraction is multi-sensory and interactive as guests can see approximately fifty life-size dinosaurs that roar and move. In 2013, Cedar Point introduced another record-breaking coaster. Named “GateKeeper”, this winged roller coaster is the longest winged roller coaster in the world and boasts the longest drop of any winged coaster on the planet. With the addition of “GateKeeper” and the redesign to the park’s main entrance, Cedar Point invested approximately \$30 million on improvements for the 2013 season.

In 2004, the Firelands Regional Medical Center began planning for a construction project to ease parking constraints, to expand capacity for increasing admissions and outpatient visits, and to focus concerns on one of the top health issues in Sandusky and Erie County, the prevention and treatment of cancer. A 600-space parking garage, which features free parking, was completed and opened in December 2005. Firelands Professional Center I, which houses the 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. In February 2013, Firelands Regional Medical Center announced that construction has begun on the renovation and relocation of its inpatient rehabilitation unit. The \$6.5 million project, expected to be completed by the end of 2013, will include 25,826 square feet of space located on the fifth floor of the hospital’s patient tower at the Main Campus facility.

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

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

The City purchased the Chesapeake Building in 1999 and also adopted an urban renewal plan to revitalize about forty acres of the waterfront, including the Chesapeake property, and that area is now referred to as the “Paper District”. In 2002, the Bay-Front Corridor Committee was established to act as an advisory committee on the selection of a developer. They received proposals from six developers and selected Mid-States Development Corporation (Mid-States) to develop certain properties. The City received a State grant to pay for acquisition, environmental cleanup, and demolition of part of the project site and also issued its 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 \$2,500,000 in urban renewal temporary revenue bonds in 2012 to provide resources to pay for a portion of that project. Debt charges on that financing are expected to be met from “urban renewal service payments” (commonly referred to as “payments in lieu of taxes”) from this redevelopment.

In 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. In February 2013, the City was notified that the grant period was extended until December 21, 2013.

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**

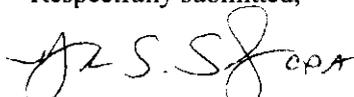
The Government Finance Officers Association of the United States and Canada (GFOA) awarded for the twenty-first time a Certificate of Achievement for Excellence in Financial Reporting to the City of Sandusky for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2011. The 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, 2011

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.



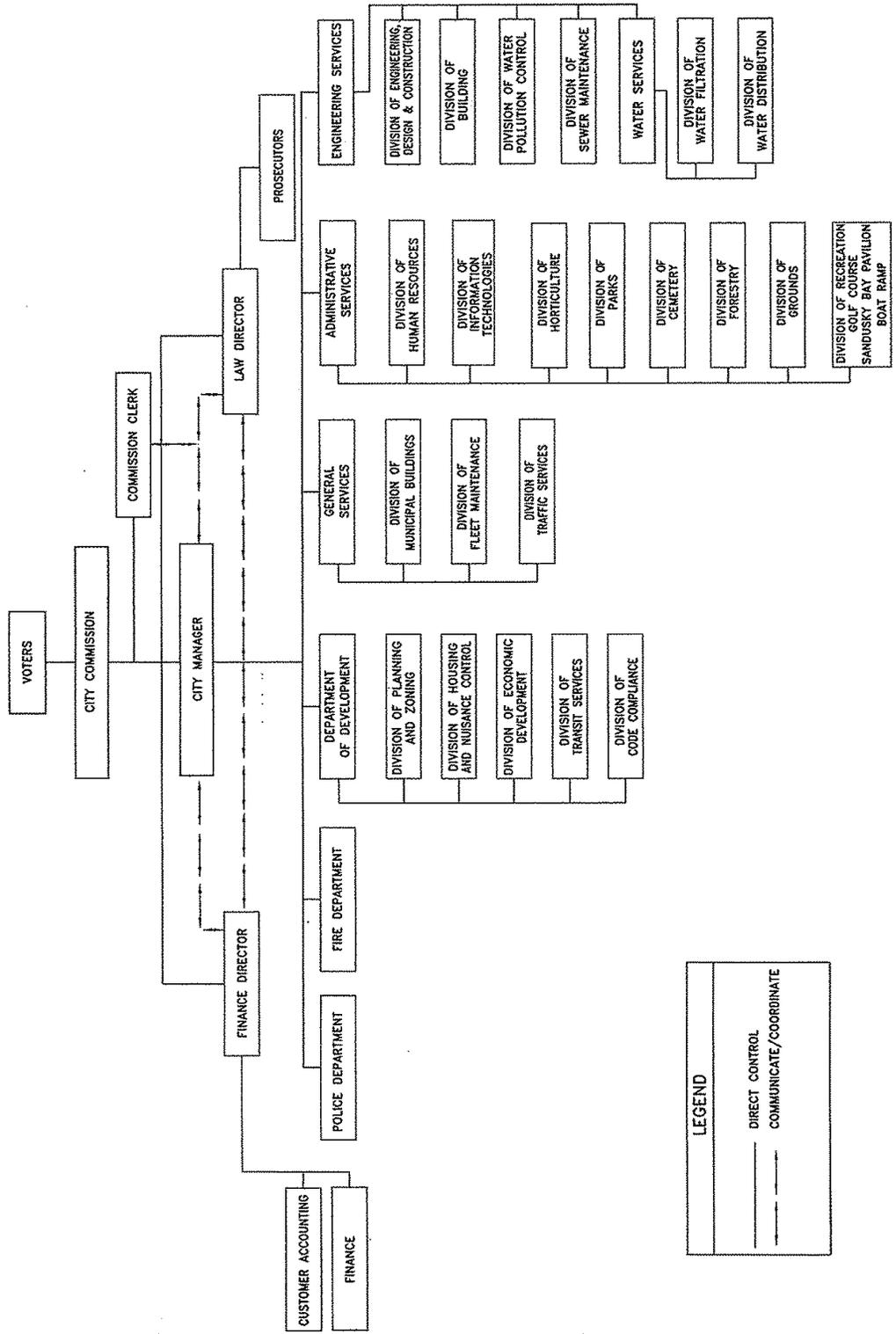
*Christopher P. Moirill*

President

*Jeffrey R. Emer*

Executive Director

# ORGANIZATIONAL CHART City of Sandusky



LEGEND	
—	DIRECT CONTROL
- - -	COMMUNICATE/COORDINATE

CITY OF SANDUSKY, OHIO

---

ELECTED PUBLIC OFFICIALS

December 31, 2012

**CITY COMMISSION**

John Hamilton  
President/Ex-Officio Mayor  
Term Expires 12-31-13  
First took office 01-01-10

Diedre Cole  
Vice-President  
Term Expires 12-31-13  
First took office 08-09-10

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

Julie A. Farrar  
Term Expires 12-31-15  
First took office 01-01-08

Jeffrey S. Smith  
Term Expires 12-31-15  
First took office 01-01-12

Keith A. Grohe  
Term Expires 12-31-15  
First took office 01-01-12

C. Wesley Poole  
Term Expires 12-31-15  
First took office 01-01-12

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APPOINTED OFFICIALS

December 31, 2012

**CITY MANAGER**

Nicole C. Ard

**FINANCE DIRECTOR**

Hank S. Solowiej, CPA

**LAW DIRECTOR**

Donald C. Icsman

**CLERK OF COMMISSION**

Kelly Kresser

# Financial

June 21, 2013

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

## **Independent Auditor's Report**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandusky, Erie County, Ohio, (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandusky, Erie County, Ohio, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As described in Note 3 to the financial statements, during 2012, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

*Rea & Associates, Inc.*

**CITY OF SANDUSKY**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2012  
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, 2012. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

**HIGHLIGHTS**

Highlights for 2012 are as follows:

In total, the City's net position decreased \$25,630, or basically no change from the prior year. The increase for governmental activities was less than 2 percent and the decrease for business-type activities was less than 2 percent.

Various contracts for improvements to the City's water and sewer treatment facilities were awarded in prior years. Construction activities on these facilities continued in 2012 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 2012, 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 position and the statement of activities provide information about the activities of the City as a whole, presenting both an aggregate and a longer-term view of the City.

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

**REPORTING THE CITY AS A WHOLE**

The statement of net position and the statement of activities reflect how the City did financially during 2012. 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.

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

In the statement of net position and the statement of activities, the City is divided into two types of activities:

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

**REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

Fund financial statements provide detailed information about the City's major funds; the General, Special Assessment Bond Retirement, 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.

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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 position for 2012 and 2011.

Table 1  
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<u>Assets</u>						
Current and Other Assets	\$26,004,960	\$26,398,601	\$17,719,648	\$18,747,465	\$43,724,608	\$45,146,066
Capital Assets, Net	50,356,700	51,172,565	89,451,891	88,439,574	139,808,591	139,612,139
Total Assets	76,361,660	77,571,166	107,171,539	107,187,039	183,533,199	184,758,205
<u>Deferred Outflows of Resources</u>	665,126	709,028	0	0	665,126	709,028
<u>Liabilities</u>						
Current and Other Liabilities	7,698,851	8,153,223	2,166,116	2,537,338	9,864,967	10,690,561
Long-Term Liabilities	20,141,313	21,762,759	50,661,205	49,452,732	70,802,518	71,215,491
Total Liabilities	27,840,164	29,915,982	52,827,321	51,990,070	80,667,485	81,906,052
<u>Deferred Inflows of Resources</u>	2,820,249	2,824,960	0	0	2,820,249	2,824,960
<u>Net Position</u>						
Net Investment in Capital Assets	35,766,495	35,639,758	39,713,895	39,918,374	75,480,390	75,558,132
Restricted	11,312,520	11,472,704	0	0	11,312,520	11,472,704
Unrestricted (Deficit)	(712,642)	(1,573,210)	14,630,323	15,278,595	13,917,681	13,705,385
Total Net Position	\$46,366,373	\$45,539,252	\$54,344,218	\$55,196,969	\$100,710,591	\$100,736,221

Net position for governmental activities increased less than 2 percent, which was not a significant change overall. As such, the above table reflects few changes for governmental activities. The retirement of debt contributed to the decrease in both current and other liabilities and long-term liabilities due to principal retirement on notes and bonds.

Similarly, the overall change in net position for business-type activities was not significant, less than 2 percent. While there was virtually no change in total assets, there was a decrease of over \$1 million in cash and cash equivalents as the sewer fund received less in charges to the County and used resources for construction as reflected in the increase in net capital assets. Because the amount of resources spent for capital acquisition was similar to the increase in long-term debt, there was little change in net investment in capital assets.

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Table 2 reflects the change in net position for 2012 and 2011.

Table 2  
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$3,907,891	\$4,220,550	\$10,753,226	\$11,954,670	\$14,661,117	\$16,175,220
Operating Grants, Contributions, and Interest	3,711,215	3,742,313	0	0	3,711,215	3,742,313
Capital Grants and Contributions	500,093	1,074,582	271,057	148,225	771,150	1,222,807
Total Program Revenues	8,119,199	9,037,445	11,024,283	12,102,895	19,143,482	21,140,340
General Revenues						
Property Taxes	2,259,277	2,276,893	0	0	2,259,277	2,276,893
Payment in Lieu of Taxes	541,236	554,005	0	0	541,236	554,005
Municipal Income Taxes	7,971,818	7,234,468	0	0	7,971,818	7,234,468
Other Local Taxes	3,735,461	3,835,778	0	0	3,735,461	3,835,778
Franchise Taxes	373,856	350,146	0	0	373,856	350,146
Grants and Entitlements not Restricted to Specific Programs	1,425,985	1,343,834	0	0	1,425,985	1,343,834
Interest	161,743	303,999	1,532	1,380	163,275	305,379
Other	556,285	1,112,606	106,347	159,716	662,632	1,272,322
Total General Revenues	17,025,661	17,011,729	107,879	161,096	17,133,540	17,172,825
Total Revenues	25,144,860	26,049,174	11,132,162	12,263,991	36,277,022	38,313,165
<u>Program Expenses</u>						
Security of Persons and Property						
Police	5,032,700	5,402,963	0	0	5,032,700	5,402,963
Fire	5,905,825	5,527,949	0	0	5,905,825	5,527,949
Other	244,688	252,562	0	0	244,688	252,562
Public Health	306,388	283,560	0	0	306,388	283,560
Leisure Time Activities	216,767	508,712	0	0	216,767	508,712
Community Environment	2,476,125	2,893,502	0	0	2,476,125	2,893,502
Transportation	4,470,255	4,445,226	0	0	4,470,255	4,445,226
General Government						
Municipal Court	1,033,017	1,023,043	0	0	1,033,017	1,023,043
Other	3,617,806	3,497,520	0	0	3,617,806	3,497,520
Interest and Fiscal Charges	1,295,714	1,005,849	0	0	1,295,714	1,005,849
Water	0	0	5,368,961	5,359,486	5,368,961	5,359,486
Sewer	0	0	6,334,406	8,341,844	6,334,406	8,341,844
Total Expenses	24,599,285	24,840,886	11,703,367	13,701,330	36,302,652	38,542,216
Increase (Decrease) in Net Position before Transfers and Special Item	545,575	1,208,288	(571,205)	(1,437,339)	(25,630)	(229,051)
Transfers	281,546	161,158	(281,546)	(161,158)	0	0
Special Item	0	(2,613,682)	0	0	0	(2,613,682)
Increase (Decrease) in Net Position	827,121	(1,244,236)	(852,751)	(1,598,497)	(25,630)	(2,842,733)
Net Position Beginning of Year	45,539,252	46,783,488	55,196,969	56,795,466	100,736,221	103,578,954
Net Position End of Year	\$46,366,373	\$45,539,252	\$54,344,218	\$55,196,969	\$100,710,591	\$100,736,221

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For governmental activities, there was a 10 percent decrease in program revenues due to a reduction in both charges for services and capital grants and contributions. The charges for services reduction is the result of EMS charges returning to a more normal range as collections were higher in the prior year due to the resolution of some collection issues. Grants obtained in the prior year were used to complete the waterfront improvements in the paper district. There was very little change in total general revenues although there was an increase in municipal income taxes with continued economic recovery. However, this was generally offset by a decrease in other revenues that was due to a large gain on the disposal of capital assets in the prior year.

Governmental activities expenses remained very similar to the prior year with a slight decrease overall (less than 1 percent). Decreases in the leisure time activities and community environment programs are due to the completion of the Lions Park project. 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 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. Charges for services were down \$1.2 million in 2012 as a result of a sewer overpayment credit related to Erie County. Program expenses were less than 2011, primarily in the Sewer Fund, due to less expenses (non-capitalized) for the wastewater treatment plant expansion project.

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	
	2012	2011	2012	2011
Security of Persons and Property				
Police	\$5,032,700	\$5,402,963	\$4,509,694	\$4,807,510
Fire	5,905,825	5,527,949	4,739,433	4,252,177
Other	244,688	252,562	244,688	252,562
Public Health	306,388	283,560	210,001	174,942
Leisure Time Activities	216,767	508,712	(74,367)	253,887
Community Environment	2,476,125	2,893,502	1,081,092	1,567,005
Transportation	4,470,255	4,445,226	1,294,785	351,440
General Government				
Municipal Court	1,033,017	1,023,043	(251,565)	(111,673)
Other	3,617,806	3,497,520	3,430,611	3,249,742
Interest and Fiscal Charges	1,295,714	1,005,849	1,295,714	1,005,849
<b>Total Expenses</b>	<b>\$24,599,285</b>	<b>\$24,840,886</b>	<b>\$16,480,086</b>	<b>\$15,803,441</b>

**CITY OF SANDUSKY**  
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It should be noted that for all governmental activities, 67 percent of the costs for services in 2012 were provided for through general revenues (compared to 64 percent in 2011), that being primarily property taxes, municipal income taxes, tourism taxes, and State shared revenues.

Although the dependence on general revenues is substantial, there are several programs which were supported through program revenues in 2012. Program revenues received for the leisure time activities program were sufficient to cover the expenses of this program. The majority of these revenues are generated by charges for services in the City's park and recreation programs. Community environment activities received over 56 percent of its support through program revenues in 2012. 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 these programs. 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 \$251,565 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 and the Special Assessment Bond Retirement debt service fund. There was a 4 percent increase in fund balance in the General Fund. The change for both revenues and expenditures from the prior year was less than 1 percent; however, revenues were slightly higher and expenditures were slightly lower, thus, the increase in fund balance.

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.

**BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS**

The City's enterprise funds consist of the Water and Sewer funds. Both funds reflect an operating income for 2012; however, the sewer fund had a decrease in net position. Currently, the Water and Sewer funds are generating adequate revenues to cover the cost of operations but not to cover debt service within current year revenues. 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.

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**BUDGETARY HIGHLIGHTS**

The City prepares an annual budget of revenues and expenditures/expenses for all funds of the City for use by City officials and department heads and such other budgetary documents as are required by State statute. The annual appropriations ordinance cannot be adopted prior to the second Monday in January of each year per City Charter. The City approves a temporary appropriations ordinance until the annual appropriations are approved. The City's most significant budgeted fund is the General Fund. For revenues, there was a 5 percent change from the original budget to the final budget and primarily related to increasing the estimate for municipal income taxes (improving economy). The change from the final budget to actual revenues was not significant. Changes from the original budget to the final budget as well as from the final budget to actual expenditures were not individually significant.

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 net investment in capital assets for governmental and business-type activities as of December 31, 2012, was \$35,766,495 and \$39,713,895, respectively. The primary additions for governmental activities included ongoing construction in progress (mainly Cedar Point Drive), improvements to existing buildings, Lions Park improvements, and other equipment for use in the street department. The primary additions for the business-type activities were related to water treatment plant chemical improvements, wastewater treatment plant improvements, and the Cedar Point Road water main extension. Disposals were minimal for both governmental and business-type activities. For further information on the City's capital assets, refer to Note 12 to the basic financial statements.

Debt - At December 31, 2012, the City had \$5,840,000 in bond anticipation notes payable from governmental activities. The City also has a number of long-term obligations outstanding. These obligations included \$14,677,706 in general obligation bonds, \$3,183,334 in special assessment bonds, \$1,649,180 in general obligation revenue bonds, \$48,063,420 in Ohio Water Development Authority loans, and \$825,760 in other long-term loans. Of these total long-term obligations, \$50,029,059 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 19 and 20 to the basic financial statements.

**CURRENT ISSUES**

The City of Sandusky has been designated as an Entitlement Community, which allows the City to access federal funds directly from the U.S. Department of Housing and Urban Development. Along with existing City grant programs, which includes the Clean Ohio Program, the City of Sandusky will continue to have several million dollars in grant monies available in 2013 for public programs.

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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 February 2013, the City was notified that the grant period was extended until December 21, 2013.

In October 2012, the City Commission authorized the issuance of \$3,340,000 in various improvement notes. The 2012 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, 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.

On March 28, 2013, the City issued \$2,680,000 in urban renewal revenue bonds to retire bond anticipation notes previously issued to pay costs of carrying out urban renewal project activities in the Bayfront Urban Revitalization Area. The bonds have an interest rate of 2.55 percent and mature on December 1, 2019. The bonds will be repaid from payments in lieu of taxes paid by the applicable property owners.

**REQUEST FOR INFORMATION**

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



City of Sandusky  
Statement of Net Position  
December 31, 2012

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$10,326,070	\$15,335,866	\$25,661,936
Cash and Cash Equivalents in Segregated Accounts	28,580	0	28,580
Accounts Receivable	1,273,325	1,130,796	2,404,121
Accrued Interest Receivable	25,550	0	25,550
Due from Other Governments	1,634,756	578,317	2,213,073
Municipal Income Taxes Receivable	2,244,908	0	2,244,908
Other Local Taxes Receivable	51,987	0	51,987
Materials and Supplies Inventory	247,281	674,669	921,950
Property Taxes Receivable	2,723,530	0	2,723,530
Payment in Lieu of Taxes Receivable	544,382	0	544,382
Notes Receivable	2,055,671	0	2,055,671
Special Assessments Receivable	4,848,920	0	4,848,920
Nondepreciable Capital Assets	11,927,741	29,436,349	41,364,090
Depreciable Capital Assets, Net	38,428,959	60,015,542	98,444,501
<b>Total Assets</b>	<b>76,361,660</b>	<b>107,171,539</b>	<b>183,533,199</b>
<u>Deferred Outflows of Resources</u>			
Deferred Charge on Refunding	665,126	0	665,126
<u>Liabilities</u>			
Accrued Wages Payable	316,604	106,121	422,725
Accounts Payable	669,472	208,074	877,546
Contracts Payable	50,235	330,682	380,917
Due to Other Governments	732,911	224,910	957,821
Accrued Interest Payable	84,629	1,143,252	1,227,881
Notes Payable	5,840,000	0	5,840,000
Retainage Payable	5,000	153,077	158,077
Long-Term Liabilities			
Due Within One Year	1,813,979	2,142,254	3,956,233
Due in More Than One Year	18,327,334	48,518,951	66,846,285
<b>Total Liabilities</b>	<b>27,840,164</b>	<b>52,827,321</b>	<b>80,667,485</b>
<u>Deferred Inflows of Resources</u>			
Property Taxes	2,275,867	0	2,275,867
Payment in Lieu of Taxes	544,382	0	544,382
<b>Total Deferred Inflows of Resources</b>	<b>2,820,249</b>	<b>0</b>	<b>2,820,249</b>
<u>Net Position</u>			
Net Investment in Capital Assets	35,766,495	39,713,895	75,480,390
Restricted for			
Capital Projects	3,806,228	0	3,806,228
Debt Service	1,949,698	0	1,949,698
Other Purposes			
Street Maintenance	588,629	0	588,629
State Grants	2,400,305	0	2,400,305
Federal Grants	461,275	0	461,275
Court Operations	767,607	0	767,607
Cemetery Operations	766,155	0	766,155
Other	572,623	0	572,623
Unrestricted (Deficit)	(712,642)	14,630,323	13,917,681
<b>Total Net Position</b>	<b>\$46,366,373</b>	<b>\$54,344,218</b>	<b>\$100,710,591</b>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky  
Statement of Activities  
For the Year Ended December 31, 2012

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental Activities</u>				
Security of Persons and Property				
Police	\$5,032,700	\$399,331	\$73,675	\$50,000
Fire	5,905,825	754,046	409,246	3,100
Other	244,688	0	0	0
Public Health	306,388	84,027	12,360	0
Leisure Time Activities	216,767	269,160	6,450	15,524
Community Environment	2,476,125	86,007	1,299,126	9,900
Transportation	4,470,255	913,441	1,840,460	421,569
General Government				
Municipal Court	1,033,017	1,215,434	69,148	0
Other	3,617,806	186,445	750	0
Interest and Fiscal Charges	1,295,714	0	0	0
<b>Total Governmental Activities</b>	<b>24,599,285</b>	<b>3,907,891</b>	<b>3,711,215</b>	<b>500,093</b>
<u>Business-Type Activities</u>				
Water	5,368,961	5,267,773	0	258,840
Sewer	6,334,406	5,485,453	0	12,217
<b>Total Business-Type Activities</b>	<b>11,703,367</b>	<b>10,753,226</b>	<b>0</b>	<b>271,057</b>
<b>Total</b>	<b>\$36,302,652</b>	<b>\$14,661,117</b>	<b>\$3,711,215</b>	<b>\$771,150</b>

General Revenues

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

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue  
and Change in Net Position

Governmental Activities	Business-Type Activities	Total
(\$4,509,694)	\$0	(\$4,509,694)
(4,739,433)	0	(4,739,433)
(244,688)	0	(244,688)
(210,001)	0	(210,001)
74,367	0	74,367
(1,081,092)	0	(1,081,092)
(1,294,785)	0	(1,294,785)
251,565	0	251,565
(3,430,611)	0	(3,430,611)
(1,295,714)	0	(1,295,714)
(16,480,086)	0	(16,480,086)
0	157,652	157,652
0	(836,736)	(836,736)
0	(679,084)	(679,084)
(16,480,086)	(679,084)	(17,159,170)
1,570,731	0	1,570,731
258,206	0	258,206
430,340	0	430,340
541,236	0	541,236
7,121,861	0	7,121,861
472,199	0	472,199
377,758	0	377,758
3,735,461	0	3,735,461
373,856	0	373,856
1,425,985	0	1,425,985
161,743	1,532	163,275
556,285	106,347	662,632
17,025,661	107,879	17,133,540
281,546	(281,546)	0
17,307,207	(173,667)	17,133,540
827,121	(852,751)	(25,630)
45,539,252	55,196,969	100,736,221
\$46,366,373	\$54,344,218	\$100,710,591

City of Sandusky  
Balance Sheet  
Governmental Funds  
December 31, 2012

	General	Special Assessment Bond Retirement	Other Governmental	Total Governmental Funds
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$3,790,377	\$0	\$6,434,238	\$10,224,615
Cash and Cash Equivalents in Segregated Accounts	28,580	0	0	28,580
Accounts Receivable	253,559	0	1,019,766	1,273,325
Accrued Interest Receivable	23,306	0	2,244	25,550
Interfund Receivable	13,500	0	0	13,500
Due from Other Governments	787,298	0	847,458	1,634,756
Municipal Income Taxes Receivable	1,992,356	0	252,552	2,244,908
Other Local Taxes Receivable	20,507	0	31,480	51,987
Materials and Supplies Inventory	125,138	0	122,143	247,281
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	101,455	0	0	101,455
Property Taxes Receivable	1,902,232	0	821,298	2,723,530
Payment in Lieu of Taxes Receivable	2,010	0	542,372	544,382
Notes Receivable	0	0	2,055,671	2,055,671
Special Assessments Receivable	0	4,848,920	0	4,848,920
<b>Total Assets</b>	<b>\$9,040,318</b>	<b>\$4,848,920</b>	<b>\$12,129,222</b>	<b>\$26,018,460</b>
<u>Liabilities</u>				
Accrued Wages Payable	\$289,662	\$0	\$26,942	\$316,604
Accounts Payable	114,042	0	555,430	669,472
Contracts Payable	0	0	50,235	50,235
Interfund Payable	0	0	13,500	13,500
Due to Other Governments	360,236	0	372,675	732,911
Accrued Interest Payable	0	0	19,886	19,886
Notes Payable	0	0	5,840,000	5,840,000
Retainage Payable	0	0	5,000	5,000
<b>Total Liabilities</b>	<b>763,940</b>	<b>0</b>	<b>6,883,668</b>	<b>7,647,608</b>
<u>Deferred Inflows of Resources</u>				
Property Taxes	1,591,000	0	684,867	2,275,867
Payment in Lieu of Taxes	2,010	0	542,372	544,382
Unavailable Revenue	2,391,985	4,848,920	2,027,290	9,268,195
<b>Total Deferred Inflows of Resources</b>	<b>3,984,995</b>	<b>4,848,920</b>	<b>3,254,529</b>	<b>12,088,444</b>
<u>Fund Balance</u>				
Nonspendable	237,393	0	122,143	359,536
Restricted	0	0	5,117,809	5,117,809
Committed	0	0	61,240	61,240
Assigned	100,273	0	0	100,273
Unassigned (Deficit)	3,953,717	0	(3,310,167)	643,550
<b>Total Fund Balance</b>	<b>4,291,383</b>	<b>0</b>	<b>1,991,025</b>	<b>6,282,408</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$9,040,318</b>	<b>\$4,848,920</b>	<b>\$12,129,222</b>	<b>\$26,018,460</b>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky  
Reconciliation of Total Governmental Fund Balance  
to Net Position of Governmental Activities  
December 31, 2012

Total Governmental Fund Balance		\$6,282,408
Amounts reported for governmental activities on the statement of net position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		50,356,700
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds:		
Accounts Receivable	1,193,759	
Accrued Interest Receivable	18,313	
Due from Other Governments	1,080,349	
Municipal Income Taxes Receivable	1,679,191	
Delinquent Property Taxes Receivable	447,663	
Special Assessments Receivable	4,848,920	9,268,195
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.		(64,743)
Deferred outflows of resources include deferred charges on refundings which do not provide current financial resources and, therefore, are not reported in the funds.		665,126
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
General Obligation Bonds Payable	(14,677,706)	
Special Assessment Bonds Payable	(3,183,334)	
Loans Payable	(509,301)	
Compensated Absences Payable	(1,770,972)	(20,141,313)
Net Position of Governmental Activities		\$46,366,373

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, 2012

	General	Special Assessment Bond Retirement	Other Governmental	Total Governmental Funds
<u>Revenues</u>				
Property Taxes	\$1,575,787	\$0	\$690,761	\$2,266,548
Payment in Lieu of Taxes	4,763	0	536,473	541,236
Municipal Income Taxes	6,862,236	0	817,047	7,679,283
Other Local Taxes	3,737,006	0	439,900	4,176,906
Special Assessments	0	263,281	0	263,281
Charges for Services	788,299	0	962,781	1,751,080
Fees, Licenses, and Permits	591,228	0	385,798	977,026
Fines and Forfeitures	1,040,206	0	88,991	1,129,197
Intergovernmental	1,306,090	0	4,495,996	5,802,086
Interest	156,272	0	28,129	184,401
Other	477,301	0	466,759	944,060
<b>Total Revenues</b>	<b>16,539,188</b>	<b>263,281</b>	<b>8,912,635</b>	<b>25,715,104</b>
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	4,441,305	0	624,880	5,066,185
Fire	4,214,756	0	1,297,939	5,512,695
Other	244,688	0	0	244,688
Public Health	199,455	0	111,308	310,763
Leisure Time Activities	445,892	0	10,081	455,973
Community Environment	1,291,747	0	1,768,812	3,060,559
Transportation	456	0	3,178,272	3,178,728
General Government				
Municipal Court	908,653	0	73,009	981,662
Other	2,819,738	0	9,755	2,829,493
Other	0	0	128,727	128,727
Capital Outlay	0	0	803,610	803,610
Debt Service:				
Principal Retirement	70,170	298,540	1,131,762	1,500,472
Interest and Fiscal Charges	19,186	178,862	698,864	896,912
<b>Total Expenditures</b>	<b>14,656,046</b>	<b>477,402</b>	<b>9,837,019</b>	<b>24,970,467</b>
Excess of Revenues Over (Under) Expenditures	1,883,142	(214,121)	(924,384)	744,637
<u>Other Financing Sources (Uses)</u>				
Sale of Capital Assets	1,161	0	0	1,161
Transfers In	0	216,821	3,040,648	3,257,469
Transfers Out	(1,700,342)	(2,700)	(1,258,235)	(2,961,277)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,699,181)</b>	<b>214,121</b>	<b>1,782,413</b>	<b>297,353</b>
Changes in Fund Balance	183,961	0	858,029	1,041,990
Fund Balance Beginning of Year	4,107,422	0	1,132,996	5,240,418
Fund Balance End of Year	\$4,291,383	\$0	\$1,991,025	\$6,282,408

See Accompanying Notes to the Basic Financial Statements

City of Sandusky  
 Reconciliation of Statement of Revenues, Expenditures,  
 and Changes in Fund Balance  
 of Governmental Funds to Statement of Activities  
 For the Year Ended December 31, 2012

Changes in Fund Balance - Total Governmental Funds \$1,041,990

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	2,377,481	
Depreciation	<u>(3,193,346)</u>	(815,865)

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

Proceeds from Sale of Capital Assets	33,132	
Gain on Disposal of Capital Assets	<u>(33,132)</u>	0

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

Delinquent Property Taxes	(7,271)	
Municipal Income Taxes	292,535	
Other Local Taxes	(1,545)	
Special Assessments	(263,281)	
Charges for Services	(274,386)	
Fees, Licenses, and Permits	(19,210)	
Intergovernmental	(300,048)	
Interest	(1,550)	
Other	<u>(28,620)</u>	(603,376)

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

General Obligation Bonds Payable	1,112,301	
Special Assessment Bonds Payable	298,540	
Loans Payable	<u>89,631</u>	1,500,472

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

Accrued Interest Payable	(373,172)	
Amortization of Premium	18,272	
Amortization of Deferred Charge on Refunding	<u>(43,902)</u>	(398,802)

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.

Change in Net Position of Governmental Activities \$827,121

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, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$1,589,249	\$1,589,249	\$1,575,787	(\$13,462)
Payment in Lieu of Taxes	3,290	3,290	4,763	1,473
Municipal Income Taxes	6,159,000	6,810,076	6,801,241	(8,835)
Other Local Taxes	3,726,000	3,727,207	3,727,207	0
Charges for Services	614,626	676,123	768,543	92,420
Fees, Licenses, and Permits	593,000	591,228	591,228	0
Fines and Forfeitures	1,078,982	1,023,931	1,023,586	(345)
Intergovernmental	940,719	1,098,823	1,115,181	16,358
Interest	200,000	169,272	169,272	0
Other	255,683	247,790	255,146	7,356
<b>Total Revenues</b>	<b>15,160,549</b>	<b>15,936,989</b>	<b>16,031,954</b>	<b>94,965</b>
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	4,951,507	4,636,507	4,402,393	234,114
Fire	4,176,776	4,216,776	4,188,174	28,602
Other	235,000	247,000	246,392	608
Public Health	198,517	208,517	200,801	7,716
Leisure Time Activities	348,831	448,274	444,375	3,899
Community Environment	1,195,932	1,348,932	1,302,268	46,664
Transportation	1,000	1,000	456	544
General Government				
Municipal Court	909,997	924,997	919,932	5,065
Other	2,730,597	2,976,330	2,838,019	138,311
Debt Service:				
Principal Retirement	70,170	70,170	70,170	0
Interest and Fiscal Charges	19,186	19,186	19,186	0
<b>Total Expenditures</b>	<b>14,837,513</b>	<b>15,097,689</b>	<b>14,632,166</b>	<b>465,523</b>
Excess of Revenues Over Expenditures	323,036	839,300	1,399,788	560,488
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	311,388	262,964	213,521	(49,443)
Sale of Capital Assets	0	0	1,161	1,161
Advances In	2,700	2,700	2,700	0
Transfers Out	(1,638,093)	(1,711,306)	(1,700,342)	10,964
<b>Total Other Financing Sources (Uses)</b>	<b>(1,324,005)</b>	<b>(1,445,642)</b>	<b>(1,482,960)</b>	<b>(37,318)</b>
Changes in Fund Balance	(1,000,969)	(606,342)	(83,172)	523,170
Fund Balance Beginning of Year	3,911,646	3,911,646	3,911,646	0
Prior Year Encumbrances Appropriated	38,990	38,990	38,990	0
<b>Fund Balance End of Year</b>	<b>\$2,949,667</b>	<b>\$3,344,294</b>	<b>\$3,867,464</b>	<b>\$523,170</b>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky  
Statement of Fund Net Position  
Enterprise Funds  
December 31, 2012

	Water	Sewer	Total
<u>Assets</u>			
<u>Current Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$8,224,461	\$7,111,405	\$15,335,866
Accounts Receivable	327,989	802,807	1,130,796
Due from Other Governments	285,000	293,317	578,317
Materials and Supplies Inventory	420,682	253,987	674,669
Total Current Assets	9,258,132	8,461,516	17,719,648
<u>Non-Current Assets</u>			
Nondepreciable Capital Assets	7,475,870	21,960,479	29,436,349
Depreciable Capital Assets, Net	22,899,468	37,116,074	60,015,542
Total Non-Current Assets	30,375,338	59,076,553	89,451,891
Total Assets	39,633,470	67,538,069	107,171,539
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accrued Wages Payable	49,936	56,185	106,121
Accounts Payable	101,877	106,197	208,074
Contracts Payable	313,897	16,785	330,682
Due to Other Governments	60,575	164,335	224,910
Accrued Interest Payable	444,712	698,540	1,143,252
Retainage Payable	153,077	0	153,077
General Obligation Revenue Bonds Payable	5,000	55,000	60,000
OWDA Loans Payable	779,897	1,113,707	1,893,604
Loans Payable	42,530	15,555	58,085
Compensated Absences Payable	76,419	54,146	130,565
Total Current Liabilities	2,027,920	2,280,450	4,308,370
<u>Non-Current Liabilities</u>			
General Obligation Revenue Bonds Payable	135,000	1,454,180	1,589,180
OWDA Loans Payable	17,650,532	28,519,284	46,169,816
Loans Payable	189,184	69,190	258,374
Compensated Absences Payable	170,965	330,616	501,581
Total Non-Current Liabilities	18,145,681	30,373,270	48,518,951
Total Liabilities	20,173,601	32,653,720	52,827,321
<u>Net Position</u>			
Net Investment in Capital Assets	11,779,513	27,934,382	39,713,895
Unrestricted	7,680,356	6,949,967	14,630,323
Total Net Position	\$19,459,869	\$34,884,349	\$54,344,218

See Accompanying Notes to the Basic Financial Statements

City of Sandusky  
Statement of Revenues, Expenses,  
and Changes in Fund Net Position  
Enterprise Funds  
For the Year Ended December 31, 2012

	Water	Sewer	Total
<u>Operating Revenues</u>			
Charges for Services	\$5,267,773	\$5,485,453	\$10,753,226
Other	34,082	66,550	100,632
Total Operating Revenues	<u>5,301,855</u>	<u>5,552,003</u>	<u>10,853,858</u>
<u>Operating Expenses</u>			
Personal Services	2,046,182	2,646,025	4,692,207
Travel and Transportation	14,222	20,668	34,890
Contractual Services	694,141	503,067	1,197,208
Materials and Supplies	776,558	468,657	1,245,215
Depreciation	1,005,476	1,190,762	2,196,238
Other	642	308	950
Total Operating Expenses	<u>4,537,221</u>	<u>4,829,487</u>	<u>9,366,708</u>
Operating Income	<u>764,634</u>	<u>722,516</u>	<u>1,487,150</u>
<u>Non-Operating Revenues (Expenses)</u>			
Gain on Disposal of Capital Assets	3,744	1,971	5,715
Interest Revenue	472	1,060	1,532
Interest Expense	(831,740)	(1,504,919)	(2,336,659)
Total Non-Operating Revenues (Expenses)	<u>(827,524)</u>	<u>(1,501,888)</u>	<u>(2,329,412)</u>
Loss before Contributions and Transfers	(62,890)	(779,372)	(842,262)
Capital Contributions	269,774	15,929	285,703
Transfers Out	(94,778)	(201,414)	(296,192)
Changes in Net Position	112,106	(964,857)	(852,751)
Net Position Beginning of Year	<u>19,347,763</u>	<u>35,849,206</u>	<u>55,196,969</u>
Net Position End of Year	<u>\$19,459,869</u>	<u>\$34,884,349</u>	<u>\$54,344,218</u>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky  
Statement of Cash Flows  
Enterprise Funds  
For the Year Ended December 31, 2012

	<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	\$5,289,542	\$5,432,042	\$10,721,584
Cash Payments for Personal Services	(2,017,869)	(2,621,187)	(4,639,056)
Cash Payments for Contractual Services	(628,818)	(1,051,765)	(1,680,583)
Cash Payments to Vendors	(1,275,935)	(646,274)	(1,922,209)
Cash Received from Other Revenues	34,082	69,528	103,610
Cash Payments for Other Expenses	(642)	(308)	(950)
Net Cash Provided by Operating Activities	<u>1,400,360</u>	<u>1,182,036</u>	<u>2,582,396</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers Out	<u>(94,778)</u>	<u>(201,414)</u>	<u>(296,192)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Principal Paid on General Obligation Revenue Bonds	(5,000)	(99,000)	(104,000)
Principal Paid on OWDA Loans	(640,431)	(1,296,892)	(1,937,323)
Principal Paid on Loans	(40,779)	(14,914)	(55,693)
Interest Paid on General Obligation Revenue Bonds	(5,898)	(64,335)	(70,233)
Interest Paid on OWDA Loans	(559,580)	(1,441,137)	(2,000,717)
Interest Paid on Loans	(11,149)	(4,078)	(15,227)
OWDA Loans Issued	3,115,688	159,448	3,275,136
Acquisition of Capital Assets	(2,091,195)	(607,038)	(2,698,233)
Capital Contributions	207,562	0	207,562
Sale of Capital Assets	4,044	1,971	6,015
Net Cash Used for Capital and Related Financing Activities	<u>(26,738)</u>	<u>(3,365,975)</u>	<u>(3,392,713)</u>
<u>Cash Flows from Investing Activities</u>			
Interest	<u>472</u>	<u>1,060</u>	<u>1,532</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,279,316	(2,384,293)	(1,104,977)
Cash and Cash Equivalents Beginning of Year	<u>6,945,145</u>	<u>9,495,698</u>	<u>16,440,843</u>
Cash and Cash Equivalents End of Year	<u>\$8,224,461</u>	<u>\$7,111,405</u>	<u>\$15,335,866</u>

(continued)

City of Sandusky  
Statement of Cash Flows  
Enterprise Funds  
For the Year Ended December 31, 2012  
(continued)

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Reconciliation of Operating Income to Net</u>			
<u>Cash Provided by Operating Activities</u>			
Operating Income	\$764,634	\$722,516	\$1,487,150
<u>Adjustments to Reconcile Operating Income to Net</u>			
<u>Cash Provided by Operating Activities</u>			
Depreciation	1,005,476	1,190,762	2,196,238
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	25,219	51,566	76,785
Increase in Due from Other Governments	(3,450)	(101,999)	(105,449)
(Increase) Decrease in Materials and Supplies Inventory	13,993	(35,787)	(21,794)
Increase in Accrued Wages Payable	11,381	11,913	23,294
Increase in Accounts Payable	23,671	19,564	43,235
Decrease in Contracts Payable	(282,350)	(2,848)	(285,198)
Decrease in Due to Other Governments	(2,128)	(580,381)	(582,509)
Decrease in Retainage Payable	(176,015)	(104,508)	(280,523)
Increase in Compensated Absences Payable	19,929	11,238	31,167
Net Cash Provided by Operating Activities	<u>\$1,400,360</u>	<u>\$1,182,036</u>	<u>\$2,582,396</u>

Non-Cash Capital Transactions

In 2012, the Water enterprise fund had a receivable for grants related to capital assets, in the amount of \$83,840.

In 2012, the Water enterprise fund received contributions of capital assets from governmental funds, in the amount of \$10,934.

In 2012, the Sewer enterprise fund received contributions of capital assets from governmental funds and Erie County, in the amount of \$3,712 and \$12,217, respectively.

See Accompanying Notes to the Basic Financial Statements

City of Sandusky  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
December 31, 2012

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$263,944</u>
 <u>Liabilities</u>	
Due to Other Governments	\$93,909
Undistributed Assets	<u>170,035</u>
 Total Liabilities	 <u>\$263,944</u>

See Accompanying Notes to the Basic Financial Statements

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**

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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 2012.

The City of Sandusky participates in the Buckeye Ohio Risk Management Association (BORMA), a public entity shared risk pool. This organization is presented in Note 24 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. 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, 2012**  
**(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 position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(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 deferred outflows of resources, and liabilities and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

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

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.

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

Proprietary Funds

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

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.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are not available to support the City's own programs. The City did not have any trust funds in 2012. 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.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(continued)**

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

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 position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

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

Revenues - Exchange and Nonexchange Transactions

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

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(continued)**

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

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

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payment in lieu of taxes, and unavailable revenue. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2012, but which were levied to finance 2013 operations. Payment in lieu of taxes represents a contractual promise to make payment of property taxes which reflect all or a portion of the taxes which would have been paid if the taxes had not been exempted. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes accrued interest, intergovernmental revenue including grants, municipal income taxes, delinquent property taxes, special assessments, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available.

Expenses/Expenditures

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

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(continued)**

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

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

E. Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the City Commission.

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 2012, 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, 2012.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(continued)**

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

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 2012 was \$156,272, which includes \$126,709 assigned from other City funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

**G. Inventory**

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

**H. 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.

**I. Capital Assets**

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

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

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
(continued)

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

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

**J. Deferred Charge on Refunding**

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

**K. 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 position, except for any net residual amounts due between governmental and business-type activities. These amounts are presented as “Internal Balances”, when applicable.

**L. 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, 2012**  
**(continued)**

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

**M. 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, and long-term loans are recognized as liabilities on the fund financial statements when due.

**N. Unamortized Bond Premiums**

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

**O. Net Position**

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

**P. 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.

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

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(continued)**

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

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

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of 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) 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. Assigned amounts represent intended uses established by City Council. City Council has authorized the City Manager to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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.

Q. 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.

R. Capital Contributions

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

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(continued)**

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

**S. Interfund Transactions**

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

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.

**T. Estimates**

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

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES**

For 2012, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements", Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions-an amendment of GASB Statement No. 53", Statement No. 65, "Items Previously Reported as Assets and Liabilities", and Statement No. 66, "Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62".

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements which are a type of public-public or public-private partnership. The implementation of this statement did not result in any change to the City's financial statements.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change to the City's financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related note disclosures. These changes were incorporated in the City's 2012 financial statements; however, there was no effect on beginning net position and/or fund balance.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(continued)**

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**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES** (continued)

GASB Statement No. 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this statement did not result in any change to the City's financial statements.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets or liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets or liabilities as inflows of resources (revenues) or outflows of resources (expenses or expenditures). These changes were incorporated in the City's 2012 financial statements; however, there was no effect on beginning net position and/or fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and, thereby, enhance the usefulness of the financial reports. The implementation of this statement did not result in any change to the City's financial statements.

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

At December 31, 2012, the Public Transit, Fire Pension, and Police Pension special revenue funds had deficit fund balances, in the amount of \$265,365, \$196,425, and \$116,451, 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 service fund and the Capital Projects capital projects fund had deficit fund balances, in the amount of \$2,164,113 and \$567,813, 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.

**B. Compliance**

For the year ended December 31, 2012, the Indigent Telephone special revenue fund had final appropriations in excess of estimated resources plus available balances, in the amount of \$7,969. The City will review appropriations to ensure they are within available resources.

For the year ended December 31, 2012, the Water enterprise fund, waterworks filtration department had expenses in excess of appropriations within the capital outlay object, in the amount of \$13,038. The City will monitor future appropriations to ensure they are adequate for amounts needed for expenses.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
(continued)

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. The City has certain activities within the General Fund that are not budgeted by the City 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	\$183,961
<u>Increases (Decreases) Due To</u>	
Revenue Accruals:	
Accrued 2011, Received in Cash 2012	678,073
Accrued 2012, Not Yet Received in Cash	(993,925)
Expenditure Accruals:	
Accrued 2011, Paid in Cash 2012	(709,759)
Accrued 2012, Not Yet Paid in Cash	761,592

(continued)

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(continued)**

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING** (continued)

Changes in Fund Balance (continued)

	General
Cash Adjustments:	
Unrecorded Activity 2011	\$27,731
Unrecorded Activity 2012	(5,578)
Materials and Supplies Inventory	(9,163)
Advances In	2,700
Excess of Revenues Over Expenditures for Nonbudgeted Activity	(14)
Encumbrances Outstanding at Year End (Budget Basis)	(18,790)
Budget Basis	(\$83,172)

**NOTE 6 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(continued)**

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**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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.

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, \$2,690,962 of the City's bank balance of \$16,953,315 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(continued)**

**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

Investments

As of December 31, 2012, the City had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Federal National Mortgage Association Notes	\$1,201,104	11/7/17
Federal National Mortgage Association Notes	1,349,792	11/15/17
Federal National Mortgage Association Notes	1,199,148	11/27/17
Federal Home Loan Bank Notes	1,000,080	5/15/17
Federal Home Loan Mortgage Corporation Notes	1,000,690	2/27/15
Federal Home Loan Mortgage Corporation Notes	1,134,705	12/28/17
Federal Farm Credit Bank Notes	902,997	7/24/17
STAR Ohio	1,452,200	55.4 days
Total Investments	<u>\$9,240,716</u>	

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

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

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Federal National Mortgage Association	\$3,750,044	40.6%
Federal Home Loan Bank	1,000,080	10.8
Federal Home Loan Mortgage Corporation	2,135,395	23.1
Federal Farm Credit Bank	902,997	9.8

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
(continued)

**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2012, 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 \$1,989,638, will not be received within one year. Special assessments, in the amount of \$4,473,670, will not be received within one year. At December 31, 2012, the amount of delinquent special assessments was \$1,159,413.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	\$91,638
Local Government	207,641
Beer and Liquor Permits	31,810
Estate Tax	371,054
Cigarette Tax	675
Charges for Services	11,509
Fines and Forfeitures	63,733
Other	9,238
Total Major Funds	787,298
Nonmajor Funds	
Street Maintenance	
Gasoline Tax	389,158
Motor Vehicle License Tax	83,777
Permissive Motor Vehicle License Tax	17
Total Street Maintenance	472,952
State Highway	
Gasoline Tax	31,554
Motor Vehicle License Tax	6,793
Total State Highway	38,347
Public Transit	
Job Access/Reverse Commute Grant	61,476

(continued)

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
(continued)

**NOTE 7 - RECEIVABLES** (continued)

	Amount
Governmental Activities (continued)	
Nonmajor Funds	
Fire Pension	
Homestead and Rollback	\$7,532
Personal Property Phase-Out	767
Total Fire Pension	8,299
Police Pension	
Homestead and Rollback	7,532
Personal Property Phase-Out	767
Total Police Pension	8,299
State Grants	
Community Corrections Grant	32,274
Federal Grants	
Justice Assistance Grant	29,555
FEMA - SAFER Grant	28,346
CDBG	101,898
Total Federal Grants	159,799
Indigent Drivers Alcohol	
Drug and Alcohol Addiction Grant	4,395
Fees, Licenses, and Permits	1,576
Total Indigent Drivers Alcohol	5,971
Enforcement and Education	
Fines and Forfeitures	530
Court Computerization	
Fines and Forfeitures	1,276
General Bond Retirement Fund	
Homestead and Rollback	25,106
Capital Projects Fund	
Fees, Licenses, and Permits	7,077
Ohio Department of Transportation	26,052
Total Capital Projects Fund	33,129
Total Nonmajor Funds	847,458
Total Governmental Activities	\$1,634,756

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(continued)**

**NOTE 7 - RECEIVABLES** (continued)

	<u>Amount</u>
Business-Type Activities	
Water Fund	
Erie County	\$201,160
Ohio Public Works Commission	83,840
Total Water Fund	<u>285,000</u>
Sewer Fund	
Erie County	293,317
Total Business-Type Activities	<u>\$578,317</u>

**NOTE 8 - MUNICIPAL INCOME TAXES**

The City levies and collects an income tax of 1 percent based on all income earned within the City as well as on incomes of residents earned outside the City. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

For 2012, income taxes were allocated as follows: 88.75 percent to the General Fund for general operations of the City; 6.25 percent to the General Bond Retirement debt service fund to be used for the retirement of general obligation debt; and 5 percent to the Capital Improvement capital projects fund to be used for the capital improvement program.

**NOTE 9 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the City. Real property tax revenues received in 2012 represent the collection of 2011 taxes. Real property taxes received in 2012 were levied after October 1, 2011, on the assessed values as of January 1, 2011, 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 2012 represent the collection of 2011 taxes. Public utility real and tangible personal property taxes received in 2012 became a lien on December 31, 2010, were levied after October 1, 2011, 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.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
(continued)

**NOTE 9 - PROPERTY TAXES** (continued)

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of December 31, 2012, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2012 operations is offset to deferred inflows of resources - property taxes. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while on the modified accrual basis, the revenue has been recorded as deferred inflows of resources - unavailable revenue.

The full tax rate for all City operations for the year ended December 31, 2012, was \$5.25 per \$1,000 of assessed value. The assessed values of real property and public utility property upon which 2012 property tax receipts were based are as follows:

Category	Amount
Real Property	\$470,793,000
Public Utility Personal Property	14,018,000
Total Assessed Value	\$484,811,000

**NOTE 10 - 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.

**NOTE 11 - NOTES RECEIVABLE**

A summary of the changes in notes receivable during 2012 follows:

	Balance January 1, 2012	New Loans	Repayments	Balance December 31, 2012
Special Revenue Funds				
State Grants				
Revolving Loans	\$625,275	\$120,397	\$216,044	\$529,628
Rehabilitation Revolving Loans	1,799,550	17,335	146,368	1,670,517
Micro-Enterprise Loans	2,188	0	2,188	0
Total State Grants	2,427,013	137,732	364,600	2,200,145
Federal Grants				
Downtown Façade Loans	42,161	0	14,043	28,118
	\$2,469,174	\$137,732	\$378,643	2,228,263
Less Allowance for Uncollectible Accounts				172,592
				\$2,055,671

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

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
(continued)

**NOTE 12 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2012, was as follows:

	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012
<b>Governmental Activities</b>				
Nondepreciable Capital Assets				
Land	\$7,180,226	\$0	\$0	\$7,180,226
Construction in Progress	3,855,402	1,065,500	(173,387)	4,747,515
Total Nondepreciable Capital Assets	<u>11,035,628</u>	<u>1,065,500</u>	<u>(173,387)</u>	<u>11,927,741</u>
Depreciable Capital Assets				
Buildings	18,466,047	44,117	0	18,510,164
Improvements Other Than Buildings	21,331,076	911,577	0	22,242,653
Streets	44,790,537	330,644	0	45,121,181
Bridges	229,802	0	0	229,802
Equipment	10,874,540	199,030	(95,839)	10,977,731
Total Depreciable Capital Assets	<u>95,692,002</u>	<u>1,485,368</u>	<u>(95,839)</u>	<u>97,081,531</u>
Less Accumulated Depreciation for				
Buildings	(9,907,563)	(601,824)	0	(10,509,387)
Improvements Other Than Buildings	(7,327,187)	(680,755)	0	(8,007,942)
Streets	(30,616,169)	(1,454,218)	0	(32,070,387)
Bridges	(87,324)	(4,596)	0	(91,920)
Equipment	(7,616,822)	(451,953)	95,839	(7,972,936)
Total Accumulated Depreciation	<u>(55,555,065)</u>	<u>(3,193,346)</u>	<u>95,839</u>	<u>(58,652,572)</u>
Total Depreciable Capital Assets, Net	<u>40,136,937</u>	<u>(1,707,978)</u>	<u>0</u>	<u>38,428,959</u>
Governmental Activities Capital Assets, Net	<u>\$51,172,565</u>	<u>(\$642,478)</u>	<u>(\$173,387)</u>	<u>\$50,356,700</u>
<b>Business-Type Activities</b>				
Nondepreciable Capital Assets				
Land	\$802,002	\$0	(\$300)	\$801,702
Construction in Progress	26,628,658	2,522,077	(516,088)	28,634,647
Total Nondepreciable Capital Assets	<u>27,430,660</u>	<u>2,522,077</u>	<u>(516,388)</u>	<u>29,436,349</u>
Depreciable Capital Assets				
Buildings	42,747,904	362,063	0	43,109,967
Improvements Other Than Buildings	26,017,956	0	0	26,017,956
Utility Plant	5,507,740	0	0	5,507,740
Water and Sewer Lines	20,679,957	615,396	0	21,295,353
Equipment	2,550,035	225,407	(5,000)	2,770,442
Total Depreciable Capital Assets	<u>97,503,592</u>	<u>1,202,866</u>	<u>(5,000)</u>	<u>98,701,458</u>

(continued)

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(continued)**

**NOTE 12 - CAPITAL ASSETS** (continued)

	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012
Business-Type Activities (continued)				
Less Accumulated Depreciation for				
Buildings	(\$15,437,544)	(\$661,172)	\$0	(\$16,098,716)
Improvements Other Than Buildings	(6,107,104)	(915,118)	0	(7,022,222)
Utility Plant	(3,226,335)	(196,596)	0	(3,422,931)
Water and Sewer Lines	(9,756,107)	(330,967)	0	(10,087,074)
Equipment	(1,967,588)	(92,385)	5,000	(2,054,973)
Total Accumulated Depreciation	<u>(36,494,678)</u>	<u>(2,196,238)</u>	<u>5,000</u>	<u>(38,685,916)</u>
 Total Depreciable Capital Assets, Net	 <u>61,008,914</u>	 <u>(993,372)</u>	 <u>0</u>	 <u>60,015,542</u>
 Business-Type Activities Capital Assets, Net	 <u>\$88,439,574</u>	 <u>\$1,528,705</u>	 <u>(\$516,388)</u>	 <u>\$89,451,891</u>

The Water enterprise fund accepted a contribution of capital assets from governmental funds with a fair value of \$10,934 during 2012.

The Sewer enterprise fund accepted a contribution of capital assets from governmental funds and Erie County with a fair value of \$3,712 and \$12,217, respectively, during 2012.

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property - Police	\$94,095
Security of Persons and Property - Fire	432,277
Public Health	14,714
Leisure Time Activities	112,942
Community Environment	187,114
Transportation	1,683,551
General Government - Municipal Court	9,638
General Government - Other	659,015
Total Depreciation Expense - Governmental Activities	<u>\$3,193,346</u>

**NOTE 13 - INTERFUND RECEIVABLES/PAYABLES**

At December 31, 2012, the General Fund had an interfund receivable, in the amount of \$13,500, for a loan made to other governmental funds. Of this amount, \$10,800 is not scheduled to be collected within one year.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
(continued)

**NOTE 14 - 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 Association (BORMA), a public entity shared risk pool among various local governments in Northern Ohio. The City pays monthly premiums for health care coverage for its employees. BORMA is responsible for the management and operation of the program. Member cities agree to share in the coverage of losses and pay all premiums necessary for the specified insurance coverage provided under the program. Member cities are subject to supplemental assessments of up to 25 percent of the premiums paid for health insurance during that year 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.

During 2012, the City contracted with the Travelers Indemnity Company for the following coverage:

<u>Type of Coverage</u>	<u>Coverage</u>
Property (building and contents)	\$120,234,000
Inland Marine	3,000,000
General Liability	10,000,000
Employee Benefit Liability	3,000,000
Auto Uninsured-Underinsured	1,000,000
Public Official Liability	11,000,000

There has been no significant reduction in insurance coverage from 2011, 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 15 - SIGNIFICANT CONTRACTUAL COMMITMENTS**

The City has outstanding contracts for professional services. The following amounts remain on these contracts as of December 31, 2012:

<u>Contract</u>	<u>Remaining Commitment</u>
E Technologies	\$2,801
Erie Blacktop	20,003
John Hancock & Associates	6,440
Jones & Henry	53,600
Kirk Bros.	4,556
Mannik & Smith	5,000
Norfolk Southern	10,087

(continued)

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
(continued)

**NOTE 15 - SIGNIFICANT CONTRACTUAL COMMITMENTS** (continued)

<u>Contract</u>	<u>Remaining Commitment</u>
Partners Environmental	\$15,557
PCSO	2,297
S A Communale	5,940
Schirmer Construction	35,052
Scott Mularoni	195
South Shore Electric	5,913
Speer Bros.	10,000
Wilkes and Co.	649
Total	<u>\$178,090</u>

**NOTE 16 - 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, 2012, members in state and local classifications contributed 10 percent of covered payroll. For 2012, member and employer contribution rates were consistent across all three plans.

The City's 2012 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 2012. The portion of the employer contribution allocated to health care for members in the combined plan was 6.05 for 2012. Employer contribution rates are actuarially determined.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(continued)**

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**NOTE 16 - DEFINED BENEFIT PENSION PLANS** (continued)

The City's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2012, 2011, and 2010 was \$649,642, \$636,084, and \$580,130, respectively. For 2012, 89 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010. Contributions to the member-directed plan for 2012 were \$4,434 made by the City and \$3,167 made by the plan members.

**B. Ohio Police and Fire Pension Fund**

**Plan Description** - The City contributes to the Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a 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 or by visiting the website at [www.op-f.org](http://www.op-f.org).

**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 2012, 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 \$382,390 and \$571,075 for the year ended December 31, 2012, \$414,828 and \$530,397, for the year ended December 31, 2011, and \$424,305 and \$556,853, for the year ended December 31, 2010. For 2012, 76 percent has been contributed for police and 73 percent has been contributed for firefighters with the balance for each being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

**NOTE 17 - 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.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(continued)**

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**NOTE 17 - POSTEMPLOYMENT BENEFITS** (continued)

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.

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 2012, 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 2012. The portion of the employer contribution allocated to health care for members in the combined plan was 6.05 for 2012. Effective January 1, 2013, the portion of the employer contribution allocated to health care was lowered to 1 percent for both plans as recommended by the OPERS actuary.

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, 2012, 2011, and 2010 was \$261,630, \$255,648, and \$332,744, respectively. For 2012, 89 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 9, 2012, with a transition plan commencing on January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contribution toward the health care fund after the end of the transition period.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(continued)**

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**NOTE 17 - POSTEMPLOYMENT BENEFITS** (continued)

**B. Police and Fire Pension Fund**

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

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Postemployment Benefit (OPEB) as described in 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 health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

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

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required 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 health care benefits. For the year ended December 31, 2012, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contribution allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
(continued)

**NOTE 17 - POSTEMPLOYMENT BENEFITS** (continued)

The City's contribution to OPF which was allocated to fund postemployment health care benefits for police and firefighters was \$202,442 and \$223,464 for the year ended December 31, 2012, \$219,615 and \$207,547 for the year ended December 31, 2011, and \$224,632 and \$217,899 for the year ended December 31, 2010. For 2012, 76 percent has been contributed for police and 73 percent has been contributed for firefighters with the balance for each being reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

**NOTE 18 - 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>
40 hours/week				
Sick hours less than 1,000	25 %	25 %	25 %	25 %
Sick hours 1,000 - 1,499	30 %	30 %	30 %	n/a
Sick hours 1,000 - 1,999	n/a	n/a	n/a	30 %
Sick hours 1,500 - 2,199	35 %	35 %	35 %	n/a
Sick hours 2,000 - 2,999	n/a	n/a	n/a	35 %
Sick hours over 2,200	45 %	45 %	45 %	n/a
Sick hours over 3,000	n/a	n/a	n/a	45 %
53 hours/week				
Sick hours less than 1,300	n/a	25 %	n/a	n/a
Sick hours 1,300 - 1,949	n/a	30 %	n/a	n/a
Sick hours 1,950 - 2,859	n/a	35 %	n/a	n/a
Sick hours over 2,860	n/a	45 %	n/a	n/a

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

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(continued)**

**NOTE 19 - SHORT-TERM OBLIGATIONS**

	Interest Rate	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012
<u>Governmental Activities</u>					
<u>Bond Anticipation Notes</u>					
Capital Projects Funds					
2011 Various Improvement	1.25%	\$3,615,000	\$0	\$3,615,000	\$0
2012 Various Improvement	1.00	0	3,340,000	0	3,340,000
Total Bond Anticipation Notes		3,615,000	3,340,000	3,615,000	3,340,000
<u>Temporary Revenue Bonds</u>					
Debt Service Fund					
2011 Urban Renewal	0.40	2,134,650	0	2,134,650	0
2012 Urban Renewal	0.65	0	2,500,000	0	2,500,000
Total Debt Service Fund		2,134,650	2,500,000	2,134,650	2,500,000
Capital Projects Fund					
2011 Urban Renewal	0.40	565,350	0	565,350	0
Total Temporary Revenue Bonds		2,700,000	2,500,000	2,700,000	2,500,000
Total Governmental Activities		\$6,315,000	\$5,840,000	\$6,315,000	\$5,840,000

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 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. The 2012 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, 2012, the total amount of various improvement notes outstanding was \$3,340,000, of which \$3,340,000 has been expended for construction. Of the \$3,340,000, \$1,850,000 was not capitalized.

During 2011, the City issued \$2,700,000 in temporary revenue bonds with a maturity of one year to revitalize the Bayfront Urban Revitalization Area. During 2012, the City issued \$2,500,000 in temporary revenue bonds with a maturity of one year to partially retire bonds previously issued to revitalize the Bayfront Urban Revitalization Area.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(continued)**

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

At December 31, 2012, the total amount of urban renewal temporary revenue bonds outstanding was \$2,500,000, of which \$2,500,000 has been expended for construction. None of the \$2,500,000 was capitalized.

**NOTE 20 - LONG-TERM OBLIGATIONS**

The City's long-term obligations activity for the year ended December 31, 2012, was as follows:

	Interest Rate	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2001 Various Purpose	3.00-5.05%	\$130,000	\$0	\$10,000	\$120,000	\$10,000
2004 Judgement Refunding	4.15	30,000	0	30,000	0	0
2005 Various Purpose	3.50-5.13	570,000	0	105,000	465,000	110,000
2005 City Complex Refunding	4.28	5,660,000	0	375,000	5,285,000	495,000
Bond Premium		41,139	0	2,725	38,414	0
2007 Police Pension Refunding	4.00-4.25	424,198	0	21,316	402,882	21,316
Bond Premium		4,472	0	225	4,247	0
2007 Fire Pension Refunding	4.00-4.25	570,802	0	28,684	542,118	28,684
Bond Premium		6,018	0	302	5,716	0
2007 Various Purpose Refunding	4.00-4.25	4,125,971	0	247,301	3,878,670	254,867
Bond Premium		30,489	0	1,486	29,003	0
2011 Library Refunding	2.00-4.25	4,090,000	0	295,000	3,795,000	300,000
Bond Premium		120,335	0	8,679	111,656	0
Total General Obligation Bonds		<u>15,803,424</u>	<u>0</u>	<u>1,125,718</u>	<u>14,677,706</u>	<u>1,219,867</u>
Special Assessment Bonds with Government Commitment						
Special Assessment Bonds	3.50-6.00	3,384,549	0	298,540	3,086,009	275,973
2002 Bond Premium		900	0	900	0	0
2008 Bond Premium		101,280	0	3,955	97,325	0
Total Special Assessment Bonds		<u>3,486,729</u>	<u>0</u>	<u>303,395</u>	<u>3,183,334</u>	<u>275,973</u>
Other Long-Term Obligations						
Loans		598,932	0	89,631	509,301	93,480
Compensated Absences		1,873,674	262,063	364,765	1,770,972	224,659
Total Other Long-Term Obligations		<u>2,472,606</u>	<u>262,063</u>	<u>454,396</u>	<u>2,280,273</u>	<u>318,139</u>
Total Governmental Activities		<u>\$21,762,759</u>	<u>\$262,063</u>	<u>\$1,883,509</u>	<u>\$20,141,313</u>	<u>\$1,813,979</u>

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(continued)**

**NOTE 20 - LONG-TERM OBLIGATIONS** (continued)

	Interest Rate	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012	Due Within One Year
<u>Business-Type Activities</u>						
General Obligation Revenue Bonds						
2004 Water Pollution Control Refunding	4.15%	\$49,000	\$0	\$49,000	\$0	\$0
2005 Water System	3.50-5.13	145,000	0	5,000	140,000	5,000
2005 Wastewater System	3.50-5.13	1,535,000	0	50,000	1,485,000	55,000
Bond Premium		43,173	0	1,406	41,767	0
Bond Discount		(18,179)	0	(592)	(17,587)	0
Total General Obligation Revenue Bonds		<u>1,753,994</u>	<u>0</u>	<u>104,814</u>	<u>1,649,180</u>	<u>60,000</u>
OWDA Loans						
Water	4.60-5.20	15,955,172	3,115,688	640,431	18,430,429	779,897
Sewer	4.27-6.39	30,770,435	159,448	1,296,892	29,632,991	1,113,707
Total OWDA Loans		<u>46,725,607</u>	<u>3,275,136</u>	<u>1,937,323</u>	<u>48,063,420</u>	<u>1,893,604</u>
Other Long-Term Obligations						
Loans		372,152	0	55,693	316,459	58,085
Compensated Absences		600,979	77,716	46,549	632,146	130,565
Total Other Long-Term Obligations		<u>973,131</u>	<u>77,716</u>	<u>102,242</u>	<u>948,605</u>	<u>188,650</u>
Total Business-Type Activities		<u>\$49,452,732</u>	<u>\$3,352,852</u>	<u>\$2,144,379</u>	<u>\$50,661,205</u>	<u>\$2,142,254</u>

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. During 2012, the bonds were fully retired 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.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(continued)**

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**NOTE 20 - LONG-TERM OBLIGATIONS** (continued)

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, 2012, the refunded bonds were fully retired.

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, 2012, 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, 2012, the refunded bonds were fully retired.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(continued)**

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**NOTE 20 - LONG-TERM OBLIGATIONS** (continued)

2011 Library Improvement Refunding General Obligation Bonds

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

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

The 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.

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, 2012, 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, \$509,301 was not capitalized in governmental activities and \$291,063 was not capitalized in the business-type activities.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(continued)**

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**NOTE 20 - LONG-TERM OBLIGATIONS** (continued)

Compensated Absences Payable

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund, the Street Maintenance, 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.

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. During 2012, the bonds were fully retired 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 \$39,511,878. Principal and interest paid for the current year and net revenues were \$1,200,011 and \$1,770,110 from the Water enterprise fund and \$2,738,029 and \$1,913,278 for the Sewer enterprise fund.

The City's legal debt margin was \$30,605,619 at December 31, 2012.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
(continued)

**NOTE 20 - LONG-TERM OBLIGATIONS** (continued)

The 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.

Principal and interest requirements to retire governmental activities general long-term obligations outstanding at December 31, 2012, were as follows:

Year	General Obligation Bonds		Special Assessment Bonds		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
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	1,389,867	377,284	191,574	115,360	110,600	3,537
2018-2022	6,144,335	1,033,823	789,544	442,831	0	0
2023-2027	1,745,000	160,640	890,000	219,863	0	0
2028	0	0	195,000	11,700	0	0
	<u>\$14,488,670</u>	<u>\$3,566,485</u>	<u>\$3,086,009</u>	<u>\$1,367,983</u>	<u>\$509,301</u>	<u>\$61,386</u>

Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2012, from the enterprise funds were as follows:

Year	2005 Water System		2005 Wastewater System	
	Principal	Principal	Principal	Interest
2013	\$5,000	\$5,641	\$55,000	\$59,739
2014	5,000	5,385	55,000	56,920
2015	5,000	5,210	60,000	54,995
2016	5,000	5,030	60,000	52,835
2017	5,000	4,840	65,000	50,555
2018-2022	35,000	21,140	365,000	213,865
2023-2027	50,000	12,390	475,000	133,425
2028-2030	30,000	2,520	350,000	30,030
	<u>\$140,000</u>	<u>\$62,156</u>	<u>\$1,485,000</u>	<u>\$652,364</u>

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
(continued)

**NOTE 20 - LONG-TERM OBLIGATIONS** (continued)

Year	OWDA Loans		Loans Payable	
	Principal	Interest	Principal	Interest
2013	\$1,893,604	\$1,437,219	\$58,085	\$12,836
2014	1,988,061	1,342,762	60,579	10,342
2015	2,087,261	1,243,562	63,180	7,740
2016	2,191,447	1,139,376	65,893	5,027
2017	2,300,867	1,029,956	68,722	2,198
2018-2022	13,157,297	3,305,925	0	0
2023-2026	5,931,785	462,756	0	0
	<u>\$29,550,322</u>	<u>\$9,961,556</u>	<u>\$316,459</u>	<u>\$38,143</u>

Long-term obligations at December 31, 2012, consisted of the following issues:

Long-Term Obligations	Term	Percent	Original Issue	Outstanding 12/31/12
<b>General Obligation Bonds</b>				
2001 Various Purpose	2001-2026	3.00-5.05%	\$6,037,200	\$120,000
2005 Various Purpose	2005-2015	3.50-5.13	1,295,000	465,000
2005 City Complex Refunding	2005-2020	4.28	6,410,000	5,285,000
2007 Police Pension Refunding	2007-2026	4.00-4.25	445,515	402,882
2007 Fire Pension Refunding	2007-2026	4.00-4.25	599,485	542,118
2007 Various Purpose Refunding	2007-2026	4.00-4.25	4,433,271	3,878,670
2011 Library Refunding	2011-2023	2.00-4.25	4,090,000	3,795,000
			<u>23,310,471</u>	<u>14,488,670</u>
<b>Special Assessment Bonds</b>				
1995 PP McDonough Street	1995-2015	5.23	2,963	311
1995 PP Street	1995-2014	5.23	120,974	12,735
1995 PP Dutch Street	1995-2013	5.23	35,512	1,973
1995 Filmore	1995-2014	5.23	247,677	54,980
1996 Perry Street	1996-2016	5.72	40,000	8,000
1996 Perry Street - City Port	1996-2016	5.72	350,000	92,000
1998 PP Street	1998-2018	4.87	48,894	14,768
1998 PP Street	1998-2018	4.87	31,000	9,364
1998 PP Street	1998-2018	4.87	69,106	20,869
1999 Winnebago	1999-2019	5.50	81,000	29,000
1999 Wilbert	1999-2019	5.50	143,000	46,000
1999 Streetscape	1999-2019	5.50	329,000	115,000
2003 Curb, Sidewalk, and Gutter	2003-2013	4.00	89,900	9,000

(continued)

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
(continued)

**NOTE 20 - LONG-TERM OBLIGATIONS** (continued)

<u>Long-Term Obligations</u>	<u>Term</u>	<u>Percent</u>	<u>Original Issue</u>	<u>Outstanding 12/31/12</u>
<b>Special Assessment Bonds (continued)</b>				
2005 Sidewalk	2005-2015	3.50-5.13%	\$185,000	\$60,000
2006 Sidewalk	2006-2016	4.66	104,000	41,600
2007 Remington Refunding	2007-2026	4.00	66,729	51,329
2007 Seneca	2007-2027	4.00	52,000	39,000
2007 Huntington	2007-2027	4.00	147,000	123,000
2007 Sidewalk	2007-2027	4.00	91,000	53,000
2008 Sidewalk, Curb, and Gutter	2008-2018	4.00-5.00	113,000	72,000
2008 Cold Creek	2008-2028	4.00-6.00	2,425,000	2,116,000
2008 Monroe Street	2008-2018	4.00-5.00	87,000	57,000
2009 Monroe Street	2009-2019	4.50	84,400	59,080
			<u>4,944,155</u>	<u>3,086,009</u>
<b>General Obligation Revenue Bonds</b>				
<b>Water</b>				
2005 Water System	2005-2030	3.50-5.13	175,000	140,000
<b>Sewer</b>				
2005 Wastewater System	2005-2030	3.50-5.13	1,815,000	1,485,000
			<u>1,990,000</u>	<u>1,625,000</u>
			<u>\$30,244,626</u>	<u>\$19,199,679</u>
<b>OWDA Loans</b>				
<b>Water</b>				
2003 Water Plant Improvements	2004-2024	5.20%	\$19,993,686	\$6,656,790
2005 WTP Electrical Improvements	2005-2030	4.60	8,628,362	6,269,504
2011 Chemical Improvements	2011-2042	4.45	5,629,944	5,504,135
			<u>34,251,992</u>	<u>18,430,429</u>
<b>Sewer</b>				
1998 Ultraviolet Treatment	2001-2026	5.56	2,110,930	1,479,734
1999 Sewer Rehabilitation	2001-2025	6.13	350,878	244,968
2000 Sewer Rehabilitation	2001-2026	6.39	713,436	473,155
2000 CSO Flow Monitors	2001-2026	6.39	306,536	226,464
2000 Sludge Digestion System	2001-2026	6.03	1,409,888	870,456
2001 Cedar Point Pump Station	2002-2022	5.05	4,393,697	2,676,307

(continued)

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
(continued)

**NOTE 20 - LONG-TERM OBLIGATIONS** (continued)

Long-Term Obligations	Term	Percent	Original Issue	Outstanding 12/31/12
OWDA Loans (continued)				
Sewer				
2001 Final Settling Tank Improv	2002-2022	5.05%	\$383,484	\$176,581
2002 WWTP Expansion	2003-2024	4.65	26,286,934	10,476,363
2007 WWTP Phase II Design	2008-2041	4.27	13,438,130	13,008,963
			<u>49,393,913</u>	<u>29,632,991</u>
			<u>\$83,645,905</u>	<u>\$48,063,420</u>

**NOTE 21 - OPERATING LEASE**

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

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

For 2012, 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
2013-2014	\$25,000	\$50,000
2015-2024	30,000	300,000
Total minimum future rentals		<u>\$350,000</u>

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
2013-2014	1.0%
2015-2024	2.0

The City received additional rent, in the amount \$13,585, in 2012.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
(continued)

**NOTE 22 - FUND BALANCE**

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

Fund Balance	General	Other Governmental Funds
Nonspendable for:		
Interfund Loans	\$10,800	\$0
Materials and Supplies Inventory	125,138	122,143
Unclaimed Monies	101,455	0
<b>Total Nonspendable</b>	<b>237,393</b>	<b>122,143</b>
Restricted for:		
Cemetery Operations	0	766,125
Court Computerization	0	180,588
Debt Retirement	0	29,134
Drug and Alcohol Treatment/Enforcement	0	334,092
Economic Development and Rehabilitation	0	2,667,199
Electronic Monitoring	0	17,450
Police and Fire Operations	0	175,411
Probation	0	464,897
Recreation	0	235,140
Street Construction and Maintenance	0	161,955
Transit System	0	85,818
<b>Total Restricted</b>	<b>0</b>	<b>5,117,809</b>
Committed for:		
Capital Improvements	0	61,240
Assigned for:		
Future Severance Payments	85,867	0
Unpaid Obligations	14,406	0
<b>Total Assigned</b>	<b>100,273</b>	<b>0</b>
Unassigned (Deficit)	3,953,717	(3,310,167)
<b>Total Fund Balance</b>	<b>\$4,291,383</b>	<b>\$1,991,025</b>

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(continued)**

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**NOTE 23 - INTERFUND TRANSFERS**

During 2012, the General Fund made transfers to the Special Assessment Bond Retirement Fund and other governmental funds, in the amount of \$156,422 and \$477,492, respectively, to move receipts as debt payments became due, and to other governmental funds, in the amount of \$1,066,428, to subsidize various activities in other funds. The Special Assessment Bond Retirement Fund made transfers to other governmental funds, in the amount of \$2,700, to move receipts as debt payments became due. Other governmental funds made transfers to other governmental funds to move receipts as debt payments became due and to fund various capital projects activities, in the amount of \$226,662 and \$1,031,573, respectively.

The Water Fund made transfers to other governmental funds, in the amount of \$94,778, to pay for capital projects activities within the funds. The Sewer Fund made transfers to the Special Assessment Bond Retirement Fund and other governmental funds, in the amount of \$60,399 and \$141,015; respectively, to move receipts as debt payments became due and to pay for capital projects activities within the funds.

**NOTE 24 - PUBLIC ENTITY SHARED RISK POOL**

The Buckeye Ohio Risk Management Association (BORMA) is a public entity shared risk pool among various local governments in Northern Ohio. BORMA was formed as an Ohio not-for-profit corporation. The City participates in the health 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 program. Each member'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. Members 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, 2012. Financial information may be obtained from Buckeye Ohio Risk Management Association, 631 Perry Street, Defiance, Ohio 43512.

**NOTE 25 - 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, 2012, to December 31, 2012, the City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2012**  
**(continued)**

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**NOTE 26 - SUBSEQUENT EVENTS**

On March 28, 2013, the City issued \$2,680,000 in urban renewal revenue bonds with a maturity of six years to retire bonds previously issued to revitalize the Bayfront Urban Revitalization Area and for continued revitalization efforts. The bonds have an interest rate of 2.55 percent and mature on December 1, 2019.

**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.

General Bond Retirement

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

Urban Renewal Debt Retirement

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

(continued)

**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.

Capital Projects

To account for resources from construction grants, proceeds of notes, donations, and transfers restricted for various capital projects.

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, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$2,938,406	\$349,013	\$3,146,819	\$6,434,238
Accounts Receivable	26,630	0	993,136	1,019,766
Accrued Interest Receivable	2,244	0	0	2,244
Due from Other Governments	789,223	25,106	33,129	847,458
Municipal Income Taxes Receivable	0	140,307	112,245	252,552
Other Local Taxes Receivable	31,480	0	0	31,480
Materials and Supplies Inventory	122,143	0	0	122,143
Property Taxes Receivable	302,084	519,214	0	821,298
Payment in Lieu of Taxes Receivable	350	516,081	25,941	542,372
Notes Receivable	2,055,671	0	0	2,055,671
<b>Total Assets</b>	<b>\$6,268,231</b>	<b>\$1,549,721</b>	<b>\$4,311,270</b>	<b>\$12,129,222</b>
<u>Liabilities</u>				
Accrued Wages Payable	\$25,612	\$0	\$1,330	\$26,942
Accounts Payable	524,542	0	30,888	555,430
Contracts Payable	0	0	50,235	50,235
Interfund Payable	0	0	13,500	13,500
Due to Other Governments	366,009	0	6,666	372,675
Accrued Interest Payable	0	12,278	7,608	19,886
Notes Payable	0	2,500,000	3,340,000	5,840,000
Retainage Payable	0	0	5,000	5,000
<b>Total Liabilities</b>	<b>916,163</b>	<b>2,512,278</b>	<b>3,455,227</b>	<b>6,883,668</b>
<u>Deferred Inflows of Resources</u>				
Property Taxes	250,922	433,945	0	684,867
Payment in Lieu of Taxes	350	516,081	25,941	542,372
Unavailable Revenue	708,818	222,396	1,096,076	2,027,290
<b>Total Deferred Inflows of Resources</b>	<b>960,090</b>	<b>1,172,422</b>	<b>1,122,017</b>	<b>3,254,529</b>
<u>Fund Balance</u>				
Nonspendable	122,143	0	0	122,143
Restricted	4,848,076	29,134	240,599	5,117,809
Committed	0	0	61,240	61,240
Unassigned (Deficit)	(578,241)	(2,164,113)	(567,813)	(3,310,167)
<b>Total Fund Balance (Deficit)</b>	<b>4,391,978</b>	<b>(2,134,979)</b>	<b>(265,974)</b>	<b>1,991,025</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$6,268,231</b>	<b>\$1,549,721</b>	<b>\$4,311,270</b>	<b>\$12,129,222</b>

City of Sandusky  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2012

	Street Maintenance	State Highway	Public Transit	Fire Pension	Police Pension
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$180,364	\$23,256	\$55,678	\$0	\$0
Accounts Receivable	0	0	26,630	0	0
Accrued Interest Receivable	0	0	0	0	0
Due from Other Governments	472,952	38,347	61,476	8,299	8,299
Other Local Taxes Receivable	31,480	0	0	0	0
Materials and Supplies Inventory	122,031	0	0	0	0
Property Taxes Receivable	0	0	0	151,042	151,042
Payment in Lieu of Taxes Receivable	0	0	0	175	175
Notes Receivable	0	0	0	0	0
<b>Total Assets</b>	<b>\$806,827</b>	<b>\$61,603</b>	<b>\$143,784</b>	<b>\$159,516</b>	<b>\$159,516</b>
<u>Liabilities</u>					
Accrued Wages Payable	\$21,631	\$0	\$1,236	\$0	\$0
Accounts Payable	95,352	15,651	327,668	0	0
Due to Other Governments	25,023	899	1,774	196,425	116,451
<b>Total Liabilities</b>	<b>142,006</b>	<b>16,550</b>	<b>330,678</b>	<b>196,425</b>	<b>116,451</b>
<u>Deferred Inflows of Resources</u>					
Property Taxes	0	0	0	125,461	125,461
Payment in Lieu of Taxes	0	0	0	175	175
Unavailable Revenue	398,729	27,159	78,471	33,880	33,880
<b>Total Deferred Inflows of Resources</b>	<b>398,729</b>	<b>27,159</b>	<b>78,471</b>	<b>159,516</b>	<b>159,516</b>
<u>Fund Balance</u>					
Nonspendable	122,031	0	0	0	0
Restricted	144,061	17,894	0	0	0
Unassigned (Deficit)	0	0	(265,365)	(196,425)	(116,451)
<b>Total Fund Balance (Deficit)</b>	<b>266,092</b>	<b>17,894</b>	<b>(265,365)</b>	<b>(196,425)</b>	<b>(116,451)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$806,827</b>	<b>\$61,603</b>	<b>\$143,784</b>	<b>\$159,516</b>	<b>\$159,516</b>

State Grants	Federal Grants	Indigent Drivers Alcohol	Enforcement and Education	Court Computerization	Indigent Telephone	Municipal Probation
\$352,933	\$366,170	\$281,939	\$51,144	\$180,401	\$17,450	\$301,281
0	0	0	0	0	0	0
0	778	0	0	0	0	0
32,274	159,799	5,971	530	1,276	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
2,027,553	28,118	0	0	0	0	0
<u>\$2,412,760</u>	<u>\$554,947</u>	<u>\$287,910</u>	<u>\$51,674</u>	<u>\$181,677</u>	<u>\$17,450</u>	<u>\$301,281</u>
\$0	\$2,745	\$0	\$0	\$0	\$0	\$0
6,956	71,461	1,097	0	1,089	0	105
5,499	17,991	0	0	0	0	970
<u>12,455</u>	<u>92,197</u>	<u>1,097</u>	<u>0</u>	<u>1,089</u>	<u>0</u>	<u>1,075</u>
0	0	0	0	0	0	0
0	0	0	0	0	0	0
16,137	116,167	4,395	0	0	0	0
<u>16,137</u>	<u>116,167</u>	<u>4,395</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	82	0	0	0	0	0
2,384,168	346,501	282,418	51,674	180,588	17,450	300,206
0	0	0	0	0	0	0
<u>2,384,168</u>	<u>346,583</u>	<u>282,418</u>	<u>51,674</u>	<u>180,588</u>	<u>17,450</u>	<u>300,206</u>
<u>\$2,412,760</u>	<u>\$554,947</u>	<u>\$287,910</u>	<u>\$51,674</u>	<u>\$181,677</u>	<u>\$17,450</u>	<u>\$301,281</u>

(continued)

City of Sandusky  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2012  
(continued)

	General Trust	Park Donations	Cemetery Donations	Total
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$159,596	\$202,558	\$765,636	\$2,938,406
Accounts Receivable	0	0	0	26,630
Accrued Interest Receivable	0	0	1,466	2,244
Due from Other Governments	0	0	0	789,223
Other Local Taxes Receivable	0	0	0	31,480
Materials and Supplies Inventory	0	0	30	122,143
Property Taxes Receivable	0	0	0	302,084
Payment in Lieu of Taxes Receivable	0	0	0	350
Notes Receivable	0	0	0	2,055,671
<b>Total Assets</b>	<b>\$159,596</b>	<b>\$202,558</b>	<b>\$767,132</b>	<b>\$6,268,231</b>
<u>Liabilities</u>				
Accrued Wages Payable	\$0	\$0	\$0	\$25,612
Accounts Payable	5,163	0	0	524,542
Due to Other Governments	0	0	977	366,009
<b>Total Liabilities</b>	<b>5,163</b>	<b>0</b>	<b>977</b>	<b>916,163</b>
<u>Deferred Inflows of Resources</u>				
Property Taxes	0	0	0	250,922
Payment in Lieu of Taxes	0	0	0	350
Unavailable Revenue	0	0	0	708,818
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>960,090</b>
<u>Fund Balance</u>				
Nonspendable	0	0	30	122,143
Restricted	154,433	202,558	766,125	4,848,076
Unassigned (Deficit)	0	0	0	(578,241)
<b>Total Fund Balance (Deficit)</b>	<b>154,433</b>	<b>202,558</b>	<b>766,155</b>	<b>4,391,978</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$159,596</b>	<b>\$202,558</b>	<b>\$767,132</b>	<b>\$6,268,231</b>

City of Sandusky  
Combining Balance Sheet  
Nonmajor Debt Service Funds  
December 31, 2012

	General Bond Retirement	Urban Renewal Debt Retirement	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$848	\$348,165	\$349,013
Due from Other Governments	25,106	0	25,106
Municipal Income Taxes Receivable	140,307	0	140,307
Property Taxes Receivable	519,214	0	519,214
Payment in Lieu of Taxes Receivable	553	515,528	516,081
	<u>\$686,028</u>	<u>\$863,693</u>	<u>\$1,549,721</u>
<u>Liabilities</u>			
Accrued Interest Payable	\$0	\$12,278	\$12,278
Notes Payable	0	2,500,000	2,500,000
	<u>0</u>	<u>2,512,278</u>	<u>2,512,278</u>
<u>Deferred Inflows of Resources</u>			
Property Taxes	433,945	0	433,945
Payment in Lieu of Taxes	553	515,528	516,081
Unavailable Revenue	222,396	0	222,396
	<u>656,894</u>	<u>515,528</u>	<u>1,172,422</u>
<u>Fund Balance</u>			
Restricted	29,134	0	29,134
Unassigned (Deficit)	0	(2,164,113)	(2,164,113)
	<u>29,134</u>	<u>(2,164,113)</u>	<u>(2,134,979)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$686,028</u>	<u>\$863,693</u>	<u>\$1,549,721</u>

City of Sandusky  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2012

	Capital Improvement	Capital Projects	Redevelopment Tax Increment	Various Improvement	Total
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$25,883	\$2,851,280	\$53,695	\$215,961	\$3,146,819
Accounts Receivable	0	224,453	0	768,683	993,136
Due from Other Governments	0	33,129	0	0	33,129
Municipal Income Taxes Receivable	112,245	0	0	0	112,245
Payment in Lieu of Taxes Receivable	0	0	25,941	0	25,941
<b>Total Assets</b>	<b>\$138,128</b>	<b>\$3,108,862</b>	<b>\$79,636</b>	<b>\$984,644</b>	<b>\$4,311,270</b>
<u>Liabilities</u>					
Accrued Wages Payable	\$0	\$0	\$0	\$1,330	\$1,330
Accounts Payable	0	18,508	0	12,380	30,888
Contracts Payable	0	50,235	0	0	50,235
Interfund Payable	0	0	0	13,500	13,500
Due to Other Governments	0	4,819	0	1,847	6,666
Accrued Interest Payable	0	7,608	0	0	7,608
Notes Payable	0	3,340,000	0	0	3,340,000
Retainage Payable	0	5,000	0	0	5,000
<b>Total Liabilities</b>	<b>0</b>	<b>3,426,170</b>	<b>0</b>	<b>29,057</b>	<b>3,455,227</b>
<u>Deferred Inflows of Resources</u>					
Payment in Lieu of Taxes	0	0	25,941	0	25,941
Unavailable Revenue	76,888	250,505	0	768,683	1,096,076
<b>Total Deferred Inflows of Resources</b>	<b>76,888</b>	<b>250,505</b>	<b>25,941</b>	<b>768,683</b>	<b>1,122,017</b>
<u>Fund Balance</u>					
Restricted	0	0	53,695	186,904	240,599
Committed	61,240	0	0	0	61,240
Unassigned (Deficit)	0	(567,813)	0	0	(567,813)
<b>Total Fund Balance (Deficit)</b>	<b>61,240</b>	<b>(567,813)</b>	<b>53,695</b>	<b>186,904</b>	<b>(265,974)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$138,128</b>	<b>\$3,108,862</b>	<b>\$79,636</b>	<b>\$984,644</b>	<b>\$4,311,270</b>

City of Sandusky  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2012

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Revenues</u>				
Property Taxes	\$259,036	\$431,725	\$0	\$690,761
Payment in Lieu of Taxes	572	509,749	26,152	536,473
Municipal Income Taxes	0	446,844	370,203	817,047
Other Local Taxes	439,900	0	0	439,900
Charges for Services	200,395	0	762,386	962,781
Fees, Licenses, and Permits	142,782	0	243,016	385,798
Fines and Forfeitures	88,991	0	0	88,991
Intergovernmental	3,932,987	114,161	448,848	4,495,996
Interest	25,481	0	2,648	28,129
Other	379,037	0	87,722	466,759
<b>Total Revenues</b>	<b>5,469,181</b>	<b>1,502,479</b>	<b>1,940,975</b>	<b>8,912,635</b>
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	607,535	0	17,345	624,880
Fire	1,088,126	0	209,813	1,297,939
Public Health	111,308	0	0	111,308
Leisure Time Activities	8,982	0	1,099	10,081
Community Environment	1,546,370	0	222,442	1,768,812
Transportation	3,032,697	0	145,575	3,178,272
General Government				
Municipal Court	68,988	0	4,021	73,009
Other	0	0	9,755	9,755
Other	128,727	0	0	128,727
Capital Outlay	0	0	803,610	803,610
Debt Service:				
Principal Retirement	69,461	1,062,301	0	1,131,762
Interest and Fiscal Charges	45,933	609,728	43,203	698,864
<b>Total Expenditures</b>	<b>6,708,127</b>	<b>1,672,029</b>	<b>1,456,863</b>	<b>9,837,019</b>
Excess of Revenues Over (Under) Expenditures	(1,238,946)	(169,550)	484,112	(924,384)
<u>Other Financing Sources (Uses)</u>				
Transfers In	1,066,428	704,154	1,270,066	3,040,648
Transfers Out	(228,011)	(566,294)	(463,930)	(1,258,235)
<b>Total Other Financing Sources (Uses)</b>	<b>838,417</b>	<b>137,860</b>	<b>806,136</b>	<b>1,782,413</b>
Changes in Fund Balance	(400,529)	(31,690)	1,290,248	858,029
Fund Balance (Deficit) Beginning of Year	4,792,507	(2,103,289)	(1,556,222)	1,132,996
Fund Balance (Deficit) End of Year	<u>\$4,391,978</u>	<u>(\$2,134,979)</u>	<u>(\$265,974)</u>	<u>\$1,991,025</u>

City of Sandusky  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2012

	Street Maintenance	State Highway	Public Transit	Fire Pension	Police Pension
<u>Revenues</u>					
Property Taxes	\$0	\$0	\$0	\$129,518	\$129,518
Payment in Lieu of Taxes	0	0	0	286	286
Other Local Taxes	439,900	0	0	0	0
Charges for Services	0	0	174,516	0	0
Fees, Licenses, and Permits	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	952,518	82,402	258,752	26,735	26,735
Interest	115	20	0	0	0
Other	28,971	0	279,124	0	0
<b>Total Revenues</b>	<b>1,421,504</b>	<b>82,422</b>	<b>712,392</b>	<b>156,539</b>	<b>156,539</b>
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	0	0	0	0	533,455
Fire	0	0	0	696,834	0
Public Health	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Environment	0	0	0	0	0
Transportation	1,324,797	87,458	968,356	0	0
General Government					
Municipal Court	0	0	0	0	0
Other	0	0	0	0	0
Debt Service:					
Principal Retirement	19,461	0	0	28,684	21,316
Interest and Fiscal Charges	5,321	0	0	23,298	17,314
<b>Total Expenditures</b>	<b>1,349,579</b>	<b>87,458</b>	<b>968,356</b>	<b>748,816</b>	<b>572,085</b>
Excess of Revenues Over (Under) Expenditures	71,925	(5,036)	(255,964)	(592,277)	(415,546)
<u>Other Financing Sources (Uses)</u>					
Transfers In	0	0	54,549	589,609	422,270
Transfers Out	(86,047)	(27,931)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(86,047)</b>	<b>(27,931)</b>	<b>54,549</b>	<b>589,609</b>	<b>422,270</b>
Changes in Fund Balance	(14,122)	(32,967)	(201,415)	(2,668)	6,724
Fund Balance (Deficit) Beginning of Year	280,214	50,861	(63,950)	(193,757)	(123,175)
<b>Fund Balance (Deficit) End of Year</b>	<b>\$266,092</b>	<b>\$17,894</b>	<b>(\$265,365)</b>	<b>(\$196,425)</b>	<b>(\$116,451)</b>

State Grants	Federal Grants	Indigent Drivers Alcohol	Enforcement and Education	Court Computerization	Indigent Telephone	Municipal Probation
\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	35,988	0	0	18,222	88,572
0	0	0	7,616	33,459	0	0
75,148	2,497,467	10,676	0	0	0	0
18,589	3,115	0	0	0	0	0
13,674	579	0	0	0	0	0
<u>107,411</u>	<u>2,501,161</u>	<u>46,664</u>	<u>7,616</u>	<u>33,459</u>	<u>18,222</u>	<u>88,572</u>
0	29,738	0	0	0	0	0
0	377,236	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
179,082	1,360,165	0	0	0	0	0
0	652,086	0	0	0	0	0
68,988	0	0	0	0	0	0
0	0	55,960	0	17,348	1,303	54,116
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>248,070</u>	<u>2,419,225</u>	<u>55,960</u>	<u>0</u>	<u>17,348</u>	<u>1,303</u>	<u>54,116</u>
<u>(140,659)</u>	<u>81,936</u>	<u>(9,296)</u>	<u>7,616</u>	<u>16,111</u>	<u>16,919</u>	<u>34,456</u>
0	0	0	0	0	0	0
0	(114,033)	0	0	0	0	0
0	(114,033)	0	0	0	0	0
<u>(140,659)</u>	<u>(32,097)</u>	<u>(9,296)</u>	<u>7,616</u>	<u>16,111</u>	<u>16,919</u>	<u>34,456</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>
<u>\$2,384,168</u>	<u>\$346,583</u>	<u>\$282,418</u>	<u>\$51,674</u>	<u>\$180,588</u>	<u>\$17,450</u>	<u>\$300,206</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, 2012  
(continued)

	General Trust	Park Donations	Cemetery Donations	Total
<u>Revenues</u>				
Property Taxes	\$0	\$0	\$0	\$259,036
Payment in Lieu of Taxes	0	0	0	572
Other Local Taxes	0	0	0	439,900
Charges for Services	0	10,384	15,495	200,395
Fees, Licenses, and Permits	0	0	0	142,782
Fines and Forfeitures	47,916	0	0	88,991
Intergovernmental	2,554	0	0	3,932,987
Interest	0	106	3,536	25,481
Other	33,026	692	22,971	379,037
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	83,496	11,182	42,002	5,469,181
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	44,342	0	0	607,535
Fire	14,056	0	0	1,088,126
Public Health	0	0	111,308	111,308
Leisure Time Activities	8,492	490	0	8,982
Community Environment	7,123	0	0	1,546,370
Transportation	0	0	0	3,032,697
General Government				
Municipal Court	0	0	0	68,988
Other	0	0	0	128,727
Debt Service:				
Principal Retirement	0	0	0	69,461
Interest and Fiscal Charges	0	0	0	45,933
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	74,013	490	111,308	6,708,127
Excess of Revenues Over (Under) Expenditures				
	<hr/>	<hr/>	<hr/>	<hr/>
	9,483	10,692	(69,306)	(1,238,946)
<u>Other Financing Sources (Uses)</u>				
Transfers In	0	0	0	1,066,428
Transfers Out	0	0	0	(228,011)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	0	0	0	838,417
Changes in Fund Balance				
	<hr/>	<hr/>	<hr/>	<hr/>
	9,483	10,692	(69,306)	(400,529)
Fund Balance (Deficit) Beginning of Year				
	<hr/>	<hr/>	<hr/>	<hr/>
	144,950	191,866	835,461	4,792,507
Fund Balance (Deficit) End of Year				
	<hr/>	<hr/>	<hr/>	<hr/>
	\$154,433	\$202,558	\$766,155	\$4,391,978

City of Sandusky  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Nonmajor Debt Service Funds  
For the Year Ended December 31, 2012

	General Bond Retirement	Urban Renewal Debt Retirement	Total
<u>Revenues</u>			
Property Taxes	\$431,725	\$0	\$431,725
Payment in Lieu of Taxes	906	508,843	509,749
Municipal Income Taxes	446,844	0	446,844
Intergovernmental	53,321	60,840	114,161
Total Revenues	<u>932,796</u>	<u>569,683</u>	<u>1,502,479</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	1,062,301	0	1,062,301
Interest and Fiscal Charges	578,268	31,460	609,728
Total Expenditures	<u>1,640,569</u>	<u>31,460</u>	<u>1,672,029</u>
Excess of Revenues Over (Under) Expenditures	<u>(707,773)</u>	<u>538,223</u>	<u>(169,550)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	704,154	0	704,154
Transfers Out	0	(566,294)	(566,294)
Total Other Financing Sources (Uses)	<u>704,154</u>	<u>(566,294)</u>	<u>137,860</u>
Changes in Fund Balance	(3,619)	(28,071)	(31,690)
Fund Balance (Deficit) Beginning of Year	<u>32,753</u>	<u>(2,136,042)</u>	<u>(2,103,289)</u>
Fund Balance (Deficit) End of Year	<u>\$29,134</u>	<u>(\$2,164,113)</u>	<u>(\$2,134,979)</u>

City of Sandusky  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2012

	Capital Improvement	Capital Projects	Redevelopment Tax Increment	Various Improvement	Total
<u>Revenues</u>					
Payment in Lieu of Taxes	\$0	\$0	\$26,152	\$0	\$26,152
Municipal Income Taxes	370,203	0	0	0	370,203
Charges for Services	0	725,794	0	36,592	762,386
Fees, Licenses, and Permits	0	142,255	0	100,761	243,016
Intergovernmental	0	448,848	0	0	448,848
Interest	0	0	0	2,648	2,648
Other	0	82,886	3,873	963	87,722
<b>Total Revenues</b>	<b>370,203</b>	<b>1,399,783</b>	<b>30,025</b>	<b>140,964</b>	<b>1,940,975</b>
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	0	17,345	0	0	17,345
Fire	0	209,813	0	0	209,813
Leisure Time Activities	0	1,099	0	0	1,099
Community Environment	0	94,676	0	127,766	222,442
Transportation	0	145,575	0	0	145,575
General Government					
Municipal Court	0	4,021	0	0	4,021
Other	0	9,755	0	0	9,755
Capital Outlay	0	803,610	0	0	803,610
Debt Service:					
Interest and Fiscal Charges	0	43,203	0	0	43,203
<b>Total Expenditures</b>	<b>0</b>	<b>1,329,097</b>	<b>0</b>	<b>127,766</b>	<b>1,456,863</b>
<b>Excess of Revenues Over Expenditures</b>	<b>370,203</b>	<b>70,686</b>	<b>30,025</b>	<b>13,198</b>	<b>484,112</b>
<u>Other Financing Sources (Uses)</u>					
Transfers In	0	1,267,366	0	2,700	1,270,066
Transfers Out	(351,301)	(112,629)	0	0	(463,930)
<b>Total Other Financing Sources (Uses)</b>	<b>(351,301)</b>	<b>1,154,737</b>	<b>0</b>	<b>2,700</b>	<b>806,136</b>
<b>Changes in Fund Balance</b>	<b>18,902</b>	<b>1,225,423</b>	<b>30,025</b>	<b>15,898</b>	<b>1,290,248</b>
<b>Fund Balance (Deficit) Beginning of Year</b>	<b>42,338</b>	<b>(1,793,236)</b>	<b>23,670</b>	<b>171,006</b>	<b>(1,556,222)</b>
<b>Fund Balance (Deficit) End of Year</b>	<b>\$61,240</b>	<b>(\$567,813)</b>	<b>\$53,695</b>	<b>\$186,904</b>	<b>(\$265,974)</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, 2012

	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012
<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	\$50,013	\$40	\$0	\$50,053
<u>Liabilities</u>				
Undistributed Assets	\$50,013	\$40	\$0	\$50,053
<u>Sandusky Municipal Court</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$103,429	\$2,212,375	\$2,232,869	\$82,935
<u>Liabilities</u>				
Undistributed Assets	\$103,429	\$2,212,375	\$2,232,869	\$82,935
<u>BSF Assessment</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,601	\$3,130	\$3,010	\$1,721
<u>Liabilities</u>				
Undistributed Assets	\$1,601	\$3,130	\$3,010	\$1,721
<u>Fire Escrow</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$2,814	\$16,000	\$0	\$18,814
<u>Liabilities</u>				
Undistributed Assets	\$2,814	\$16,000	\$0	\$18,814
<u>Payroll</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$95,310	\$93,909	\$95,310	\$93,909
<u>Liabilities</u>				
Due to Other Governments	\$95,310	\$93,909	\$95,310	\$93,909
<u>Police Temporary Deposit</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,981	\$12,563	\$12,562	\$1,982
<u>Liabilities</u>				
Undistributed Assets	\$1,981	\$12,563	\$12,562	\$1,982

(continued)

City of Sandusky  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2012  
(continued)

	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012
<u>Section 125 Plan</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$11,387	\$19,301	\$22,055	\$8,633
<u>Liabilities</u>				
Undistributed Assets	\$11,387	\$19,301	\$22,055	\$8,633
<u>Total - All Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$272,432	\$2,357,318	\$2,365,806	\$263,944
<u>Liabilities</u>				
Due to Other Governments	\$95,310	\$93,909	\$95,310	\$93,909
Undistributed Assets	177,122	2,263,409	2,270,496	170,035
Total Liabilities	\$272,432	\$2,357,318	\$2,365,806	\$263,944



**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, 2012

	Original	Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues</u>				
Property Taxes	\$1,589,249	\$1,589,249	\$1,575,787	(\$13,462)
Payment in Lieu of Taxes	3,290	3,290	4,763	1,473
Municipal Income Taxes	6,159,000	6,810,076	6,801,241	(8,835)
Other Local Taxes	3,726,000	3,727,207	3,727,207	0
Charges for Services	614,626	676,123	768,543	92,420
Fees, Licenses, and Permits	593,000	591,228	591,228	0
Fines and Forfeitures	1,078,982	1,023,931	1,023,586	(345)
Intergovernmental	940,719	1,098,823	1,115,181	16,358
Interest	200,000	169,272	169,272	0
Other	255,683	247,790	255,146	7,356
<b>Total Revenues</b>	<b>15,160,549</b>	<b>15,936,989</b>	<b>16,031,954</b>	<b>94,965</b>
<u>Expenditures</u>				
Current:				
Security of Persons and Property-Police				
Police Patrol				
Personal Services	3,614,324	3,254,324	3,253,169	1,155
Other	291,562	336,562	306,886	29,676
<b>Total Police Patrol</b>	<b>3,905,886</b>	<b>3,590,886</b>	<b>3,560,055</b>	<b>30,831</b>
Police Records				
Personal Services	125,197	125,197	95,941	29,256
Other	327,030	327,030	248,735	78,295
<b>Total Police Records</b>	<b>452,227</b>	<b>452,227</b>	<b>344,676</b>	<b>107,551</b>
Police Reserves				
Personal Services	138,478	138,478	85,450	53,028
Other	4,500	4,500	3,159	1,341
<b>Total Police Reserves</b>	<b>142,978</b>	<b>142,978</b>	<b>88,609</b>	<b>54,369</b>
Police Detectives				
Personal Services	442,508	442,508	403,912	38,596
Other	7,908	7,908	5,141	2,767
<b>Total Police Detectives</b>	<b>450,416</b>	<b>450,416</b>	<b>409,053</b>	<b>41,363</b>
<b>Total Security of Persons and Property-Police</b>	<b>4,951,507</b>	<b>4,636,507</b>	<b>4,402,393</b>	<b>234,114</b>
Security of Persons and Property-Fire				
Fire Suppression				
Personal Services	3,746,979	3,866,979	3,865,326	1,653
Other	429,797	349,797	322,848	26,949
<b>Total Security of Persons and Property-Fire</b>	<b>4,176,776</b>	<b>4,216,776</b>	<b>4,188,174</b>	<b>28,602</b>
Security of Persons and Property-Other				
Street Lighting				
Other	235,000	247,000	246,392	608

(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, 2012  
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Public Health				
Oakland Cemetery				
Personal Services	\$165,000	\$170,000	\$166,784	\$3,216
Other	33,517	38,517	34,017	4,500
Total Public Health	198,517	208,517	200,801	7,716
Leisure Time Activities				
Aquatic Center				
Personal Services	15,981	9,148	9,148	0
Other	2,891	3,129	3,129	0
Total Aquatic Center	18,872	12,277	12,277	0
Mills Creek Golf Course				
Personal Services	105,822	92,546	92,546	0
Other	86,596	131,385	129,542	1,843
Total Mills Creek Golf Course	192,418	223,931	222,088	1,843
Recreation				
Personal Services	67,256	63,138	63,138	0
Other	30,406	68,289	66,483	1,806
Total Recreation	97,662	131,427	129,621	1,806
Paper District Marina				
Personal Services	15,000	27,100	27,081	19
Other	15,000	36,472	36,472	0
Total Paper District Marina	30,000	63,572	63,553	19
Boat Launch Ramp				
Other	9,879	17,067	16,836	231
Total Leisure Time Activities	348,831	448,274	444,375	3,899
Community Environment				
Community Development Planning				
Personal Services	180,000	180,000	172,831	7,169
Other	32,995	72,995	70,856	2,139
Total Community Development Planning	212,995	252,995	243,687	9,308
City Wide Economic Development				
Other	50,000	88,000	87,069	931
Community Development Building Division				
Personal Services	163,285	162,285	153,961	8,324
Other	13,309	14,309	12,892	1,417
Total Community Development Building Division	176,594	176,594	166,853	9,741

(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, 2012  
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Horticulture Services				
Personal Services	\$568,000	\$568,000	\$553,899	\$14,101
Other	188,343	263,343	250,760	12,583
Total Horticulture Services	756,343	831,343	804,659	26,684
Total Community Environment	1,195,932	1,348,932	1,302,268	46,664
Transportation				
Jackson Street Pier				
Other	1,000	1,000	456	544
General Government-Municipal Court				
Court-Criminal				
Personal Services	857,357	862,357	860,524	1,833
Other	52,640	62,640	59,408	3,232
Total General Government-Municipal Court	909,997	924,997	919,932	5,065
General Government-Other				
City Manager				
Personal Services	115,000	115,000	87,331	27,669
Other	15,000	15,000	8,139	6,861
Total City Manager	130,000	130,000	95,470	34,530
Personnel Labor Relations				
Personal Services	84,000	86,000	84,095	1,905
Other	24,099	22,099	11,107	10,992
Total Personnel Labor Relations	108,099	108,099	95,202	12,897
Finance				
Personal Services	98,000	96,000	94,852	1,148
Other	9,200	11,200	11,013	187
Total Finance	107,200	107,200	105,865	1,335
Income Tax				
Personal Services	55,013	55,013	54,565	448
Other	250,157	250,157	239,905	10,252
Total Income Tax	305,170	305,170	294,470	10,700
Data Processing				
Personal Services	53,740	68,740	68,111	629
Other	38,015	53,015	48,971	4,044
Total Data Processing	91,755	121,755	117,082	4,673
Law Director				
Personal Services	215,989	215,989	214,084	1,905
Other	28,883	28,883	16,622	12,261
Total Law Director	244,872	244,872	230,706	14,166

(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, 2012  
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
City Commission				
Personal Services	\$26,755	\$26,755	\$26,566	\$189
Other	13,280	14,780	14,198	582
<b>Total City Commission</b>	<b>40,035</b>	<b>41,535</b>	<b>40,764</b>	<b>771</b>
City Commission Clerk				
Personal Services	38,915	38,915	38,820	95
Other	3,505	3,505	1,737	1,768
<b>Total City Commission Clerk</b>	<b>42,420</b>	<b>42,420</b>	<b>40,557</b>	<b>1,863</b>
Municipal Buildings and Lands				
Personal Services	181,000	186,000	185,693	307
Other	242,256	237,256	225,225	12,031
<b>Total Municipal Buildings and Lands</b>	<b>423,256</b>	<b>423,256</b>	<b>410,918</b>	<b>12,338</b>
Engineering				
Personal Services	149,936	134,936	133,329	1,607
Other	42,474	57,474	52,076	5,398
<b>Total Engineering</b>	<b>192,410</b>	<b>192,410</b>	<b>185,405</b>	<b>7,005</b>
Mechanic				
Personal Services	213,125	188,125	173,250	14,875
Other	81,299	106,299	85,942	20,357
<b>Total Mechanic</b>	<b>294,424</b>	<b>294,424</b>	<b>259,192</b>	<b>35,232</b>
Unclaimed Funds				
Other	500	600	573	27
Administrative Support				
Personal Services	200,000	214,133	214,133	0
Other	550,456	750,456	747,682	2,774
<b>Total Administrative Support</b>	<b>750,456</b>	<b>964,589</b>	<b>961,815</b>	<b>2,774</b>
<b>Total General Government-Other</b>	<b>2,730,597</b>	<b>2,976,330</b>	<b>2,838,019</b>	<b>138,311</b>
Debt Service:				
Principal Retirement	70,170	70,170	70,170	0
Interest and Fiscal Charges	19,186	19,186	19,186	0
<b>Total Debt Service</b>	<b>89,356</b>	<b>89,356</b>	<b>89,356</b>	<b>0</b>
<b>Total Expenditures</b>	<b>14,837,513</b>	<b>15,097,689</b>	<b>14,632,166</b>	<b>465,523</b>
Excess of Revenues Over Expenditures	323,036	839,300	1,399,788	560,488

(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, 2012  
(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	\$311,388	\$262,964	\$213,521	(\$49,443)
Sale of Capital Assets	0	0	1,161	1,161
Advances In	2,700	2,700	2,700	0
Transfers Out	(1,638,093)	(1,711,306)	(1,700,342)	10,964
Total Other Financing Sources (Uses)	<u>(1,324,005)</u>	<u>(1,445,642)</u>	<u>(1,482,960)</u>	<u>(37,318)</u>
Changes in Fund Balance	(1,000,969)	(606,342)	(83,172)	523,170
Fund Balance Beginning of Year	3,911,646	3,911,646	3,911,646	0
Prior Year Encumbrances Appropriated	<u>38,990</u>	<u>38,990</u>	<u>38,990</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$2,949,667</u></u>	<u><u>\$3,344,294</u></u>	<u><u>\$3,867,464</u></u>	<u><u>\$523,170</u></u>

City of Sandusky  
Special Assessment Bond Retirement Debt Service Fund

Schedule of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2012

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Special Assessments	\$263,578	\$263,281	(\$297)
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	249,036	249,036	0
Interest and Fiscal Charges	167,967	167,967	0
Total Expenditures	417,003	417,003	0
Excess of Revenues Under Expenditures	(153,425)	(153,722)	(297)
<u>Other Financing Sources (Uses)</u>			
Advances Out	(2,700)	(2,700)	0
Transfers In	156,422	156,422	0
Total Other Financing Sources (Uses)	153,722	153,722	0
Changes in Fund Balance	297	0	(297)
Fund Balance Beginning of Year	0	0	0
Fund Balance End of Year	\$297	\$0	(\$297)

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, 2012

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$5,265,418	\$5,289,477	\$24,059
OWDA Loan Proceeds	2,873,615	3,115,688	242,073
Sale of Capital Assets	0	4,044	4,044
Grants	200,953	207,562	6,609
Interest	0	472	472
Other	214	34,082	33,868
<b>Total Revenues</b>	<b>8,340,200</b>	<b>8,651,325</b>	<b>311,125</b>
<u>Expenses</u>			
Personal Services			
Water Office	93,605	92,452	1,153
Waterworks Filtration	1,147,679	956,821	190,858
Waterworks Distribution	740,600	583,110	157,490
Administrative Support	450,000	390,434	59,566
<b>Total Personal Services</b>	<b>2,431,884</b>	<b>2,022,817</b>	<b>409,067</b>
Travel and Transportation			
Water Office	201	201	0
Waterworks Filtration	11,368	7,075	4,293
Waterworks Distribution	4,449	2,442	2,007
Administrative Support	4,607	4,607	0
<b>Total Travel and Transportation</b>	<b>20,625</b>	<b>14,325</b>	<b>6,300</b>
Contractual Services			
Water Office	28,888	27,133	1,755
Waterworks Filtration	465,706	420,001	45,705
Waterworks Distribution	39,694	34,842	4,852
Administrative Support	200,893	186,971	13,922
<b>Total Contractual Services</b>	<b>735,181</b>	<b>668,947</b>	<b>66,234</b>
Materials and Supplies			
Water Office	5,600	4,930	670
Waterworks Filtration	627,753	603,847	23,906
Waterworks Distribution	187,177	171,285	15,892
Administrative Support	15,035	8,342	6,693
<b>Total Materials and Supplies</b>	<b>835,565</b>	<b>788,404</b>	<b>47,161</b>
Other			
Water Office	86	86	0
Administrative Support	2,077	556	1,521
<b>Total Other</b>	<b>2,163</b>	<b>642</b>	<b>1,521</b>
Capital Outlay			
Waterworks Filtration	2,141,450	2,154,488	(13,038)
Waterworks Distribution	1,287,483	432,862	854,621
Administrative Support	8,265	1,832	6,433
<b>Total Capital Outlay</b>	<b>3,437,198</b>	<b>2,589,182</b>	<b>848,016</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, 2012  
(continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Debt Service:			
Principal Retirement	\$686,210	\$686,210	\$0
Interest Expense	<u>576,627</u>	<u>576,627</u>	<u>0</u>
Total Debt Service	<u>1,262,837</u>	<u>1,262,837</u>	<u>0</u>
Total Expenses	<u>8,725,453</u>	<u>7,347,154</u>	<u>1,378,299</u>
Excess of Revenues Over (Under) Expenses	(385,253)	1,304,171	1,689,424
Transfers Out	<u>(100,000)</u>	<u>(94,778)</u>	<u>5,222</u>
Changes in Fund Balance	(485,253)	1,209,393	1,694,646
Fund Balance Beginning of Year	6,416,261	6,416,261	0
Prior Year Encumbrances Appropriated	<u>528,949</u>	<u>528,949</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$6,459,957</u></u>	<u><u>\$8,154,603</u></u>	<u><u>\$1,694,646</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, 2012

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$5,431,853	\$5,431,901	\$48
OWDA Loan Proceeds	178,374	159,448	(18,926)
Sale of Capital Assets	1,971	1,971	0
Interest	0	1,060	1,060
Other	75,802	69,528	(6,274)
<b>Total Revenues</b>	<b>5,688,000</b>	<b>5,663,908</b>	<b>(24,092)</b>
<u>Expenses</u>			
Personal Services			
Sewer Office	93,605	92,451	1,154
Water Pollution Control	1,529,646	1,505,784	23,862
Sewer Maintenance	743,283	623,227	120,056
Administrative Support	450,000	399,743	50,257
<b>Total Personal Services</b>	<b>2,816,534</b>	<b>2,621,205</b>	<b>195,329</b>
Travel and Transportation			
Sewer Office	201	201	0
Water Pollution Control	11,529	11,127	402
Sewer Maintenance	6,437	4,837	1,600
Administrative Support	4,503	4,503	0
<b>Total Travel and Transportation</b>	<b>22,670</b>	<b>20,668</b>	<b>2,002</b>
Contractual Services			
Sewer Office	28,888	27,133	1,755
Water Pollution Control	701,878	634,347	67,531
Sewer Maintenance	161,324	141,763	19,561
Administrative Support	278,550	252,374	26,176
<b>Total Contractual Services</b>	<b>1,170,640</b>	<b>1,055,617</b>	<b>115,023</b>
Materials and Supplies			
Sewer Office	5,600	4,930	670
Water Pollution Control	212,059	206,313	5,746
Sewer Maintenance	329,632	293,165	36,467
Administrative Support	15,033	8,180	6,853
<b>Total Materials and Supplies</b>	<b>562,324</b>	<b>512,588</b>	<b>49,736</b>
Other			
Sewer Office	86	86	0
Administrative Support	1,150	222	928
<b>Total Other</b>	<b>1,236</b>	<b>308</b>	<b>928</b>
Capital Outlay			
Water Pollution Control	1,090,541	543,399	547,142
Sewer Maintenance	257,543	227,748	29,795
Administrative Support	11,397	4,832	6,565
<b>Total Capital Outlay</b>	<b>1,359,481</b>	<b>775,979</b>	<b>583,502</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, 2012  
(continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Debt Service:			
Principal Retirement	\$1,460,310	\$1,460,310	\$0
Interest Expense	<u>1,520,445</u>	<u>1,520,445</u>	<u>0</u>
Total Debt Service	<u>2,980,755</u>	<u>2,980,755</u>	<u>0</u>
Total Expenses	<u>8,913,640</u>	<u>7,967,120</u>	<u>946,520</u>
Excess of Revenues Under Expenses	(3,225,640)	(2,303,212)	922,428
Transfers Out	<u>(142,000)</u>	<u>(141,015)</u>	<u>985</u>
Changes in Fund Balance	(3,367,640)	(2,444,227)	923,413
Fund Balance Beginning of Year	9,094,870	9,094,870	0
Prior Year Encumbrances Appropriated	<u>400,969</u>	<u>400,969</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$6,128,199</u></u>	<u><u>\$7,051,612</u></u>	<u><u>\$923,413</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, 2012

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Other Local Taxes	\$399,267	\$441,080	\$41,813
Intergovernmental	949,000	945,869	(3,131)
Interest	111	111	0
Other	0	1,511	1,511
Total Revenues	<u>1,348,378</u>	<u>1,388,571</u>	<u>40,193</u>
<u>Expenditures</u>			
Current:			
Transportation			
Public Works			
Personal Services	792,000	780,545	11,455
Other	260,163	239,638	20,525
Total Public Works	<u>1,052,163</u>	<u>1,020,183</u>	<u>31,980</u>
Traffic and Electrical Maintenance			
Personal Services	158,000	139,517	18,483
Other	114,251	100,098	14,153
Total Traffic and Electrical Maintenance	<u>272,251</u>	<u>239,615</u>	<u>32,636</u>
Street Cleaning, Snow, and Ice Removal			
Other	60,129	25,306	34,823
Total Transportation	<u>1,384,543</u>	<u>1,285,104</u>	<u>99,439</u>
Debt Service:			
Principal Retirement	19,461	19,461	0
Interest and Fiscal Charges	5,321	5,321	0
Total Debt Service	<u>24,782</u>	<u>24,782</u>	<u>0</u>
Total Expenditures	<u>1,409,325</u>	<u>1,309,886</u>	<u>99,439</u>
Excess of Revenues Over (Under) Expenditures	<u>(60,947)</u>	<u>78,685</u>	<u>139,632</u>
<u>Other Financing Sources (Uses)</u>			
Other Financing Sources	11,622	27,460	15,838
Transfers Out	(87,000)	(86,047)	953
Total Other Financing Sources (Uses)	<u>(75,378)</u>	<u>(58,587)</u>	<u>16,791</u>
Changes in Fund Balance	(136,325)	20,098	156,423
Fund Balance Beginning of Year	140,727	140,727	0
Prior Year Encumbrances Appropriated	12,783	12,783	0
Fund Balance End of Year	<u>\$17,185</u>	<u>\$173,608</u>	<u>\$156,423</u>

City of Sandusky  
State Highway Special Revenue Fund

Schedule of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2012

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$71,895	\$76,692	\$4,797
Interest	105	20	(85)
Total Revenues	<u>72,000</u>	<u>76,712</u>	<u>4,712</u>
<u>Expenditures</u>			
Current:			
Transportation			
State Highway Maintenance and Repair			
Personal Services	40,500	40,162	338
Other	<u>73,267</u>	<u>72,116</u>	<u>1,151</u>
Total Expenditures	<u>113,767</u>	<u>112,278</u>	<u>1,489</u>
Excess of Revenues Under Expenditures	(41,767)	(35,566)	6,201
<u>Other Financing Uses</u>			
Transfers Out	<u>(27,931)</u>	<u>(27,931)</u>	<u>0</u>
Changes in Fund Balance	(69,698)	(63,497)	6,201
Fund Balance Beginning of Year	58,555	58,555	0
Prior Year Encumbrances Appropriated	<u>28,198</u>	<u>28,198</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$17,055</u></u>	<u><u>\$23,256</u></u>	<u><u>\$6,201</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, 2012

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$200,138	\$201,310	\$1,172
Intergovernmental	341,725	341,725	0
Other	278,140	278,140	0
Total Revenues	<u>820,003</u>	<u>821,175</u>	<u>1,172</u>
<u>Expenditures</u>			
Current:			
Transportation			
Public Transit System			
Personal Services	35,000	29,550	5,450
Other	845,390	837,265	8,125
Total Expenditures	<u>880,390</u>	<u>866,815</u>	<u>13,575</u>
Excess of Revenues Under Expenditures	<u>(60,387)</u>	<u>(45,640)</u>	<u>14,747</u>
<u>Other Financing Sources</u>			
Other Financing Sources	948	984	36
Transfers In	54,549	54,549	0
Total Other Financing Sources	<u>55,497</u>	<u>55,533</u>	<u>36</u>
Changes in Fund Balance	(4,890)	9,893	14,783
Fund Balance Beginning of Year	45,395	45,395	0
Prior Year Encumbrances Appropriated	390	390	0
Fund Balance End of Year	<u>\$40,895</u>	<u>\$55,678</u>	<u>\$14,783</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, 2012

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$129,894	\$129,518	(\$376)
Payment in Lieu of Taxes	571	286	(285)
Intergovernmental	25,940	26,735	795
<b>Total Revenues</b>	<b>156,405</b>	<b>156,539</b>	<b>134</b>
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Fire			
Fire Pension			
Personal Services	691,760	691,760	0
Other	2,691	2,691	0
<b>Total Security of Persons and Property-Fire</b>	<b>694,451</b>	<b>694,451</b>	<b>0</b>
Debt Service:			
Principal Retirement	28,684	28,684	0
Interest and Fiscal Charges	23,298	23,298	0
<b>Total Debt Service</b>	<b>51,982</b>	<b>51,982</b>	<b>0</b>
<b>Total Expenditures</b>	<b>746,433</b>	<b>746,433</b>	<b>0</b>
Excess of Revenues Under Expenditures	(590,028)	(589,894)	134
<u>Other Financing Sources</u>			
Transfers In	600,626	589,609	(11,017)
Changes in Fund Balance	10,598	(285)	(10,883)
Fund Balance Beginning of Year	285	285	0
<b>Fund Balance End of Year</b>	<b>\$10,883</b>	<b>\$0</b>	<b>(\$10,883)</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	\$129,894	\$129,518	(\$376)
Payment in Lieu of Taxes	571	286	(285)
Intergovernmental	25,940	26,735	795
<b>Total Revenues</b>	<b>156,405</b>	<b>156,539</b>	<b>134</b>
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police Pension			
Personal Services	537,772	537,772	0
Other	2,692	2,692	0
<b>Total Security of Persons and Property-Police</b>	<b>540,464</b>	<b>540,464</b>	<b>0</b>
Debt Service:			
Principal Retirement	21,316	21,316	0
Interest and Fiscal Charges	17,314	17,314	0
<b>Total Debt Service</b>	<b>38,630</b>	<b>38,630</b>	<b>0</b>
<b>Total Expenditures</b>	<b>579,094</b>	<b>579,094</b>	<b>0</b>
Excess of Revenues Under Expenditures	(422,689)	(422,555)	134
<u>Other Financing Sources</u>			
Transfers In	432,669	422,270	(10,399)
Changes in Fund Balance	9,980	(285)	(10,265)
Fund Balance Beginning of Year	285	285	0
<b>Fund Balance End of Year</b>	<b>\$10,265</b>	<b>\$0</b>	<b>(\$10,265)</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, 2012

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$64,548	\$75,148	\$10,600
Interest	23,570	18,589	(4,981)
Other	201,882	183,183	(18,699)
<b>Total Revenues</b>	<b>290,000</b>	<b>276,920</b>	<b>(13,080)</b>
<u>Expenditures</u>			
Current:			
Community Environment			
Landbank			
Other	30,000	18,173	11,827
Neighborhood Stabilization Program Purchase			
Other	500	0	500
ODNR Tire Grant			
Other	2,000	2,000	0
Revolving Loan Economic Development			
Personal Services	5,000	4,326	674
Other	350,046	162,428	187,618
<b>Total Revolving Loan Economic Development</b>	<b>355,046</b>	<b>166,754</b>	<b>188,292</b>
<b>Total Community Environment</b>	<b>387,546</b>	<b>186,927</b>	<b>200,619</b>
General Government-Municipal Court			
Court Security			
Other	5,000	0	5,000
General Government-Other			
DRC Probation			
Personal Services	68,000	64,548	3,452
Other	5,000	4,440	560
<b>Total General Government-Other</b>	<b>73,000</b>	<b>68,988</b>	<b>4,012</b>
<b>Total Expenditures</b>	<b>465,546</b>	<b>255,915</b>	<b>209,631</b>
Excess of Revenues Over (Under) Expenditures	(175,546)	21,005	196,551
<u>Other Financing Sources</u>			
Other Financing Sources	0	18,728	18,728
Changes in Fund Balance	(175,546)	39,733	215,279
Fund Balance Beginning of Year	312,654	312,654	0
Prior Year Encumbrances Appropriated	546	546	0
<b>Fund Balance End of Year</b>	<b>\$137,654</b>	<b>\$352,933</b>	<b>\$215,279</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, 2012

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$2,497,182	\$2,500,342	\$3,160
Interest	2,486	2,549	63
Total Revenues	<u>2,499,668</u>	<u>2,502,891</u>	<u>3,223</u>
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Justice Assistance Grant			
Other	<u>50,000</u>	<u>30,191</u>	<u>19,809</u>
Bulletproof Vest Grant			
Other	<u>10,000</u>	<u>0</u>	<u>10,000</u>
Weed and Seed Grant			
Other	<u>173</u>	<u>0</u>	<u>173</u>
Total Security of Persons and Property-Police	<u>60,173</u>	<u>30,191</u>	<u>29,982</u>
Security of Persons and Property-Fire			
EMS			
Personal Services	380,000	375,961	4,039
Other	<u>30,000</u>	<u>3,825</u>	<u>26,175</u>
Total Security of Persons and Property-Fire	<u>410,000</u>	<u>379,786</u>	<u>30,214</u>
Community Environment			
EPA Asmt Petroleum 2007			
Other	<u>22,500</u>	<u>0</u>	<u>22,500</u>
HUD Special Review			
Other	<u>12,010</u>	<u>6,182</u>	<u>5,828</u>
HUD CDBGB 08MC390034			
Other	<u>5,200</u>	<u>200</u>	<u>5,000</u>
HUD CDBGB 09MC390034			
Personal Services	120,000	112,393	7,607
Other	<u>1,304,200</u>	<u>1,293,163</u>	<u>11,037</u>
Total HUD CDBGB 09MC390034	<u>1,424,200</u>	<u>1,405,556</u>	<u>18,644</u>
Revolving Loan Economic Development			
Other	<u>35,967</u>	<u>13,421</u>	<u>22,546</u>
Total Community Environment	<u>1,499,877</u>	<u>1,425,359</u>	<u>74,518</u>
Transportation			
Public Transit System			
Personal Services	60,000	40,999	19,001
Other	<u>700,000</u>	<u>612,026</u>	<u>87,974</u>
Total Transportation	<u>760,000</u>	<u>653,025</u>	<u>106,975</u>
Total Expenditures	<u>2,730,050</u>	<u>2,488,361</u>	<u>241,689</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, 2012  
(continued)

	Budget	Actual	Variance Over (Under)
Excess of Revenues Over (Under) Expenditures	(\$230,382)	\$14,530	\$244,912
<u>Other Financing Sources (Uses)</u>			
Other Financing Sources	332	579	247
Transfers Out	(114,033)	(114,033)	0
Total Other Financing Sources (Uses)	(113,701)	(113,454)	247
Changes in Fund Balance	(344,083)	(98,924)	245,159
Fund Balance Beginning of Year	433,925	433,925	0
Prior Year Encumbrances Appropriated	14,083	14,083	0
Fund Balance End of Year	<u>\$103,925</u>	<u>\$349,084</u>	<u>\$245,159</u>

City of Sandusky  
Indigent Drivers Alcohol Special Revenue Fund

Schedule of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2012

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fees, Licenses, and Permits	\$25,009	\$36,724	\$11,715
Intergovernmental	14,991	10,676	(4,315)
Total Revenues	40,000	47,400	7,400
<u>Expenditures</u>			
Current:			
Other			
Indigent Drivers Alcohol Treatment			
Personal Services	70,000	68,781	1,219
Changes in Fund Balance	(30,000)	(21,381)	8,619
Fund Balance Beginning of Year	303,320	303,320	0
Fund Balance End of Year	<u>\$273,320</u>	<u>\$281,939</u>	<u>\$8,619</u>

City of Sandusky  
 Enforcement and Education Special Revenue Fund

Schedule of Revenues, Expenditures,  
 and Changes in Fund Balance  
 Budget (Non-GAAP Budgetary Basis) and Actual  
 For the Year Ended December 31, 2012

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$9,000	\$7,752	(\$1,248)
Fund Balance Beginning of Year	43,392	43,392	0
Fund Balance End of Year	\$52,392	\$51,144	(\$1,248)

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, 2012

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$30,000	\$33,702	\$3,702
<u>Expenditures</u>			
Current:			
Other			
Court Computerization			
Personal Services	1,000	0	1,000
Other	20,450	16,259	4,191
Total Expenditures	21,450	16,259	5,191
Changes in Fund Balance	8,550	17,443	8,893
Fund Balance Beginning of Year	162,508	162,508	0
Prior Year Encumbrances Appropriated	450	450	0
Fund Balance End of Year	<u>\$171,508</u>	<u>\$180,401</u>	<u>\$8,893</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, 2012

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fees, Licenses, and Permits	\$1,500	\$18,222	\$16,722
<u>Expenditures</u>			
Current:			
Other			
Indigent Telephone			
Other	10,000	1,303	8,697
Changes in Fund Balance	(8,500)	16,919	25,419
Fund Balance Beginning of Year	531	531	0
Fund Balance (Deficit) End of Year	(\$7,969)	\$17,450	\$25,419

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, 2012

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fees, Licenses, and Permits	\$85,000	\$88,572	\$3,572
<u>Expenditures</u>			
Current:			
Other			
Municipal Probation			
Personal Services	46,000	45,626	374
Other	14,000	8,375	5,625
Total Expenditures	60,000	54,001	5,999
Changes in Fund Balance	25,000	34,571	9,571
Fund Balance Beginning of Year	266,710	266,710	0
Fund Balance End of Year	\$291,710	\$301,281	\$9,571

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, 2012

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$33,000	\$47,916	\$14,916
Intergovernmental	0	2,554	2,554
Other	37,500	28,100	(9,400)
<b>Total Revenues</b>	<b>70,500</b>	<b>78,570</b>	<b>8,070</b>
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police Patrol			
Other	10,500	10,284	216
Police D.A.R.E.			
Other	2,000	0	2,000
Police Dive Team			
Other	500	0	500
Federal Forfeiture			
Other	500	0	500
Contraband Trust			
Personal Services	1,000	0	1,000
Other	40,000	33,990	6,010
<b>Total Contraband Trust</b>	<b>41,000</b>	<b>33,990</b>	<b>7,010</b>
<b>Total Security of Persons and Property-Police</b>	<b>54,500</b>	<b>44,274</b>	<b>10,226</b>
Security of Persons and Property-Fire			
Fire Suppression			
Other	15,900	14,056	1,844
Leisure Time Activities			
Green Trust			
Other	2,150	915	1,235
Friends of the Greenhouse			
Other	5,000	4,597	403
Sailing Scholarship			
Other	3,000	2,885	115
<b>Total Leisure Time Activities</b>	<b>10,150</b>	<b>8,397</b>	<b>1,753</b>
Community Environment			
Park Trust			
Other	8,000	7,123	877
<b>Total Expenditures</b>	<b>88,550</b>	<b>73,850</b>	<b>14,700</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(18,050)</b>	<b>4,720</b>	<b>22,770</b>

(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, 2012  
(continued)

	Budget	Actual	Variance Over (Under)
<u>Other Financing Sources</u>			
Other Financing Sources	\$5,000	\$4,926	(\$74)
Changes in Fund Balance	(13,050)	9,646	22,696
Fund Balance Beginning of Year	144,800	144,800	0
Prior Year Encumbrances Appropriated	150	150	0
Fund Balance End of Year	\$131,900	\$154,596	\$22,696

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, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Charges for Services	\$16,000	\$10,384	(\$5,616)
Interest	400	106	(294)
Other	6,132	692	(5,440)
Total Revenues	22,532	11,182	(11,350)
<u>Expenditures</u>			
Current:			
Leisure Time Activities			
Washington Park and Greenhouse			
Other	490	490	0
Changes in Fund Balance	22,042	10,692	(11,350)
Fund Balance Beginning of Year	191,866	191,866	0
Fund Balance End of Year	<u>\$213,908</u>	<u>\$202,558</u>	<u>(\$11,350)</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, 2012

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$15,170	\$15,495	\$325
Interest	3,410	3,536	126
Other	4,813	12,360	7,547
<b>Total Revenues</b>	<b>23,393</b>	<b>31,391</b>	<b>7,998</b>
<u>Expenditures</u>			
Current:			
Public Health			
Oakland Cemetery			
Personal Services	43,000	39,410	3,590
Other	55,000	51,524	3,476
<b>Total Oakland Cemetery</b>	<b>98,000</b>	<b>90,934</b>	<b>7,066</b>
Chapel Restoration			
Other	6,000	6,000	0
Garden Mausoleum			
Other	5,072	2,470	2,602
Perpetual Care			
Other	2,000	1,553	447
Special Care			
Other	1,000	242	758
Veterans Memorial			
Other	8,000	7,828	172
Ridgeview Columbarium			
Other	3,000	2,330	670
<b>Total Expenditures</b>	<b>123,072</b>	<b>111,357</b>	<b>11,715</b>
Excess of Revenues Under Expenditures	(99,679)	(79,966)	19,713
<u>Other Financing Sources</u>			
Other Financing Sources	4,075	10,611	6,536
Changes in Fund Balance	(95,604)	(69,355)	26,249
Fund Balance Beginning of Year	832,919	832,919	0
Prior Year Encumbrances Appropriated	2,072	2,072	0
<b>Fund Balance End of Year</b>	<b>\$739,387</b>	<b>\$765,636</b>	<b>\$26,249</b>

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, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Property Taxes	\$429,391	\$431,725	\$2,334
Payment in Lieu of Taxes	1,809	906	(903)
Municipal Income Taxes	410,526	449,620	39,094
Intergovernmental	56,670	53,321	(3,349)
Total Revenues	<u>898,396</u>	<u>935,572</u>	<u>37,176</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	1,062,301	1,062,301	0
Interest and Fiscal Charges	578,268	578,268	0
Total Expenditures	<u>1,640,569</u>	<u>1,640,569</u>	<u>0</u>
Excess of Revenues Under Expenditures	(742,173)	(704,997)	37,176
<u>Other Financing Sources</u>			
Transfers In	742,789	704,154	(38,635)
Changes in Fund Balance	616	(843)	(1,459)
Fund Balance Beginning of Year	<u>1,691</u>	<u>1,691</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$2,307</u></u>	<u><u>\$848</u></u>	<u><u>(\$1,459)</u></u>

City of Sandusky  
Urban Renewal Debt Retirement Debt Service Fund

Schedule of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2012

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Payment in Lieu of Taxes	\$70,000	\$60,840	(\$9,160)
Intergovernmental	510,000	508,843	(1,157)
Total Revenues	<u>580,000</u>	<u>569,683</u>	<u>(10,317)</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	2,700,000	2,700,000	0
Interest and Fiscal Charges	100,000	21,518	78,482
Total Expenditures	<u>2,800,000</u>	<u>2,721,518</u>	<u>78,482</u>
Excess of Revenues Under Expenditures	(2,220,000)	(2,151,835)	68,165
<u>Other Financing Sources</u>			
Bond Anticipation Notes Issued	2,500,000	2,500,000	0
Changes in Fund Balance	280,000	348,165	68,165
Fund Balance Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$280,000</u></u>	<u><u>\$348,165</u></u>	<u><u>\$68,165</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, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Municipal Income Taxes	\$350,000	\$359,696	\$9,696
<u>Expenditures</u>			
	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	350,000	359,696	9,696
<u>Other Financing Uses</u>			
Transfers Out	<u>(351,301)</u>	<u>(351,301)</u>	<u>0</u>
Changes in Fund Balance	(1,301)	8,395	9,696
Fund Balance Beginning of Year	<u>17,488</u>	<u>17,488</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$16,187</u></u>	<u><u>\$25,883</u></u>	<u><u>\$9,696</u></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, 2012

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$725,865	\$725,865	\$0
Fees, Licenses, and Permits	143,618	143,618	0
Intergovernmental	458,348	458,348	0
Other	71,143	82,886	11,743
<b>Total Revenues</b>	<b>1,398,974</b>	<b>1,410,717</b>	<b>11,743</b>
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police			
Other	17,345	17,345	0
Security of Persons and Property-Fire			
EMS			
Personal Services	33,000	32,450	550
Other	169,032	166,321	2,711
<b>Total Security of Persons and Property-Fire</b>	<b>202,032</b>	<b>198,771</b>	<b>3,261</b>
Leisure Time Activities			
Lions Park Concrete Removal			
Other	165	165	0
Schade/Mylander Plaza			
Other	624	624	0
<b>Total Leisure Time Activities</b>	<b>789</b>	<b>789</b>	<b>0</b>
Community Environment			
Keller Building			
Other	1,000	94	906
Sandusky Cabinets			
Other	50,000	41,751	8,249
Underground Storage Tank Removal			
Personal Services	5,000	0	5,000
Other	62,831	62,831	0
<b>Total Underground Storage Tank Removal</b>	<b>67,831</b>	<b>62,831</b>	<b>5,000</b>
<b>Total Community Environment</b>	<b>118,831</b>	<b>104,676</b>	<b>14,155</b>
Transportation			
First Street Resurfacing			
Personal Services	6,000	5,236	764
Other	4,000	0	4,000
<b>Total First Street Resurfacing</b>	<b>10,000</b>	<b>5,236</b>	<b>4,764</b>

(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, 2012  
(continued)

	Budget	Actual	Variance Over (Under)
Hayes Avenue Underpass			
Personal Services	\$6,200	\$6,157	\$43
Other	1,821	1,821	0
Total Hayes Avenue Underpass	8,021	7,978	43
Camp Street Underpass			
Personal Services	5,000	948	4,052
Other	27,134	27,134	0
Total Camp Street Underpass	32,134	28,082	4,052
Cedar Point Drive Improvement Phase I			
Personal Services	25,000	24,233	767
Other	5,543	5,543	0
Total Cedar Point Drive Improvement Phase I	30,543	29,776	767
Columbus Avenue Resurfacing			
Personal Services	5,000	3,010	1,990
Perkins Avenue Signals			
Other	3,200	3,200	0
Paper District Waterfront Improvement Design			
Other	34,000	33,215	785
Paper District Waterfront Improvement Phase I			
Personal Services	1,000	93	907
Other	80,000	76,664	3,336
Total Paper District Waterfront Improvement Phase I	81,000	76,757	4,243
Westend Grade Separation			
Other	3,097	3,097	0
Total Transportation	206,995	190,351	16,644
General Government-Municipal Court			
Municipal Court			
Personal Services	1,000	0	1,000
Other	66,239	4,021	62,218
Total General Government-Municipal Court	67,239	4,021	63,218
General Government-Other			
City Hall			
Other	1,441	1,441	0
Paper District			
Other	8,018	8,018	0
Total General Government-Other	9,459	9,459	0
Capital Outlay	1,345,260	972,554	372,706

(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, 2012  
(continued)

	Budget	Actual	Variance Over (Under)
Debt Service:			
Principal Retirement	\$3,615,000	\$3,615,000	\$0
Interest and Fiscal Charges	52,132	45,062	7,070
Total Debt Service	3,667,132	3,660,062	7,070
Total Expenditures	5,635,082	5,158,028	477,054
Excess of Revenues Under Expenditures	(4,236,108)	(3,747,311)	488,797
<u>Other Financing Sources (Uses)</u>			
Bond Anticipation Notes Issued	3,299,954	3,340,000	40,046
Transfers In	701,072	701,072	0
Transfers Out	(113,073)	(112,629)	444
Total Other Financing Sources (Uses)	3,887,953	3,928,443	40,490
Changes in Fund Balance	(348,155)	181,132	529,287
Fund Balance Beginning of Year	2,509,842	2,509,842	0
Prior Year Encumbrances Appropriated	71,955	71,955	0
Fund Balance End of Year	\$2,233,642	\$2,762,929	\$529,287

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, 2012

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Payment in Lieu of Taxes	\$25,000	\$26,152	\$1,152
Other	0	3,873	3,873
	25,000	30,025	5,025
<u>Expenditures</u>			
Current:			
Community Environment			
City Wide Economic Development			
Other	20,000	0	20,000
	5,000	30,025	25,025
Changes in Fund Balance			
Fund Balance Beginning of Year	23,670	23,670	0
Fund Balance End of Year	\$28,670	\$53,695	\$25,025

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, 2012

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$31,124	\$36,592	\$5,468
Fees, Licenses, and Permits	101,087	100,761	(326)
Interest	1,826	2,648	822
<b>Total Revenues</b>	<b>134,037</b>	<b>140,001</b>	<b>5,964</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	5,000	1,852	3,148
Other	20,000	19,087	913
<b>Total Nuisance Removal</b>	<b>25,000</b>	<b>20,939</b>	<b>4,061</b>
Rental Registration Fee			
Personal Services	90,000	77,008	12,992
Other	15,018	8,076	6,942
<b>Total Rental Registration Fee</b>	<b>105,018</b>	<b>85,084</b>	<b>19,934</b>
Inspection Fee			
Personal Services	5,000	616	4,384
Other	10,000	9,339	661
<b>Total Inspection Fee</b>	<b>15,000</b>	<b>9,955</b>	<b>5,045</b>
Administration Fee			
Personal Services	500	0	500
Other	2,269	0	2,269
<b>Total Inspection Fee</b>	<b>2,769</b>	<b>0</b>	<b>2,769</b>
<b>Total Expenditures</b>	<b>198,287</b>	<b>115,978</b>	<b>82,309</b>
Excess of Revenues Over (Under) Expenditures	(64,250)	24,023	88,273
<u>Other Financing Sources</u>			
Other Financing Sources	963	963	0
<b>Changes in Fund Balance</b>	<b>(63,287)</b>	<b>24,986</b>	<b>88,273</b>
Fund Balance Beginning of Year	190,688	190,688	0
Prior Year Encumbrances Appropriated	287	287	0
<b>Fund Balance End of Year</b>	<b>\$127,688</b>	<b>\$215,961</b>	<b>\$88,273</b>

# Statistical

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City of Sandusky  
Statistical Section

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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.

<b>Contents</b>	<b>Page</b>
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
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These schedules contain information to help the reader assess the City’s most significant local revenue sources.

Debt Capacity.....	S-42
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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-50
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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-54
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These schedules contain service data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.

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

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

	2012	2011	2010	2009	2008
Governmental Activities					
Net Investment in Capital Assets	\$35,766,495	\$35,639,758	\$38,636,112	\$34,869,732	\$33,005,235
Restricted for					
Capital Projects	3,806,228	3,492,887	2,920,974	3,218,958	6,197,701
Debt Service	1,949,698	1,918,564	1,902,993	2,439,729	2,528,165
Other Purposes	5,556,594	6,061,253	6,005,182	6,367,187	8,143,328
Unrestricted (Deficit)	<u>(712,642)</u>	<u>(1,573,210)</u>	<u>(2,681,773)</u>	<u>(2,812,918)</u>	<u>(2,978,838)</u>
Total Governmental Activities Net Position	<u>46,366,373</u>	<u>45,539,252</u>	<u>46,783,488</u>	<u>44,082,688</u>	<u>46,895,591</u>
Business-Type Activities					
Net Investment in Capital Assets	39,713,895	39,918,374	39,941,052	35,050,194	17,057,860
Unrestricted	<u>14,630,323</u>	<u>15,278,595</u>	<u>16,854,414</u>	<u>18,611,306</u>	<u>23,825,346</u>
Total Business-Type Activities Net Position	<u>54,344,218</u>	<u>55,196,969</u>	<u>56,795,466</u>	<u>53,661,500</u>	<u>40,883,206</u>
Primary Government					
Net Investment in Capital Assets	75,480,390	75,558,132	78,577,164	69,919,926	50,063,095
Restricted	11,312,520	11,472,704	10,829,149	12,025,874	16,869,194
Unrestricted	<u>13,917,681</u>	<u>13,705,385</u>	<u>14,172,641</u>	<u>15,798,388</u>	<u>20,846,508</u>
Total Primary Government Net Position	<u>\$100,710,591</u>	<u>\$100,736,221</u>	<u>\$103,578,954</u>	<u>\$97,744,188</u>	<u>\$87,778,797</u>

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$32,191,349	\$30,075,530	\$31,671,586	\$31,969,703	\$31,552,987
4,249,788	3,531,814	2,204,456	2,824,223	2,913,134
1,242,965	155,282	323,278	778,513	0
8,553,276	8,345,260	7,924,998	7,103,344	6,660,100
<u>(2,362,700)</u>	<u>(359,373)</u>	<u>(28,759)</u>	<u>(1,306,979)</u>	<u>2,358,124</u>
<u>43,874,678</u>	<u>41,748,513</u>	<u>42,095,559</u>	<u>41,368,804</u>	<u>43,484,345</u>
18,003,813	16,501,983	13,366,444	11,829,893	5,710,006
<u>22,646,163</u>	<u>15,618,806</u>	<u>14,558,225</u>	<u>12,487,336</u>	<u>12,721,665</u>
<u>40,649,976</u>	<u>32,120,789</u>	<u>27,924,669</u>	<u>24,317,229</u>	<u>18,431,671</u>
50,195,162	46,577,513	45,038,030	43,799,596	37,262,993
14,046,029	12,032,356	10,452,732	10,706,080	9,573,234
<u>20,283,463</u>	<u>15,259,433</u>	<u>14,529,466</u>	<u>11,180,357</u>	<u>15,079,789</u>
<u>\$84,524,654</u>	<u>\$73,869,302</u>	<u>\$70,020,228</u>	<u>\$65,686,033</u>	<u>\$61,916,016</u>

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

	2012	2011	2010	2009	2008
<u>Expenses</u>					
<u>Governmental Activities</u>					
Security of Persons and Property					
Police	\$5,032,700	\$5,402,963	\$5,516,364	\$5,669,764	\$5,874,509
Fire	5,905,825	5,527,949	5,515,869	5,862,556	5,937,365
Other	244,688	252,562	249,581	258,171	314,316
Public Health	306,388	283,560	329,948	315,947	403,533
Leisure Time Activities	216,767	508,712	460,013	816,417	601,231
Community Environment	2,476,125	2,893,502	3,331,774	4,228,845	3,310,344
Transportation	4,470,255	4,445,226	4,239,588	4,205,229	4,303,144
General Government					
Municipal Court	1,033,017	1,023,043	970,915	933,795	870,524
Other	3,617,806	3,497,520	3,456,520	3,870,955	4,408,458
Interest and Fiscal Charges	1,295,714	1,005,849	1,252,643	1,495,442	1,447,618
<b>Total Governmental Activities Expenses</b>	<b>24,599,285</b>	<b>24,840,886</b>	<b>25,323,215</b>	<b>27,657,121</b>	<b>27,471,042</b>
<u>Business-Type Activities</u>					
Water	5,368,961	5,359,486	4,511,328	5,101,130	5,585,538
Sewer	6,334,406	8,341,844	6,895,098	6,337,377	6,433,075
<b>Total Business-Type Activities Expenses</b>	<b>11,703,367</b>	<b>13,701,330</b>	<b>11,406,426</b>	<b>11,438,507</b>	<b>12,018,613</b>
<b>Total Primary Government Expenses</b>	<b>36,302,652</b>	<b>38,542,216</b>	<b>36,729,641</b>	<b>39,095,628</b>	<b>39,489,655</b>
<u>Program Revenues</u>					
<u>Governmental Activities</u>					
Charges for Services					
Security of Persons and Property					
Police	399,331	353,733	321,561	342,426	383,757
Fire	754,046	988,659	827,407	721,402	625,434
Public Health	84,027	108,618	107,057	122,323	118,531
Leisure Time Activities	269,160	217,068	234,894	233,214	327,660
Community Environment	86,007	215,830	236,362	417,210	358,027
Transportation	913,441	1,019,259	844,608	882,613	5,149,554
General Government					
Municipal Court	1,215,434	1,070,168	1,160,818	1,184,632	1,196,877
Other	186,445	247,215	267,011	178,236	175,414
<b>Total Charges for Services</b>	<b>3,907,891</b>	<b>4,220,550</b>	<b>3,999,718</b>	<b>4,082,056</b>	<b>8,335,254</b>
Operating Grants, Contributions, and Interest	3,711,215	3,742,313	4,514,002	3,531,046	3,008,317
Capital Grants and Contributions	500,093	1,074,582	1,509,594	2,010,876	258,793
<b>Total Governmental Activities Program Revenues</b>	<b>8,119,199</b>	<b>9,037,445</b>	<b>10,023,314</b>	<b>9,623,978</b>	<b>11,602,364</b>
<u>Business-Type Activities</u>					
Charges for Services					
Water	5,267,773	5,224,179	5,055,459	5,361,036	5,480,958
Sewer	5,485,453	6,730,491	6,176,303	5,881,665	6,460,336
<b>Total Charges for Services</b>	<b>10,753,226</b>	<b>11,954,670</b>	<b>11,231,762</b>	<b>11,242,701</b>	<b>11,941,294</b>
Capital Grants and Contributions	271,057	148,225	4,108,459	12,273,563	178,083
<b>Total Business-Type Activities Program Revenues</b>	<b>11,024,283</b>	<b>12,102,895</b>	<b>15,340,221</b>	<b>23,516,264</b>	<b>12,119,377</b>
<b>Total Primary Government Program Revenues</b>	<b>19,143,482</b>	<b>21,140,340</b>	<b>25,363,535</b>	<b>33,140,242</b>	<b>23,721,741</b>
<u>Net (Expense) Revenue</u>					
Governmental Activities	(16,480,086)	(15,803,441)	(15,299,901)	(18,033,143)	(15,868,678)
Business-Type Activities	(679,084)	(1,598,435)	3,933,795	12,077,757	100,764
<b>Total Primary Governmental Net Expense</b>	<b>(17,159,170)</b>	<b>(17,401,876)</b>	<b>(11,366,106)</b>	<b>(5,955,386)</b>	<b>(15,767,914)</b>

2007	2006	2005	2004	2003
\$5,574,825	\$5,487,963	\$5,266,496	\$5,136,481	\$5,392,091
6,007,917	5,307,276	5,144,980	5,255,572	4,944,712
337,986	141,866	98,338	107,843	104,619
390,069	387,849	371,995	374,751	355,557
724,443	755,381	532,317	509,107	863,510
3,076,512	3,414,429	3,089,728	2,470,765	2,517,823
4,537,224	5,335,488	4,107,524	4,100,037	3,418,979
915,040	828,045	829,951	888,857	840,986
3,859,012	3,499,303	3,633,634	4,160,795	4,321,420
1,347,061	1,280,938	1,171,585	1,222,879	1,180,234
26,770,089	26,438,538	24,246,548	24,227,087	23,939,931
4,515,116	3,896,902	4,257,055	3,495,790	4,147,608
6,017,246	4,957,114	5,458,838	5,396,945	5,411,399
10,532,362	8,854,016	9,715,893	8,892,735	9,559,007
37,302,451	35,292,554	33,962,441	33,119,822	33,498,938
260,758	205,984	309,073	152,098	154,638
743,841	617,742	629,573	628,488	516,005
132,369	128,255	125,552	146,215	106,848
328,280	297,903	275,319	235,152	308,474
326,365	234,689	277,330	153,748	261,498
1,892,081	1,150,337	989,425	871,796	1,065,560
1,035,917	1,036,688	982,508	1,220,842	1,166,979
200,752	286,948	411,300	250,519	151,621
4,920,363	3,958,546	4,000,080	3,658,858	3,731,623
3,541,296	4,392,095	3,912,640	1,938,688	2,085,948
1,874,767	1,441,100	755,345	2,181,599	558,798
10,336,426	9,791,741	8,668,065	7,779,145	6,376,369
4,741,359	5,401,818	6,551,510	6,563,548	5,924,982
6,480,173	6,559,309	6,589,124	6,440,877	6,290,237
11,221,532	11,961,127	13,140,634	13,004,425	12,215,219
8,069,676	194,076	162,675	184,117	0
19,291,208	12,155,203	13,303,309	13,188,542	12,215,219
29,627,634	21,946,944	21,971,374	20,967,687	18,591,588
(16,433,663)	(16,646,797)	(15,578,483)	(16,447,942)	(17,563,562)
8,758,846	3,301,187	3,587,416	4,295,807	2,656,212
(7,674,817)	(13,345,610)	(11,991,067)	(12,152,135)	(14,907,350)

(continued)

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

	2012	2011	2010	2009	2008
<u>General Revenues and Other Changes in Net Position</u>					
Governmental Activities					
Property Taxes Levied for General Purposes	\$1,570,731	\$1,582,982	\$1,670,722	\$1,568,338	\$1,808,771
Property Taxes Levied for Police and Fire Pension	258,206	260,218	274,602	257,807	296,040
Property Taxes Levied for Debt Service	430,340	433,693	452,224	423,572	488,892
Payment in Lieu of Taxes	541,236	554,005	546,140	1,030	2,939
Municipal Income Taxes Levied for General Purposes	7,121,861	6,473,159	6,092,961	5,609,577	7,308,067
Municipal Income Taxes Levied for Debt Service	472,199	422,949	404,895	355,717	478,361
Municipal Income Taxes Levied for Capital Projects	377,758	338,360	313,797	283,887	393,536
Other Local Taxes	3,735,461	3,835,778	3,823,682	3,530,345	3,759,788
Franchise Taxes	373,856	350,146	321,254	304,588	290,451
Grants and Entitlements not Restricted to Specific Programs	1,425,985	1,343,834	1,774,328	1,808,763	1,884,362
Interest	161,743	303,999	241,382	559,857	1,329,987
Other	556,285	1,112,606	987,687	967,843	540,308
Transfers	281,546	161,158	1,097,027	(451,084)	308,089
Special Item - Asset Donated to Developer	0	(2,613,682)	0	0	0
Total Governmental Activities	<u>17,307,207</u>	<u>14,559,205</u>	<u>18,000,701</u>	<u>15,220,240</u>	<u>18,889,591</u>
Business-Type Activities					
Interest	1,532	1,380	1,328	1,086	1,955
Other	106,347	159,716	295,870	248,367	438,600
Transfers	(281,546)	(161,158)	(1,097,027)	451,084	(308,089)
Total Business-Type Activities	<u>(173,667)</u>	<u>(62)</u>	<u>(799,829)</u>	<u>700,537</u>	<u>132,466</u>
Total Primary Government	<u>17,133,540</u>	<u>14,559,143</u>	<u>17,200,872</u>	<u>15,920,777</u>	<u>19,022,057</u>
<u>Changes in Net Position</u>					
Governmental Activities	827,121	(1,244,236)	2,700,800	(2,812,903)	3,020,913
Business-Type Activities	<u>(852,751)</u>	<u>(1,598,497)</u>	<u>3,133,966</u>	<u>12,778,294</u>	<u>233,230</u>
Total Primary Government	<u>(\$25,630)</u>	<u>(\$2,842,733)</u>	<u>\$5,834,766</u>	<u>\$9,965,391</u>	<u>\$3,254,143</u>

2007	2006	2005	2004	2003
\$1,757,611	\$1,653,693	\$1,672,894	\$1,694,006	\$1,482,917
290,214	271,237	274,996	278,468	243,641
476,474	328,893	316,768	320,817	486,949
589,383	23,815	21,793	21,177	20,949
6,174,450	6,424,092	6,298,260	6,512,919	6,594,364
398,287	419,919	419,110	440,575	444,364
318,588	335,939	438,682	67,796	71,098
3,720,784	3,486,825	3,573,094	3,546,079	3,918,022
272,184	254,087	238,015	232,129	233,695
1,958,323	2,041,444	2,002,142	1,724,926	1,415,311
1,541,216	1,011,952	572,828	376,479	268,808
556,074	638,096	420,467	644,316	400,167
506,240	(590,241)	56,189	(1,527,286)	41,935
0	0	0	0	0
18,559,828	16,299,751	16,305,238	14,332,401	15,622,220
1,923	691	1,191	1,530	475
274,658	304,001	75,022	60,935	58,704
(506,240)	590,241	(56,189)	1,527,286	(41,935)
(229,659)	894,933	20,024	1,589,751	17,244
18,330,169	17,194,684	16,325,262	15,922,152	15,639,464
2,126,165	(347,046)	726,755	(2,115,541)	(1,941,342)
8,529,187	4,196,120	3,607,440	5,885,558	2,673,456
\$10,655,352	\$3,849,074	\$4,334,195	\$3,770,017	\$732,114

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

	2012	2011	2010	2009	2008
General Fund					
Reserved	\$0	\$0	\$0	\$0	\$134,443
Unreserved	0	0	0	0	3,689,976
Nonspendable	237,393	227,348	146,670	19,590	n/a
Restricted	0	0	93,120	86,561	n/a
Assigned	100,273	281,308	133,224	26,956	n/a
Unassigned	3,953,717	3,598,766	3,272,103	2,897,549	n/a
<b>Total General Fund</b>	<b>4,291,383</b>	<b>4,107,422</b>	<b>3,645,117</b>	<b>3,030,656</b>	<b>3,824,419</b>
All Other Governmental Funds					
Reserved	0	0	0	0	3,280,330
Unreserved, Reported in					
Special Revenue Funds	0	0	0	0	4,233,164
Debt Service Funds	0	0	0	0	267,924
Capital Projects Funds (Deficit)	0	0	0	0	(1,746,995)
Nonspendable	122,143	91,871	85,551	2,259,561	n/a
Restricted	5,117,809	5,308,988	5,639,796	1,798,115	n/a
Committed	61,240	42,338	43,585	38,443	n/a
Unassigned (Deficit)	(3,310,167)	(4,310,201)	(4,345,598)	(333,517)	n/a
<b>Total All Other Governmental Funds</b>	<b>1,991,025</b>	<b>1,132,996</b>	<b>1,423,334</b>	<b>3,762,602</b>	<b>6,034,423</b>
<b>Total Governmental Funds</b>	<b>\$6,282,408</b>	<b>\$5,240,418</b>	<b>\$5,068,451</b>	<b>\$6,793,258</b>	<b>\$9,858,842</b>

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

2007	2006	2005	2004	2003
\$108,449	\$111,838	\$123,608	\$182,408	\$97,452
4,115,612	3,461,642	3,174,012	2,298,844	2,651,492
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
4,224,061	3,573,480	3,297,620	2,481,252	2,748,944
3,958,843	3,633,344	3,733,926	2,943,033	3,902,082
4,376,446	4,650,635	4,839,344	4,741,505	4,603,648
340,938	231,142	425,019	671,817	931,983
(5,528,968)	(5,560,337)	(5,173,626)	(6,187,308)	(4,165,362)
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
3,147,259	2,954,784	3,824,663	2,169,047	5,272,351
\$7,371,320	\$6,528,264	\$7,122,283	\$4,650,299	\$8,021,295

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

	2012	2011	2010	2009	2008
<u>Revenues</u>					
Property Taxes	\$2,266,548	\$2,290,106	\$2,265,450	\$2,296,321	\$2,408,140
Payment in Lieu of Taxes	541,236	554,005	546,140	509,041	61,710
Municipal Income Taxes	7,679,283	7,240,793	6,716,022	7,035,145	7,633,758
Other Local Taxes	4,176,906	4,287,830	4,289,953	3,954,181	4,192,054
Special Assessments	263,281	329,360	312,486	363,594	716,482
Charges for Services	1,751,080	1,408,172	1,566,291	1,625,516	1,734,744
Fees, Licenses, and Permits	977,026	940,663	951,838	860,515	818,094
Fines and Forfeitures	1,129,197	1,027,377	1,089,255	1,175,414	1,216,730
Intergovernmental	5,802,086	5,717,042	7,606,331	6,725,011	5,484,268
Interest	184,401	341,790	322,815	626,662	1,419,311
Other	944,060	1,225,758	1,253,526	1,011,487	948,160
<b>Total Revenues</b>	<b>25,715,104</b>	<b>25,362,896</b>	<b>26,920,107</b>	<b>26,182,887</b>	<b>26,633,451</b>
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	5,066,185	5,498,666	5,440,140	5,524,466	5,814,874
Fire	5,512,695	5,522,370	5,263,815	5,369,175	5,537,118
Other	244,688	252,562	249,581	258,171	314,316
Public Health	310,763	271,130	353,288	289,282	385,481
Leisure Time Activities	455,973	385,373	340,606	375,479	472,955
Community Environment	3,060,559	2,704,414	3,464,442	4,711,509	3,351,746
Transportation	3,178,728	3,110,557	3,864,900	2,810,287	2,648,551
General Government					
Municipal Court	981,662	1,038,040	957,168	924,136	856,718
Other	2,829,493	2,863,831	2,795,838	3,179,119	3,723,204
Other	128,727	92,756	68,108	112,205	106,467
Capital Outlay	803,610	1,635,471	4,507,569	3,404,107	1,487,593
Debt Service:					
Principal Retirement	1,500,472	5,455,694	1,213,401	1,118,512	1,033,726
Interest and Fiscal Charges	896,912	1,001,860	1,241,563	1,472,318	1,436,324
Issuance Costs	0	115,335	0	0	97,668
<b>Total Expenditures</b>	<b>24,970,467</b>	<b>29,948,059</b>	<b>29,760,419</b>	<b>29,548,766</b>	<b>27,266,741</b>
Excess of Revenues Over (Under) Expenditures	744,637	(4,585,163)	(2,840,312)	(3,365,879)	(633,290)
<u>Other Financing Sources (Uses)</u>					
General Obligation Bonds Issued	0	4,090,000	0	0	0
Special Assessment Bonds Issued	0	0	0	84,400	2,625,000
Loan Proceeds	0	0	0	0	0
Premium on General Obligation Bonds Issued	0	120,335	0	0	111,537
Payment to Refunded Bond Escrow Agent	0	0	0	0	0
Sale of Capital Assets	1,161	385,637	18,478	30,806	900
Inception of Capital Lease	0	0	0	0	0
Transfers In	3,257,469	4,961,338	4,664,279	2,769,241	5,259,992
Transfers Out	(2,961,277)	(4,800,180)	(3,567,252)	(2,584,152)	(4,876,617)
<b>Total Other Financing Sources (Uses)</b>	<b>297,353</b>	<b>4,757,130</b>	<b>1,115,505</b>	<b>300,295</b>	<b>3,120,812</b>
<b>Changes in Fund Balance</b>	<b>\$1,041,990</b>	<b>\$171,967</b>	<b>(\$1,724,807)</b>	<b>(\$3,065,584)</b>	<b>\$2,487,522</b>
Debt Service as a Percentage of Noncapital Expenditures	10.61%	23.43%	10.35%	9.82%	9.85%

2007	2006	2005	2004	2003
\$2,537,843	\$2,225,347	\$2,258,521	\$2,272,754	\$2,222,007
22,601	23,815	21,793	21,177	20,949
7,387,718	7,313,992	7,443,699	7,308,576	7,251,576
4,155,563	3,933,675	4,027,163	4,011,666	4,396,773
514,373	387,246	456,434	384,141	427,724
1,562,798	1,415,863	1,426,503	1,751,391	1,727,554
777,905	828,294	972,001	811,379	769,953
1,000,848	973,563	978,369	1,000,227	963,967
6,007,797	7,040,114	5,798,366	5,192,973	3,818,995
1,653,255	1,075,368	695,896	416,103	406,113
1,081,031	1,585,259	1,021,847	1,033,919	861,457
<u>26,701,732</u>	<u>26,802,536</u>	<u>25,100,592</u>	<u>24,204,306</u>	<u>22,867,068</u>
5,501,299	5,398,901	5,005,613	4,955,514	5,306,587
5,566,180	4,946,518	4,923,135	4,493,492	4,629,532
337,986	141,866	98,338	107,843	104,619
365,784	354,785	371,835	338,665	326,208
752,163	590,560	419,758	387,892	800,359
3,449,840	3,575,935	2,849,352	2,257,296	2,746,294
2,884,363	2,555,374	2,488,592	2,216,810	2,119,901
890,382	789,382	849,310	875,791	838,000
3,483,636	3,002,062	3,158,999	3,773,576	3,739,296
79,540	185,530	60,324	31,706	65,691
2,216,476	3,990,621	1,928,029	6,373,458	5,561,879
991,682	944,627	895,901	1,154,167	796,337
1,263,946	1,279,621	1,164,110	1,225,852	1,183,073
103,441	0	86,721	0	0
<u>27,886,718</u>	<u>27,755,782</u>	<u>24,300,017</u>	<u>28,192,062</u>	<u>28,217,776</u>
<u>(1,184,986)</u>	<u>(953,246)</u>	<u>800,575</u>	<u>(3,987,756)</u>	<u>(5,350,708)</u>
5,478,271	0	7,705,000	240,000	0
356,729	104,000	185,000	137,000	89,900
918,855	0	0	0	0
43,403	0	46,591	0	0
(5,470,416)	0	(6,369,870)	0	0
11,255	46,656	0	0	0
0	0	48,499	184,954	0
3,569,940	2,690,340	3,398,033	2,950,732	2,230,717
<u>(2,879,995)</u>	<u>(2,481,769)</u>	<u>(3,341,844)</u>	<u>(2,895,926)</u>	<u>(2,188,782)</u>
<u>2,028,042</u>	<u>359,227</u>	<u>1,671,409</u>	<u>616,760</u>	<u>131,835</u>
<u>\$843,056</u>	<u>(\$594,019)</u>	<u>\$2,471,984</u>	<u>(\$3,370,996)</u>	<u>(\$5,218,873)</u>
9.22%	8.49%	9.49%	10.37%	8.53%

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				
2012	\$325,473,000	\$145,320,000	\$1,345,122,857	\$14,018,000	\$15,929,545	\$0	\$0
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

Source: Erie County Auditor

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

The assessed value of real property (including public utility real property) is 35 percent of estimated actual value. Personal property tax was assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 of actual value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent actual value for machinery and equipment and 23 percent for inventory. The general business tangible personal property tax 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
\$484,811,000	\$1,361,052,402	\$5.25
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

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

Year	2012	2011	2010	2009	2008
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	75.4100	75.4000	75.4000	75.3500	75.9500

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>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$1.0000	\$0.7000	\$0.7000	\$0.7000	\$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
5.2500	4.9500	4.9500	4.9500	5.5100
8.8000	8.8000	8.8000	8.8000	8.8000
70.5500	70.5500	70.5500	70.5500	70.5500

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

Year	Current Tax Levy (1)	Current Collections	Percentage of Current Collections to Current Tax Levy	Delinquent Charges	Delinquent Collections	Total Collections	Percentage of Total Collections to Current Tax Levy
2012	\$3,087,085	\$2,602,352	84.30%	\$466,638	\$157,080	\$2,759,432	89.39%
2011	2,569,664	2,396,091	0.93	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	144,077	2,211,668	95.03
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

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	2012			2003		
		Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Cedar Fair	Theme Park	\$39,263,700	1	8.10%	\$53,114,560	1	11.99%
Ohio Edison Company	Utility	10,499,620	2	2.17	8,816,480	2	1.99
Norfolk & Western Railway	Railroad	4,300,480	3	0.88	3,303,500	9	0.75
Firelands Regional Health System	Hospital	3,840,670	4	0.79	5,009,310	5	1.13
Key Real Estate LTD	Realty	3,656,490	5	0.76			
S & S Realty	Realty	3,456,310	6	0.71	3,318,000	8	0.75
Columbia Gas	Utility	2,414,260	7	0.50			
Myers Industries, Inc.	Manufacturing/Assembly	2,306,800	8	0.48			
Providence Care Center	Nursing Home	2,074,890	9	0.43			
CNL Income Sandusky Marina	Port Facilities	1,995,010	10	0.40			
Sandusky International, Inc.	Manufacturing				7,180,140	3	1.61
Fort James Operating Company	Thermaformed Container				5,488,580	4	1.24
SBC Communications	Telephone				3,745,710	6	0.85
FMC Corporation	Food Equipment				3,481,380	7	0.79
U.S. Tsubaki, Inc.	Manufacturing				2,450,450	10	0.55
	Total	73,808,230		15.22	95,908,110		21.65
	All Other Taxpayers	411,002,770		84.78	347,162,924		78.35
	Total Assessed Valuation	<u>\$484,811,000</u>		<u>100.00%</u>	<u>\$443,071,034</u>		<u>100.00%</u>

Source: Erie County Auditor

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

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

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>

(continued)

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

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>

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>

(continued)

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

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

Source: Regional Income Tax Agency (RITA)

Note: Information prior to 2004 not available.

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

Type of Customer	2012			2011		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	548,757	\$1,414,656	\$1,387,655	615,721	\$1,439,777	\$1,400,365
Commercial	507,931	1,299,733	1,163,057	521,961	1,190,109	1,179,737
Industrial	28,074	57,888	56,826	31,093	59,055	57,115
Municipal	57,723	0	0	52,242	0	0
<b>Total</b>	<b>1,142,485</b>	<b>\$2,772,277</b>	<b>\$2,607,538</b>	<b>1,221,017</b>	<b>\$2,688,941</b>	<b>\$2,637,217</b>
Monthly Base Rate		\$4.10			\$4.10	
Rate per 100 Cubic Feet		\$1.90			\$1.90	

Source: City Records

(continued)

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

Charges to Erie County are not included in payment amounts.

Information prior to 2004 not available.

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

Type of Customer	2010			2009		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	602,857	\$1,417,520	\$1,408,563	607,578	\$1,415,158	\$1,442,767
Commercial	488,715	1,173,261	1,143,321	501,882	1,067,549	1,069,470
Industrial	25,519	50,625	46,932	23,337	51,264	52,651
Municipal	56,694	0	0	37,754	0	0
<b>Total</b>	<b>1,173,785</b>	<b>\$2,641,406</b>	<b>\$2,598,816</b>	<b>1,170,551</b>	<b>\$2,533,971</b>	<b>\$2,564,888</b>
Monthly Base Rate		\$4.10			\$4.10	
Rate per 100 Cubic Feet		\$1.90			\$1.90	

2008			2007		
Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
652,538	\$1,502,904	\$1,460,921	679,939	\$1,547,390	\$1,506,012
531,077	1,162,919	1,141,576	544,937	1,190,056	1,193,784
26,814	57,649	54,522	32,138	72,598	77,686
27,297	0	0	18,663	0	0
<u>1,237,726</u>	<u>\$2,723,472</u>	<u>\$2,657,019</u>	<u>1,275,677</u>	<u>\$2,810,044</u>	<u>\$2,777,482</u>
	\$4.10			\$4.10	
	\$1.90			\$1.90	

(continued)

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

Type of Customer	2006			2005		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	660,179	\$1,510,317	\$1,510,051	656,463	\$1,457,843	\$1,448,097
Commercial	556,330	1,226,408	1,225,604	595,875	1,283,016	1,296,703
Industrial	38,040	84,593	76,639	45,565	97,333	95,961
Municipal	21,734	0	0	26,066	0	0
Total	<u>1,276,283</u>	<u>\$2,821,318</u>	<u>\$2,812,294</u>	<u>1,323,969</u>	<u>\$2,838,192</u>	<u>\$2,840,761</u>
Monthly Base Rate		\$4.10			\$4.10	
Rate per 100 Cubic Feet		\$1.90			\$1.90	

2004		
<u>Consumption (CCF)</u>	<u>Billings</u>	<u>Payments</u>
659,329	\$1,506,510	\$1,496,017
563,771	1,336,619	1,277,123
41,449	92,967	85,129
13,832	20	46
<u>1,278,381</u>	<u>\$2,936,116</u>	<u>\$2,858,315</u>
	\$4.10	
	\$1.90	

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

Type of Customer	2012			2011		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	548,757	\$2,601,336	\$2,645,519	615,721	\$2,785,808	\$2,657,644
Commercial	507,931	2,106,498	2,095,062	521,961	2,144,778	2,105,590
Industrial	28,074	122,333	126,372	31,093	130,625	126,327
Municipal	57,723	0	0	52,242	0	0
<b>Total</b>	<b>1,142,485</b>	<b>\$4,830,167</b>	<b>\$4,866,953</b>	<b>1,221,017</b>	<b>\$5,061,211</b>	<b>\$4,889,561</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.

2010			2009		
Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
602,857	\$2,734,948	\$2,689,269	607,578	\$2,754,445	\$2,773,222
488,715	2,014,088	2,125,726	501,882	2,066,859	2,052,461
25,519	108,864	101,797	23,337	100,270	99,459
56,694	0	0	37,754	0	0
<u>1,173,785</u>	<u>\$4,857,900</u>	<u>\$4,916,792</u>	<u>1,170,551</u>	<u>\$4,921,574</u>	<u>\$4,925,142</u>
	\$7.00			\$7.00	
	\$3.97			\$3.97	

(continued)

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

Type of Customer	2008			2007		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	652,538	\$2,943,970	\$2,816,847	679,939	\$3,030,649	\$2,927,168
Commercial	531,077	2,195,755	2,145,365	544,937	2,237,127	2,202,101
Industrial	26,814	114,945	111,770	32,138	139,349	143,690
Municipal	27,297	0	0	18,663	0	0
<b>Total</b>	<b>1,237,726</b>	<b>\$5,254,670</b>	<b>\$5,073,982</b>	<b>1,275,677</b>	<b>\$5,407,125</b>	<b>\$5,272,959</b>
Monthly Base Rate		\$7.00			\$7.00	
Rate per 100 Cubic Feet		\$3.97			\$3.97	

2006			2005		
Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
660,179	\$2,965,144	\$2,931,352	656,463	\$2,858,345	\$2,815,696
556,330	2,308,180	2,288,275	595,875	2,268,957	2,355,544
38,040	157,073	137,502	45,565	171,556	174,324
21,734	0	0	26,066	0	0
<u>1,276,283</u>	<u>\$5,430,397</u>	<u>\$5,357,129</u>	<u>1,323,969</u>	<u>\$5,298,858</u>	<u>\$5,345,564</u>
	\$7.00			\$7.00	
	\$3.97			\$3.97	

(continued)

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

Type of Customer	2004		
	Consumption (CCF)	Billings	Payments
Residential	659,329	\$2,963,308	\$2,926,004
Commercial	563,771	2,329,882	2,308,088
Industrial	41,449	169,416	146,309
Municipal	13,832	38	95
<b>Total</b>	<b>1,278,381</b>	<b>\$5,462,644</b>	<b>\$5,380,496</b>
Monthly Base Rate		\$7.00	
Rate per 100 Cubic Feet		\$3.97	

City of Sandusky  
Principal Water Customers  
Last Eight Years

2012		
Water Revenue		
Customer	Amount	Percentage
Cedar Fair	\$519,759	18.75%
Firelands Regional Health System	61,966	2.24
Sandusky Associates, LLC	34,226	1.23
U. S. Tsubaki, Inc.	27,006	0.97
MHD Corporation	12,338	0.45
Greentree Inn	10,115	0.36
Westwood Management	9,697	0.35
Erie Metro Housing	9,526	0.34
Sandusky Board of Education	9,336	0.34
Providence Care Center	9,127	0.33
Total	703,096	25.36
Balance from Other Customers	2,069,181	74.64
Total Water Revenue	\$2,772,277	100.00%

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%

(continued)

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

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%

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%

(continued)

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

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%

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%

(continued)

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

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%

2005		
Water Revenue		
Customer	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 Eight Years

2012		
Sewer Revenue		
Customer	Amount	Percentage
Cedar Fair	\$920,514	19.06%
Firelands Regional Health System	96,084	1.99
Sandusky Associates, LLC	69,247	1.43
MHD Corporation	25,913	0.54
Westwood Management	20,287	0.42
Erie Metro Housing	20,146	0.42
Sandusky Board of Education	20,019	0.41
North Coast Property Management	19,621	0.41
Providence Care Center	19,203	0.40
Greentree Inn	15,631	0.32
Total	1,226,665	25.40
Balance from Other Customers	3,603,502	74.60
Total Sewer Revenue	\$4,830,167	100.00%

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%

(continued)

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

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%

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%

(continued)

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

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%

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%

(continued)

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

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%

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

Source: City Utility Department

Note: Information prior to 2005 not available.

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

Year	Water		Sewer		Total	
	Residential	Commercial	Residential	Commercial	Residential	Commercial
2012	8,389	1,027	8,357	1,014	16,746	2,041
2011	8,357	1,006	8,329	989	16,686	1,995
2010	8,361	1,019	8,334	1,002	16,695	2,021
2009	8,379	1,014	8,351	997	16,730	2,011
2008	8,393	1,038	8,368	1,020	16,761	2,058
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 Eight 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
2012	3,420,350,900	2,509,011,164	43,260,580	806,177,308	24.32%	4,400,500,000
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

Year	Governmental Activities			
	General Obligation Bonds	Special Assessment Bonds	Loans Payable	Capital Leases
2012	\$14,677,706	\$3,183,334	\$509,301	\$0
2011	15,803,424	3,486,729	598,932	0
2010	15,901,176	3,812,686	684,873	914
2009	16,624,377	4,170,986	767,275	38,073
2008	17,289,834	4,438,434	829,545	75,916
2007	17,900,290	1,996,032	918,855	111,932
2006	18,413,397	1,974,032	0	146,214
2005	19,064,812	2,127,766	0	178,840
2004	18,287,600	2,194,499	0	160,242
2003	18,757,467	2,592,800	0	0

Source: City Records

(1) See schedule on S-50 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)
\$1,649,180	\$48,063,420	\$316,459	\$68,399,400	\$2,651.86	13.02%
1,753,994	46,725,607	372,152	\$68,740,838	2,665.10	13.91
1,935,910	43,537,012	425,552	\$66,298,123	2,570.39	13.58
2,117,825	40,693,071	476,753	\$64,888,360	2,330.43	12.87
2,294,659	36,781,982	515,446	\$62,225,816	2,234.80	12.34
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

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
2012	25,793	\$1,361,052,402	\$19,510,220	\$756.42	1.43%
2011	25,793	1,370,828,506	21,044,147	815.89	1.54
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

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, 2012

	Debt Outstanding	Percent Applicable to City of Sandusky (1)	Amount Applicable to City of Sandusky
City of Sandusky			
2001 Various Purpose	\$120,000	100.00%	\$120,000
2005 Various Purpose	465,000	100.00	465,000
2005 City Complex Refunding	5,323,414	100.00	5,323,414
2007 Police Pension Refunding	407,129	100.00	407,129
2007 Fire Pension Refunding	547,834	100.00	547,834
2007 Various Purpose Refunding	3,907,673	100.00	3,907,673
2011 Library Refunding	3,906,656	100.00	3,906,656
Special Assessment Bonds	3,183,334	100.00	3,183,334
Loans Payable	509,301	100.00	509,301
	<u>18,370,341</u>		<u>18,370,341</u>
Erie County	<u>14,755,030</u>	23.45	<u>3,460,055</u>
Total	<u>\$33,125,371</u>		<u>\$21,830,396</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 2012 collection year.

City of Sandusky  
Computation of Legal Debt Margin  
Last Ten Years

	2012	2011	2010	2009
Total Assessed Valuation	<u>\$484,811,000</u>	<u>\$487,852,000</u>	<u>\$400,482,525</u>	<u>\$490,136,050</u>
Overall Debt Limitation - 10.5 Percent of Assessed Valuation	50,905,155	51,224,460	42,050,665	51,464,285
Gross Indebtedness	73,103,099	73,755,127	71,437,371	69,034,270
Less Debt Outside Limitation				
Bond Anticipation Notes	0	0	0	0
Special Assessment Notes	0	0	0	0
Special Assessment Bonds	3,086,009	3,384,549	3,706,088	4,060,063
General Obligation Revenue Bonds	1,625,000	1,729,000	1,906,000	2,083,000
OWDA Loans	<u>48,063,420</u>	<u>46,725,607</u>	<u>43,537,012</u>	<u>40,693,071</u>
Net Indebtedness	20,328,670	21,915,971	22,288,271	22,198,136
Less Fund Balance in Debt Service Fund	<u>29,134</u>	<u>32,753</u>	<u>82,687</u>	<u>173,295</u>
Net Debt Within 10.5 Percent Limitation	<u>20,299,536</u>	<u>21,883,218</u>	<u>22,205,584</u>	<u>22,024,841</u>
Legal Debt Margin Within 10.5 Percent Limitation	<u>\$30,605,619</u>	<u>\$29,341,242</u>	<u>\$19,845,081</u>	<u>\$29,439,444</u>
Legal Debt Margin as a Percentage of the Overall Debt Limitation	60.12%	57.28%	47.19%	57.20%
Unvoted Debt Limitation - 5.5 Percent of Assessed Valuation	\$26,664,605	\$26,831,860	\$22,026,539	\$26,957,483
Gross Indebtedness	73,103,099	73,755,127	71,437,371	69,034,270
Less Debt Outside Limitation				
Bond Anticipation Notes	0	0	0	0
Special Assessment Notes	0	0	0	0
Special Assessment Bonds	3,086,009	3,384,549	3,706,088	4,060,063
General Obligation Revenue Bonds	1,625,000	1,729,000	1,906,000	2,083,000
OWDA Loans	<u>48,063,420</u>	<u>46,725,607</u>	<u>43,537,012</u>	<u>40,693,071</u>
Net Indebtedness	20,328,670	21,915,971	22,288,271	22,198,136
Less Fund Balance in Debt Service Fund	<u>29,134</u>	<u>32,753</u>	<u>82,687</u>	<u>173,295</u>
Net Debt Within 5.5 Percent Limitation	<u>20,299,536</u>	<u>21,883,218</u>	<u>22,205,584</u>	<u>22,024,841</u>
Legal Debt Margin Within 5.5 Percent Limitation	<u>\$6,365,069</u>	<u>\$4,948,642</u>	<u>(\$179,045)</u>	<u>\$4,932,642</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	23.87%	18.44%	(0.81%)	18.30%

Source: City Records

2008	2007	2006	2005	2004	2003
<u>\$508,186,420</u>	<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>
53,359,574	54,841,654	51,192,318	52,767,134	53,214,012	46,522,459
68,244,180	65,841,032	67,414,138	66,854,776	63,458,254	62,379,979
0	0	0	0	1,850,000	4,110,000
0	0	0	0	0	0
4,324,197	1,992,732	1,970,132	2,123,266	2,304,512	2,587,100
2,255,000	2,427,000	2,599,000	2,896,000	1,153,000	1,400,000
<u>36,781,982</u>	<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>
24,883,001	26,842,866	26,702,866	25,737,733	25,762,600	25,787,467
<u>162,155</u>	<u>205,867</u>	<u>266,065</u>	<u>256,409</u>	<u>494,598</u>	<u>751,261</u>
<u>24,720,846</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>\$28,638,728</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>
53.67%	51.43%	48.36%	51.71%	52.52%	46.18%
\$27,950,253	\$28,726,581	\$26,815,024	\$27,639,927	\$27,874,006	\$24,368,907
68,244,180	65,841,032	67,414,138	66,854,776	63,458,254	62,379,979
0	0	0	0	1,850,000	4,110,000
0	0	0	0	0	0
4,324,197	1,992,732	1,970,132	2,123,266	2,304,512	2,587,100
2,255,000	2,427,000	2,599,000	2,896,000	1,153,000	1,400,000
<u>36,781,982</u>	<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>
24,883,001	26,842,866	26,702,866	25,737,733	25,762,600	25,787,467
<u>162,155</u>	<u>205,867</u>	<u>266,065</u>	<u>256,409</u>	<u>494,598</u>	<u>751,261</u>
<u>24,720,846</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>\$3,229,407</u>	<u>\$2,089,582</u>	<u>\$378,223</u>	<u>\$2,158,603</u>	<u>\$2,606,004</u>	<u>(\$667,299)</u>
11.55%	7.27%	1.41%	7.81%	9.35%	(2.74%)

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	
2012	\$5,301,855	\$4,537,221	\$764,634	\$5,000	\$5,898	\$10,898	70.16
2011	5,296,814	4,770,271	526,543	85,000	10,523	95,523	5.51
2010	5,135,801	4,198,140	937,661	85,000	14,523	99,523	9.42
2009	5,377,081	4,182,466	1,194,615	85,000	18,524	103,524	11.54
2008	5,499,096	4,626,578	872,518	85,000	22,525	107,525	8.11
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

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	
2012	\$5,552,003	\$4,829,487	\$722,516	\$99,000	\$64,335	\$163,335	4.42
2011	6,816,622	6,343,763	472,859	92,000	68,641	160,641	2.94
2010	6,390,831	5,854,281	536,550	92,000	72,946	164,946	3.25
2009	6,113,987	5,143,723	970,264	87,000	76,995	163,995	5.92
2008	6,879,298	5,276,170	1,603,128	87,000	81,045	168,045	9.54
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

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)
2012	25,793	\$525,222,859	\$20,363	13,386	11,082	2.28
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

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	\$44,615	7.6%
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



City of Sandusky  
Principal Employers  
Current Year and Eight Years Ago

Employer	Type of Business	2012			2004		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Magnum Management Corp.	Entertainment	5,627	1	46.11%	6,583	1	51.43%
Firelands Regional Health System	Hospital	2,014	2	16.51	1,979	2	15.46
Sandusky Board of Education	Education	810	3	6.64	914	3	7.14
Erie County	Government	590	4	4.84	683	4	5.34
U.S. Tsubaki, Inc.	Manufacturing	377	5	3.09			
Stein Hospice Service	Hospice	346	6	2.84			
Kyklos Bearings International	Automotive	254	7	2.08	286	6	2.23
Automotive Components Holdings	Automotive	248	8	2.03			
City of Sandusky	Government	235	9	1.93	399	5	3.12
Sandusky International, Inc.	Manufacturing	145	10	1.19			
FMC Corporation	Food Equipment				228	7	1.78
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>10,646</u>		<u>87.26%</u>	<u>11,433</u>		<u>89.32%</u>
	Total City Employment	<u>12,200</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 Nine Years

Function/Program	2012	2011	2010	2009
Security of Persons and Property-Police				
Police Patrol	45.0	47.0	45.0	52.0
Police Records	1.0	4.5	6.0	10.0
Police Reserve	4.0	2.0	0.0	0.0
Security of Persons and Property-Fire				
Fire Suppression	53.0	54.0	48.0	54.0
Public Health				
Oakland Cemetery	2.5	2.5	2.5	3.5
Leisure Time Activities				
Golf Course	0.5	0.0	0.0	0.0
Recreation	1.0	2.0	1.0	1.0
Pavillion	0.0	0.0	0.0	0.5
Community Environment				
Community Development	6.0	6.0	6.0	5.0
Horticultural Services	8.0	8.5	8.5	8.0
Transportation				
Streets	10.5	9.5	9.5	10.0
Traffic and Electrical Maintenance	2.0	2.0	3.0	3.0
General Government-Municipal Court				
Court-Criminal	17.5	17.0	18.0	18.0
General Government-Other				
City Manager	1.0	1.5	0.0	0.0
Personnel Labor Relations	3.0	4.0	4.0	4.5
Finance	3.0	2.0	3.0	4.0
Law Director	4.5	4.5	4.5	4.0
City Commission	8.0	8.0	8.0	8.0
Municipal Buildings and Lands	3.5	3.5	4.5	4.0
Engineering	7.0	7.0	7.0	10.0
Fleet	4.0	4.0	4.0	4.0
Basic Utility Services				
Water/Sewer Office	3.0	3.0	3.0	3.0
Waterworks Filtration	13.0	13.0	13.0	12.0
Waterworks Distribution	8.0	8.0	8.5	9.0
Water Pollution Control	17.0	18.0	18.0	18.0
Sewer Maintenance	9.0	8.0	9.0	9.0
<b>Total</b>	<b>235.0</b>	<b>239.5</b>	<b>234.0</b>	<b>254.5</b>

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.

2008	2007	2006	2005	2004
52.0	49.0	50.0	51.0	52.0
12.0	11.0	10.5	11.0	11.0
3.5	7.0	8.5	7.5	9.5
52.0	53.0	53.0	52.0	54.0
3.0	4.5	4.0	4.0	4.0
0.0	0.0	0.0	0.0	0.0
1.0	1.0	1.0	2.0	1.0
0.5	0.0	0.0	0.0	0.0
8.5	10.5	11.5	11.5	12.0
9.0	11.5	11.0	13.0	13.5
10.0	10.0	9.0	9.0	9.0
3.0	5.0	4.0	5.0	4.0
19.5	19.5	17.5	17.5	19.0
2.0	2.0	3.0	4.0	4.0
5.5	5.5	3.5	5.0	7.0
4.0	4.0	4.0	4.0	6.0
6.0	6.0	6.0	6.0	6.0
9.0	9.0	9.0	9.5	10.0
5.5	4.5	4.5	5.0	5.0
11.0	11.0	12.0	11.0	12.0
4.0	4.0	4.0	4.0	4.0
3.0	2.0	3.0	3.0	3.0
12.0	13.0	13.0	14.0	15.0
9.0	10.0	10.0	11.0	11.0
18.0	18.0	18.0	18.0	19.0
9.0	9.0	10.0	10.0	11.0
272.0	280.0	280.0	288.0	302.0

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

Function/Program	2012	2011	2010
<b>Security of Persons and Property-Police</b>			
Number of Calls for Service	36,934	37,071	19,471
Number of Traffic Citations and Arrests	3,922	3,452	3,072
Number of Parking Tickets Issued	445	557	611
<b>Accident Severity Breakdown</b>			
Fatalities	2	0	0
Injury	127	138	101
Property Damage	577	574	603
Number of Criminal Arrests	6,094	5,881	6,505
Number of DUI Arrests	184	185	241
Square Miles Served	14.9	14.9	14.9
Original Department Operating Budget (General Fund)	\$4,951,507	\$4,686,741	\$4,673,083
<b>Security of Persons and Property-Fire</b>			
Number of EMS Calls	4,495	4,312	3,914
Number of Fire Calls	855	791	838
Net Ambulance Billing Collections	\$864,791	\$622,476	\$767,177
EMS Response Time (in seconds)	178	191	184
Fire Reponse Time (in seconds)	251	288	285
Number of Times Mutual Aid Given	23	26	21
Number of Times Mutual Aid Received	17	29	23
Square Miles Served	14.9	14.9	14.9
Number of Stations	3	3	3
Original Department Operating Budget (General Fund)	\$4,176,776	\$4,105,936	\$4,392,888
<b>Public Health</b>			
Cemetery Burials	108	128	110
Cemetery Cremations	34	34	33
Cemetery Sale of Lots	74	66	65
Cemetery Charges for Services Receipts	\$74,340	\$90,515	\$86,562
<b>Leisure Time Activities</b>			
<b>Recreation</b>			
Boat Ramp Receipts	\$21,369	\$938	\$201
Golf Course Receipts	\$204,010	\$211,717	\$214,839
Recreation Receipts	\$30,954	\$30,958	\$23,786
Sandusky Bay Pavilion Receipts	\$0	\$5,000	\$500
Paper District Marina Receipts	\$21,369	\$6,033	\$0
Reimbursements/Donations	\$3,262	\$760	\$650
Golf Course-Daily Pay Rounds	9,801	6,935	9,610
Golf Course-Daily Pass Rounds	6,952	6,880	6,588
Golf Course-Annual Pass Sales	120	119	124
Boat Ramp-Number of Daily Passes Sold	2,501	0	n/a
Boat Ramp-Number of Season Passes Sold	65	0	n/a
Boat Ramp-Number of Tournament Days	12	14	12
Paper District Marina-3-Hour Docks	722	186	0
Paper District Marina-Overnight Boat	109	89	0
Paper District Marina-Weekly Boat	0	11	0
Paper District Marina-Jetski Day	17	39	0
Paper District Marina-Jetski Overnight	0	2	0
Paper District Marina-Jetski 10-Day	0	2	0

2009	2008	2007	2006	2005	2004
28,288	21,441	17,529	15,951	16,010	16,869
4,319	4,892	3,807	2,598	2,537	2,344
1,069	1,819	1,815	2,672	2,513	2,921
0	2	0	0	0	1
120	123	132	159	177	196
511	575	651	582	641	738
5,771	7,953	8,094	7,829	7,341	7,169
241	209	235	174	145	168
14.9	14.9	14.9	14.9	14.9	14.9
\$5,404,496	\$5,384,630	\$5,017,372	\$4,835,645	\$4,416,114	\$4,628,849
3,858	3,673	3,641	3,332	3,223	3,279
1,177	1,168	1,115	950	928	887
\$626,958	\$660,239	\$599,323	\$637,234	\$595,298	\$596,512
178	186	214	199	198	165
247	207	226	191	201	171
18	27	18	23	16	19
16	19	30	45	37	19
14.9	14.9	14.9	14.9	14.9	14.9
3	3	3	3	3	3
\$4,900,965	\$4,745,641	\$4,515,255	\$4,314,322	\$3,996,555	\$3,849,625
95	93	103	131	106	107
42	42	35	26	33	32
69	74	103	64	70	89
\$100,113	\$95,190	\$107,389	\$103,154	\$107,066	\$111,878
\$845	\$38,128	\$55,519	\$53,306	\$32,280	\$29,504
\$207,048	\$244,384	\$209,793	\$188,407	\$224,461	\$198,801
\$27,820	\$36,325	\$34,509	\$22,999	\$21,127	\$12,394
\$17,515	\$34,261	\$35,741	\$54,355	\$8,295	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$669	\$529	\$124	\$877	\$1,058	\$9,245
9,517	11,275	10,357	8,140	9,817	9,658
9,484	9,973	10,074	8,695	8,185	8,578
132	145	164	197	195	160
n/a	3,915	4,513	4,616	4,915	4,523
n/a	78	113	124	155	142
14	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
0	0	0	0	0	0
0	0	0	0	0	0

(continued)

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

Function/Program	2012	2011	2010
<b>Horticulture Services</b>			
Trees Planted	65	52	25
Trees Removed	153	143	118
Trees Trimmed	232	223	478
Stumps Removed	177	132	114
Loads of Wood and Chips to Residents	135	128	132
Number of Regularly Scheduled Work Hours Related to			
Trees Planted	244	18	166
Trees Removed	688	939	854
Trees Trimmed	375	430	622
Stumps Removed	144	119	185
Storm Cleanup	491	220	179
Plant Propagation	1,350	1,055	931
Plant Installation	731	465	300
Landscape Maintenance	1,945	1,260	1,357
Fountain and Irrigation Maintenance	174	92	226
Playground Equipment Maintenance	120	87	99
Nursery Maintenance	16	593	503
Baseball Field Maintenance	125	120	73
Public Restroom Maintenance	286	309	271
Holiday Decorations	715	931	551
Christmas Tree Pickup	122	57	64
<b>Transportation</b>			
Cost of Salt Purchased	\$25,307	\$60,650	\$63,648
Number of Regularly Scheduled Work Hours Related to Snow Removal	694	1,185	1,452
Sign Department Hours	1,503	1,581	1,716
Guardrail Repair Hours	0	0	24
Street Improvements-Asphalt Overlay (linear feet)	1,331	115	2,278
Pavement Marking Hours	520	492	950
Cold Patch Hours	839	1,185	1,711
Street Sweeping Hours	1,425	1,598	1,429
<b>General Government-Court</b>			
Municipal Court			
Number of Civil Cases	2,749	2,502	2,727
Number of Criminal Cases	11,597	9,879	10,295
<b>General Government-Other</b>			
Finance			
Agency Ratings-Moody's Financial Services	Aa3	Aa3	Aa3
<b>Income Tax</b>			
Number of Individual Returns	15,306	15,050	10,091
Number of Business Returns	2,748	2,460	1,846
Number of Business Withholding Accounts	13,387	12,168	9,767
Amount of Interest and Penalties Collected	\$100,984	\$122,404	\$98,699
Tax Revenue	\$7,224,985	\$7,234,468	\$6,811,653
<b>City Commission</b>			
Number of Ordinances Passed	141	143	162
Number of Resolutions Passed	39	52	44
<b>Municipal Buildings and Lands</b>			
Number of Construction Permits Issued (building, electric, plumbing)	927	1,060	2,259
Estimated Value of Construction	\$16,070,557	\$11,484,665	\$26,426,795
Amount of Revenue Generated from Building Department	\$188,287	\$146,647	\$232,932

2009	2008	2007	2006	2005	2004
20	32	103	134	39	75
108	133	159	208	180	161
265	408	659	486	842	762
75	245	202	177	137	219
176	133	246	254	278	119
222	188	250	212	135	356
1,036	1,210	1,550	2,242	1,712	1,532
216	680	866	1,113	1,312	1,476
230	382	364	306	225	449
288	489	357	299	411	315
1,857	1,276	1,949	2,412	2,271	2,125
573	961	700	1,461	1,575	1,220
2,060	875	1,893	2,090	1,933	1,430
130	100	121	170	217	270
117	80	170	221	418	126
75	95	87	96	106	173
342	371	326	871	573	380
258	242	266	489	229	129
856	1,251	1,208	533	476	1,002
16	24	56	59	65	163
\$7,095	\$71,372	\$83,436	\$25,872	\$67,835	\$40,109
1,398	1,595	1,301	336	532	371
2,251	1,904	2,538	2,312	2,082	2,601
16	0	18,718	0	7	11
2,740	3,444	547	7,580	3,419	3,134
841	850	1,160	516	503	217
1,330	1,922	1,281	410	2,499	2,701
1,453	1,358	1,477	1,156	1,012	771
3,166	3,277	3,097	2,893	2,554	2,977
13,156	12,888	12,052	10,915	11,955	11,311
A2	A2	A2	A2	A2	A2
6,982	12,838	9,704	11,503	9,450	11,601
2,070	1,423	1,292	1,226	1,429	1,625
8,550	1,337	1,352	8,885	1,375	N/A
\$148,491	\$165,724	\$207,015	\$78,435	\$101,724	\$127,529
\$6,249,181	\$8,179,964	\$6,891,325	\$7,179,950	\$7,156,052	\$7,021,290
131	150	105	130	72	165
33	37	38	55	30	48
931	1,146	892	1,018	1,113	1,155
\$30,794,209	\$14,812,745	\$12,990,490	\$71,960,299	\$49,638,024	\$41,545,823
\$162,116	\$162,072	\$136,065	\$329,152	\$381,708	\$229,887

(continued)

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

Function/Program	2012	2011	2010
Civil Service			
Number of Police Entry Tests Administered	0	1	0
Number of Fire Entry Tests Administered	0	1	0
Number of Police Promotional Tests Administered	0	2	0
Number of Fire Promotional Tests Administered	1	2	0
Number of Hires of Police Officers from Certified Lists	7	5	0
Number of Hires of Fire/Medics from Certified Lists	4	6	0
Number of Promotions from Police Certified Lists	5	4	0
Number of Promotions from Fire Certified Lists	6	2	0
Water Department			
Water Rates per 100 Cubic Feet of Water Used Monthly (1)	\$4.10	\$4.10	\$4.10
Sewer Department			
Sewer Rates per 100 Cubic Feet of Water Used Monthly (1)	\$7.00	\$7.00	\$7.00
Total Flow of Wastewater Treatment Plant	4,401	5,865	3,764
Average Daily Flow (millions of gallons per day)	12.01	16.10	10.30
Tons of Dry Sludge Removed	1,272	1,017	1,246

Source: City Records

(1) Based on 5/8" meter

Note: Information prior to 2004 not available.

2009	2008	2007	2006	2005	2004
0	0	1	0	0	0
0	1	0	0	0	0
0	1	3	0	0	0
1	1	0	0	0	0
0	7	4	0	0	0
2	2	0	0	0	0
0	2	8	0	0	0
1	1	0	0	0	0
\$4.10	\$4.10	\$4.10	\$4.10	\$4.10	\$4.10
\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00
3,791	4,300	4,174	4,120	3,943	3,868
10.42	11.79	11.42	11.30	10.82	10.57
1,441	1,491	1,650	1,357	1,466	1,468

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

Function/Program	2012	2011	2010
Security of Persons and Property-Police			
Stations	1	1	1
Vehicles	27	26	26
Security of Persons and Property-Fire			
Stations	3	3	3
Vehicles	16	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	46
Transportation			
Bridges	1	1	1
Streets (miles)	113.7	113.7	113.7
Vehicles	29	29	29
General Government-Other			
City Manager Vehicles	5	6	6
Mechanic Vehicles	4	4	4
Engineering Vehicles	10	10	10
Water			
Water Lines (miles)	134.88	134.88	134.88
Vehicles	18	18	18
Sewer			
Sewer Lines (miles)	163.69	163.69	163.69
Vehicles	20	20	20

Source: City Records

Note: Information prior to 2004 not available.

2009	2008	2007	2006	2005	2004
1	1	1	1	1	1
27	27	25	27	22	22
3	3	3	3	3	3
15	16	15	14	14	13
3	3	3	3	3	3
20	20	20	20	21	21
4	4	4	4	4	4
1	1	1	1	1	1
1	1	1	1	1	1
17	17	17	17	17	17
1	1	1	1	1	1
34	34	34	34	34	34
1	1	1	1	1	1
113.7	113.7	113.7	113.7	113.7	112.3
29	29	29	29	30	30
6	6	6	6	6	6
4	4	4	5	5	5
10	10	10	10	10	10
134.82	134.69	134.66	134.37	134.37	134.37
16	16	16	16	17	17
163.69	163.49	162.52	162.50	161.73	161.73
19	19	19	19	20	20



**City of Sandusky**  
Erie County, Ohio

*Reports Issued Pursuant to  
Government Auditing Standards  
And OMB Circular A-133*

For the Fiscal Year Ended  
December 31, 2012

**City of Sandusky**  
**Erie County, Ohio**  
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*December 31, 2012*

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June 21, 2013

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandusky, Erie County, Ohio (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 21, 2013, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

**Internal Control over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Rea & Associates, Inc.*

June 21, 2013

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

**Independent Auditor's Report on Compliance for Each Major Federal Program;  
Report on Internal Control over Compliance; and Report on the Schedule of  
Expenditures of Federal Awards Required by OMB Circular A-133**

**Report on Compliance for Each Major Federal Program**

We have audited the City of Sandusky's, Erie County, Ohio (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2012. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

**Report on Internal Control over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2012, and have issued our report thereon dated June 21, 2013, which contained an unmodified opinion on those financial statements, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Rea & Associates, Inc.*

CITY OF SANDUSKY  
ERIE COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012

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	\$ 1,405,756
Total United States Department of Housing and Urban Development			<u>1,405,756</u>
<b>UNITED STATES DEPARTMENT OF TRANSPORTATION</b>			
<i>Direct</i>			
Federal Transit Grant	N/A	20.507	628,768
ARRA - Federal Transit Grant	N/A	20.507	<u>24,257</u>
Total Federal Transit Grant			<u>653,025</u>
<i>Passed Through Ohio Department of Transportation</i>			
Job Access - Reverse Commute Program	12-JARC-0022-071	20.516	10,989
	12-JARC-4022-071	20.516	9,359
	13-JARC-0022-071	20.516	102,043
	13-JARC-4022-071	20.516	<u>48,448</u>
Total Job Access - Reverse Commute Program			<u>170,839</u>
Highway Planning and Construction	09N052	20.205	<u>395,517</u>
Total United States Department of Transportation			<u>1,219,381</u>
<b>UNITED STATES DEPARTMENT OF JUSTICE</b>			
<i>Direct</i>			
Edward Byrne Memorial Justice Assistance Grant Program	N/A	16.738	<u>13,855</u>
Total United States Department of Justice			<u>13,855</u>
<b>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Direct</i>			
Assistance to Firefighters Grant	EMW-2010-FH-00803	97.044	<u>375,961</u>
Total United States Department of Homeland Security			<u>375,961</u>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<u><u>\$ 3,014,953</u></u>

The accompanying notes are an integral part of this Schedule

**CITY OF SANDUSKY  
ERIE COUNTY, OHIO**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**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	\$ 290,206

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, 2012, the gross amount of loans outstanding under this program was \$529,628.

Activity in the CDBG revolving loan fund during 2012 is as follows:

Beginning loans receivable balance as of January 1, 2012:	\$ 625,275
Loans made:	120,397
Loan principal repaid on loans issued prior to 2012:	(182,049)
Loans written off:	(33,995)
Ending loan receivable balance as of December 31, 2012:	\$ 529,628

**CITY OF SANDUSKY  
ERIE COUNTY, OHIO**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(Continued)**

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

Ending loan receivable balance as of December 31, 2012 (from previous page)	\$ 529,628
Cash balance on hand in the revolving loan fund as of December 31, 2012:	800,939
Interest subsidies and administrative costs expended during 2012:	<u>46,358</u>
<b>Total value of RLF portion of the CDBG 14.218 program</b>	<b>1,376,925</b>
Other grants administered through the 14.218 program	<u>1,405,756</u>
<b>Total CDBG 14.218 program</b>	<b><u>\$ 2,782,681</u></b>

The table above reports gross loans receivable. Of the loans receivable as of December 31, 2012, the City estimates \$172,592 to be uncollectible.

**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, 2012, the gross amount of loans outstanding under this program was \$1,670,517. Loans written off are \$142,368.

**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  
ERIE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133, Section .505  
DECEMBER 31, 2012**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any 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	Unmodified
(d) (1) (vi)	Are there any reportable findings under Section 510(a) of Circular A-133?	No
(d) (1) (vii)	Major Programs (list):  Community Development Block Grant – Entitlement Grants  Assistance to Firefighters Grant	CFDA #14.218  CFDA #97.044
(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>
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NONE

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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NONE

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# Dave Yost • Auditor of State

**CITY OF SANDUSKY**

**ERIE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 6, 2013**