

City of Sandusky

Erie County

* * * *

Report Letters

December 31, 2010



Dave Yost • Auditor of State

Members of the City Commission
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, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

November 8, 2011

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CITY OF SANDUSKY

ERIE COUNTY, OHIO

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

August 16, 2011

To the City Commission
City of Sandusky
Erie County, Ohio

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandusky (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Sandusky in a separate letter dated August 16, 2011.

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

Rea & Associates, Inc.



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

August 16, 2011

To the City Commission
City of Sandusky
Erie County, Ohio

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

Compliance

We have audited the compliance of the City of Sandusky with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. The City of Sandusky's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Sandusky's management. Our responsibility is to express an opinion on the City of Sandusky's compliance based on our audit.

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

In our opinion, the City of Sandusky complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

Management of the City of Sandusky is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandusky as of and for the year ended December 31, 2010, and have issued our report thereon dated August 16, 2011. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Hea & Associates, Inc.

CITY OF SANDUSKY
ERIE COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Direct</i>			
Community Development Block Grant - Entitlement Grants	N/A	14.218	\$ 1,025,379
Community Development Block Grant Revolving Loan Funds	N/A	14.218	15,410
ARRA - Community Development Block Grant - Entitlement Grants	N/A	14.253	<u>218,407</u>
Total United States Department of Housing and Urban Development			<u>1,259,196</u>
 UNITED STATES DEPARTMENT OF TRANSPORTATION			
<i>Direct</i>			
Federal Transit Grant	N/A	20.507	595,360
ARRA - Federal Transit Grant	N/A	20.507	<u>603,123</u>
			1,198,483
<i>Passed Through Ohio Department of Transportation</i>			
Federal Transit Grant	10-JARC-0022-043	20.516	13,205
	10-JARC-0022-071	20.516	19,985
	10-JARC-4022-043	20.516	6,166
	10-JARC-4022-071	20.516	9,354
	11-JARC-0022-071	20.516	41,537
	11-JARC-4022-071	20.516	<u>17,017</u>
			107,264
Highway Planning and Construction	08N135	20.205	955
	09N052	20.205	<u>1,117,977</u>
			1,118,932
Total United States Department of Transportation			<u>2,424,679</u>
 UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			
<i>Direct</i>			
Brownfields Assessment and Cleanup Cooperative Agreements	N/A	66.818	280,352
ARRA - Brownfields Assessment and Cleanup Cooperative Agreements	N/A	66.818	<u>28,220</u>
			308,572
 UNITED STATES DEPARTMENT OF JUSTICE			
<i>Direct</i>			
Community Capacity Development Office - The Weed & Seed Program	N/A	16.595	<u>101,429</u>
 UNITED STATES DEPARTMENT OF HOMELAND SECURITY			
<i>Direct</i>			
Assistance to Firefighters Grant	EMW-2009-FO-06801	97.044	<u>31,500</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$ 4,125,376</u>

The accompanying notes are an integral part of this Schedule

**CITY OF SANDUSKY
ERIE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010**

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:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant – Entitlement	14.218	\$ 276,000

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. Loan 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, 2010, the gross amount of loans outstanding under this program was \$701,307.

Activity in the CDBG revolving loan fund during 2010 is as follows:

Beginning loans receivable balance as of January 1, 2010:	\$ 719,872
Loans made:	63,450
Loan principal repaid on loans issued prior to 2010:	<u>(82,015)</u>
Ending loan receivable balance as of December 31, 2010:	<u>\$ 701,307</u>

**CITY OF SANDUSKY
ERIE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

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

Ending loan receivable balance as of December 31, 2010 (from previous page)	\$ 701,307
Cash balance on hand in the revolving loan fund as of December 31, 2010:	673,828
Interest subsidies and administrative costs expended during 2010:	<u>15,410</u>
Total value of RLF portion of the CDBG 14.218 program	1,390,545
Other grants administered through the 14.218 program	<u>1,025,379</u>
Total CDBG 14.218 program	<u>\$ 2,415,924</u>

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, 2010, the gross amount of loans outstanding under this program was \$1,932,354. Loans in default are \$215,568.

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.

COUNTY OF SANDUSKY, OHIO

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

A-133 Ref.
.505(d)

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other internal control deficiencies reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any internal control deficiencies reported for major programs which were not considered to be material?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section 510(a) of Circular A-133?	No
(d) (1) (vii)	Major Programs (list): Highway Planning and Construction Grants Federal Transit Grants Brownfields Assessment and Cleanup Grants	CFDA # 20.205 20.507 66.818
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

NONE

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

CITY OF SANDUSKY, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2010

Introductory

CITY OF SANDUSKY, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2010

Prepared By:

Department of Finance

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CITY OF SANDUSKY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010

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

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

August 16, 2011

To the City Commission and Citizens of Sandusky:

The Comprehensive Annual Financial Report of the City of Sandusky for the year ended December 31, 2010, is herewith submitted. This report is prepared according to generally accepted accounting principles (GAAP). The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by its financial activity and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included. The City has a framework of internal controls established to insure the accuracy of the presented data and the completeness and fairness of the presentation. Because the cost of internal controls should not exceed anticipated benefits, the controls provide reasonable assurance that the financial statements are free of any material misstatements.

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

The independent public accountant has issued an unqualified opinion on the City of Sandusky's basic financial statements for the year ended December 31, 2010. 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 curb-to-curb assistance policy.

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

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

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

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

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

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

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

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

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

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

LOCAL ECONOMY

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

During the past nine years, the unemployment rate (not seasonally adjusted) has slowly risen from 5.8 percent in December 2001 to an estimated 9.8 percent in December 2010. Current economic conditions indicate income tax collections will be lower in upcoming years. As such, the City began reducing its workforce in attempts to stabilize the financial situation during 2010. The 2009 median household income for the City, as reported by the Census Bureau in its "2007-2009 American Community Survey 3-Year Estimates," is \$33,555, compared to the County, State, and national medians of \$47,161, \$48,023, and \$52,175, respectively. The median house value for the City based on the 2000 Census is \$75,400, compared to the County, State, and national medians of \$109,800, \$103,700, and \$119,600 respectively.

LONG-TERM FINANCIAL PLANNING

The City Commission approved the City Strategic Plan in February 2005. The Strategic Plan is a tool that will be used by the City Commission and staff to guide decisions made on behalf of the citizens of the City. If implemented and maintained successfully, the strategy will result in growth and overall positive results in the City. The overall purpose of the Strategic Plan is making the City a place where people choose to live, work, and play.

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

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

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

- Identify the general goal that it supports;
- Define the steps to complete the plan;
- Identify the City staff responsible for its completion;
- Contain an estimate of resources necessary to complete the plan;
- Contain a timeline;
- Contain an estimate of the impact;
- Define how success is measured.

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

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

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

RELEVANT FINANCIAL POLICIES

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

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

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

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

MAJOR INITIATIVES

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

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

Implementation of the Sandusky Bay Pathway Master Plan, which trails along the lakefront, began in 2004 with Phase 1 and Phase 2 construction beginning in 2005. The pathway provides a route that offers a means of exercise, relaxation, and access to public parks and facilities and provides a scenic view of the Sandusky Bay. 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. Cedar Point announced that the new ride to debut for the 2011 season would be "WindSeeker," a 301-foot tall tower that will spin riders almost thirty stories high along the shoreline of Lake Erie. "WindSeeker" will be a \$5 million investment by Cedar Point.

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

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

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

The City purchased the Chesapeake Building in 1999 and also adopted an urban renewal plan to revitalize about forty acres of the waterfront, including the Chesapeake property, and that area is now referred to as the "Paper District". In 2002, the Bay-Front Corridor Committee was established to act as an advisory committee on the selection of a developer. They received proposals from six developers and selected Mid-States Development Corporation (Mid-States) to develop certain properties. The City received a State grant to pay for acquisition, environmental cleanup, and demolition of part of the project site and also issued 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 public marina and amphitheater is currently being constructed. The marina is expected to be open this summer. The City issued its \$2,700,000 in urban renewal temporary revenue bonds in 2010 to provide resources to pay for a portion of that project. Debt charges on that financing are expected to be met from "urban renewal service payments" (commonly referred to as "payments in lieu of taxes") from this redevelopment.

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

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

Finally, the West End Overpass Project is a project the City is undertaking in cooperation with the Ohio Department of Transportation (ODOT) in order to build a grade separation bridge over rail lines in the western area of the City. These rail lines are heavily used by Norfolk Southern resulting in significant traffic delays in, and access to, that part of the City. ODOT is in charge of the bidding and contracting for the construction of the project and is expected to pay over 90 percent of the cost of the project. ODOT expects to take bids for the project this summer and construction is expected to start this summer. The project will take approximately two years to complete. The City's share of the project is expected to be approximately \$800,000. The City plans to finance the project by issuing bond anticipation notes later this year.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded for the nineteenth 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, 2009. 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, 2009

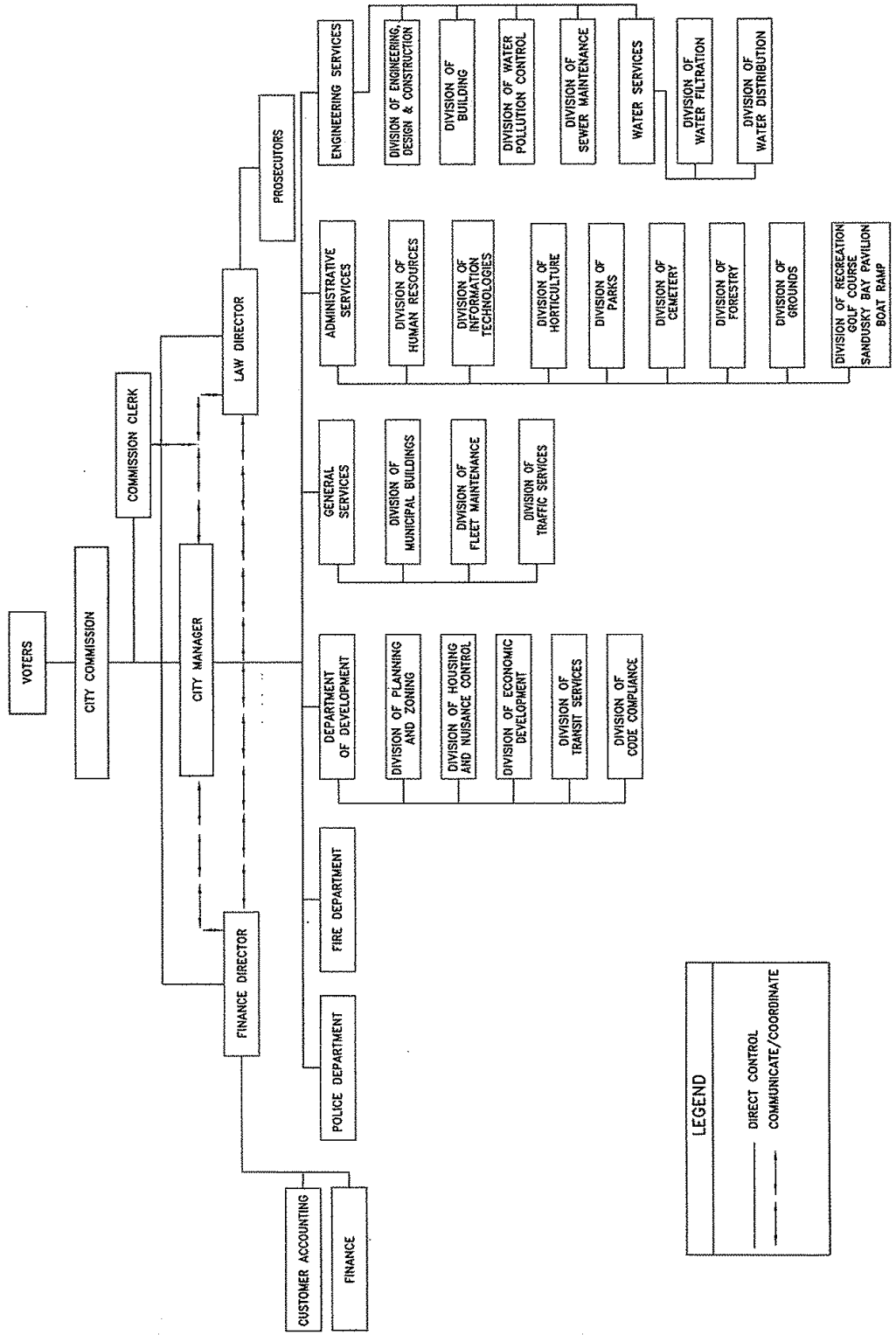
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

ORGANIZATIONAL CHART City of Sandusky



LEGEND	
—	DIRECT CONTROL
- - -	COMMUNICATE/COORDINATE

CITY OF SANDUSKY, OHIO

ELECTED PUBLIC OFFICIALS

December 31, 2010

CITY COMMISSION

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

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

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

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

Kimberly A. Nuesse
Term Expires 12-31-13
First took office 01-01-10

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

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

APPOINTED OFFICIALS

December 31, 2010

INTERIM CITY MANAGER

Donald C. Icsman

FINANCE DIRECTOR

Hank S. Solowiej, CPA

LAW DIRECTOR

Donald C. Icsman

CLERK OF COMMISSION

Kelly Kresser

Financial

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

August 16, 2011

To the City Commission
City of Sandusky
Erie County, Ohio

INDEPENDENT AUDITOR'S REPORT

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2011, on our consideration of the City of Sandusky's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 10 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financials statements that collectively comprise the City of Sandusky, Ohio's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Hea & Associates, Inc.

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2010
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, 2010. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

HIGHLIGHTS

Highlights for 2010 are as follows:

In total, the City's net assets increased \$5,834,766, or almost 6 percent. Net assets for both governmental and business-type activities increased about 6 percent.

Various contracts for improvements to the City's water and sewer treatment facilities were awarded in 2002. Construction activities on these facilities continued in 2010 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 2010, 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. A water rate study is currently being performed by Jones & Henry Engineers, Ltd.

USING THIS ANNUAL REPORT

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

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

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

REPORTING THE CITY AS A WHOLE

The statement of net assets and the statement of activities reflect how the City did financially during 2010. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

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

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

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

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

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

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

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the City's net assets for 2010 and 2009.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<u>Assets</u>						
Current and Other Assets	\$25,244,242	\$26,026,238	\$19,831,472	\$21,638,720	\$45,075,714	\$47,664,958
Capital Assets, Net	54,457,203	51,405,463	85,489,771	77,969,474	139,946,974	129,374,937
Total Assets	79,701,445	77,431,701	105,321,243	99,608,194	185,022,688	177,039,895
<u>Liabilities</u>						
Current and Other Liabilities	10,491,657	9,556,986	2,012,974	1,952,796	12,504,631	11,509,782
Long-Term Liabilities	22,426,300	23,792,027	46,512,803	43,993,898	68,939,103	67,785,925
Total Liabilities	32,917,957	33,349,013	48,525,777	45,946,694	81,443,734	79,295,707
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	38,636,112	34,869,732	39,941,052	35,050,194	78,577,164	69,919,926
Restricted	10,829,149	12,025,874	0	0	10,829,149	12,025,874
Unrestricted (Deficit)	(2,681,773)	(2,812,918)	16,854,414	18,611,306	14,172,641	15,798,388
Total Net Assets	\$46,783,488	\$44,082,688	\$56,795,466	\$53,661,500	\$103,578,954	\$97,744,188

While the overall change in net assets for governmental activities was not that significant, a 6 percent increase, there were several items of note. There was a 6 percent increase in net capital assets due to an increase in road construction projects, the purchase of new vehicles, and improvements to the greenhouse. These increases are also reflected in the increase in invested in capital assets. The increase in current and other liabilities was due to additional one-year temporary revenue bonds issued for the Bayfront Urban Revitalization Area improvements. The decrease in long-term liabilities simply reflects annual principal payments which are also reflected in the decrease in restricted net assets as payments were made from restricted resources.

Similarly, the overall change in net assets for business-type activities was a 6 percent increase. Although net assets increased, note the 8 percent decrease in current and other assets. This decrease was primarily due to a \$1.8 million decrease in cash and cash equivalents as resources were spent for capital acquisition and debt reduction. This is also reflected in the decrease in unrestricted net assets. The most significant change for business-type activities was the increase in net capital assets and invested in capital assets due to the ongoing improvements at the wastewater treatment plant, including a contribution of capital assets from Erie County. As part of the agreement for the City to service County sanitary sewer needs, the County is funding significant improvements to the City's wastewater treatment system. The City's commitment to this project is being funded with resources borrowed from the Ohio Water Development Authority and reflected in the increase in long-term liabilities.

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Table 2 reflects the changes in net assets for 2010 and 2009.

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$3,999,718	\$4,082,056	\$11,231,762	\$11,242,701	\$15,231,480	\$15,324,757
Operating Grants, Contributions, and Interest	4,514,002	3,531,046	0	0	4,514,002	3,531,046
Capital Grants and Contributions	1,509,594	2,010,876	4,108,459	12,273,563	5,618,053	14,284,439
Total Program Revenues	<u>10,023,314</u>	<u>9,623,978</u>	<u>15,340,221</u>	<u>23,516,264</u>	<u>25,363,535</u>	<u>33,140,242</u>
General Revenues						
Property Taxes	2,397,548	2,249,717	0	0	2,397,548	2,249,717
Payment in Lieu of Taxes	546,140	55,996	0	0	546,140	55,996
Municipal Income Taxes	6,811,653	6,249,181	0	0	6,811,653	6,249,181
Other Local Taxes	3,823,682	3,530,345	0	0	3,823,682	3,530,345
Franchise Taxes	321,254	304,588	0	0	321,254	304,588
Grants and Entitlements not Restricted to Specific Programs	1,774,328	1,808,763	0	0	1,774,328	1,808,763
Interest	241,382	559,857	1,328	1,086	242,710	560,943
Other	987,687	967,843	295,870	248,367	1,283,557	1,216,210
Total General Revenues	<u>16,903,674</u>	<u>15,726,290</u>	<u>297,198</u>	<u>249,453</u>	<u>17,200,872</u>	<u>15,975,743</u>
Total Revenues	<u>26,926,988</u>	<u>25,350,268</u>	<u>15,637,419</u>	<u>23,765,717</u>	<u>42,564,407</u>	<u>49,115,985</u>
<u>Program Expenses</u>						
Security of Persons and Property						
Police	5,516,364	5,669,764	0	0	5,516,364	5,669,764
Fire	5,515,869	5,862,556	0	0	5,515,869	5,862,556
Other	249,581	258,171	0	0	249,581	258,171
Public Health	329,948	315,947	0	0	329,948	315,947
Leisure Time Activities	460,013	816,417	0	0	460,013	816,417
Community Environment	3,331,774	4,228,845	0	0	3,331,774	4,228,845
Transportation	4,239,588	4,205,229	0	0	4,239,588	4,205,229
General Government						
Municipal Court	970,915	933,795	0	0	970,915	933,795
Other	3,456,520	3,870,955	0	0	3,456,520	3,870,955
Interest and Fiscal Charges	1,252,643	1,495,442	0	0	1,252,643	1,495,442
Water	0	0	4,511,328	5,101,130	4,511,328	5,101,130
Sewer	0	0	6,895,098	6,337,377	6,895,098	6,337,377
Total Expenses	<u>25,323,215</u>	<u>27,657,121</u>	<u>11,406,426</u>	<u>11,438,507</u>	<u>36,729,641</u>	<u>39,095,628</u>
Increase (Decrease) in Net Assets before Transfers	1,603,773	(2,306,853)	4,230,993	12,327,210	5,834,766	10,020,357
Transfers	1,097,027	(451,084)	(1,097,027)	451,084	0	0
Increase (Decrease) in Net Assets	2,700,800	(2,757,937)	3,133,966	12,778,294	5,834,766	10,020,357
Net Assets Beginning of Year	44,082,688	46,840,625	53,661,500	40,883,206	97,744,188	87,723,831
Net Assets End of Year	<u>\$46,783,488</u>	<u>\$44,082,688</u>	<u>\$56,795,466</u>	<u>\$53,661,500</u>	<u>\$103,578,954</u>	<u>\$97,744,188</u>

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

For governmental activities, there was a modest increase in program revenues, 4 percent. Operating grants and contributions increased as the City received funding through the American Recovery and Reinvestment Act for the purchase of new transit vehicles. Capital grants and contributions decreased; the City received a donation of land in the prior year.

There was also a 7.5 percent increase in general revenues for governmental activities. Much of this increase is reflected in the increase in payment in lieu of taxes revenue, the result of a tax abatement on a waterfront development project, as well as from an increase in municipal income taxes as there has been some modest recovery in the economy.

Governmental activities expenses decreased about 8.5 percent from the prior year, with moderate increases or decreases in all programs. The largest decreases are reflected in the leisure time activities program (there were a large number of sidewalk projects in the prior year that were not capitalized) and the community environment program (which fluctuates based on community development block grant projects). The police and fire departments continue to be the largest share of governmental expenses. These departments comprise almost 44 percent of all governmental activities costs.

The City's business-type activities are largely funded through charges for services. Capital grants and contributions decreased as Erie County's contribution toward the wastewater treatment system improvements was less in 2010. Total program expenses were very similar to 2009.

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	
	2010	2009	2010	2009
Security of Persons and Property				
Police	\$5,516,364	\$5,669,764	\$5,037,805	\$5,276,523
Fire	5,515,869	5,862,556	4,612,769	5,076,029
Other	249,581	258,171	249,581	258,171
Public Health	329,948	315,947	222,891	193,624
Leisure Time Activities	460,013	816,417	193,604	442,068
Community Environment	3,331,774	4,228,845	1,379,154	2,237,058
Transportation	4,239,588	4,205,229	(474,996)	223,944
General Government				
Municipal Court	970,915	933,795	(254,451)	(315,285)
Other	3,456,520	3,870,955	3,080,901	3,145,669
Interest and Fiscal Charges	1,252,643	1,495,442	1,252,643	1,495,442
Total Expenses	<u>\$25,323,215</u>	<u>\$27,657,121</u>	<u>\$15,299,901</u>	<u>\$18,033,243</u>

It should be noted that for all governmental activities, 60 percent of the costs for services in 2010 were provided for through general revenues (compared to 65 percent in 2009), that being primarily property taxes, municipal income taxes, tourism taxes, and State shared revenues.

CITY OF SANDUSKY
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Although the dependence on general revenues is substantial, there are several programs which were supported through program revenues in 2010. Leisure time activities received 58 percent of its support through program revenues, with the majority of these revenues generated by charges for services in the City's park and recreation programs. Community environment activities received over 58 percent of its support through program revenues in 2010. This is primarily the result of various community development block grant programs. The transportation program receives charges for services in the form of permissive motor vehicle license monies. The transportation program also receives operating grants in the form of state levied motor vehicle license fees and gas taxes.

The negative net cost of services for the Municipal Court indicates that program revenues are sufficient to cover the costs of this program, which includes fines and other revenues to offset the cost of running the court. Under Ohio Law, judges can establish restricted accounts to offset programs of the court. As such, there are various court related funds that provide for certain court activities. The combined operations of the court resulted in the \$254,451 negative net cost of services. At the same time, over \$280,000 of court generated revenues were generated in these other funds. These funds are not available to offset the day to day cost of running the court paid from the General Fund.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The City's major governmental funds are the General Fund, the Federal Grants special revenue fund, the Special Assessment Bond Retirement debt service fund, and the Capital Projects capital projects fund. There was a 20 percent increase in fund balance for the General Fund. Although the increase in revenues was a modest 3 percent (generally due to an increase in fees and other revenues resulting from the combining of Park activities in the General Fund for 2010), expenditures also decreased 4 percent. This was also due to Park activities reported in the General Fund.

The Federal Grants special revenue fund had a 24 percent decrease in fund balance. The fund had an increase in both revenues and expenditures related to American Recovery and Reinvestment resources received and spent on transportation activities.

The Special Assessment Bond Retirement debt service fund had a zero fund balance at year end as all resources were used to make principal and interest payments during the year.

The Capital Projects capital projects fund had a substantial decrease in fund balance (44 percent). The City spent more than \$1 million more than the prior year on various capital outlay expenditures.

BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS

The City's enterprise funds consist of the Water and Sewer funds. Both funds reflect an operating income and increase in net assets for 2010. Currently, the Water and Sewer funds are generating adequate revenues to cover the cost of operations and debt service; however, these funds continue to accumulate a significant amount of debt with the Ohio Water Development Authority for major renovations in progress at the water and sewer treatment plants. The improvements are required to keep the City in compliance with EPA standards. There will be additional improvements within both utilities. The City did increase water and sewer rates by 25 percent in January 2003 as part of a three-year rate program to provide additional funds for operations and future debt retirement; however, 2003 was the last year of the rate increase period. A water rate study is currently being performed by Jones & Henry Engineers, Ltd.

Also, note the Sewer Fund received capital contributions from Erie County of almost \$4 million in 2010.

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

BUDGETARY HIGHLIGHTS

The City prepares an annual budget of revenues and expenditures/expenses for all funds of the City for use by City officials and department heads and such other budgetary documents as are required by State statute. The annual appropriations ordinance cannot be adopted prior to the second Monday in January of each year per City Charter. The City approves a temporary appropriations ordinance until the annual appropriations are approved. The City's most significant budgeted fund is the General Fund. There were no significant changes from either the original budget to the final budget or from the final budget to actual revenues and expenditures in the General Fund during 2010.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2010, was \$38,636,112 and \$39,941,052, respectively (net of accumulated depreciation and related debt). The primary additions for governmental activities included ongoing construction in progress (such as Camp Street and Hayes Avenue), solar panels, an excavator, numerous transit vehicles, video conferencing equipment, and a trailer. Disposals included a parcel of land and a police cruiser. The primary additions for the business-type activities were related to wastewater treatment plant improvements, the Cedar Point Road water main extension, a van, and a pick up truck, along with the additional assets contributed by Erie County (wastewater treatment plant). Disposals were minimal. For further information on the City's capital assets, refer to Note 12 to the basic financial statements.

Debt - At December 31, 2010, the City had \$5,730,000 in bond anticipation notes payable from governmental activities. The City also has a number of long-term obligations outstanding. These obligations included \$15,901,176 in general obligation bonds, \$3,812,686 in special assessment bonds, \$1,935,910 in general obligation revenue bonds, \$43,537,012 in Ohio Water Development Authority loans, and \$1,110,425 in other long-term loans. Of the total long-term obligations, \$45,898,474 will be repaid from business-type activities.

In addition to the debt discussed above, the City's long-term obligations also include capital leases and compensated absences. For further information on the City's debt, refer to Notes 19, 20, and 21 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 2011 for public programs. These funds will help programs that fund fire prevention and safety, fair housing, economic development, brownfield assessments, street improvements, public transit, and downtown revitalization.

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

In October 2010, the City Commission authorized the issuance of \$3,030,000 in various improvement notes. The 2010 various improvement notes were issued to retire notes previously issued to replace the air conditioning unit at the Municipal Building, complete street 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 acquire a fire boat and pumper truck for the fire department. This funding will also assist with downtown redevelopment.

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

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 Assets
December 31, 2010

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$9,176,684	\$17,514,938	\$26,691,622
Accounts Receivable	1,157,937	1,130,464	2,288,401
Accrued Interest Receivable	45,309	0	45,309
Due from Other Governments	1,398,170	482,439	1,880,609
Municipal Income Taxes Receivable	1,847,243	0	1,847,243
Other Local Taxes Receivable	43,319	0	43,319
Prepaid Items	42	0	42
Materials and Supplies Inventory	215,979	674,153	890,132
Property Taxes Receivable	2,653,008	0	2,653,008
Payment in Lieu of Taxes Receivable	527,785	0	527,785
Notes Receivable	2,478,331	0	2,478,331
Special Assessments Receivable	5,424,369	0	5,424,369
Unamortized Bond Issuance Costs	276,066	29,478	305,544
Nondepreciable Capital Assets	16,015,358	25,957,727	41,973,085
Depreciable Capital Assets, Net	38,441,845	59,532,044	97,973,889
Total Assets	79,701,445	105,321,243	185,022,688
<u>Liabilities</u>			
Accrued Wages Payable	269,178	91,286	360,464
Accounts Payable	466,249	171,943	638,192
Contracts Payable	75,462	838,734	914,196
Due to Other Governments	946,279	175,797	1,122,076
Accrued Interest Payable	114,269	16,057	130,326
Notes Payable	5,730,000	0	5,730,000
Retainage Payable	177,574	719,157	896,731
Deferred Revenue	2,712,646	0	2,712,646
Long-Term Liabilities			
Due Within One Year	1,647,811	1,721,647	3,369,458
Due in More Than One Year	20,778,489	44,791,156	65,569,645
Total Liabilities	32,917,957	48,525,777	81,443,734
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	38,636,112	39,941,052	78,577,164
Restricted for			
Capital Projects	2,920,974	0	2,920,974
Debt Service	1,902,993	0	1,902,993
Other Purposes			
Street Maintenance	536,661	0	536,661
State Grants	2,680,957	0	2,680,957
Federal Grants	763,814	0	763,814
Cemetery	820,638	0	820,638
Other	1,203,112	0	1,203,112
Unrestricted (Deficit)	(2,681,773)	16,854,414	14,172,641
Total Net Assets	\$46,783,488	\$56,795,466	\$103,578,954

See Accompanying Notes to the Basic Financial Statements

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

	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	\$5,516,364	\$321,561	\$156,998	\$0
Fire	5,515,869	827,407	73,593	2,100
Other	249,581	0	0	0
Public Health	329,948	107,057	0	0
Leisure Time Activities	460,013	234,894	25,047	6,468
Community Environment	3,331,774	236,362	1,600,807	115,451
Transportation	4,239,588	844,608	2,484,401	1,385,575
General Government				
Municipal Court	970,915	1,160,818	64,548	0
Other	3,456,520	267,011	108,608	0
Interest and Fiscal Charges	1,252,643	0	0	0
Total Governmental Activities	25,323,215	3,999,718	4,514,002	1,509,594
<u>Business-Type Activities</u>				
Water	4,511,328	5,055,459	0	142,592
Sewer	6,895,098	6,176,303	0	3,965,867
Total Business-Type Activities	11,406,426	11,231,762	0	4,108,459
Total	\$36,729,641	\$15,231,480	\$4,514,002	\$5,618,053

General Revenues

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

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year - Restated (Note 3)

Net Assets End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$5,037,805)	\$0	(\$5,037,805)
(4,612,769)	0	(4,612,769)
(249,581)	0	(249,581)
(222,891)	0	(222,891)
(193,604)	0	(193,604)
(1,379,154)	0	(1,379,154)
474,996	0	474,996
254,451	0	254,451
(3,080,901)	0	(3,080,901)
(1,252,643)	0	(1,252,643)
(15,299,901)	0	(15,299,901)
0	686,723	686,723
0	3,247,072	3,247,072
0	3,933,795	3,933,795
(15,299,901)	3,933,795	(11,366,106)
1,670,722	0	1,670,722
274,602	0	274,602
452,224	0	452,224
546,140	0	546,140
6,092,961	0	6,092,961
404,895	0	404,895
313,797	0	313,797
3,823,682	0	3,823,682
321,254	0	321,254
1,774,328	0	1,774,328
241,382	1,328	242,710
987,687	295,870	1,283,557
16,903,674	297,198	17,200,872
1,097,027	(1,097,027)	0
18,000,701	(799,829)	17,200,872
2,700,800	3,133,966	5,834,766
44,082,688	53,661,500	97,744,188
\$46,783,488	\$56,795,466	\$103,578,954

City of Sandusky
Balance Sheet
Governmental Funds
December 31, 2010

	General	Federal Grants	Special Assessment Bond Retirement	Capital Projects	Other Governmental	Total Governmental Funds
<u>Assets</u>						
Equity in Pooled Cash and Cash Equivalents	\$3,509,974	\$914,208	\$0	\$2,120,959	\$2,538,423	\$9,083,564
Accounts Receivable	290,174	0	0	0	867,763	1,157,937
Accrued Interest Receivable	43,272	571	0	0	1,466	45,309
Interfund Receivable	19,590	0	0	0	0	19,590
Due from Other Governments	662,179	49,172	0	37,987	648,832	1,398,170
Municipal Income Taxes Receivable	1,639,554	0	0	0	207,689	1,847,243
Other Local Taxes Receivable	11,649	0	0	0	31,670	43,319
Prepaid Items	0	0	0	42	0	42
Materials and Supplies Inventory	130,470	82	0	0	85,427	215,979
<u>Restricted Assets:</u>						
Equity in Pooled Cash and Cash Equivalents	93,120	0	0	0	0	93,120
Property Taxes Receivable	1,933,034	0	0	0	719,974	2,653,008
Payment in Lieu of Taxes Receivable	3,322	0	0	0	524,463	527,785
Notes Receivable	0	56,175	0	0	2,422,156	2,478,331
Special Assessments Receivable	0	0	5,424,369	0	0	5,424,369
Total Assets	\$8,336,338	\$1,020,208	\$5,424,369	\$2,158,988	\$8,047,863	\$24,987,766
<u>Liabilities and Fund Balance</u>						
<u>Liabilities</u>						
Accrued Wages Payable	\$250,233	\$424	\$0	\$0	\$18,521	\$269,178
Accounts Payable	96,710	27,435	0	120,211	221,893	466,249
Contracts Payable	0	36,790	0	38,672	0	75,462
Interfund Payable	0	0	0	0	19,590	19,590
Due to Other Governments	403,030	183,502	0	7,548	352,199	946,279
Accrued Interest Payable	0	0	0	9,203	316	9,519
Notes Payable	0	0	0	5,630,000	100,000	5,730,000
Retainage Payable	0	6,882	0	170,692	0	177,574
Deferred Revenue	3,941,248	12,981	5,424,369	29,631	2,817,235	12,225,464
Total Liabilities	4,691,221	268,014	5,424,369	6,005,957	3,529,754	19,919,315
<u>Fund Balance</u>						
Nonspendable	146,670	82	0	42	85,427	232,221
Restricted	93,120	752,112	0	0	4,887,684	5,732,916
Committed	0	0	0	0	43,585	43,585
Assigned	133,224	0	0	0	0	133,224
Unassigned (Deficit)	3,272,103	0	0	(3,847,011)	(498,587)	(1,073,495)
Total Fund Balance (Deficit)	3,645,117	752,194	0	(3,846,969)	4,518,109	5,068,451
Total Liabilities and Fund Balance	\$8,336,338	\$1,020,208	\$5,424,369	\$2,158,988	\$8,047,863	\$24,987,766

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Reconciliation of Total Governmental Fund Balance
to Net Assets of Governmental Activities
December 31, 2010

Total Governmental Fund Balance \$5,068,451

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 54,457,203

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:

Accounts Receivable	255,686	
Accrued Interest Receivable	26,118	
Due from Other Governments	1,076,658	
Municipal Income Taxes Receivable	1,392,981	
Other Local Taxes Receivable	1,096	
Property Taxes Receivable	468,147	
Special Assessments Receivable	6,292,132	9,512,818

Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds. 276,066

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. (104,750)

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

General Obligation Bonds Payable	(15,901,176)	
Special Assessment Bonds Payable	(3,812,686)	
Loans Payable	(684,873)	
Capital Leases Payable	(914)	
Compensated Absences Payable	(2,026,651)	(22,426,300)

Net Assets of Governmental Activities \$46,783,488

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, 2010

	General	Federal Grants	Special Assessment Bond Retirement	Capital Projects	Other Governmental	Total Governmental Funds
<u>Revenues</u>						
Property Taxes	\$1,578,882	\$0	\$0	\$0	\$686,568	\$2,265,450
Payment in Lieu of Taxes	4,159	0	0	0	541,981	546,140
Municipal Income Taxes	6,008,088	0	0	0	707,934	6,716,022
Other Local Taxes	3,823,598	0	0	0	466,355	4,289,953
Special Assessments	0	0	312,486	0	0	312,486
Charges for Services	1,013,084	0	0	260,960	292,247	1,566,291
Fees, Licenses, and Permits	578,487	0	0	150,684	222,667	951,838
Fines and Forfeitures	1,016,736	0	0	0	72,519	1,089,255
Intergovernmental	1,667,802	2,869,964	0	1,563,555	1,505,010	7,606,331
Interest	274,851	13,917	0	0	34,047	322,815
Other	1,000,609	446	0	98,901	153,570	1,253,526
Total Revenues	16,966,296	2,884,327	312,486	2,074,100	4,682,898	26,920,107
<u>Expenditures</u>						
Current:						
Security of Persons and Property						
Police	4,703,942	145,318	0	0	590,880	5,440,140
Fire	4,358,539	35,747	0	124,398	745,131	5,263,815
Other	249,581	0	0	0	0	249,581
Public Health	235,781	0	0	15,622	101,885	353,288
Leisure Time Activities	314,676	0	0	4,029	21,901	340,606
Community Environment	1,115,083	1,632,763	0	203,802	512,794	3,464,442
Transportation	2,094	1,198,554	0	733,146	1,931,106	3,864,900
General Government						
Municipal Court	947,597	0	0	9,368	203	957,168
Other	2,722,623	0	0	8,613	64,602	2,795,838
Other	0	0	0	0	68,108	68,108
Capital Outlay	0	0	0	4,507,569	0	4,507,569
Debt Service:						
Principal Retirement	64,511	0	353,975	37,159	757,756	1,213,401
Interest and Fiscal Charges	24,845	0	214,494	83,085	919,139	1,241,563
Total Expenditures	14,739,272	3,012,382	568,469	5,726,791	5,713,505	29,760,419
Excess of Revenues Over (Under) Expenditures	2,227,024	(128,055)	(255,983)	(3,652,691)	(1,030,607)	(2,840,312)
<u>Other Financing Sources (Uses)</u>						
Sale of Capital Assets	17,078	0	0	0	1,400	18,478
Transfers In	0	0	259,373	2,597,066	1,807,840	4,664,279
Transfers Out	(1,629,641)	(113,257)	(3,390)	(117,110)	(1,703,854)	(3,567,252)
Total Other Financing Sources (Uses)	(1,612,563)	(113,257)	255,983	2,479,956	105,386	1,115,505
Changes in Fund Balance	614,461	(241,312)	0	(1,172,735)	(925,221)	(1,724,807)
Fund Balance (Deficit) Beginning of Year - Restated (Note 3)	3,030,656	993,506	0	(2,674,234)	5,443,330	6,793,258
Fund Balance (Deficit) End of Year	\$3,645,117	\$752,194	\$0	(\$3,846,969)	\$4,518,109	\$5,068,451

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, 2010

Changes in Fund Balance - Total Governmental Funds (\$1,724,807)

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 capital outlays exceeded depreciation in the current year.

Capital Outlay	6,038,376	
Depreciation	<u>(2,965,636)</u>	
		3,072,740

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

Proceeds from Sale of Capital Assets	(18,478)	
Loss on Disposal of Capital Assets	<u>(2,522)</u>	
		(21,000)

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

Property Taxes	132,098	
Municipal Income Taxes	95,631	
Other Local Taxes	84	
Special Assessments	(273,130)	
Charges for Services	123,090	
Fees, Licenses, and Permits	4,508	
Intergovernmental	(36,420)	
Interest	<u>(38,980)</u>	
		6,881

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

General Obligation Bonds Payable	739,865	
Special Assessment Bonds Payable	353,975	
Loans Payable	82,402	
Capital Leases Payable	<u>37,159</u>	
		1,213,401

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

Accrued Interest Payable	8,116	
Amortization of Premium	5,877	
Amortization of Issuance Costs	(6,857)	
Amortization of Accounting Loss	<u>(18,216)</u>	
		(11,080)

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.

164,665

Change in Net Assets of Governmental Activities \$2,700,800

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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		(Under)
<u>Revenues</u>				
Property Taxes	\$1,799,854	\$1,799,854	\$1,578,882	(\$220,972)
Payment in Lieu of Taxes	4,159	4,159	4,159	0
Municipal Income Taxes	6,078,006	5,978,240	6,003,975	25,735
Other Local Taxes	3,347,191	3,547,192	3,829,571	282,379
Charges for Services	828,206	846,853	1,044,185	197,332
Fees, Licenses, and Permits	497,764	504,333	578,487	74,154
Fines and Forfeitures	1,130,541	1,071,812	1,021,153	(50,659)
Intergovernmental	1,317,709	1,598,500	1,690,643	92,143
Interest	375,000	375,000	345,052	(29,948)
Other	483,623	612,150	664,683	52,533
Total Revenues	15,862,053	16,338,093	16,760,790	422,697
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	4,673,083	4,756,083	4,701,815	54,268
Fire	4,392,888	4,412,888	4,370,078	42,810
Other	235,000	248,000	247,160	840
Public Health	251,218	241,218	233,612	7,606
Leisure Time Activities	316,806	346,806	313,379	33,427
Community Environment	1,082,284	1,159,784	1,115,304	44,480
Transportation	1,150	2,150	2,094	56
General Government				
Municipal Court	902,565	945,565	941,813	3,752
Other	2,795,911	2,841,634	2,783,863	57,771
Debt Service:				
Principal Retirement	64,511	64,511	64,511	0
Interest and Fiscal Charges	24,845	24,845	24,845	0
Total Expenditures	14,740,261	15,043,484	14,798,474	245,010
Excess of Revenues Over Expenditures	1,121,792	1,294,609	1,962,316	667,707
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	147,550	176,881	335,926	159,045
Sale of Capital Assets	0	17,078	17,078	0
Advances In	3,390	3,390	3,390	0
Transfers Out	(1,556,341)	(1,634,322)	(1,629,641)	4,681
Total Other Financing Sources (Uses)	(1,405,401)	(1,436,973)	(1,273,247)	163,726
Changes in Fund Balance	(283,609)	(142,364)	689,069	831,433
Fund Balance Beginning of Year	2,876,975	2,876,975	2,876,975	0
Prior Year Encumbrances Appropriated	35,560	35,560	35,560	0
Fund Balance End of Year	\$2,628,926	\$2,770,171	\$3,601,604	\$831,433

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
Federal Grants Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Intergovernmental	\$2,195,000	\$3,694,554	\$2,916,307	(\$778,247)
Interest	25,000	25,000	14,267	(10,733)
Total Revenues	2,220,000	3,719,554	2,930,574	(788,980)
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	0	106,000	101,429	4,571
Fire	0	40,000	35,747	4,253
Community Environment	2,108,174	2,832,174	1,752,168	1,080,006
Transportation	972,000	1,572,000	1,198,484	373,516
Total Expenditures	3,080,174	4,550,174	3,087,828	1,462,346
Excess of Revenues Under Expenditures	(860,174)	(830,620)	(157,254)	673,366
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	0	446	446	0
Transfers Out	(118,504)	(118,504)	(113,257)	5,247
Total Other Financing Sources (Uses)	(118,504)	(118,058)	(112,811)	5,247
Changes in Fund Balance	(978,678)	(948,678)	(270,065)	678,613
Fund Balance Beginning of Year	533,048	533,048	533,048	0
Prior Year Encumbrances Appropriated	526,678	526,678	526,678	0
Fund Balance End of Year	\$81,048	\$111,048	\$789,661	\$678,613

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Fund Net Assets
Enterprise Funds
December 31, 2010

	Water	Sewer	Total
<u>Assets</u>			
<u>Current Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$7,348,644	\$10,166,294	\$17,514,938
Accounts Receivable	339,817	790,647	1,130,464
Due from Other Governments	331,490	150,949	482,439
Materials and Supplies Inventory	463,055	211,098	674,153
Total Current Assets	8,483,006	11,318,988	19,801,994
<u>Non-Current Assets</u>			
Unamortized Bond Issuance Costs	4,101	25,377	29,478
Nondepreciable Capital Assets	5,172,219	20,785,508	25,957,727
Depreciable Capital Assets, Net	20,629,518	38,902,526	59,532,044
Total Non-Current Assets	25,805,838	59,713,411	85,519,249
Total Assets	34,288,844	71,032,399	105,321,243
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accrued Wages Payable	44,094	47,192	91,286
Accounts Payable	64,736	107,207	171,943
Contracts Payable	546,417	292,317	838,734
Due to Other Governments	75,637	100,160	175,797
Accrued Interest Payable	6,817	9,240	16,057
Retainage Payable	29,865	689,292	719,157
General Obligation Revenue Bonds Payable	85,000	92,000	177,000
OWDA Loans Payable	393,269	1,010,563	1,403,832
Loans Payable	39,100	14,300	53,400
Compensated Absences Payable	36,973	50,442	87,415
Total Current Liabilities	1,321,908	2,412,713	3,734,621
<u>Non-Current Liabilities</u>			
General Obligation Revenue Bonds Payable	149,102	1,609,808	1,758,910
OWDA Loans Payable	12,974,752	29,158,428	42,133,180
Loans Payable	272,493	99,659	372,152
Compensated Absences Payable	215,398	311,516	526,914
Total Non-Current Liabilities	13,611,745	31,179,411	44,791,156
Total Liabilities	14,933,653	33,592,124	48,525,777
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt Unrestricted	12,098,440	27,842,612	39,941,052
	7,256,751	9,597,663	16,854,414
Total Net Assets	\$19,355,191	\$37,440,275	\$56,795,466

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Revenues, Expenses,
and Changes in Fund Net Assets
Enterprise Funds
For the Year Ended December 31, 2010

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Operating Revenues</u>			
Charges for Services	\$5,055,459	\$6,176,303	\$11,231,762
Other	80,342	214,528	294,870
Total Operating Revenues	<u>5,135,801</u>	<u>6,390,831</u>	<u>11,526,632</u>
<u>Operating Expenses</u>			
Personal Services	1,979,682	2,591,312	4,570,994
Travel and Transportation	10,365	10,922	21,287
Contractual Services	678,212	1,658,249	2,336,461
Materials and Supplies	597,206	395,522	992,728
Depreciation	930,594	1,191,860	2,122,454
Other	2,081	6,416	8,497
Total Operating Expenses	<u>4,198,140</u>	<u>5,854,281</u>	<u>10,052,421</u>
Operating Income	<u>937,661</u>	<u>536,550</u>	<u>1,474,211</u>
<u>Non-Operating Revenues (Expenses)</u>			
Gain on Disposal of Capital Assets	1,000	0	1,000
Interest Revenue	418	910	1,328
Interest Expense	<u>(313,188)</u>	<u>(1,040,817)</u>	<u>(1,354,005)</u>
Total Non-Operating Revenues (Expenses)	<u>(311,770)</u>	<u>(1,039,907)</u>	<u>(1,351,677)</u>
Income before Contributions and Transfers	625,891	(503,357)	122,534
Capital Contributions	142,592	3,965,867	4,108,459
Transfers Out	<u>(322,838)</u>	<u>(774,189)</u>	<u>(1,097,027)</u>
Changes in Net Assets	445,645	2,688,321	3,133,966
Net Assets Beginning of Year	<u>18,909,546</u>	<u>34,751,954</u>	<u>53,661,500</u>
Net Assets End of Year	<u>\$19,355,191</u>	<u>\$37,440,275</u>	<u>\$56,795,466</u>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2010

	<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	\$5,086,587	\$6,255,296	\$11,341,883
Cash Payments for Personal Services	(2,060,670)	(2,561,695)	(4,622,365)
Cash Payments for Contractual Services	(621,549)	(1,252,447)	(1,873,996)
Cash Payments to Vendors	(858,871)	(2,165,077)	(3,023,948)
Cash Received from Other Revenues	80,342	213,199	293,541
Cash Payments for Other Expenses	(2,081)	(6,416)	(8,497)
Net Cash Provided by Operating Activities	<u>1,623,758</u>	<u>482,860</u>	<u>2,106,618</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers Out	<u>(322,838)</u>	<u>(774,189)</u>	<u>(1,097,027)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Principal Paid on General Obligation Revenue Bonds	(85,000)	(92,000)	(177,000)
Principal Paid on OWDA Loans	(1,343,803)	(962,658)	(2,306,461)
Principal Paid on Loans	(37,490)	(13,711)	(51,201)
Interest Paid on General Obligation Revenue Bonds	(14,523)	(72,946)	(87,469)
Interest Paid on OWDA Loans	(285,255)	(963,221)	(1,248,476)
Interest Paid on Loans	(14,438)	(5,281)	(19,719)
OWDA Loans Issued	0	5,150,402	5,150,402
Acquisition of Capital Assets	(457,025)	(3,662,924)	(4,119,949)
Cash Received from Sale of Capital Assets	<u>1,300</u>	<u>0</u>	<u>1,300</u>
Net Cash Used for Capital and Related Financing Activities	<u>(2,236,234)</u>	<u>(622,339)</u>	<u>(2,858,573)</u>
<u>Cash Flows from Investing Activities</u>			
Interest	<u>418</u>	<u>910</u>	<u>1,328</u>
Net Decrease in Cash and Cash Equivalents	(934,896)	(912,758)	(1,847,654)
Cash and Cash Equivalents Beginning of Year	<u>8,283,540</u>	<u>11,079,052</u>	<u>19,362,592</u>
Cash and Cash Equivalents End of Year	<u>\$7,348,644</u>	<u>\$10,166,294</u>	<u>\$17,514,938</u>

(continued)

City of Sandusky
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2010
(continued)

	Water	Sewer	Total
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>			
Operating Income	\$937,661	\$536,550	\$1,474,211
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u>			
Depreciation	930,594	1,191,860	2,122,454
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	37,331	66,932	104,263
(Increase) Decrease in Due from Other Governments	(6,203)	10,732	4,529
Decrease in Prepaid Items	938	13	951
(Increase) Decrease in Materials and Supplies Inventory	3,469	(15,929)	(12,460)
Increase in Accrued Wages Payable	7,553	4,852	12,405
Increase in Accounts Payable	16,989	17,627	34,616
Decrease in Contracts Payable	(84,313)	(552,942)	(637,255)
Increase in Due to Other Governments	10,167	8,001	18,168
Decrease in Retainage Payable	(129,961)	(793,383)	(923,344)
Increase (Decrease) in Compensated Absences Payable	(100,467)	8,547	(91,920)
Net Cash Provided by Operating Activities	<u>\$1,623,758</u>	<u>\$482,860</u>	<u>\$2,106,618</u>

Non-Cash Capital Transactions

At December 31, 2010, the Water enterprise fund had a receivable for grants related to capital assets, in the amount of \$142,592.

In 2010, the Sewer enterprise fund received contributions of capital assets from Erie County, in the amount of \$3,965,867.

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2010

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$258,321</u>
 <u>Liabilities</u>	
Due to Other Governments	\$102,554
Undistributed Assets	<u>155,767</u>
 Total Liabilities	 <u>\$258,321</u>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

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 2010.

The City of Sandusky participates in the Buckeye Ohio Risk Management Agency (BORMA), a public entity shared risk pool. This organization is presented in Note 25 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

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

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest 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, 2010
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

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

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

Federal Grants Fund - This fund accounts for grants from the federal government restricted to the purposes outlined in the grant.

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

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

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

Proprietary Funds

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

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

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

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are not available to support the City's own programs. The City did not have any trust funds in 2010. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for various funds held for final disposition to the Erie County Law Library, contractors, municipal courts (excluding the City of Sandusky), insurance proceeds to secure proper handling of fire damaged structures, and employee payroll deductions.

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

D. Basis of Accounting

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues - Exchange and Nonexchange Transactions

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

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

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

Deferred Revenues

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

Property taxes for which there was an enforceable legal claim at December 31, 2010, but were levied to finance 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements were met have also been recorded as deferred revenue.

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

Expenses/Expenditures

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

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgetary Process

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

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

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

F. Cash and Investments

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

During 2010, the City's investments included nonnegotiable certificates of deposit, federal agency securities, and STAR Ohio. Nonnegotiable certificates of deposit are reported at cost. Federal agency securities are reported at fair value, which is based on quoted market price. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2010.

Interest earnings are allocated to City funds according to State statutes, City Charter, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2010 was \$274,851, which includes \$233,174 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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2010, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Inventory

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

I. Restricted Assets

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

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

J. Unamortized Issuance Costs/Bond Discounts and Premiums

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

K. Capital Assets

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

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, 2010
(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

L. Interfund Receivables/Payables

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

M. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the City’s union contracts or administrative ordinance. The City records a liability for accumulated unused sick leave for all employees with ten or more years of service with the City or any employee who is age fifty or older.

N. Accrued Liabilities and Long-Term Obligations

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. General obligation bonds, special assessment bonds, long-term loans, and capital leases are recognized as liabilities on the fund financial statements when due.

O. Unamortized Loss on Refunding

For refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a reduction of the face amount of the new debt.

P. Net Assets

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

Q. Fund Balance

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

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

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, 2010
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the City, these revenues are charges for services for water and sewer services. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

S. Capital Contributions

Capital contributions arise from contributions from other governments.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Interfund Transactions

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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

U. Estimates

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE/NET ASSETS

A. Change in Accounting Principles

For 2010, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE/NET ASSETS (continued)

B. Restatement of Fund Balance/Net Assets

The restatement due to the implementation of GASB Statement No. 54 and recording notes receivable activity in the wrong fund in the prior year had the following effect on fund balance of the major and nonmajor funds of the City as they were previously reported.

	General	Federal Grants	Special Assessment Bond Retirement	Capital Projects	Other Governmental	Total Governmental Funds
Fund Balance at December 31, 2009	\$3,040,855	\$999,444	\$0	(\$2,674,234)	\$5,427,193	\$6,793,258
Change in Fund Structure	(10,199)	0	0	0	10,199	0
Notes Receivable	0	(5,938)	0	0	5,938	0
Adjusted Fund Balance at December 31, 2009	<u>\$3,030,656</u>	<u>\$993,506</u>	<u>\$0</u>	<u>(\$2,674,234)</u>	<u>\$5,443,330</u>	<u>\$6,793,258</u>

In the prior year, the City did not correctly calculate the receivable for payment in lieu of taxes. The restatement had the following effect on net assets.

	Governmental Activities
Net Assets at December 31, 2009	\$44,591,524
Payment in Lieu of Taxes Receivable	(508,836)
Restated Net Assets at December 31, 2009	<u>\$44,082,688</u>

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At December 31, 2010, the Public Transit, Fire Pension, and Police Pension special revenue funds had deficit fund balances, in the amount of \$88,711, \$190,059, and \$123,812, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The Urban Renewal Debt Retirement debt retirement fund and the Capital Projects capital projects fund had deficit fund balances, in the amount of \$96,005 and 3,846,969, respectively, due to reporting the bond anticipation note liability in the fund receiving the note proceeds. The deficit will be alleviated when the notes are paid.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE (continued)

B. Compliance

The Special Assessment Bond Retirement debt service fund had final appropriations in excess of estimated resources plus available balances, in the amount of \$148. The City will review appropriations to ensure they are within estimated resources.

The following accounts had expenditures in excess of appropriations for the year ended December 31, 2010.

Fund/Department/Object	Appropriations	Expenditures	Excess
Governmental Activities			
Federal Grants			
Community Environment			
HUD CDBG 09MC390034			
Personal Services	\$100,000	\$110,958	\$10,958
State Grants			
Leisure Time Activities			
Lions Park Shoreline Rehabilitation			
Other	12,000	14,500	2,500

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

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 and the Federal Grants special revenue fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

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	Federal Grants
GAAP Basis	\$614,461	(\$241,312)
<u>Increases (Decreases) Due To</u>		
Revenue Accruals:		
Accrued 2009, Received in Cash 2010	685,490	83,105
Accrued 2010, Not Yet Received in Cash	(640,422)	(36,762)
Expenditure Accruals:		
Accrued 2009, Paid in Cash 2010	(765,565)	(218,626)
Accrued 2010, Not Yet Paid in Cash	748,459	269,077
Cash Adjustments:		
Unrecorded Activity 2009	(4,179)	(1,000)
Unrecorded Activity 2010	89,531	1,350
Prepaid Items	32	0
Materials and Supplies Inventory	10,358	0
Advances In	3,390	0
Encumbrances Outstanding at Year End (Budget Basis)	(52,486)	(125,897)
Budget Basis	\$689,069	(\$270,065)

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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio), and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time.

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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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, \$3,279,439 of the City's bank balance of \$16,027,268 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

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

Investments

As of December 31, 2010, the City had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Federal National Mortgage Association Notes	\$1,206,480	3/17/15
Federal National Mortgage Association Notes	1,118,701	9/30/15
Federal Home Loan Bank Notes	498,905	5/9/14
Federal Home Loan Bank Notes	989,420	5/26/15
Federal Home Loan Bank Notes	998,630	7/29/15
Federal Home Loan Bank Notes	489,945	9/30/15
Federal Home Loan Bank Notes	1,154,112	10/29/15
Federal Home Loan Bank Notes	890,226	12/10/15
Federal Home Loan Bank Notes	837,615	12/22/15
Federal Farm Credit Bank Notes	204,356	6/18/12
Federal Farm Credit Bank Notes	498,650	6/3/14
Federal Farm Credit Bank Notes	998,500	7/7/14
STAR Ohio	1,345,302	58 days
Total Investments	<u>\$11,230,842</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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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

	Fair Value	Percentage of Portfolio
Federal National Mortgage Association	\$2,325,181	20.7%
Federal Home Loan Bank	5,858,853	52.2
Federal Farm Credit Bank	1,701,506	15.2

NOTE 7 - RECEIVABLES

Receivables at December 31, 2010, 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 \$2,120,039, will not be received within one year. Special assessments, in the amount of \$4,968,461, will not be received within one year. At December 31, 2010, the amount of delinquent special assessments was \$862,013.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	\$96,139
Personal Property Phase-Out	30,250
Local Government	391,631
Beer and Liquor Permits	28,796
Estate Tax	26,461
Cigarette Tax	3,772
Charges for Services	36,032
Fines and Forfeitures	49,098
Total General Fund	662,179
Federal Grants Fund	
Federal Transit Grant	36,762
Weed and Seed Grant	12,410
Total Federal Grants Fund	49,172

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 7 - RECEIVABLES (continued)

	Amount
Governmental Activities (continued)	
Capital Projects Fund	
Fees, Licenses, and Permits	\$8,356
Hayes Avenue Underpass Rehabilitation Grant	29,631
Total Capital Projects Fund	37,987
Total Major Funds	749,338
Nonmajor Funds	
Street Maintenance	
Gasoline Tax	376,216
Motor Vehicle License Tax	82,647
Permissive Motor Vehicle License Tax	32
Total Street Maintenance	458,895
State Highway	
Gasoline Tax	30,504
Motor Vehicle License Tax	6,701
Total State Highway	37,205
Public Transit	
Job Access/Reverse Commute Grant	51,763
Fire Pension	
Homestead and Rollback	7,902
Personal Property Phase-Out	2,486
Total Fire Pension	10,388
Police Pension	
Homestead and Rollback	7,902
Personal Property Phase-Out	2,486
Total Police Pension	10,388
State Grants	
Community Corrections Grant	32,274
Lions Park Grant	4,500
Landbank Grant	6,046
Total State Grants	42,820
Indigent Drivers Alcohol	
Drug and Alcohol Addiction Grant	2,462
Fees, Licenses, and Permits	6,463
Total Indigent Drivers Alcohol	8,925

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 7 - RECEIVABLES (continued)

	Amount
Governmental Activities (continued)	
Enforcement and Education	
Fines and Forfeitures	\$546
Court Computerization	
Fines and Forfeitures	1,563
General Bond Retirement	
Homestead and Rollback	26,339
Total Nonmajor Funds	648,832
Total Governmental Activities	\$1,398,170
Business-Type Activities	
Water Fund	
Erie County	\$188,898
Ohio Public Works Commission	142,592
Total Water Fund	331,490
Sewer Fund	
Erie County	150,949
Total Business-Type Activities	\$482,439

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 2010, income taxes were allocated as follows: 88.75 percent to the General Fund for general operations of the City; 6.25 percent to the General Bond Retirement debt service fund to be used for the retirement of general obligation debt; and 5 percent to the Capital Improvement capital projects fund to be used for the capital improvement program.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 9 - PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the City. Real property tax revenues received in 2010 represent the collection of 2009 taxes. Real property taxes received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009, 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 2010 represent the collection of 2009 taxes. Public utility real and tangible personal property taxes received in 2010 became a lien on December 31, 2008, were levied after October 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in 2010 (other than public utility property) represent the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in 2010 were levied after October 1, 2009, on the true value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of December 31, 2010, and for which there was an enforceable legal claim. In the governmental funds, the entire receivable has been deferred since current taxes were not levied to finance 2010 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while the remainder has been deferred.

The full tax rate for all City operations for the year ended December 31, 2010, was \$5.25 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2010 property tax receipts were based are as follows:

<u>Category</u>	<u>Amount</u>
Real Property	\$387,276,000
Public Utility Personal Property	12,639,000
Tangible Personal Property	567,525
Total Assessed Value	<u>\$400,482,525</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

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 2010 follows:

	Balance January 1, 2010	New Loans	Repayments	Balance December 31, 2010
Special Revenue Funds				
State Grants				
Revolving Loans	\$719,872	\$63,450	\$82,015	\$701,307
Rehabilitation Revolving Loans	1,999,065	84,910	151,621	1,932,354
Micro-Enterprise Loans	5,938	0	1,875	4,063
Total State Grants	<u>2,724,875</u>	<u>148,360</u>	<u>235,511</u>	<u>2,637,724</u>
Federal Grants				
Downtown Façade Loans	70,219	0	14,044	56,175
	<u>\$2,795,094</u>	<u>\$148,360</u>	<u>\$249,555</u>	<u>2,693,899</u>
Less Allowance for Uncollectible Accounts				215,568
				<u>\$2,478,331</u>

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

NOTE 12 - CAPITAL ASSETS

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

	Balance January 1, 2010	Additions	Reductions	Balance December 31, 2010
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$7,259,338	\$0	(\$21,000)	\$7,238,338
Construction in Progress	4,698,829	4,486,270	(408,079)	8,777,020
Total Nondepreciable Capital Assets	<u>11,958,167</u>	<u>4,486,270</u>	<u>(429,079)</u>	<u>16,015,358</u>

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 12 - CAPITAL ASSETS (continued)

	Balance January 1, 2010	Additions	Reductions	Balance December 31, 2010
Governmental Activities (continued)				
Depreciable Capital Assets				
Buildings	\$18,102,052	\$138,995	\$0	\$18,241,047
Improvements Other Than Buildings	17,538,495	0	0	17,538,495
Streets	43,645,862	1,144,675	0	44,790,537
Bridges	229,802	0	0	229,802
Equipment	9,840,939	676,515	(20,665)	10,496,789
Total Depreciable Capital Assets	89,357,150	1,960,185	(20,665)	91,296,670
Less Accumulated Depreciation for				
Buildings	(8,716,267)	(594,806)	0	(9,311,073)
Improvements Other Than Buildings	(6,300,917)	(520,063)	0	(6,820,980)
Streets	(27,766,552)	(1,402,673)	0	(29,169,225)
Bridges	(78,132)	(4,596)	0	(82,728)
Equipment	(7,047,986)	(443,498)	20,665	(7,470,819)
Total Accumulated Depreciation	(49,909,854)	(2,965,636)	20,665	(52,854,825)
Total Depreciable Capital Assets, Net	39,447,296	(1,005,451)	0	38,441,845
Governmental Activities Capital Assets, Net	\$51,405,463	\$3,480,819	(\$429,079)	\$54,457,203
	Balance January 1, 2010	Additions	Reductions	Balance December 31, 2010
Business-Type Activities				
Nondepreciable Capital Assets				
Land	\$802,302	\$0	(\$300)	\$802,002
Construction in Progress	16,256,483	9,535,415	(636,173)	25,155,725
Total Nondepreciable Capital Assets	17,058,785	9,535,415	(636,473)	25,957,727
Depreciable Capital Assets				
Buildings	42,747,904	0	0	42,747,904
Improvements Other Than Buildings	22,588,354	0	0	22,588,354
Utility Plant	5,464,056	0	0	5,464,056
Water and Sewer Lines	19,998,414	681,543	0	20,679,957
Equipment	2,346,112	62,266	0	2,408,378
Total Depreciable Capital Assets	93,144,840	743,809	0	93,888,649

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 12 - CAPITAL ASSETS (continued)

	Balance January 1, 2010	Additions	Reductions	Balance December 31, 2010
Business-Type Activities (continued)				
Less Accumulated Depreciation for				
Buildings	(\$14,128,758)	(\$654,756)	\$0	(\$14,783,514)
Improvements Other Than Buildings	(4,368,322)	(846,527)	0	(5,214,849)
Utility Plant	(2,821,783)	(203,337)	0	(3,025,120)
Water and Sewer Lines	(9,107,725)	(317,413)	0	(9,425,138)
Equipment	(1,807,563)	(100,421)	0	(1,907,984)
Total Accumulated Depreciation	<u>(32,234,151)</u>	<u>(2,122,454)</u>	<u>0</u>	<u>(34,356,605)</u>
 Total Depreciable Capital Assets, Net	 <u>60,910,689</u>	 <u>(1,378,645)</u>	 <u>0</u>	 <u>59,532,044</u>
 Business-Type Activities Capital Assets, Net	 <u>\$77,969,474</u>	 <u>\$8,156,770</u>	 <u>(\$636,473)</u>	 <u>\$85,489,771</u>

The Sewer enterprise fund accepted a contribution of capital assets from Erie County with a fair value of \$3,965,867 during 2010.

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property - Police	\$97,597
Security of Persons and Property - Fire	401,519
Public Health	32,907
Leisure Time Activities	118,464
Community Environment	131,322
Transportation	1,615,779
General Government - Municipal Court	8,966
General Government - Other	559,082
Total Depreciation Expense - Governmental Activities	<u><u>\$2,965,636</u></u>

NOTE 13 - INTERFUND RECEIVABLES/PAYABLES

At December 31, 2010, the General Fund had an interfund receivable, in the amount of \$19,590, for a loan made to other governmental funds. Of this amount, \$16,200 is not scheduled to be collected within one year.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(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 Agency (BORMA), a public entity shared risk pool among several cities in Northern Ohio. The City pays monthly premiums for health care coverage for its employees and for property, crime, and liability insurance. BORMA is responsible for the management and operation of the programs. Member cities agree to share in the coverage of losses and pay all premiums necessary for the specified insurance coverage provided under the respective programs. Member cities are subject to supplemental assessments of up to 25 percent of the premiums paid for health insurance during that year and in an amount equal to the annual premiums for property, crime, and liability insurance in the event of deficiencies. Upon withdrawal from BORMA, a participant is responsible for the payment of all liabilities accruing as a result of withdrawal from the respective programs.

During 2010, the City contracted with BORMA for the following coverage:

<u>Type of Coverage</u>	<u>Coverage</u>
Property (building and contents)	\$119,863,000
Inland Marine	3,000,000
General Liability	10,000,000
Employee Benefit Liability	10,000,000
Auto Uninsured-Underinsured	1,000,000
Boiler and Machinery	50,000,000
Public Official Liability	10,000,000

There has been no significant reduction in insurance coverage from 2009, 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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 15 - SIGNIFICANT CONTRACTUAL COMMITMENTS

The City has outstanding contracts for professional services. The following amounts remain on these contracts as of December 31, 2010:

<u>Contract</u>	<u>Remaining Commitment</u>
Abdoo Wrecking	\$3,500
Americrew	15,550
Arcadis Us	46,335
Bowser Morner	65,321
Byington Builders	35,450
Erie County Department of Environmental Services	2,225
Erie County Sanitary	16,833
Feick Contractors	55,805
Firelands Regional Health Systems	4,000
Hoty Enterprises	170,065
Industrial Power System	50,330
Jones & Henry	67,683
Kirk Bros.	35,490
Malcolm Pirnie	15,092
Mapleview Farms	18,544
MHW Americas	1,077,111
Mosser Construction	68,000
Norfolk Southern	17,899
Partners Environmental Consulting	97,701
Practice Consulting	4,971
Schirmer Construction	446,972
South Shore Electric	51,116
Transystems	34,890
Valor Contracting	82,126
Wilkes and Co.	41,200
Total	<u>\$2,524,209</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

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 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 and 18.1 percent of covered payroll for public safety and law enforcement 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, 2010, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. While members in the state and local divisions may participate in all three plans, public safety and law enforcement divisions exist only within the traditional plan. For 2010, member and employer contribution rates were consistent across all three plans.

The City's 2010 contribution rate was 14 percent, except for those plan members in public safety or law enforcement, for whom the City's contribution was 17.87 percent of covered payroll. 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 5.5 percent from January 1, through February 28, 2010, and 5 percent from March 1, through December 31, 2010. The portion of the employer contribution allocated to health care for members in the combined plan was 4.73 percent from January 1, through February 28, 2010, and 4.23 percent from March 1, through December 31, 2010. Employer contribution rates are actuarially determined.

The City's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2010, 2009, and 2008 was \$580,130, \$585,054, and \$498,531, respectively. For 2010, 89 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008. Contributions to the member-directed plan for 2010 were \$3,537 made by the City and \$2,526 made by the plan members.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

B. Ohio Police and Fire Pension Fund

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

Funding Policy - The Ohio Revised Code requires plan members to contribute 10 percent of their annual covered salary while employers are required to contribute 19.5 percent for police officers and 24 percent for firefighters. The OPF pension fund is authorized by the Ohio Revised Code to allocate a portion of the employer contribution to retiree health care benefits. For 2010, 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 \$424,305 and \$556,853 for the year ended December 31, 2010, \$468,884 and \$578,909, for the year ended December 31, 2009, and \$453,645 and \$576,415, for the year ended December 31, 2008. For 2010, 78 percent has been contributed for police and 74 percent has been contributed for firefighters with the balance for each being reported as intergovernmental payable. The full amount has been contributed for 2009 and 2008.

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.

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 17 - POSTEMPLOYMENT BENEFITS (continued)

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

Funding Policy - The postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). 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 2010, state and local employers contributed 14 percent of covered payroll and public safety and law enforcement employers contributed 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for public safety and law enforcement employer units.

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 5.5 percent from January 1, through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of the employer contribution allocated to health care for members in the combined plan was 4.73 percent from January 1, through February 28, 2010, and 4.23 percent from March 1, through December 31, 2010.

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, 2010, 2009, and 2008 was \$332,744, \$430,556, and \$504,389, respectively. For 2010, 89 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2009 and 2008.

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

B. Police and Fire Pension Fund

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 17 - POSTEMPLOYMENT BENEFITS (continued)

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contribution made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2010, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contribution to OPF which was allocated to fund postemployment health care benefits for police and firefighters was \$224,632 and \$217,899 for the year ended December 31, 2010, \$248,233 and \$226,530 for the year ended December 31, 2009, and \$240,165 and \$225,554 for the year ended December 31, 2008. For 2010, 78 percent has been contributed for police and 74 percent has been contributed for firefighters with the balance for each being reported as intergovernmental payable. The full amount has been contributed for 2009 and 2008.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

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 %	30 %
Sick hours 1,500 - 2,199	35 %	35 %	35 %	35 %
Sick hours over 2,200	45 %	45 %	45 %	45 %
53 hours/week				
Sick hours less than 1,300	n/a	25 %	n/a	n/a
Sick hours 1,300 - 1,949	n/a	30 %	n/a	n/a
Sick hours 1,950 - 2,859	n/a	35 %	n/a	n/a
Sick hours over 2,860	n/a	45 %	n/a	n/a

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

NOTE 19 - SHORT-TERM OBLIGATIONS

The City's short-term obligations activity for the year ended December 31, 2010, were as follows:

	<u>Interest Rate</u>	<u>Balance January 1, 2010</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2010</u>
<u>Governmental Activities</u>					
<u>Bond Anticipation Notes</u>					
Capital Projects Funds					
2009 Various Improvement	1.50%	\$3,700,000	\$0	\$3,700,000	\$0
2010 Various Improvement	0.95	0	3,030,000	0	3,030,000
Total Bond Anticipation Notes		3,700,000	3,030,000	3,700,000	3,030,000

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 19 - SHORT-TERM OBLIGATIONS (continued)

	Interest Rate	Balance January 1, 2010	Additions	Reductions	Balance December 31, 2010
<u>Governmental Activities</u> (continued)					
<u>Temporary Revenue Bonds</u>					
Debt Service Fund					
2010 Urban Renewal	1.25%	\$0	\$100,000	\$0	\$100,000
Capital Projects Funds					
2009 Urban Renewal	3.28	1,200,000	0	1,200,000	0
2010 Urban Renewal	0.70	0	2,600,000	0	2,600,000
Total Capital Projects Funds		1,200,000	2,600,000	1,200,000	2,600,000
Total Temporary Revenue Bonds		1,200,000	2,700,000	1,200,000	2,700,000
Total Governmental Activities		\$4,900,000	\$5,730,000	\$4,900,000	\$5,730,000

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 2009 various improvement notes were issued to partially retire notes previously issued to acquire a pumper truck, fire boat, replace the air conditioning unit at the Municipal Building, street improvements, sidewalk, curb, and gutter improvements, and to revitalize the Bayfront Urban Revitalization Area. The 2010 various improvement notes were issued to partially retire notes previously issued to acquire a pumper truck, fire boat, replace the air conditioning unit at the Municipal Building, street improvements, sidewalk, curb, and gutter improvements, and to revitalize the Bayfront Urban Revitalization Area. Upon completion of the Bayfront Urban Revitalization Area project, all assets acquired or constructed will be donated to Mid-States Bayfront Development, LLC.

At December 31, 2010, the total amount of various improvement notes outstanding was \$3,030,000, of which \$3,030,000 has been expended for construction. Of the \$3,030,000, \$1,925,000 will not be capitalized.

During 2009, the City issued \$1,200,000 in temporary revenue bonds with a maturity of one year to revitalize the Bayfront Urban Revitalization Area. During 2010, the City issued \$2,700,000 in temporary revenue bonds with a maturity of one year to retire bonds previously issued to revitalize the Bayfront Urban Revitalization Area and for continued revitalization efforts. Upon completion of the Bayfront Urban Revitalization Area project, all assets acquired or constructed will be donated to Mid-States Bayfront Development, LLC.

At December 31, 2010, the total amount of urban renewal temporary revenue bonds outstanding was \$2,700,000, of which \$2,700,000 has been expended for construction. None of the \$2,700,000 will be capitalized.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2010, was as follows:

	Interest Rate	Balance January 1, 2010	Additions	Reductions	Balance December 31, 2010	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2001 Library	3.00-5.05%	\$4,445,000	\$0	\$100,000	\$4,345,000	\$250,000
2001 Police Pension	3.00-5.05	17,052	0	17,052	0	0
2001 Fire Pension	3.00-5.05	22,948	0	22,948	0	0
2001 Various Purpose	3.00-5.05	359,865	0	219,865	140,000	10,000
2004 Judgement Refunding	4.15	90,000	0	30,000	60,000	30,000
2005 Various Purpose	3.50-5.13	815,000	0	140,000	675,000	105,000
2005 City Complex Refunding	4.28	6,120,000	0	185,000	5,935,000	275,000
Bond Premium		44,483	0	1,345	43,138	0
Accounting Loss		(572,731)	0	(17,313)	(555,418)	0
2007 Police Pension Refunding	4.00-4.25	445,515	0	2,132	443,383	19,185
Bond Premium		4,697	0	23	4,674	0
Accounting Loss		(20,078)	0	(96)	(19,982)	0
2007 Fire Pension Refunding	4.00-4.25	599,485	0	2,868	596,617	25,815
Bond Premium		6,320	0	30	6,290	0
Accounting Loss		(27,016)	0	(129)	(26,887)	0
2007 Various Purpose Refunding	4.00-4.25	4,383,271	0	20,000	4,363,271	237,300
Bond Premium		32,078	0	154	31,924	0
Accounting Loss		(141,512)	0	(678)	(140,834)	0
Total General Obligation Bonds		<u>16,624,377</u>	<u>0</u>	<u>723,201</u>	<u>15,901,176</u>	<u>952,300</u>
Special Assessment Bonds with Government Commitment						
Special Assessment Bonds	3.50-7.75	4,060,063	0	353,975	3,706,088	321,539
2002 Bond Premium		2,100	0	600	1,500	0
2008 Bond Premium		108,823	0	3,725	105,098	0
Total Special Assessment Bonds		<u>4,170,986</u>	<u>0</u>	<u>358,300</u>	<u>3,812,686</u>	<u>321,539</u>
Other Long-Term Obligations						
Loans		767,275	0	82,402	684,873	85,941
Capital Leases		38,073	0	37,159	914	914
Compensated Absences		2,191,316	235,679	400,344	2,026,651	287,117
Total Other Long-Term Obligations		<u>2,996,664</u>	<u>235,679</u>	<u>519,905</u>	<u>2,712,438</u>	<u>373,972</u>
Total Governmental Activities		<u>\$23,792,027</u>	<u>\$235,679</u>	<u>\$1,601,406</u>	<u>\$22,426,300</u>	<u>\$1,647,811</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Balance January 1, 2010	Additions	Reductions	Balance December 31, 2010	Due Within One Year
<u>Business-Type Activities</u>						
General Obligation Revenue Bonds						
2002 Waterworks Improvement Refunding	4.50-4.75%	\$160,000	\$0	\$80,000	\$80,000	\$80,000
Bond Premium		9,803	0	4,901	4,902	0
Accounting Loss		(1,600)	0	(800)	(800)	0
2004 Water Pollution Control Refunding	4.15	133,000	0	42,000	91,000	42,000
2005 Water System	3.50-5.13	155,000	0	5,000	150,000	5,000
2005 Wastewater System	3.50-5.13	1,635,000	0	50,000	1,585,000	50,000
Bond Premium		45,985	0	1,406	44,579	0
Bond Discount		(19,363)	0	(592)	(18,771)	0
Total General Obligation Revenue Bonds		2,117,825	0	181,915	1,935,910	177,000
OWDA Loans						
Water	4.60-5.20	14,711,824	0	1,343,803	13,368,021	393,269
Sewer	4.27-6.39	25,981,247	5,150,402	962,658	30,168,991	1,010,563
Total OWDA Loans		40,693,071	5,150,402	2,306,461	43,537,012	1,403,832
Other Long-Term Obligations						
Loans		476,753	0	51,201	425,552	53,400
Compensated Absences		706,249	27,494	119,414	614,329	87,415
Total Other Long-Term Obligations		1,183,002	27,494	170,615	1,039,881	140,815
Total Business-Type Activities		\$43,993,898	\$5,177,896	\$2,658,991	\$46,512,803	\$1,721,647

2001 Library Improvement General Obligation Bonds

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

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

2001 Police Pension General Obligation Bonds

In 2001, the City issued \$552,098 in unvoted general obligation bonds for pension purposes. The bonds were issued for a twenty-five year period with maturity beginning June 1, 2001. During 2007, \$417,803 of these bonds was refunded. During 2010, the bonds were fully retired from the General Bond Retirement debt service fund.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

2001 Fire Pension General Obligation Bonds

In 2001, the City issued \$742,902 in unvoted general obligation bonds for pension purposes. The bonds were issued for a twenty-five year period with maturity beginning June 1, 2001. During 2007, \$562,197 of these bonds was refunded. During 2010, the bonds were fully retired from the General Bond Retirement debt service fund.

2001 Various Purpose General Obligation Bonds

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

2004 Judgement Refunding General Obligation Bonds

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

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

2005 Various Purpose General Obligation Bonds

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

2005 City Complex Refunding General Obligation Bonds

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

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

2007 Police Pension Refunding General Obligation Bonds

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

The bonds maturing on or after December 1, 2015, are subject to prior redemption, by and at the sole option of the City, either in whole or in part (as selected by the City), and in integral multiples of \$5,000, on any date on or after June 1, 2015, at par plus accrued interest to the redemption date.

At December 31, 2010, \$417,803 of the defeased bonds was still outstanding.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

2007 Fire Pension Refunding General Obligation Bonds

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

The bonds maturing on or after December 1, 2015, are subject to prior redemption, by and at the sole option of the City, either in whole or in part (as selected by the City), and in integral multiples of \$5,000, on any date on or after June 1, 2015, at par plus accrued interest to the redemption date.

At December 31, 2010, \$562,197 of the defeased bonds was still outstanding.

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, 2010, \$4,183,404 of the defeased bonds was still outstanding.

Special Assessment Bonds

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

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, 2010, \$61,596 of the defeased bonds was still outstanding.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

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, \$651,525 was not capitalized in governmental activities and \$320,277 was not capitalized in the business-type activities.

Capital Leases Payable

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

Compensated Absences Payable

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

General Obligation Revenue Bonds

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

2002 Waterworks Improvement Refunding Bonds

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

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

2004 Water Pollution Control Refunding Bonds

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

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

2005 Water System Bonds

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

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, 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 \$36,430,902. Principal and interest paid for the current year and net revenues were \$1,629,058 and \$1,868,255 from the Water enterprise fund and \$1,925,879 and \$1,728,410 for the Sewer enterprise fund.

The City's legal debt margin was \$19,845,081 at December 31, 2010.

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

Principal and interest requirements to retire governmental activities general long-term obligations outstanding at December 31, 2010, were as follows:

Year	General Obligation Bonds		Special Assessment Bonds		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$952,300	\$724,538	\$321,539	\$193,196	\$85,941	\$28,197
2012	1,077,301	683,408	298,540	177,832	89,631	24,507
2013	1,189,867	636,563	275,973	163,741	93,480	20,658
2014	1,259,867	584,530	270,973	150,528	97,494	16,644
2015	1,359,867	531,166	246,972	137,694	101,680	12,457
2016-2020	7,376,768	1,757,645	914,391	532,024	216,647	11,628
2021-2025	3,002,301	414,964	802,700	315,183	0	0
2026-2028	340,000	14,452	575,000	68,813	0	0
	<u>\$16,558,271</u>	<u>\$5,347,266</u>	<u>\$3,706,088</u>	<u>\$1,739,011</u>	<u>\$684,873</u>	<u>\$114,091</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2010, from the enterprise funds were as follows:

Year	2002 Waterworks Improvement Refunding		2004 Water Pollution Control Refunding	
	Principal	Interest	Principal	Interest
2011	\$80,000	\$3,800	\$42,000	\$3,777
2012	0	0	49,000	2,033
	<u>\$80,000</u>	<u>\$3,800</u>	<u>\$91,000</u>	<u>\$5,810</u>

Year	2005 Water System		2005 Wastewater System		OWDA Loans		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$5,000	\$6,154	\$50,000	\$64,864	\$1,403,832	\$1,298,400	\$53,400	\$17,520
2012	5,000	5,897	50,000	62,301	1,474,857	1,227,374	55,693	15,227
2013	5,000	5,641	55,000	59,739	1,549,500	1,152,732	58,084	12,836
2014	5,000	5,385	55,000	56,920	1,627,946	1,074,285	60,579	10,341
2015	5,000	5,210	60,000	54,995	1,710,930	991,841	63,180	7,740
2016-2020	25,000	23,250	335,000	240,045	9,943,545	3,567,614	134,616	7,225
2021-2025	50,000	16,400	425,000	168,525	8,277,614	953,067	0	0
2026-2030	50,000	6,270	555,000	72,140	171,825	5,540	0	0
	<u>\$150,000</u>	<u>\$74,207</u>	<u>\$1,585,000</u>	<u>\$779,529</u>	<u>\$26,160,049</u>	<u>\$10,270,853</u>	<u>\$425,552</u>	<u>\$70,889</u>

Long-term obligations at December 31, 2010, consisted of the following issues:

Long-Term Obligations	Term	Percent	Original Issue	Outstanding 12/31/10
General Obligation Bonds				
2001 Library	2001-2021	3.00-5.05%	\$6,340,000	\$4,345,000
2001 Various Purpose	2001-2026	3.00-5.05	6,037,200	140,000
2004 Judgement Refunding	2004-2012	4.15	240,000	60,000
2005 Various Purpose	2005-2015	3.50 to 5.13	1,295,000	675,000
2005 City Complex Refunding	2005-2020	4.28	6,410,000	5,935,000
2007 Police Pension Refunding	2007-2026	4.00-4.25	445,515	443,383
2007 Fire Pension Refunding	2007-2026	4.00-4.25	599,485	596,617
2007 Various Purpose Refunding	2007-2026	4.00-4.25	4,433,271	4,363,271
			<u>25,800,471</u>	<u>16,558,271</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

Long-Term Obligations	Term	Percent	Original Issue	Outstanding 12/31/10
Special Assessment Bonds				
1995 PP McDonough Street	1995-2015	5.23%	\$2,963	\$623
1995 PP Street	1995-2014	5.23	120,974	25,469
1995 PP Dutch Street	1995-2013	5.23	35,512	5,919
1995 Filmore	1995-2014	5.23	247,677	102,988
1996 Perry Street	1996-2016	5.72	40,000	12,000
1996 Perry Street - City Port	1996-2016	5.72	350,000	138,000
1998 PP Street	1998-2018	4.87	48,894	19,690
1998 PP Street	1998-2018	4.87	31,000	12,484
1998 PP Street	1998-2018	4.87	69,106	27,826
1999 Winnebago	1999-2019	5.50	81,000	39,000
1999 Wilbert	1999-2019	5.50	143,000	62,000
1999 Streetscape	1999-2019	5.50	329,000	149,000
2001 PP Sidewalk	2001-2026	4.00	280,000	30,000
2002 Curb, Sidewalk, and Gutter	2002-2012	4.75	102,000	25,000
2003 Curb, Sidewalk, and Gutter	2003-2013	4.00	89,900	27,000
2004 PP St. Clair Street Refunding	2004-2012	4.15	80,000	20,800
2004 PP First Street Refunding	2004-2011	4.15	30,700	4,400
2004 PP Water Refunding	2004-2011	4.15	26,300	3,800
2005 Sidewalk	2005-2015	3.50-5.13	185,000	100,000
2006 Sidewalk	2006-2016	4.66	104,000	62,400
2007 Remington Refunding	2007-2026	4.00	66,729	66,729
2007 Seneca	2007-2027	4.00	52,000	44,200
2007 Huntington	2007-2027	4.00	147,000	132,600
2007 Sidewalk	2007-2027	4.00	91,000	68,200
2008 Sidewalk, Curb, and Gutter	2008-2018	4.00-5.00	113,000	93,000
2008 Cold Creek	2008-2028	4.00-6.00	2,425,000	2,285,000
2008 Monroe Street	2008-2018	4.00-5.00	87,000	72,000
2009 Monroe Street	2009-2019	4.50	84,400	75,960
			5,463,155	3,706,088

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

Long-Term Obligations	Term	Percent	Original Issue	Outstanding 12/31/10
General Obligation Revenue Bonds				
Water				
2002 Waterworks Improvement Refunding	2002-2011	4.50-4.75%	\$ 720,000	\$80,000
2005 Water System	2005-2030	3.50-5.13	175,000	150,000
			<u>895,000</u>	<u>230,000</u>
Sewer				
2004 Water Pollution Control Refunding	2004-2012	4.15	353,000	91,000
2005 Wastewater System	2005-2030	3.50-5.13	1,815,000	1,585,000
			<u>2,168,000</u>	<u>1,676,000</u>
			<u>\$34,326,626</u>	<u>\$22,170,359</u>
OWDA Loans				
Water				
2003 Water Plant Improvements	2004-2024	5.20%	\$19,993,686	\$7,464,043
2005 WTP Electrical Improvements	2005-2030	4.60	8,162,198	5,903,978
			<u>28,155,884</u>	<u>13,368,021</u>
Sewer				
1998 Ultraviolet Treatment	2001-2026	5.56	2,110,930	1,619,906
1999 Sewer Rehabilitation	2001-2025	6.13	350,878	268,341
2000 Sewer Rehabilitation	2001-2026	6.39	713,436	514,967
2000 CSO Flow Monitors	2001-2026	6.39	306,536	245,418
2000 Sludge Digestion System	2001-2026	6.03	1,409,888	949,736
2001 Cedar Point Pump Station	2002-2022	5.05	4,393,697	3,095,512
2001 Final Settling Tank Improv	2002-2022	5.05	383,484	204,239
2002 WWTP Expansion	2003-2024	4.65	26,286,934	11,797,345
2007 WWTP Phase II Design	2008-2041	4.27	6,401,951	11,473,527
			<u>42,357,734</u>	<u>30,168,991</u>
			<u>\$70,513,618</u>	<u>\$43,537,012</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 21 - CAPITAL LEASES - LESSEE DISCLOSURE

The City has entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Principal payments in 2010 were \$37,159.

	Governmental Activities
Equipment	\$233,453
Less Accumulated Depreciation	(232,105)
Carrying Value, December 31, 2010	\$1,348

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

	Governmental Activities	
Year	Principal	Interest
2011	\$914	\$4

NOTE 22 - OPERATING LEASE

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

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 22 - OPERATING LEASE (continued)

For 2010, 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
2011-2014	\$25,000	\$100,000
2015-2024	30,000	300,000
Total minimum future rentals		\$400,000

Beginning in 2000, Sandusky Bay Investment Company, Limited is required to pay additional rents to the City if net income is reported for that year. The additional rent will be a percentage of gross income calculated at the following percentages:

	Percentage of Gross Income
2011-2014	1.0%
2015-2024	2.0

The City did not receive any additional rent in 2010.

NOTE 23 - 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	Federal Grants	Capital Projects	Other Governmental Funds
Nonspendable for:				
Prepaid Items	\$0	\$0	\$42	\$0
Materials and Supplies Inventory	130,470	82	0	85,427
Interfund Loans	16,200	0	0	0
Total Nonspendable	146,670	82	42	85,427

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 23 - FUND BALANCE (continued)

Fund Balance	General	Federal Grants	Capital Projects	Other Governmental Funds
Restricted for:				
Cemetery Operations	\$0	\$0	\$0	\$820,598
Court Computerization	0	0	0	148,079
Court Security	0	0	0	400
Debt Retirement	0	0	0	82,687
Drug and Alcohol Treatment/Enforcement	0	0	0	284,302
Economic Development and Rehabilitation	0	433,385	0	2,627,758
Electronic Monitoring	0	0	0	20,457
Police and Fire Operations	0	41,830	0	127,737
Probation	0	0	0	353,568
Recreation	0	0	0	246,589
Street Construction and Maintenance	0	0	0	175,509
Transit System	0	276,897	0	0
Unclaimed Monies	93,120	0	0	0
Total Restricted	93,120	752,112	0	4,887,684
Committed to:				
Capital Improvements	0	0	0	43,585
Assigned for:				
Future Severance Payments	100,000	0	0	0
Unpaid Obligations	33,224	0	0	0
Total Assigned	133,224	0	0	0
Unassigned (Deficit):	3,272,103	0	(3,847,011)	(498,587)
Total Fund Balance (Deficit)	\$3,645,117	\$752,194	(\$3,846,969)	\$4,518,109

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 24 - INTERFUND TRANSFERS

During 2010, the General Fund made transfers to the Special Assessment Bond Retirement Fund, in the amount of \$193,797, to move receipts as debt payments became due, and to other governmental funds, in the amount of \$1,435,844, to subsidize various activities in other funds. The Federal Grants special revenue made transfers to other governmental funds, in the amount of \$113,257, to move receipts as debt payments became due. The Special Assessment Bond Retirement Fund made transfers to other governmental funds, in the amount of \$3,390, to move receipts as debt payments became due. The Capital Projects Fund made transfers to other governmental funds, in the amount of \$117,110, to move receipts as debt payments became due. Other governmental funds made transfers to the Capital Projects Fund, in the amount of \$1,565,615 to fund various capital activities and to other governmental funds, in the amount of \$138,239, to move receipts as debt payments became due.

The Water Fund made transfers to the Capital Projects Fund, in the amount of \$322,838, to pay for capital projects activities within the fund. The Sewer Fund made transfers to the Special Assessment Bond Retirement Fund and Capital Projects Fund, in the amount of \$65,576 and \$708,613; respectively, to move receipts as debt payments became due and to pay for capital projects activities within the funds.

NOTE 25 - PUBLIC ENTITY SHARED RISK POOL

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

Participation in BORMA is by written application subject to the approval of the board of directors and the payment of premiums. Member cities must remain members for cycles of three years. A member may withdraw from a program by giving a forty day notice prior to the beginning of the next cycle. BORMA does not have any outstanding debt obligations as of December 31, 2010. Financial information may be obtained from Arthur J. Gallagher Risk Management Services, Inc., 2 Summit Park Drive, Suite 235, Independence, Ohio 44131.

NOTE 26 - 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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010
(continued)

NOTE 26 - CONTINGENT LIABILITIES (continued)

B. Federal and State Grants

For the period January 1, 2010, to December 31, 2010, the City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

NOTE 27 - SUBSEQUENT EVENTS

On May 19, 2011, the City issued \$4,090,000 in refunding general obligation bonds to refund bonds previously issued for renovating and improving the City library. The bonds have interest rates ranging from 2 to 4.25 percent and mature on December 1, 2023.

On June 23, 2011, the City issued \$600,000 in bond anticipation notes for the West End Grade Separation project. The notes have an interest rate of .70 percent and mature on October 13, 2011.



**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.

Indigent Drivers Alcohol

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

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.

(continued)

**Nonmajor Special Revenue Funds
(continued)**

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 Debt 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 Fund

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

Nonmajor Capital Projects Funds

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

Capital Improvement

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

Redevelopment Tax Increment

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

Various Improvement

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

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

	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	\$2,297,858	\$58,677	\$181,888	\$2,538,423
Accounts Receivable	0	0	867,763	867,763
Accrued Interest Receivable	1,466	0	0	1,466
Due from Other Governments	622,493	26,339	0	648,832
Municipal Income Taxes Receivable	0	115,383	92,306	207,689
Other Local Taxes Receivable	31,670	0	0	31,670
Materials and Supplies Inventory	85,427	0	0	85,427
Property Taxes Receivable	317,758	402,216	0	719,974
Payment in Lieu of Taxes Receivable	576	498,208	25,679	524,463
Notes Receivable	2,422,156	0	0	2,422,156
Total Assets	<u>\$5,779,404</u>	<u>\$1,100,823</u>	<u>\$1,167,636</u>	<u>\$8,047,863</u>
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$16,828	\$0	\$1,693	\$18,521
Accounts Payable	216,793	0	5,100	221,893
Interfund Payable	0	0	19,590	19,590
Due to Other Governments	347,473	0	4,726	352,199
Accrued Interest Payable	0	316	0	316
Notes Payable	0	100,000	0	100,000
Deferred Revenue	840,319	1,013,825	963,091	2,817,235
Total Liabilities	<u>1,421,413</u>	<u>1,114,141</u>	<u>994,200</u>	<u>3,529,754</u>
<u>Fund Balance</u>				
Nonspendable	85,427	0	0	85,427
Restricted	4,675,146	82,687	129,851	4,887,684
Committed	0	0	43,585	43,585
Unassigned (Deficit)	<u>(402,582)</u>	<u>(96,005)</u>	<u>0</u>	<u>(498,587)</u>
Total Fund Balance	<u>4,357,991</u>	<u>(13,318)</u>	<u>173,436</u>	<u>4,518,109</u>
Total Liabilities and Fund Balance	<u>\$5,779,404</u>	<u>\$1,100,823</u>	<u>\$1,167,636</u>	<u>\$8,047,863</u>

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

	Street Maintenance	State Highway	Public Transit	Fire Pension	Police Pension
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$78,874	\$42,561	\$113,001	\$0	\$0
Accrued Interest Receivable	0	0	0	0	0
Due from Other Governments	458,895	37,205	51,763	10,388	10,388
Other Local Taxes Receivable	31,670	0	0	0	0
Materials and Supplies Inventory	85,387	0	0	0	0
Property Taxes Receivable	0	0	0	158,879	158,879
Payment in Lieu of Taxes Receivable	0	0	0	288	288
Notes Receivable	0	0	0	0	0
Total Assets	\$654,826	\$79,766	\$164,764	\$169,555	\$169,555
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accrued Wages Payable	\$15,241	\$0	\$1,587	\$0	\$0
Accounts Payable	14,880	0	198,411	0	0
Due to Other Governments	26,273	1,002	1,714	190,059	123,812
Deferred Revenue	385,077	31,223	51,763	169,555	169,555
Total Liabilities	441,471	32,225	253,475	359,614	293,367
<u>Fund Balance</u>					
Nonspendable	85,387	0	0	0	0
Restricted	127,968	47,541	0	0	0
Unassigned (Deficit)	0	0	(88,711)	(190,059)	(123,812)
Total Fund Balance (Deficit)	213,355	47,541	(88,711)	(190,059)	(123,812)
Total Liabilities and Fund Balance	\$654,826	\$79,766	\$164,764	\$169,555	\$169,555

State Grants	Indigent Drivers Alcohol	Enforcement and Education	Court Computerization	Indigent Telephone	Municipal Probation	General Trust
\$218,382	\$245,556	\$35,738	\$147,307	\$20,777	\$227,717	\$162,663
0	0	0	0	0	0	0
42,820	8,925	546	1,563	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
2,422,156	0	0	0	0	0	0
<u>\$2,683,358</u>	<u>\$254,481</u>	<u>\$36,284</u>	<u>\$148,870</u>	<u>\$20,777</u>	<u>\$227,717</u>	<u>\$162,663</u>
\$0	\$0	\$0	\$0	\$0	\$0	\$0
150	0	0	791	320	281	1,960
2,251	0	0	0	0	1,245	0
26,683	6,463	0	0	0	0	0
<u>29,084</u>	<u>6,463</u>	<u>0</u>	<u>791</u>	<u>320</u>	<u>1,526</u>	<u>1,960</u>
0	0	0	0	0	0	0
2,654,274	248,018	36,284	148,079	20,457	226,191	160,703
0	0	0	0	0	0	0
<u>2,654,274</u>	<u>248,018</u>	<u>36,284</u>	<u>148,079</u>	<u>20,457</u>	<u>226,191</u>	<u>160,703</u>
<u>\$2,683,358</u>	<u>\$254,481</u>	<u>\$36,284</u>	<u>\$148,870</u>	<u>\$20,777</u>	<u>\$227,717</u>	<u>\$162,663</u>

(continued)

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

	Park Donations	Cemetery Donations	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$185,033	\$820,249	\$2,297,858
Accrued Interest Receivable	0	1,466	1,466
Due from Other Governments	0	0	622,493
Other Local Taxes Receivable	0	0	31,670
Materials and Supplies Inventory	0	40	85,427
Property Taxes Receivable	0	0	317,758
Payment in Lieu of Taxes Receivable	0	0	576
Notes Receivable	0	0	2,422,156
Total Assets	<u>\$185,033</u>	<u>\$821,755</u>	<u>\$5,779,404</u>
<u>Liabilities and Fund Balance</u>			
<u>Liabilities</u>			
Accrued Wages Payable	\$0	\$0	\$16,828
Accounts Payable	0	0	216,793
Due to Other Governments	0	1,117	347,473
Deferred Revenue	0	0	840,319
Total Liabilities	<u>0</u>	<u>1,117</u>	<u>1,421,413</u>
<u>Fund Balance</u>			
Nonspendable	0	40	85,427
Restricted	185,033	820,598	4,675,146
Unassigned (Deficit)	0	0	(402,582)
Total Fund Balance (Deficit)	<u>185,033</u>	<u>820,638</u>	<u>4,357,991</u>
Total Liabilities and Fund Balance	<u>\$185,033</u>	<u>\$821,755</u>	<u>\$5,779,404</u>

City of Sandusky
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2010

	General Bond Retirement	Urban Renewal Debt Retirement	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$54,366	\$4,311	\$58,677
Due from Other Governments	26,339	0	26,339
Municipal Income Taxes Receivable	115,383	0	115,383
Property Taxes Receivable	402,216	0	402,216
Payment in Lieu of Taxes Receivable	914	497,294	498,208
	<u>599,218</u>	<u>501,605</u>	<u>1,100,823</u>
<u>Liabilities and Fund Balance</u>			
<u>Liabilities</u>			
Accrued Interest Payable	\$0	\$316	\$316
Notes Payable	0	100,000	100,000
Deferred Revenue	516,531	497,294	1,013,825
	<u>516,531</u>	<u>597,610</u>	<u>1,114,141</u>
<u>Fund Balance</u>			
Restricted	82,687	0	82,687
Unassigned (Deficit)	0	(96,005)	(96,005)
	<u>82,687</u>	<u>(96,005)</u>	<u>(13,318)</u>
Total Fund Balance (Deficit)	<u>82,687</u>	<u>(96,005)</u>	<u>(13,318)</u>
Total Liabilities and Fund Balance	<u>599,218</u>	<u>501,605</u>	<u>1,100,823</u>

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

	Capital Improvement	Redevelopment Tax Increment	Various Improvement	Total
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$20,928	\$5,391	\$155,569	\$181,888
Accounts Receivable	0	0	867,763	867,763
Municipal Income Taxes Receivable	92,306	0	0	92,306
Payment in Lieu of Taxes Receivable	0	25,679	0	25,679
Total Assets	<u>\$113,234</u>	<u>\$31,070</u>	<u>\$1,023,332</u>	<u>\$1,167,636</u>
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$0	\$0	\$1,693	\$1,693
Accounts Payable	0	5,100	0	5,100
Interfund Payable	0	0	19,590	19,590
Due to Other Governments	0	0	4,726	4,726
Deferred Revenue	69,649	25,679	867,763	963,091
Total Liabilities	<u>69,649</u>	<u>30,779</u>	<u>893,772</u>	<u>994,200</u>
<u>Fund Balance</u>				
Restricted	0	291	129,560	129,851
Committed	43,585	0	0	43,585
Total Fund Balance	<u>43,585</u>	<u>291</u>	<u>129,560</u>	<u>173,436</u>
Total Liabilities and Fund Balance	<u>\$113,234</u>	<u>\$31,070</u>	<u>\$1,023,332</u>	<u>\$1,167,636</u>

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

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Revenues</u>				
Property Taxes	\$259,506	\$427,062	\$0	\$686,568
Payment in Lieu of Taxes	684	515,503	25,794	541,981
Municipal Income Taxes	0	398,918	309,016	707,934
Other Local Taxes	466,355	0	0	466,355
Charges for Services	268,380	0	23,867	292,247
Fees, Licenses, and Permits	107,518	0	115,149	222,667
Fines and Forfeitures	72,519	0	0	72,519
Intergovernmental	1,391,134	113,876	0	1,505,010
Interest	32,299	0	1,748	34,047
Other	153,089	0	481	153,570
Total Revenues	2,751,484	1,455,359	476,055	4,682,898
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	590,880	0	0	590,880
Fire	745,131	0	0	745,131
Public Health	101,885	0	0	101,885
Leisure Time Activities	21,901	0	0	21,901
Community Environment	226,793	0	286,001	512,794
Transportation	1,931,106	0	0	1,931,106
General Government				
Municipal Court	203	0	0	203
Other	64,602	0	0	64,602
Other	68,108	0	0	68,108
Debt Service:				
Principal Retirement	62,891	694,865	0	757,756
Interest and Fiscal Charges	50,864	868,275	0	919,139
Total Expenditures	3,864,364	1,563,140	286,001	5,713,505
Excess of Revenues Over (Under) Expenditures	(1,112,880)	(107,781)	190,054	(1,030,607)
<u>Other Financing Sources (Uses)</u>				
Sale of Capital Assets	1,400	0	0	1,400
Transfers In	1,075,844	590,367	141,629	1,807,840
Transfers Out	(160,620)	(1,239,360)	(303,874)	(1,703,854)
Total Other Financing Sources (Uses)	916,624	(648,993)	(162,245)	105,386
Changes in Fund Balance	(196,256)	(756,774)	27,809	(925,221)
Fund Balance Beginning of Year	4,554,247	743,456	145,627	5,443,330
Fund Balance (Deficit) End of Year	<u>\$4,357,991</u>	<u>(\$13,318)</u>	<u>\$173,436</u>	<u>\$4,518,109</u>

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

	Street Maintenance	State Highway	Public Transit	Fire Pension	Police Pension
<u>Revenues</u>					
Property Taxes	\$0	\$0	\$0	\$129,753	\$129,753
Payment in Lieu of Taxes	0	0	0	342	342
Other Local Taxes	466,355	0	0	0	0
Charges for Services	0	0	238,334	0	0
Fees, Licenses, and Permits	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	929,429	75,358	213,714	35,988	35,988
Interest	254	24	0	0	0
Other	6,854	28	91,672	0	0
Total Revenues	1,402,892	75,410	543,720	166,083	166,083
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	0	0	0	0	555,767
Fire	0	0	0	743,624	0
Public Health	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Environment	0	0	0	0	0
Transportation	1,174,883	49,222	707,001	0	0
General Government					
Municipal Court	0	0	0	0	0
Other	0	0	0	0	0
Other	0	0	0	0	0
Debt Service:					
Principal Retirement	17,891	0	0	25,816	19,184
Interest and Fiscal Charges	6,891	0	0	25,225	18,748
Total Expenditures	1,199,665	49,222	707,001	794,665	593,699
Excess of Revenues Over (Under) Expenditures	203,227	26,188	(163,281)	(628,582)	(427,616)
<u>Other Financing Sources (Uses)</u>					
Sale of Capital Assets	0	0	0	0	0
Transfers In	0	0	0	638,343	437,501
Transfers Out	(160,620)	0	0	0	0
Total Other Financing Sources (Uses)	(160,620)	0	0	638,343	437,501
Changes in Fund Balance	42,607	26,188	(163,281)	9,761	9,885
Fund Balance (Deficit) Beginning of Year	170,748	21,353	74,570	(199,820)	(133,697)
Fund Balance (Deficit) End of Year	<u>\$213,355</u>	<u>\$47,541</u>	<u>(\$88,711)</u>	<u>(\$190,059)</u>	<u>(\$123,812)</u>

State Grants	Indigent Drivers Alcohol	Enforcement and Education	Court Computerization	Indigent Telephone	Municipal Probation	General Trust
\$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	513
0	41,526	0	0	0	65,992	0
0	0	9,062	34,330	0	0	29,127
83,934	14,723	0	0	0	0	2,000
27,862	0	0	0	0	0	0
17,092	0	0	0	0	0	22,998
<u>128,888</u>	<u>56,249</u>	<u>9,062</u>	<u>34,330</u>	<u>0</u>	<u>65,992</u>	<u>54,638</u>
0	0	0	0	0	0	35,113
0	0	0	0	0	0	1,507
0	0	0	0	0	0	0
14,500	0	0	0	0	0	4,752
220,134	0	0	0	0	0	6,659
0	0	0	0	0	0	0
203	0	0	0	0	0	0
64,602	0	0	0	0	0	0
0	0	0	12,779	9,876	45,453	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>299,439</u>	<u>0</u>	<u>0</u>	<u>12,779</u>	<u>9,876</u>	<u>45,453</u>	<u>48,031</u>
<u>(170,551)</u>	<u>56,249</u>	<u>9,062</u>	<u>21,551</u>	<u>(9,876)</u>	<u>20,539</u>	<u>6,607</u>
0	0	0	0	0	0	1,400
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	1,400
<u>(170,551)</u>	<u>56,249</u>	<u>9,062</u>	<u>21,551</u>	<u>(9,876)</u>	<u>20,539</u>	<u>8,007</u>
<u>2,824,825</u>	<u>191,769</u>	<u>27,222</u>	<u>126,528</u>	<u>30,333</u>	<u>205,652</u>	<u>152,696</u>
<u>\$2,654,274</u>	<u>\$248,018</u>	<u>\$36,284</u>	<u>\$148,079</u>	<u>\$20,457</u>	<u>\$226,191</u>	<u>\$160,703</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, 2010
(continued)

	Park Donations	Cemetery Donations	Total
<u>Revenues</u>			
Property Taxes	\$0	\$0	\$259,506
Payment in Lieu of Taxes	0	0	684
Other Local Taxes	0	0	466,355
Charges for Services	9,038	20,495	268,380
Fees, Licenses, and Permits	0	0	107,518
Fines and Forfeitures	0	0	72,519
Intergovernmental	0	0	1,391,134
Interest	133	4,026	32,299
Other	1,828	12,617	153,089
Total Revenues	10,999	37,138	2,751,484
<u>Expenditures</u>			
Current:			
Security of Persons and Property			
Police	0	0	590,880
Fire	0	0	745,131
Public Health	0	101,885	101,885
Leisure Time Activities	2,649	0	21,901
Community Environment	0	0	226,793
Transportation	0	0	1,931,106
General Government			
Municipal Court	0	0	203
Other	0	0	64,602
Other	0	0	68,108
Debt Service:			
Principal Retirement	0	0	62,891
Interest and Fiscal Charges	0	0	50,864
Total Expenditures	2,649	101,885	3,864,364
Excess of Revenues Over (Under) Expenditures	8,350	(64,747)	(1,112,880)
<u>Other Financing Sources (Uses)</u>			
Sale of Capital Assets	0	0	1,400
Transfers In	0	0	1,075,844
Transfers Out	0	0	(160,620)
Total Other Financing Sources (Uses)	0	0	916,624
Changes in Fund Balance	8,350	(64,747)	(196,256)
Fund Balance (Deficit) Beginning of Year	176,683	885,385	4,554,247
Fund Balance (Deficit) End of Year	\$185,033	\$820,638	\$4,357,991

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2010

	General Bond Retirement	Urban Renewal Debt Retirement	Total
<u>Revenues</u>			
Property Taxes	\$427,062	\$0	\$427,062
Payment in Lieu of Taxes	1,140	514,363	515,503
Municipal Income Taxes	398,918	0	398,918
Intergovernmental	53,004	60,872	113,876
Total Revenues	880,124	575,235	1,455,359
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	694,865	0	694,865
Interest and Fiscal Charges	866,234	2,041	868,275
Total Expenditures	1,561,099	2,041	1,563,140
Excess of Revenues Over (Under) Expenditures	(680,975)	573,194	(107,781)
<u>Other Financing Sources (Uses)</u>			
Transfers In	590,367	0	590,367
Transfers Out	0	(1,239,360)	(1,239,360)
Total Other Financing Sources (Uses)	590,367	(1,239,360)	(648,993)
Changes in Fund Balance	(90,608)	(666,166)	(756,774)
Fund Balance Beginning of Year	173,295	570,161	743,456
Fund Balance (Deficit) End of Year	\$82,687	(\$96,005)	(\$13,318)

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

	Capital Improvement	Redevelopment Tax Increment	Various Improvement	Total
<u>Revenues</u>				
Payment in Lieu of Taxes	\$0	\$25,794	\$0	\$25,794
Municipal Income Taxes	309,016	0	0	309,016
Charges for Services	0	0	23,867	23,867
Fees, Licenses, and Permits	0	0	115,149	115,149
Interest	0	0	1,748	1,748
Other	0	0	481	481
Total Revenues	309,016	25,794	141,245	476,055
<u>Expenditures</u>				
Current:				
Community Environment	0	129,175	156,826	286,001
Excess of Revenues Over (Under) Expenditures	309,016	(103,381)	(15,581)	190,054
<u>Other Financing Sources (Uses)</u>				
Transfers In	0	0	141,629	141,629
Transfers Out	(303,874)	0	0	(303,874)
Total Other Financing Sources (Uses)	(303,874)	0	141,629	(162,245)
Changes in Fund Balance	5,142	(103,381)	126,048	27,809
Fund Balance Beginning of Year	38,443	103,672	3,512	145,627
Fund Balance End of Year	\$43,585	\$291	\$129,560	\$173,436

City of Sandusky
Combining Statements - Fiduciary Funds

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

Agency Funds

State Patrol Transfer

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

Guaranteed Deposits

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

Sandusky Municipal Court

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

BSF Assessment

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

Fire Escrow

To account for insurance proceeds 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.

Employee Series E Bonds

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

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, 2010

	Balance January 1, 2010	Additions	Reductions	Balance December 31, 2010
<u>State Patrol Transfer</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$5,899	\$0	\$2	\$5,897
<u>Liabilities</u>				
Undistributed Assets	\$5,899	\$0	\$2	\$5,897
<u>Guaranteed Deposits</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$36,156	\$10,079	\$0	\$46,235
<u>Liabilities</u>				
Undistributed Assets	\$36,156	\$10,079	\$0	\$46,235
<u>Sandusky Municipal Court</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$99,703	\$2,535,441	\$2,545,612	\$89,532
<u>Liabilities</u>				
Undistributed Assets	\$99,703	\$2,535,441	\$2,545,612	\$89,532
<u>BSF Assessment</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,801	\$3,084	\$3,265	\$1,620
<u>Liabilities</u>				
Undistributed Assets	\$1,801	\$3,084	\$3,265	\$1,620
<u>Fire Escrow</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$7,860	\$12,000	\$16,546	\$3,314
<u>Liabilities</u>				
Undistributed Assets	\$7,860	\$12,000	\$16,546	\$3,314
<u>Payroll</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$100,420	\$102,554	\$100,420	\$102,554
<u>Liabilities</u>				
Due to Other Governments	\$100,420	\$102,554	\$100,420	\$102,554
<u>Employee Series E Bonds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$325	\$150	\$475	\$0
<u>Liabilities</u>				
Undistributed Assets	\$325	\$150	\$475	\$0

(continued)

City of Sandusky
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2010
(continued)

	Balance January 1, 2010	Additions	Reductions	Balance December 31, 2010
<u>Police Temporary Deposit</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,979	\$23,608	\$23,607	\$1,980
<u>Liabilities</u>				
Undistributed Assets	\$1,979	\$23,608	\$23,607	\$1,980
<u>Section 125 Plan</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$8,109	\$29,858	\$30,778	\$7,189
<u>Liabilities</u>				
Undistributed Assets	\$8,109	\$29,858	\$30,778	\$7,189
<u>Total - All Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$262,252	\$2,716,774	\$2,720,705	\$258,321
<u>Liabilities</u>				
Due to Other Governments	\$100,420	\$102,554	\$100,420	\$102,554
Undistributed Assets	161,832	2,614,220	2,620,285	155,767
Total Liabilities	\$262,252	\$2,716,774	\$2,720,705	\$258,321



**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, 2010

	Original	Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues</u>				
Property Taxes	\$1,799,854	\$1,799,854	\$1,578,882	(\$220,972)
Payment in Lieu of Taxes	4,159	4,159	4,159	0
Municipal Income Taxes	6,078,006	5,978,240	6,003,975	25,735
Other Local Taxes	3,347,191	3,547,192	3,829,571	282,379
Charges for Services	828,206	846,853	1,044,185	197,332
Fees, Licenses, and Permits	497,764	504,333	578,487	74,154
Fines and Forfeitures	1,130,541	1,071,812	1,021,153	(50,659)
Intergovernmental	1,317,709	1,598,500	1,690,643	92,143
Interest	375,000	375,000	345,052	(29,948)
Other	483,623	612,150	664,683	52,533
Total Revenues	15,862,053	16,338,093	16,760,790	422,697
<u>Expenditures</u>				
Current:				
Security of Persons and Property-Police				
Police Patrol				
Personal Services	3,458,778	3,358,778	3,310,745	48,033
Other	224,270	234,270	232,995	1,275
Total Police Patrol	3,683,048	3,593,048	3,543,740	49,308
Police Records				
Personal Services	518,290	562,290	560,185	2,105
Other	46,850	35,850	35,466	384
Total Police Records	565,140	598,140	595,651	2,489
Police Detectives				
Personal Services	416,895	556,895	555,242	1,653
Other	8,000	8,000	7,182	818
Total Police Detectives	424,895	564,895	562,424	2,471
Total Security of Persons and Property-Police	4,673,083	4,756,083	4,701,815	54,268
Security of Persons and Property-Fire				
Fire Suppression				
Personal Services	4,060,783	4,105,783	4,100,171	5,612
Other	332,105	307,105	269,907	37,198
Total Security of Persons and Property-Fire	4,392,888	4,412,888	4,370,078	42,810
Security of Persons and Property-Other				
Street Lighting				
Other	235,000	248,000	247,160	840
Public Health				
Oakland Cemetery				
Personal Services	219,019	209,019	203,471	5,548
Other	32,199	32,199	30,141	2,058
Total Public Health	251,218	241,218	233,612	7,606
Leisure Time Activities				
Aquatic Center				
Personal Services	15,981	14,881	7,272	7,609
Other	3,131	4,231	4,164	67
Total Aquatic Center	19,112	19,112	11,436	7,676

(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, 2010
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Mills Creek Golf Course				
Personal Services	\$105,822	\$105,822	\$99,121	\$6,701
Other	84,068	109,068	96,159	12,909
Total Mills Creek Golf Course	189,890	214,890	195,280	19,610
Recreation				
Personal Services	67,256	67,256	65,672	1,584
Other	30,669	35,669	33,724	1,945
Total Recreation	97,925	102,925	99,396	3,529
Boat Launch Ramp				
Other	9,879	9,879	7,267	2,612
Total Leisure Time Activities	316,806	346,806	313,379	33,427
Community Environment				
Community Development Planning				
Personal Services	106,024	117,024	97,201	19,823
Other	21,224	41,224	38,427	2,797
Total Community Development Planning	127,248	158,248	135,628	22,620
City Wide Economic Development				
Personal Services	15,235	15,235	14,116	1,119
Other	27,016	71,016	66,965	4,051
Total City Wide Economic Development	42,251	86,251	81,081	5,170
Community Development Building Division				
Personal Services	230,736	180,736	175,313	5,423
Other	10,891	15,891	11,196	4,695
Total Community Development Building Division	241,627	196,627	186,509	10,118
Horticulture Services				
Personal Services	550,620	565,120	561,633	3,487
Other	120,538	153,538	150,453	3,085
Total Horticulture Services	671,158	718,658	712,086	6,572
Total Community Environment	1,082,284	1,159,784	1,115,304	44,480
Transportation				
Jackson Street Pier				
Other	1,150	2,150	2,094	56
General Government-Municipal Court				
Court-Criminal				
Personal Services	850,565	873,565	873,093	472
Other	52,000	72,000	68,720	3,280
Total General Government-Municipal Court	902,565	945,565	941,813	3,752
General Government-Other				
City Manager				
Personal Services	66,522	57,522	56,976	546
Other	5,600	4,600	4,497	103
Total City Manager	72,122	62,122	61,473	649

(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, 2010
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Personnel Labor Relations				
Personal Services	\$70,697	\$81,697	\$80,162	\$1,535
Other	37,300	46,300	45,331	969
Total Personnel Labor Relations	107,997	127,997	125,493	2,504
Finance				
Personal Services	145,026	150,026	149,344	682
Other	8,820	9,820	9,599	221
Total Finance	153,846	159,846	158,943	903
Income Tax				
Personal Services	52,407	53,407	52,490	917
Other	260,169	229,169	224,219	4,950
Total Income Tax	312,576	282,576	276,709	5,867
Data Processing				
Personal Services	74,435	71,935	71,754	181
Other	21,648	46,648	44,816	1,832
Total Data Processing	96,083	118,583	116,570	2,013
Law Director				
Personal Services	183,357	183,357	181,594	1,763
Other	28,955	28,955	26,164	2,791
Total Law Director	212,312	212,312	207,758	4,554
City Commission				
Personal Services	26,735	26,835	26,778	57
Other	8,737	9,637	9,509	128
Total City Commission	35,472	36,472	36,287	185
City Commission Clerk				
Personal Services	38,915	43,915	43,196	719
Other	3,425	2,425	1,318	1,107
Total City Commission Clerk	42,340	46,340	44,514	1,826
Municipal Buildings and Lands				
Personal Services	214,929	223,429	223,041	388
Other	249,541	222,541	218,233	4,308
Total Municipal Buildings and Lands	464,470	445,970	441,274	4,696
Engineering				
Personal Services	272,711	155,711	153,334	2,377
Other	46,407	51,407	49,261	2,146
Total Engineering	319,118	207,118	202,595	4,523
Mechanic				
Personal Services	214,786	199,786	199,478	308
Other	64,878	129,878	109,194	20,684
Total Mechanic	279,664	329,664	308,672	20,992
Unclaimed Funds				
Other	0	500	82	418

(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, 2010
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Administrative Support Other	\$699,911	\$812,134	\$803,493	\$8,641
Total General Government-Other	2,795,911	2,841,634	2,783,863	57,771
Debt Service:				
Principal Retirement	64,511	64,511	64,511	0
Interest and Fiscal Charges	24,845	24,845	24,845	0
Total Debt Service	89,356	89,356	89,356	0
Total Expenditures	14,740,261	15,043,484	14,798,474	245,010
Excess of Revenues Over Expenditures	1,121,792	1,294,609	1,962,316	667,707
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	147,550	176,881	335,926	159,045
Sale of Capital Assets	0	17,078	17,078	0
Advances In	3,390	3,390	3,390	0
Transfers Out	(1,556,341)	(1,634,322)	(1,629,641)	4,681
Total Other Financing Sources (Uses)	(1,405,401)	(1,436,973)	(1,273,247)	163,726
Changes in Fund Balance	(283,609)	(142,364)	689,069	831,433
Fund Balance Beginning of Year	2,876,975	2,876,975	2,876,975	0
Prior Year Encumbrances Appropriated	35,560	35,560	35,560	0
Fund Balance End of Year	\$2,628,926	\$2,770,171	\$3,601,604	\$831,433

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, 2010

	Original	Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues</u>				
Intergovernmental	\$2,195,000	\$3,694,554	\$2,916,307	(\$778,247)
Interest	25,000	25,000	14,267	(10,733)
Total Revenues	2,220,000	3,719,554	2,930,574	(788,980)
<u>Expenditures</u>				
Current:				
Security of Persons and Property-Police				
Weed and Seed Grant				
Personal Services	0	23,000	22,734	266
Other	0	83,000	78,695	4,305
Total Security of Persons and Property-Police	0	106,000	101,429	4,571
Security of Persons and Property-Fire				
EMS				
Other	0	40,000	35,747	4,253
Community Environment				
EPA Asmt Petroleum 2007				
Other	369,860	369,860	147,722	222,138
EPA Asmt Hazardous Waste 2007				
Other	369,860	369,860	147,722	222,138
EPA Brownfields 2009				
Other	200,000	200,000	0	200,000
HUD Special Review				
Other	275,535	275,535	204,584	70,951
HUD CDBG 08MC390034				
Personal Services	0	15,000	9,379	5,621
Other	279,657	379,657	298,837	80,820
Total HUD CDBG 08MC390034	279,657	394,657	308,216	86,441
HUD CDBG 09MC390034				
Personal Services	80,000	100,000	110,958	(10,958)
Other	401,336	1,001,336	826,311	175,025
Total HUD CDBG 09MC390034	481,336	1,101,336	937,269	164,067
Revolving Loan Economic Development				
Other	131,926	120,926	6,655	114,271
Total Community Environment	2,108,174	2,832,174	1,752,168	1,080,006
Transportation				
Public Transit System				
Personal Services	66,000	66,000	34,644	31,356
Other	906,000	1,506,000	1,163,840	342,160
Total Transportation	972,000	1,572,000	1,198,484	373,516
Total Expenditures	3,080,174	4,550,174	3,087,828	1,462,346

(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, 2010
(continued)

	<u>Original</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
Excess of Revenues Under Expenditures	(\$860,174)	(\$830,620)	(\$157,254)	\$673,366
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	0	446	446	0
Transfers Out	(118,504)	(118,504)	(113,257)	5,247
Total Other Financing Sources (Uses)	(118,504)	(118,058)	(112,811)	5,247
Changes in Fund Balance	(978,678)	(948,678)	(270,065)	678,613
Fund Balance Beginning of Year	533,048	533,048	533,048	0
Prior Year Encumbrances Appropriated	526,678	526,678	526,678	0
Fund Balance End of Year	<u>\$81,048</u>	<u>\$111,048</u>	<u>\$789,661</u>	<u>\$678,613</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, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Special Assessments	\$308,496	\$312,486	\$3,990
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	304,471	304,471	0
Interest and Fiscal Charges	198,422	198,422	0
Total Expenditures	502,893	502,893	0
Excess of Revenues Under Expenditures	(194,397)	(190,407)	3,990
<u>Other Financing Sources (Uses)</u>			
Advances Out	(3,390)	(3,390)	0
Transfers In	197,639	193,797	(3,842)
Total Other Financing Sources (Uses)	194,249	190,407	(3,842)
Changes in Fund Balance	(148)	0	148
Fund Balance Beginning of Year	0	0	0
Fund Balance (Deficit) End of Year	<u>(\$148)</u>	<u>\$0</u>	<u>\$148</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, 2010

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$421,658	\$260,960	(\$160,698)
Fees, Licenses, and Permits	144,640	144,640	0
Intergovernmental	2,209,037	2,209,037	0
Other	37,537	37,537	0
Total Revenues	2,812,872	2,652,174	(160,698)
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Fire			
EMS			
Personal Services	6,000	4,632	1,368
Other	192,369	148,084	44,285
Total Security of Persons and Property-Fire	198,369	152,716	45,653
Public Health			
Health Department			
Other	20,000	15,622	4,378
Leisure Time Activities			
Pedestrian/Bike Path Phase III			
Other	5,000	4,029	971
Community Environment			
City Wide Economic Development			
Other	34,000	20,952	13,048
Paint Program			
Other	1,000	0	1,000
Greenhouse Study			
Other	140,000	138,995	1,005
Keller Building			
Other	74,350	44,448	29,902
Sandusky Cabinets			
Other	2,000	960	1,040
Underground Storage Tank Removal			
Other	500	198	302
Total Community Environment	251,850	205,553	46,297
Transportation			
First Street Resurfacing			
Personal Services	2,800	2,722	78
Other	14,000	13,800	200
Total First Street Resurfacing	16,800	16,522	278

(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, 2010
(continued)

	Budget	Actual	Variance Over (Under)
Hayes Avenue Underpass			
Personal Services	\$31,300	\$31,255	\$45
Other	20,887	19,168	1,719
Total Hayes Avenue Underpass	52,187	50,423	1,764
Hayes Avenue Resurfacing			
Personal Services	40,000	35,573	4,427
Other	125	125	0
Total Hayes Avenue Resurfacing	40,125	35,698	4,427
Camp Street Underpass			
Personal Services	100	3	97
Paper District Waterfront Improvement Design			
Other	8,314	8,314	0
Paper District Waterfront Improvement Phase I			
Personal Services	5,000	3,318	1,682
Other	641,251	616,166	25,085
Total Paper District Waterfront Improvement Phase I	646,251	619,484	26,767
Westend Grade Separation			
Other	100	32	68
Mills Street Reconstruction			
Personal Services	15,000	13,649	1,351
Other	328	0	328
Total Mills Street Reconstruction	15,328	13,649	1,679
Total Transportation	779,205	744,125	35,080
General Government-Municipal Court			
Municipal Court			
Personal Services	100	44	56
Other	10,000	9,356	644
Total General Government-Municipal Court	10,100	9,400	700
General Government-Other			
City Hall Relocation			
Other	1,349	1,349	0
Paper District			
Other	12,600	6,514	6,086
Paper District Gradel Application			
Other	14,000	0	14,000
Paper District Phase II			
Other	5,000	750	4,250
Total General Government-Other	32,949	8,613	24,336

(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, 2010
(continued)

	Budget	Actual	Variance Over (Under)
Capital Outlay	\$6,541,802	\$5,382,592	\$1,159,210
Debt Service:			
Principal Retirement	3,700,000	3,700,000	0
Interest and Fiscal Charges	55,935	55,346	589
Total Debt Service	3,755,935	3,755,346	589
Total Expenditures	11,595,210	10,277,996	1,317,214
Excess of Revenues Under Expenditures	(8,782,338)	(7,625,822)	1,156,516
<u>Other Financing Sources (Uses)</u>			
Other Financing Sources	61,364	61,364	0
Bond Anticipation Notes Issued	5,630,000	5,630,000	0
Transfers In	1,343,764	1,342,442	(1,322)
Transfers Out	(117,110)	(117,110)	0
Total Other Financing Sources (Uses)	6,918,018	6,916,696	(1,322)
Changes in Fund Balance	(1,864,320)	(709,126)	1,155,194
Fund Balance Beginning of Year	786,001	786,001	0
Prior Year Encumbrances Appropriated	1,142,820	1,142,820	0
Fund Balance End of Year	\$64,501	\$1,219,695	\$1,155,194

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, 2010

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$5,230,000	\$5,086,698	(\$143,302)
Sale of Capital Assets	0	1,300	1,300
Interest	200	418	218
Other	10,000	80,342	70,342
Total Revenues	5,240,200	5,168,758	(71,442)
<u>Expenses</u>			
Personal Services			
Water Office	90,608	88,835	1,773
Waterworks Filtration	1,127,621	973,534	154,087
Waterworks Distribution	776,314	582,163	194,151
Administrative Support	500,000	416,195	83,805
Total Personal Services	2,494,543	2,060,727	433,816
Travel and Transportation			
Water Office	175	31	144
Waterworks Filtration	11,060	7,488	3,572
Waterworks Distribution	494	494	0
Administrative Support	2,976	2,892	84
Total Travel and Transportation	14,705	10,905	3,800
Contractual Services			
Water Office	20,878	20,878	0
Waterworks Filtration	472,654	422,110	50,544
Waterworks Distribution	121,483	45,283	76,200
Administrative Support	165,330	157,403	7,927
Total Contractual Services	780,345	645,674	134,671
Materials and Supplies			
Water Office	4,013	1,073	2,940
Waterworks Filtration	498,393	431,307	67,086
Waterworks Distribution	163,178	152,753	10,425
Administrative Support	8,700	4,303	4,397
Total Materials and Supplies	674,284	589,436	84,848
Other			
Water Office	39	39	0
Administrative Support	2,042	2,042	0
Total Other	2,081	2,081	0
Capital Outlay			
Waterworks Filtration	1,547,545	408,000	1,139,545
Waterworks Distribution	1,155,472	550,198	605,274
Administrative Support	106,842	24,312	82,530
Total Capital Outlay	2,809,859	982,510	1,827,349

(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, 2010
(continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Debt Service:			
Principal Retirement	\$1,466,293	\$1,466,293	\$0
Interest Expense	314,305	314,216	89
	<u>1,780,598</u>	<u>1,780,509</u>	<u>89</u>
Total Debt Service			
	<u>1,780,598</u>	<u>1,780,509</u>	<u>89</u>
Total Expenses	<u>8,556,415</u>	<u>6,071,842</u>	<u>2,484,573</u>
Excess of Revenues Under Expenses	(3,316,215)	(903,084)	2,413,131
Transfers Out	<u>(500,000)</u>	<u>(315,206)</u>	<u>184,794</u>
Changes in Fund Balance	(3,816,215)	(1,218,290)	2,597,925
Fund Balance Beginning of Year	7,357,946	7,357,946	0
Prior Year Encumbrances Appropriated	<u>925,650</u>	<u>925,650</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$4,467,381</u></u>	<u><u>\$7,065,306</u></u>	<u><u>\$2,597,925</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, 2010

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$6,091,050	\$6,255,397	\$164,347
OWDA Loan Proceeds	8,200,000	5,089,858	(3,110,142)
Interest	500	910	410
Other	96,450	213,199	116,749
Total Revenues	14,388,000	11,559,364	(2,828,636)
<u>Expenses</u>			
Personal Services			
Sewer Office	90,608	88,832	1,776
Water Pollution Control	1,404,733	1,354,384	50,349
Sewer Maintenance	718,271	700,025	18,246
Administrative Support	492,000	419,542	72,458
Total Personal Services	2,705,612	2,562,783	142,829
Travel and Transportation			
Sewer Office	178	31	147
Water Pollution Control	7,589	7,026	563
Sewer Maintenance	3,037	891	2,146
Administrative Support	3,101	3,101	0
Total Travel and Transportation	13,905	11,049	2,856
Contractual Services			
Sewer Office	20,900	20,890	10
Water Pollution Control	974,777	861,628	113,149
Sewer Maintenance	138,039	137,888	151
Administrative Support	263,210	258,565	4,645
Total Contractual Services	1,396,926	1,278,971	117,955
Materials and Supplies			
Sewer Office	3,990	1,062	2,928
Water Pollution Control	225,745	215,439	10,306
Sewer Maintenance	193,178	192,721	457
Administrative Support	8,700	4,303	4,397
Total Materials and Supplies	431,613	413,525	18,088
Other			
Sewer Office	38	38	0
Administrative Support	6,378	6,378	0
Total Other	6,416	6,416	0
Capital Outlay			
Water Pollution Control	12,165,218	6,559,345	5,605,873
Sewer Maintenance	220,580	86,831	133,749
Administrative Support	102,480	27,312	75,168
Total Capital Outlay	12,488,278	6,673,488	5,814,790

(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, 2010
(continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Debt Service:			
Principal Retirement	\$1,117,873	\$1,117,873	\$0
Interest Expense	<u>1,057,520</u>	<u>1,057,520</u>	<u>0</u>
Total Debt Service	<u>2,175,393</u>	<u>2,175,393</u>	<u>0</u>
Total Expenses	<u>19,218,143</u>	<u>13,121,625</u>	<u>6,096,518</u>
Excess of Revenues Under Expenses	(4,830,143)	(1,562,261)	3,267,882
Transfers Out	<u>(705,000)</u>	<u>(700,981)</u>	<u>4,019</u>
Changes in Fund Balance	(5,535,143)	(2,263,242)	3,271,901
Fund Balance Beginning of Year	10,156,761	10,156,761	0
Prior Year Encumbrances Appropriated	<u>922,403</u>	<u>922,403</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$5,544,021</u></u>	<u><u>\$8,815,922</u></u>	<u><u>\$3,271,901</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, 2010

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Other Local Taxes	\$467,195	\$467,195	\$0
Intergovernmental	932,017	917,725	(14,292)
Interest	333	298	(35)
Other	35	35	0
Total Revenues	1,399,580	1,385,253	(14,327)
<u>Expenditures</u>			
Current:			
Transportation			
Public Works			
Personal Services	692,694	639,204	53,490
Other	250,904	245,595	5,309
Total Public Works	943,598	884,799	58,799
Traffic and Electrical Maintenance			
Personal Services	198,876	196,420	2,456
Other	58,191	47,987	10,204
Total Traffic and Electrical Maintenance	257,067	244,407	12,660
Street Cleaning, Snow, and Ice Removal			
Other	70,350	68,197	2,153
Total Transportation	1,271,015	1,197,403	73,612
Debt Service:			
Principal Retirement	17,891	17,891	0
Interest and Fiscal Charges	6,891	6,891	0
Total Debt Service	24,782	24,782	0
Total Expenditures	1,295,797	1,222,185	73,612
Excess of Revenues Over Expenditures	103,783	163,068	59,285
<u>Other Financing Sources (Uses)</u>			
Other Financing Sources	8,420	6,819	(1,601)
Transfers Out	(162,000)	(160,620)	1,380
Total Other Financing Sources (Uses)	(153,580)	(153,801)	(221)
Changes in Fund Balance	(49,797)	9,267	59,064
Fund Balance Beginning of Year	37,298	37,298	0
Prior Year Encumbrances Appropriated	12,685	12,685	0
Fund Balance End of Year	\$186	\$59,250	\$59,064

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, 2010

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$73,951	\$74,410	\$459
Interest	21	24	3
Total Revenues	<u>73,972</u>	<u>74,434</u>	<u>462</u>
<u>Expenditures</u>			
Current:			
Transportation			
State Highway Maintenance and Repair			
Personal Services	35,000	32,425	2,575
Other	<u>30,000</u>	<u>16,670</u>	<u>13,330</u>
Total Expenditures	<u>65,000</u>	<u>49,095</u>	<u>15,905</u>
Excess of Revenues Over Expenditures	8,972	25,339	16,367
<u>Other Financing Sources</u>			
Other Financing Sources	<u>28</u>	<u>28</u>	<u>0</u>
Changes in Fund Balance	9,000	25,367	16,367
Fund Balance Beginning of Year	<u>17,194</u>	<u>17,194</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$26,194</u></u>	<u><u>\$42,561</u></u>	<u><u>\$16,367</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, 2010

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$238,334	\$238,334	\$0
Intergovernmental	250,000	223,131	(26,869)
Other	90,273	80,279	(9,994)
Total Revenues	578,607	541,744	(36,863)
<u>Expenditures</u>			
Current:			
Transportation			
Public Transit System			
Personal Services	51,000	45,655	5,345
Other	569,395	547,739	21,656
Total Expenditures	620,395	593,394	27,001
Excess of Revenues Under Expenditures	(41,788)	(51,650)	(9,862)
<u>Other Financing Sources</u>			
Other Financing Sources	11,393	11,393	0
Changes in Fund Balance	(30,395)	(40,257)	(9,862)
Fund Balance Beginning of Year	152,863	152,863	0
Prior Year Encumbrances Appropriated	395	395	0
Fund Balance End of Year	\$122,863	\$113,001	(\$9,862)

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, 2010

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$130,571	\$129,753	(\$818)
Payment in Lieu of Taxes	342	342	0
Intergovernmental	35,988	35,988	0
Total Revenues	166,901	166,083	(818)
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Fire			
Fire Pension			
Personal Services	751,709	751,003	706
Other	2,494	2,382	112
Total Security of Persons and Property-Fire	754,203	753,385	818
Debt Service:			
Principal Retirement	25,816	25,816	0
Interest and Fiscal Charges	25,225	25,225	0
Total Debt Service	51,041	51,041	0
Total Expenditures	805,244	804,426	818
Excess of Revenues Under Expenditures	(638,343)	(638,343)	0
<u>Other Financing Sources</u>			
Transfers In	638,343	638,343	0
Changes in Fund Balance	0	0	0
Fund Balance Beginning of Year	0	0	0
Fund Balance End of Year	\$0	\$0	\$0

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, 2010

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$129,917	\$129,753	(\$164)
Payment in Lieu of Taxes	342	342	0
Intergovernmental	35,988	35,988	0
Total Revenues	166,247	166,083	(164)
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police Pension			
Personal Services	563,416	563,294	122
Other	2,400	2,358	42
Total Security of Persons and Property-Police	565,816	565,652	164
Debt Service:			
Principal Retirement	19,184	19,184	0
Interest and Fiscal Charges	18,748	18,748	0
Total Debt Service	37,932	37,932	0
Total Expenditures	603,748	603,584	164
Excess of Revenues Under Expenditures	(437,501)	(437,501)	0
<u>Other Financing Sources</u>			
Transfers In	437,501	437,501	0
Changes in Fund Balance	0	0	0
Fund Balance Beginning of Year	0	0	0
Fund Balance End of Year	\$0	\$0	\$0

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, 2010

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$83,934	\$83,934	\$0
Interest	42,964	27,862	(15,102)
Other	190,721	83,890	(106,831)
Total Revenues	317,619	195,686	(121,933)
<u>Expenditures</u>			
Current:			
Leisure Time Activities			
Lions Park Shoreline Rehabilitation			
Other	12,000	14,500	(2,500)
Community Environment			
Landbank			
Other	25,000	6,191	18,809
Neighborhood Stabilization Program Purchase			
Personal Services	15,000	10,334	4,666
Other	50,000	37,791	12,209
Total Neighborhood Stabilization Program Purchase	65,000	48,125	16,875
Revolving Loan Home			
Other	5,000	4,700	300
Revolving Loan Rehabilitation			
Other	109,267	63,192	46,075
Revolving Loan Economic Development			
Other	146,230	140,696	5,534
Total Community Environment	350,497	262,904	87,593
General Government-Municipal Court			
Court Security			
Other	1,500	203	1,297
General Government-Other			
DRC Probation			
Personal Services	76,200	64,602	11,598
Total Expenditures	440,197	342,209	97,988
Excess of Revenues			
Under Expenditures	(122,578)	(146,523)	(23,945)
<u>Other Financing Sources</u>			
Other Financing Sources	17,092	17,092	0
Changes in Fund Balance	(105,486)	(129,431)	(23,945)
Fund Balance Beginning of Year	252,813	252,813	0
Prior Year Encumbrances Appropriated	47,497	47,497	0
Fund Balance End of Year	\$194,824	\$170,879	(\$23,945)

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, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Fees, Licenses, and Permits	\$11,458	\$40,842	\$29,384
Intergovernmental	13,070	14,723	1,653
Total Revenues	24,528	55,565	31,037
<u>Expenditures</u>			
Current:			
Other			
Indigent Drivers Alcohol Treatment			
Other	30,000	0	30,000
Changes in Fund Balance	(5,472)	55,565	61,037
Fund Balance Beginning of Year	189,991	189,991	0
Fund Balance End of Year	<u>\$184,519</u>	<u>\$245,556</u>	<u>\$61,037</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, 2010

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$11,542	\$9,318	(\$2,224)
Fund Balance Beginning of Year	26,420	26,420	0
Fund Balance End of Year	\$37,962	\$35,738	(\$2,224)

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, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Fines and Forfeitures	\$27,088	\$34,380	\$7,292
<u>Expenditures</u>			
Current:			
Other			
Court Computerization			
Personal Services	4,000	11	3,989
Other	26,900	11,985	14,915
Total Expenditures	30,900	11,996	18,904
Changes in Fund Balance	(3,812)	22,384	26,196
Fund Balance Beginning of Year	124,923	124,923	0
Fund Balance End of Year	<u>\$121,111</u>	<u>\$147,307</u>	<u>\$26,196</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, 2010

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fees, Licenses, and Permits	\$1,500	\$0	(\$1,500)
<u>Expenditures</u>			
Current:			
Other			
Indigent Telephone			
Other	9,600	9,556	44
Changes in Fund Balance	(8,100)	(9,556)	(1,456)
Fund Balance Beginning of Year	30,333	30,333	0
Fund Balance End of Year	\$22,233	\$20,777	(\$1,456)

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, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Fees, Licenses, and Permits	\$64,918	\$65,992	\$1,074
<u>Expenditures</u>			
Current:			
Other			
Municipal Probation			
Personal Services	42,000	41,957	43
Other	3,813	3,251	562
Total Expenditures	45,813	45,208	605
Changes in Fund Balance	19,105	20,784	1,679
Fund Balance Beginning of Year	206,620	206,620	0
Prior Year Encumbrances Appropriated	313	313	0
Fund Balance End of Year	<u>\$226,038</u>	<u>\$227,717</u>	<u>\$1,679</u>

City of Sandusky
General Trust Special Revenue Fund

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

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$0	\$513	\$513
Fines and Forfeitures	23,557	29,127	5,570
Intergovernmental	0	2,000	2,000
Other	6,943	21,556	14,613
Total Revenues	30,500	53,196	22,696
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police Patrol			
Other	6,000	48	5,952
Police Dive Team			
Other	1,000	0	1,000
Federal Forfeiture			
Other	100	0	100
Contraband Trust			
Personal Services	1,000	504	496
Other	39,000	34,561	4,439
Total Contraband Trust	40,000	35,065	4,935
Total Security of Persons and Property-Police	47,100	35,113	11,987
Security of Persons and Property-Fire			
Fire Suppression			
Other	2,818	1,929	889
Leisure Time Activities			
Green Trust			
Other	3,000	1,942	1,058
Friends of the Greenhouse			
Other	1,000	1,000	0
Total Leisure Time Activities	4,000	2,942	1,058
Community Environment			
Downtown Economic Development			
Park Trust			
Other	8,500	8,202	298
Total Expenditures	62,418	48,186	14,232
Excess of Revenues Over (Under) Expenditures	(31,918)	5,010	36,928

(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, 2010
(continued)

	Budget	Actual	Variance Over (Under)
<u>Other Financing Sources</u>			
Other Financing Sources	\$0	\$1,442	\$1,442
Sale of Capital Assets	0	1,400	1,400
Total Other Financing Sources (Uses)	0	2,842	2,842
Changes in Fund Balance	(31,918)	7,852	39,770
Fund Balance Beginning of Year	152,378	152,378	0
Prior Year Encumbrances Appropriated	318	318	0
Fund Balance End of Year	<u>\$120,778</u>	<u>\$160,548</u>	<u>\$39,770</u>

City of Sandusky
Park Donations Special Revenue Fund

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Charges for Services	\$16,000	\$9,038	(\$6,962)
Interest	400	133	(267)
Other	6,131	1,828	(4,303)
Total Revenues	<u>22,531</u>	<u>10,999</u>	<u>(11,532)</u>
<u>Expenditures</u>			
Current:			
Leisure Time Activities			
Shoreline Park Improvement			
Other	1,000	0	1,000
Washington Park and Greenhouse			
Other	4,000	2,649	1,351
Total Expenditures	<u>5,000</u>	<u>2,649</u>	<u>2,351</u>
Changes in Fund Balance	17,531	8,350	(9,181)
Fund Balance Beginning of Year	<u>176,683</u>	<u>176,683</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$194,214</u></u>	<u><u>\$185,033</u></u>	<u><u>(\$9,181)</u></u>

City of Sandusky
Cemetery Donations Special Revenue Fund

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

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$27,973	\$20,495	(\$7,478)
Interest	6,366	4,026	(2,340)
Total Revenues	34,339	24,521	(9,818)
<u>Expenditures</u>			
Current:			
Public Health			
Oakland Cemetery			
Personal Services	35,000	31,036	3,964
Other	71,300	66,962	4,338
Total Oakland Cemetery	106,300	97,998	8,302
Chapel Restoration			
Personal Services	80	0	80
Other	420	215	205
Total Chapel Restoration	500	215	285
Garden Mausoleum			
Other	6,170	5,655	515
Perpetual Care			
Other	2,000	857	1,143
Special Care			
Personal Services	200	0	200
Other	3,100	315	2,785
Total Special Care	3,300	315	2,985
Memorial Paintings			
Other	3,200	291	2,909
Ridgeview Columbarium			
Other	1,000	683	317
Total Expenditures	122,470	106,014	16,456
Excess of Revenues Under Expenditures	(88,131)	(81,493)	6,638
<u>Other Financing Sources</u>			
Other Financing Sources	27,081	12,617	(14,464)
Changes in Fund Balance	(61,050)	(68,876)	(7,826)
Fund Balance Beginning of Year	883,679	883,679	0
Prior Year Encumbrances Appropriated	470	470	0
Fund Balance End of Year	\$823,099	\$815,273	(\$7,826)

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, 2010

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$347,311	\$427,062	\$79,751
Payment in Lieu of Taxes	1,140	1,140	0
Municipal Income Taxes	499,164	393,086	(106,078)
Intergovernmental	11,228	53,004	41,776
Total Revenues	<u>858,843</u>	<u>874,292</u>	<u>15,449</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	695,857	694,865	992
Interest and Fiscal Charges	866,258	866,234	24
Total Expenditures	<u>1,562,115</u>	<u>1,561,099</u>	<u>1,016</u>
Excess of Revenues Under Expenditures	(703,272)	(686,807)	16,465
<u>Other Financing Sources</u>			
Transfers In	<u>589,723</u>	<u>590,367</u>	<u>644</u>
Changes in Fund Balance	(113,549)	(96,440)	17,109
Fund Balance Beginning of Year	<u>150,806</u>	<u>150,806</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$37,257</u></u>	<u><u>\$54,366</u></u>	<u><u>\$17,109</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, 2010

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Payment in Lieu of Taxes	\$1,515,314	\$514,363	(\$1,000,951)
Intergovernmental	60,872	60,872	0
Total Revenues	<u>1,576,186</u>	<u>575,235</u>	<u>(1,000,951)</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	1,200,000	1,200,000	0
Interest and Fiscal Charges	50,000	41,085	8,915
Total Expenditures	<u>1,250,000</u>	<u>1,241,085</u>	<u>8,915</u>
Excess of Revenues Over (Under) Expenditures	326,186	(665,850)	(992,036)
<u>Other Financing Sources</u>			
Bond Anticipation Notes Issued	100,000	100,000	0
Changes in Fund Balance	426,186	(565,850)	(992,036)
Fund Balance Beginning of Year	<u>570,161</u>	<u>570,161</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$996,347</u></u>	<u><u>\$4,311</u></u>	<u><u>(\$992,036)</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, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Municipal Income Taxes	\$387,689	\$314,470	(\$73,219)
<u>Expenditures</u>			
	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	387,689	314,470	(73,219)
<u>Other Financing Uses</u>			
Transfers Out	<u>(327,000)</u>	<u>(303,874)</u>	<u>23,126</u>
Changes in Fund Balance	60,689	10,596	(50,093)
Fund Balance Beginning of Year	<u>10,332</u>	<u>10,332</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$71,021</u></u>	<u><u>\$20,928</u></u>	<u><u>(\$50,093)</u></u>

City of Sandusky
 Redevelopment Tax Increment Capital Projects Fund

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

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Payment in Lieu of Taxes	\$24,314	\$25,794	\$1,480
<u>Expenditures</u>			
Current:			
Community Environment			
City Wide Economic Development			
Other	139,000	135,875	3,125
Changes in Fund Balance	(114,686)	(110,081)	(1,645)
Fund Balance Beginning of Year	115,472	115,472	0
Fund Balance End of Year	\$786	\$5,391	\$4,605

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, 2010

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$45,784	\$23,867	(\$21,917)
Fees, Licenses, and Permits	126,215	115,149	(11,066)
Interest	3,000	1,748	(1,252)
Total Revenues	174,999	140,764	(34,235)
<u>Expenditures</u>			
Current:			
Community Environment			
Remove Unsafe Buildings			
Personal Services	1,000	280	720
Other	50,000	0	50,000
Total Remove Unsafe Buildings	51,000	280	50,720
Nuisance Removal			
Personal Services	81,000	47,325	33,675
Other	10,000	52	9,948
Total Nuisance Removal	91,000	47,377	43,623
Rental Registration Fee			
Personal Services	105,000	94,400	10,600
Other	15,000	2,304	12,696
Total Rental Registration Fee	120,000	96,704	23,296
Inspection Fee			
Personal Services	1,000	531	469
Other	20,000	10,213	9,787
Total Inspection Fee	21,000	10,744	10,256
Administration Fee			
Other	10,000	675	9,325
Total Community Environment	293,000	155,780	137,220
Capital Outlay	69,000	0	69,000
Total Expenditures	362,000	155,780	206,220
Excess of Revenues Under Expenditures	(187,001)	(15,016)	171,985
<u>Other Financing Sources</u>			
Other Financing Sources	186,912	481	(186,431)
Transfers In	138,239	138,239	0
Total Other Financing Sources	325,151	138,720	(186,431)
Changes in Fund Balance	138,150	123,704	(14,446)
Fund Balance Beginning of Year	31,190	31,190	0
Fund Balance End of Year	\$169,340	\$154,894	(\$14,446)



Statistical

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

Contents	Page
Financial Trends.....	S-2

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

Revenue Capacity	S-12
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These schedules contain information to help the reader assess the City’s most significant local revenue sources.

Debt Capacity.....	S-36
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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-44
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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-48
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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. The City implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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

	2010	2009	2008	2007	2006
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$38,636,112	\$34,869,732	\$33,005,235	\$32,191,349	\$30,075,530
Restricted for					
Capital Projects	2,920,974	3,218,958	6,197,701	4,249,788	3,531,814
Debt Service	1,902,993	2,439,729	2,528,165	1,242,965	155,282
Other Purposes	6,005,182	6,367,187	8,143,328	8,553,276	8,345,260
Unrestricted (Deficit)	<u>(2,681,773)</u>	<u>(2,812,918)</u>	<u>(2,978,838)</u>	<u>(2,362,700)</u>	<u>(359,373)</u>
Total Governmental Activities Net Assets	<u>46,783,488</u>	<u>44,082,688</u>	<u>46,895,591</u>	<u>43,874,678</u>	<u>41,748,513</u>
Business-Type Activities					
Invested in Capital Assets, Net of Related Debt	39,941,052	35,050,194	17,057,860	18,003,813	16,501,983
Unrestricted	<u>16,854,414</u>	<u>18,611,306</u>	<u>23,825,346</u>	<u>22,646,163</u>	<u>15,618,806</u>
Total Business-Type Activities Net Assets	<u>56,795,466</u>	<u>53,661,500</u>	<u>40,883,206</u>	<u>40,649,976</u>	<u>32,120,789</u>
Primary Government					
Invested in Capital Assets, Net of Related Debt	78,577,164	69,919,926	50,063,095	50,195,162	46,577,513
Restricted	10,829,149	12,025,874	16,869,194	14,046,029	12,032,356
Unrestricted	<u>14,172,641</u>	<u>15,798,388</u>	<u>20,846,508</u>	<u>20,283,463</u>	<u>15,259,433</u>
Total Primary Government Net Assets	<u>\$103,578,954</u>	<u>\$97,744,188</u>	<u>\$87,778,797</u>	<u>\$84,524,654</u>	<u>\$73,869,302</u>

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

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

	2010	2009	2008	2007	2006
<u>Expenses</u>					
<u>Governmental Activities</u>					
Security of Persons and Property					
Police	\$5,516,364	\$5,669,764	\$5,874,509	\$5,574,825	\$5,487,963
Fire	5,515,869	5,862,556	5,937,365	6,007,917	5,307,276
Other	249,581	258,171	314,316	337,986	141,866
Public Health	329,948	315,947	403,533	390,069	387,849
Leisure Time Activities	460,013	816,417	601,231	724,443	755,381
Community Environment	3,331,774	4,228,845	3,310,344	3,076,512	3,414,429
Transportation	4,239,588	4,205,229	4,303,144	4,537,224	5,335,488
General Government					
Municipal Court	970,915	933,795	870,524	915,040	828,045
Other	3,456,520	3,870,955	4,408,458	3,859,012	3,499,303
Interest and Fiscal Charges	1,252,643	1,495,442	1,447,618	1,347,061	1,280,938
Total Governmental Activities Expenses	25,323,215	27,657,121	27,471,042	26,770,089	26,438,538
<u>Business-Type Activities</u>					
Water	4,511,328	5,101,130	5,585,538	4,515,116	3,896,902
Sewer	6,895,098	6,337,377	6,433,075	6,017,246	4,957,114
Total Business-Type Activities Expenses	11,406,426	11,438,507	12,018,613	10,532,362	8,854,016
Total Primary Government Expenses	36,729,641	39,095,628	39,489,655	37,302,451	35,292,554
<u>Program Revenues</u>					
<u>Governmental Activities</u>					
Charges for Services					
Security of Persons and Property					
Police	321,561	342,426	383,757	260,758	205,984
Fire	827,407	721,402	625,434	743,841	617,742
Public Health	107,057	122,323	118,531	132,369	128,255
Leisure Time Activities	234,894	233,214	327,660	328,280	297,903
Community Environment	236,362	417,210	358,027	326,365	234,689
Transportation	844,608	882,613	5,149,554	1,892,081	1,150,337
General Government					
Municipal Court	1,160,818	1,184,632	1,196,877	1,035,917	1,036,688
Other	267,011	178,236	175,414	200,752	286,948
Total Charges for Services	3,999,718	4,082,056	8,335,254	4,920,363	3,958,546
Operating Grants, Contributions, and Interest	4,514,002	3,531,046	3,008,317	3,541,296	4,392,095
Capital Grants and Contributions	1,509,594	2,010,876	258,793	1,874,767	1,441,100
Total Governmental Activities Program Revenues	10,023,314	9,623,978	11,602,364	10,336,426	9,791,741
<u>Business-Type Activities</u>					
Charges for Services					
Water	5,055,459	5,361,036	5,480,958	4,741,359	5,401,818
Sewer	6,176,303	5,881,665	6,460,336	6,480,173	6,559,309
Total Charges for Services	11,231,762	11,242,701	11,941,294	11,221,532	11,961,127
Capital Grants and Contributions	4,108,459	12,273,563	178,083	8,069,676	194,076
Total Business-Type Activities Program Revenues	15,340,221	23,516,264	12,119,377	19,291,208	12,155,203
Total Primary Government Program Revenues	25,363,535	33,140,242	23,721,741	29,627,634	21,946,944
<u>Net (Expense) Revenue</u>					
Governmental Activities	(15,299,901)	(18,033,143)	(15,868,678)	(16,433,663)	(16,646,797)
Business-Type Activities	3,933,795	12,077,757	100,764	8,758,846	3,301,187
Total Primary Governmental Net Expense	(11,366,106)	(5,955,386)	(15,767,914)	(7,674,817)	(13,345,610)

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

(continued)

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

	2010	2009	2008	2007	2006
<u>General Revenues and Other Changes in Net Assets</u>					
Governmental Activities					
Property Taxes Levied for General Purposes	\$1,670,722	\$1,568,338	\$1,808,771	\$1,757,611	\$1,653,693
Property Taxes Levied for Police and Fire Pension	274,602	257,807	296,040	290,214	271,237
Property Taxes Levied for Debt Service	452,224	423,572	488,892	476,474	328,893
Payment in Lieu of Taxes	546,140	1,030	2,939	589,383	23,815
Municipal Income Taxes Levied for General Purposes	6,092,961	5,609,577	7,308,067	6,174,450	6,424,092
Municipal Income Taxes Levied for Debt Service	404,895	355,717	478,361	398,287	419,919
Municipal Income Taxes Levied for Capital Projects	313,797	283,887	393,536	318,588	335,939
Other Local Taxes	3,823,682	3,530,345	3,759,788	3,720,784	3,486,825
Franchise Taxes	321,254	304,588	290,451	272,184	254,087
Grants and Entitlements not Restricted to Specific Programs	1,774,328	1,808,763	1,884,362	1,958,323	2,041,444
Interest	241,382	559,857	1,329,987	1,541,216	1,011,952
Other	987,687	967,843	540,308	556,074	638,096
Transfers	1,097,027	(451,084)	308,089	506,240	(590,241)
Total Governmental Activities	<u>18,000,701</u>	<u>15,220,240</u>	<u>18,889,591</u>	<u>18,559,828</u>	<u>16,299,751</u>
Business-Type Activities					
Interest	1,328	1,086	1,955	1,923	691
Other	295,870	248,367	438,600	274,658	304,001
Transfers	(1,097,027)	451,084	(308,089)	(506,240)	590,241
Total Business-Type Activities	<u>(799,829)</u>	<u>700,537</u>	<u>132,466</u>	<u>(229,659)</u>	<u>894,933</u>
Total Primary Government	<u>17,200,872</u>	<u>15,920,777</u>	<u>19,022,057</u>	<u>18,330,169</u>	<u>17,194,684</u>
<u>Changes in Net Assets</u>					
Governmental Activities	2,700,800	(2,812,903)	3,020,913	2,126,165	(347,046)
Business-Type Activities	<u>3,133,966</u>	<u>12,778,294</u>	<u>233,230</u>	<u>8,529,187</u>	<u>4,196,120</u>
Total Primary Government	<u>\$5,834,766</u>	<u>\$9,965,391</u>	<u>\$3,254,143</u>	<u>\$10,655,352</u>	<u>\$3,849,074</u>

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

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

	2010	2009	2008	2007	2006
General Fund					
Reserved	\$0	\$0	\$134,443	\$108,449	\$111,838
Unreserved	0	0	3,689,976	4,115,612	3,461,642
Nonspendable	146,670	19,590	n/a	n/a	n/a
Restricted	93,120	86,561	n/a	n/a	n/a
Assigned	133,224	26,956	n/a	n/a	n/a
Unassigned	3,272,103	2,897,549	n/a	n/a	n/a
Total General Fund	3,645,117	3,030,656	3,824,419	4,224,061	3,573,480
All Other Governmental Funds					
Reserved	0	0	3,280,330	3,958,843	3,633,344
Unreserved, Reported in					
Special Revenue Funds	0	0	4,233,164	4,376,446	4,650,635
Debt Service Funds	0	0	267,924	340,938	231,142
Capital Projects Funds (Deficit)	0	0	(1,746,995)	(5,528,968)	(5,560,337)
Nonspendable	85,551	2,259,561	n/a	n/a	n/a
Restricted	5,639,796	1,798,115	n/a	n/a	n/a
Committed	43,585	38,443	n/a	n/a	n/a
Unassigned (Deficit)	(4,345,598)	(333,517)	n/a	n/a	n/a
Total All Other Governmental Funds	1,423,334	3,762,602	6,034,423	3,147,259	2,954,784
Total Governmental Funds	\$5,068,451	\$6,793,258	\$9,858,842	\$7,371,320	\$6,528,264

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

Information prior to 2002 not available.

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

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

	2010	2009	2008	2007	2006
<u>Revenues</u>					
Property Taxes	\$2,265,450	\$2,296,321	\$2,408,140	\$2,537,843	\$2,225,347
Payment in Lieu of Taxes	546,140	509,041	61,710	22,601	23,815
Municipal Income Taxes	6,716,022	7,035,145	7,633,758	7,387,718	7,313,992
Other Local Taxes	4,289,953	3,954,181	4,192,054	4,155,563	3,933,675
Special Assessments	312,486	363,594	716,482	514,373	387,246
Charges for Services	1,566,291	1,625,516	1,734,744	1,562,798	1,415,863
Fees, Licenses, and Permits	951,838	860,515	818,094	777,905	828,294
Fines and Forfeitures	1,089,255	1,175,414	1,216,730	1,000,848	973,563
Intergovernmental	7,606,331	6,725,011	5,484,268	6,007,797	7,040,114
Interest	322,815	626,662	1,419,311	1,653,255	1,075,368
Other	1,253,526	1,011,487	948,160	1,081,031	1,585,259
Total Revenues	26,920,107	26,182,887	26,633,451	26,701,732	26,802,536
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	5,440,140	5,524,466	5,814,874	5,501,299	5,398,901
Fire	5,263,815	5,369,175	5,537,118	5,566,180	4,946,518
Other	249,581	258,171	314,316	337,986	141,866
Public Health	353,288	289,282	385,481	365,784	354,785
Leisure Time Activities	340,606	375,479	472,955	752,163	590,560
Community Environment	3,464,442	4,711,509	3,351,746	3,449,840	3,575,935
Transportation	3,864,900	2,810,287	2,648,551	2,884,363	2,555,374
General Government					
Municipal Court	957,168	924,136	856,718	890,382	789,382
Other	2,795,838	3,179,119	3,723,204	3,483,636	3,002,062
Other	68,108	112,205	106,467	79,540	185,530
Capital Outlay	4,507,569	3,404,107	1,487,593	2,216,476	3,990,621
Debt Service:					
Principal Retirement	1,213,401	1,118,512	1,033,726	991,682	944,627
Interest and Fiscal Charges	1,241,563	1,472,318	1,436,324	1,263,946	1,279,621
Issuance Costs	0	0	97,668	103,441	0
Total Expenditures	29,760,419	29,548,766	27,266,741	27,886,718	27,755,782
Excess of Revenues Over (Under) Expenditures	(2,840,312)	(3,365,879)	(633,290)	(1,184,986)	(953,246)
<u>Other Financing Sources (Uses)</u>					
General Obligation Bonds Issued	0	0	0	5,478,271	0
Special Assessment Bonds Issued	0	84,400	2,625,000	356,729	104,000
Loan Proceeds	0	0	0	918,855	0
Premium on General Obligation Bonds Issued	0	0	111,537	43,403	0
Payment to Refunded Bond Escrow Agent	0	0	0	(5,470,416)	0
Sale of Capital Assets	18,478	30,806	900	11,255	46,656
Inception of Capital Lease	0	0	0	0	0
Transfers In	4,664,279	2,769,241	5,259,992	3,569,940	2,690,340
Transfers Out	(3,567,252)	(2,584,152)	(4,876,617)	(2,879,995)	(2,481,769)
Total Other Financing Sources (Uses)	1,115,505	300,295	3,120,812	2,028,042	359,227
Changes in Fund Balance	(\$1,724,807)	(\$3,065,584)	\$2,487,522	\$843,056	(\$594,019)
Debt Service as a Percentage of Noncapital Expenditures	10.35%	9.82%	9.85%	9.22%	8.49%

Note: Information prior to 2002 not available.

2005	2004	2003	2002
\$2,258,521	\$2,272,754	\$2,222,007	\$2,247,660
21,793	21,177	20,949	19,286
7,443,699	7,308,576	7,251,576	6,840,357
4,027,163	4,011,666	4,396,773	3,905,391
456,434	384,141	427,724	562,455
1,426,503	1,751,391	1,727,554	1,935,316
972,001	811,379	769,953	680,627
978,369	1,000,227	963,967	980,432
5,798,366	5,192,973	3,818,995	3,745,672
695,896	416,103	406,113	789,426
1,021,847	1,033,919	861,457	894,045
<u>25,100,592</u>	<u>24,204,306</u>	<u>22,867,068</u>	<u>22,600,667</u>
5,005,613	4,955,514	5,306,587	4,815,565
4,923,135	4,493,492	4,629,532	4,324,408
98,338	107,843	104,619	111,257
371,835	338,665	326,208	312,845
419,758	387,892	800,359	562,636
2,849,352	2,257,296	2,746,294	2,503,006
2,488,592	2,216,810	2,119,901	2,264,383
849,310	875,791	838,000	811,711
3,158,999	3,773,576	3,739,296	3,773,986
60,324	31,706	65,691	54,504
1,928,029	6,373,458	5,561,879	5,253,729
895,901	1,154,167	796,337	793,206
1,164,110	1,225,852	1,183,073	1,194,083
86,721	0	0	6,120
<u>24,300,017</u>	<u>28,192,062</u>	<u>28,217,776</u>	<u>26,781,439</u>
<u>800,575</u>	<u>(3,987,756)</u>	<u>(5,350,708)</u>	<u>(4,180,772)</u>
7,705,000	240,000	0	0
185,000	137,000	89,900	102,000
0	0	0	0
46,591	0	0	6,120
(6,369,870)	0	0	0
48,499	184,954	0	0
3,398,033	2,950,732	2,230,717	2,680,869
<u>(3,341,844)</u>	<u>(2,895,926)</u>	<u>(2,188,782)</u>	<u>(2,629,473)</u>
<u>1,671,409</u>	<u>616,760</u>	<u>131,835</u>	<u>159,516</u>
<u>\$2,471,984</u>	<u>(\$3,370,996)</u>	<u>(\$5,218,873)</u>	<u>(\$4,021,256)</u>
9.49%	10.37%	8.53%	8.90%

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

Year	Real Property			Public Utility Personal Property		Tangible Personal Property	
	Assessed Value			Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
	Residential/ Agricultural	Commercial/ Industrial/ Public Utility	Estimated Actual Value				
2010	\$268,557,000	\$118,719,000	\$1,106,502,857	\$12,639,000	\$14,362,500	\$567,525	\$567,525
2009	332,312,000	144,827,000	1,363,254,285	11,862,000	13,479,545	1,135,050	1,135,050
2008	329,995,000	150,360,000	1,372,442,857	11,439,000	12,998,864	16,392,420	262,278,720
2007	329,451,000	145,120,000	1,355,917,142	15,307,000	17,394,318	32,423,470	259,387,760
2006	293,183,000	130,749,000	1,211,234,285	16,151,000	18,353,409	47,462,890	253,135,413
2005	290,738,000	133,434,000	1,211,920,000	16,655,000	18,926,136	61,717,130	280,532,409
2004	288,207,000	133,366,000	1,204,494,286	17,021,000	19,342,045	68,206,114	296,548,322
2003	240,823,000	120,618,000	1,032,688,571	17,355,000	19,721,591	64,275,034	267,812,642
2002	237,641,000	118,822,000	1,018,465,714	17,706,000	20,120,455	70,518,286	282,073,144
2001	235,541,000	114,898,000	1,001,254,286	23,656,000	26,881,818	76,042,536	304,170,144

Source: Erie County Auditor

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

The assessed value of real property (including public utility real property) is 35 percent of estimated actual value. Personal property tax was assessed on all tangible personal property used in Ohio. The assessed value of public utility personal property ranges from 25 of actual value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent actual value for machinery and equipment and 23 percent for inventory. The general business tangible personal property tax was phased out beginning in 2006. The assessment percentage was 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009. Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four-year phase out on the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes were levied or collected in 2009 or 2010 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
\$400,482,525	\$1,121,432,882	\$5.25
490,136,050	1,377,868,880	5.25
508,186,420	1,647,720,441	5.25
522,301,470	1,632,699,220	5.25
487,545,890	1,482,723,107	4.95
502,544,130	1,511,378,545	4.95
506,800,114	1,520,384,653	4.95
443,071,034	1,320,222,804	5.51
444,687,286	1,320,659,313	5.51
450,137,536	1,332,306,248	5.51

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

Year	2010	2009	2008	2007	2006
City of Sandusky					
Voted Millage					
1998 Library Bond - 23 Years	\$1.0000	\$1.0000	\$1.0000	\$1.0000	\$0.7000
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	4.9500
Erie County	8.8000	8.8000	8.8000	8.8000	8.8000
Sandusky City School District	75.4000	75.3500	75.9500	70.5500	70.5500

Source: Erie County Auditor

Note: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year. The basic property 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>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
\$0.7000	\$0.7000	\$1.2600	\$1.2600	\$1.2600
3.6500	3.6500	3.6500	3.6500	3.6500
0.3000	0.3000	0.3000	0.3000	0.3000
0.3000	0.3000	0.3000	0.3000	0.3000
4.2500	4.2500	4.2500	4.2500	4.2500
4.9500	4.9500	5.5100	5.5100	5.5100
8.8000	8.8000	8.8000	8.3000	8.3000
70.5500	70.5500	70.5500	65.2000	65.2000

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

<u>Year</u>	<u>Current Tax Levy (1)</u>	<u>Current Collections</u>	<u>Percentage of Current Collections to Current Tax Levy</u>	<u>Delinquent Charges</u>	<u>Delinquent Collections</u>	<u>Total Collections</u>	<u>Percentage of Total Collections to Current Tax Levy</u>
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	0.94	414,025	136,816	3,080,761	0.99
2008	2,635,189	2,451,407	93.03	343,152	134,420	2,585,827	98.13
2007	2,490,471	2,335,332	93.77	318,936	132,057	2,467,389	99.07
2006	2,327,395	2,067,591	88.84	265,099	114,077	2,181,668	93.74
2005	2,252,773	2,064,530	91.64	242,210	100,158	2,164,688	96.09
2004	2,494,817	2,376,827	95.27	270,627	101,548	2,478,375	99.34
2003	2,520,906	2,334,575	92.61	186,391	90,866	2,425,441	96.21
2002	2,422,401	2,284,463	94.31	137,938	89,665	2,374,128	98.01
2001	2,233,538	2,041,609	91.41	191,929	76,646	2,118,255	94.84

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	2010			2001		
		Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Cedar Fair	Theme Park	\$39,355,890	1	9.83%	\$52,741,820	1	11.72%
Ohio Edison Company	Utility	9,524,510	2	2.38	9,104,480	2	2.02
Firelands Regional Health System	Hospital	4,401,000	3	1.10	3,355,590	8	0.75
Norfolk & Western Railway	Railroad	4,205,200	4	1.05	3,470,390	7	0.77
S & S Realty	Realty	3,456,310	5	0.86	3,574,180	6	0.79
CNL Income Sandusky Marina	Port Facilities	2,494,360	6	0.62			
Myers Industries, Inc.	Manufacturing/Assembly	2,306,800	7	0.58			
Key Real Estate LTD	Realty	2,170,020	8	0.55			
Columbia Gas	Utility	1,890,540	9	0.47			
Sandusky Limited	Port Facilities	1,835,400	10	0.45	5,325,621	5	1.18
Sandusky International, Inc.	Manufacturing				7,181,630	3	1.61
Fort James Operating Company	Thermaformed Container				6,911,380	4	1.53
U. S. Tsubaki, Inc.	Manufacturing				3,276,910	9	0.72
FMC Corporation	Food Equipment				2,734,970	10	0.61
	Total	71,640,030		17.89	97,676,971		21.70
	All Other Taxpayers	328,842,495		82.11	352,460,565		78.30
	Total Assessed Valuation	<u>\$400,482,525</u>		<u>100.00%</u>	<u>\$450,137,536</u>		<u>100.00%</u>

Source: Erie County Auditor

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

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

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

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

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

(continued)

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

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

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

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

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
Total	1,173,785	\$2,641,406	\$2,598,816	1,170,551	\$2,533,971	\$2,564,888
Monthly Base Rate		\$4.10			\$4.10	
Rate per 100 Cubic Feet		\$1.90			\$1.90	

Source: City Records

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

Charges to Erie County are not included in payment amounts.

Information prior to 2004 not available.

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 Seven 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	1,276,283	\$2,821,318	\$2,812,294	1,323,969	\$2,838,192	\$2,840,761
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 Seven Years

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

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

(continued)

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

Type of Customer	2006			2005		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	660,179	\$2,965,144	\$2,931,352	656,463	\$2,858,345	\$2,815,696
Commercial	556,330	2,308,180	2,288,275	595,875	2,268,957	2,355,544
Industrial	38,040	157,073	137,502	45,565	171,556	174,324
Municipal	21,734	0	0	26,066	0	0
Total	1,276,283	\$5,430,397	\$5,357,129	1,323,969	\$5,298,858	\$5,345,564
Monthly Base Rate		\$7.00			\$7.00	
Rate per 100 Cubic Feet		\$3.97			\$3.97	

2004		
<u>Consumption (CCF)</u>	<u>Billings</u>	<u>Payments</u>
659,329	\$2,963,308	\$2,926,004
563,771	2,329,882	2,308,088
41,449	169,416	146,309
13,832	38	95
<u>1,278,381</u>	<u>\$5,462,644</u>	<u>\$5,380,496</u>
	\$7.00	
	\$3.97	

City of Sandusky
Principal Water Customers
Last Six Years

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 Six 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 Six 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 Six Years

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 Six 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 Six 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 Six Years

Year	Water		Sewer		Total	
	Residential	Commercial	Residential	Commercial	Residential	Commercial
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 Six 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
2010	3,311,345,000	2,732,551,064	64,910,000	462,193,250	14.47%	3,764,140,000
2009	3,055,757,000	2,439,575,070	38,973,750	532,694,360	17.92	3,790,900,000
2008	3,056,657,000	2,545,413,752	35,622,000	302,599,669	10.62	4,300,500,000
2007	3,056,130,750	2,522,043,000	174,588,655	340,653,095	11.90	4,174,000,000
2006	2,861,333,000	1,971,015,750	15,606,750	874,710,500	30.74	4,120,000,000
2005	2,755,114,000	2,334,836,250	15,984,000	404,293,750	14.76	3,943,000,000

Source: City Utility Department

Note: Information prior to 2005 not available.

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

Governmental Activities					
Year	General Obligation Bonds	Special Assessment Bonds	OWDA Loans	Loans Payable	Capital Leases
2010	\$15,901,176	\$3,812,686	\$0	\$684,873	\$914
2009	16,624,377	4,170,986	0	767,275	38,073
2008	17,289,834	4,438,434	0	829,545	75,916
2007	17,900,290	1,996,032	0	918,855	111,932
2006	18,413,397	1,974,032	0	0	146,214
2005	19,064,812	2,127,766	0	0	178,840
2004	18,287,600	2,194,499	0	0	160,242
2003	18,757,467	2,592,800	0	0	0
2002	19,212,333	2,787,605	57,186	0	0
2001	19,642,200	2,991,758	108,252	0	0

Source: City Records

(1) See schedule on S-44 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)
\$1,935,910	\$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	0.13
2,294,659	36,781,982	515,446	\$62,225,816	2,234.80	12.34
2,471,493	34,578,434	570,938	\$58,547,974	2,102.71	11.61
2,648,327	36,142,140	0	\$59,324,110	2,130.59	11.76
2,950,161	36,097,777	0	\$60,419,356	2,169.92	11.98
1,181,710	32,388,142	0	\$54,212,193	1,947.00	10.75
1,432,811	28,495,412	0	\$51,278,490	1,841.64	10.17
1,683,912	15,536,971	0	\$39,278,007	1,410.65	7.79
1,893,000	8,053,001	0	\$32,688,211	1,173.98	6.48

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

<u>Year</u>	<u>Population</u>	<u>Estimated Actual Value</u>	<u>Gross Bonded Debt</u>	<u>Bonded Debt Per Capita</u>	<u>Ratio of Bonded Debt to Estimated Actual Value</u>
2010	25,793	\$1,121,432,882	\$21,649,772	\$839.37	1.93%
2009	27,844	1,377,868,880	22,913,188	822.91	1.66
2008	27,844	1,647,720,441	24,022,927	862.77	1.46
2007	27,844	1,632,699,220	22,367,815	803.33	1.37
2006	27,844	1,482,723,107	23,035,756	827.31	1.55
2005	27,844	1,511,378,545	24,142,739	867.07	1.60
2004	27,844	1,520,384,653	21,663,809	778.04	1.42
2003	27,844	1,320,222,804	22,783,078	818.24	1.73
2002	27,844	1,320,659,313	23,683,850	850.59	1.79
2001	27,844	1,332,306,248	24,526,958	880.87	1.84

Source: City Records

Erie County Auditor

City of Sandusky
 Computation of Direct and Overlapping Debt for Governmental Activities
 December 31, 2010

	Debt Outstanding	Percent Applicable to City of Sandusky (1)	Amount Applicable to City of Sandusky
City of Sandusky			
2001 Library	\$4,345,000	100.00%	\$4,345,000
2001 Various Purpose	140,000	100.00	140,000
2004 Judgement Refunding	60,000	100.00	60,000
2005 Various Purpose	675,000	100.00	675,000
2005 City Complex Refunding	5,422,720	100.00	5,422,720
2007 Police Pension Refunding	428,075	100.00	428,075
2007 Fire Pension Refunding	576,020	100.00	576,020
2007 Various Purpose Refunding	4,254,361	100.00	4,254,361
Special Assessment Bonds	3,812,686	100.00	3,812,686
Loans Payable	684,873	100.00	684,873
Capital Leases	914	100.00	914
	<u>20,399,649</u>		<u>20,399,649</u>
Erie County	<u>17,313,100</u>	23.60	<u>4,085,892</u>
Total	<u>\$37,712,749</u>		<u>\$24,485,541</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 2010 collection year.

City of Sandusky
Computation of Legal Debt Margin
Last Ten Years

	2010	2009	2008	2007
Total Assessed Valuation	<u>\$400,482,525</u>	<u>\$490,136,050</u>	<u>\$508,186,420</u>	<u>\$522,301,470</u>
Overall Debt Limitation - 10.5 Percent of Assessed Valuation	42,050,665	51,464,285	53,359,574	54,841,654
Gross Indebtedness	71,437,371	69,034,270	68,244,180	65,841,032
Less Debt Outside Limitation				
Bond Anticipation Notes	0	0	0	0
Special Assessment Notes	0	0	0	0
Special Assessment Bonds	3,706,088	4,060,063	4,324,197	1,992,732
General Obligation Revenue Bonds	1,906,000	2,083,000	2,255,000	2,427,000
OWDA Loans	<u>43,537,012</u>	<u>40,693,071</u>	<u>36,781,982</u>	<u>34,578,434</u>
Net Indebtedness	22,288,271	22,198,136	24,883,001	26,842,866
Less Fund Balance in Debt Service Fund	<u>82,687</u>	<u>173,295</u>	<u>162,155</u>	<u>205,867</u>
Net Debt Within 10.5 Percent Limitation	<u>22,205,584</u>	<u>22,024,841</u>	<u>24,720,846</u>	<u>26,636,999</u>
Legal Debt Margin Within 10.5 Percent Limitation	<u>\$19,845,081</u>	<u>\$29,439,444</u>	<u>\$28,638,728</u>	<u>\$28,204,655</u>
Legal Debt Margin as a Percentage of the Overall Debt Limitation	47.19%	57.20%	53.67%	51.43%
Unvoted Debt Limitation - 5.5 Percent of Assessed Valuation	\$22,026,539	\$26,957,483	\$27,950,253	\$28,726,581
Gross Indebtedness	71,437,371	69,034,270	68,244,180	65,841,032
Less Debt Outside Limitation				
Bond Anticipation Notes	0	0	0	0
Special Assessment Notes	0	0	0	0
Special Assessment Bonds	3,706,088	4,060,063	4,324,197	1,992,732
General Obligation Revenue Bonds	1,906,000	2,083,000	2,255,000	2,427,000
OWDA Loans	<u>43,537,012</u>	<u>40,693,071</u>	<u>36,781,982</u>	<u>34,578,434</u>
Net Indebtedness	22,288,271	22,198,136	24,883,001	26,842,866
Less Fund Balance in Debt Service Fund	<u>82,687</u>	<u>173,295</u>	<u>162,155</u>	<u>205,867</u>
Net Debt Within 5.5 Percent Limitation	<u>22,205,584</u>	<u>22,024,841</u>	<u>24,720,846</u>	<u>26,636,999</u>
Legal Debt Margin Within 5.5 Percent Limitation	<u>(\$179,045)</u>	<u>\$4,932,642</u>	<u>\$3,229,407</u>	<u>\$2,089,582</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	(0.81%)	18.30%	11.55%	7.27%

Source: City Records

2006	2005	2004	2003	2002	2001
<u>\$487,545,890</u>	<u>\$502,544,130</u>	<u>\$506,800,114</u>	<u>\$443,071,034</u>	<u>\$444,687,286</u>	<u>\$450,137,536</u>
51,192,318	52,767,134	53,214,012	46,522,459	46,692,165	47,264,441
67,414,138	66,854,776	63,458,254	62,379,979	43,106,975	36,051,187
0	0	1,850,000	4,110,000	2,242,360	2,435,000
0	0	0	0	252,000	372,000
1,970,132	2,123,266	2,304,512	2,587,100	2,781,605	2,991,758
2,599,000	2,896,000	1,153,000	1,400,000	1,647,000	1,893,000
<u>36,142,140</u>	<u>36,097,777</u>	<u>32,388,142</u>	<u>28,495,412</u>	<u>15,594,157</u>	<u>7,694,729</u>
26,702,866	25,737,733	25,762,600	25,787,467	20,589,853	20,664,700
<u>266,065</u>	<u>256,409</u>	<u>494,598</u>	<u>751,261</u>	<u>970,382</u>	<u>1,196,603</u>
<u>26,436,801</u>	<u>25,481,324</u>	<u>25,268,002</u>	<u>25,036,206</u>	<u>19,619,471</u>	<u>19,468,097</u>
<u>\$24,755,517</u>	<u>\$27,285,810</u>	<u>\$27,946,010</u>	<u>\$21,486,253</u>	<u>\$27,072,694</u>	<u>\$27,796,344</u>
48.36%	51.71%	52.52%	46.18%	57.98%	58.81%
\$26,815,024	\$27,639,927	\$27,874,006	\$24,368,907	\$24,457,801	\$24,757,564
67,414,138	66,854,776	63,458,254	62,379,979	43,106,975	36,051,187
0	0	1,850,000	4,110,000	2,242,360	2,435,000
0	0	0	0	252,000	372,000
1,970,132	2,123,266	2,304,512	2,587,100	2,781,605	2,991,758
2,599,000	2,896,000	1,153,000	1,400,000	1,647,000	1,893,000
<u>36,142,140</u>	<u>36,097,777</u>	<u>32,388,142</u>	<u>28,495,412</u>	<u>15,594,157</u>	<u>7,694,729</u>
26,702,866	25,737,733	25,762,600	25,787,467	20,589,853	20,664,700
<u>266,065</u>	<u>256,409</u>	<u>494,598</u>	<u>751,261</u>	<u>970,382</u>	<u>1,196,603</u>
<u>26,436,801</u>	<u>25,481,324</u>	<u>25,268,002</u>	<u>25,036,206</u>	<u>19,619,471</u>	<u>19,468,097</u>
<u>\$378,223</u>	<u>\$2,158,603</u>	<u>\$2,606,004</u>	<u>(\$667,299)</u>	<u>\$4,838,330</u>	<u>\$5,289,467</u>
1.41%	7.81%	9.35%	(2.74%)	19.78%	21.37%

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	
2010	\$5,135,801	\$4,198,140	\$937,661	\$85,000	\$14,523	\$99,523	9.42
2009	5,377,081	4,182,466	1,194,615	85,000	18,524	103,524	11.54
2008	5,499,096	4,626,578	872,518	85,000	22,525	107,525	8.11
2007	4,746,271	3,841,614	904,657	85,000	26,328	111,328	8.13
2006	5,648,139	3,341,908	2,306,231	205,000	39,080	244,080	9.45
2005	6,574,685	3,407,134	3,167,551	200,000	43,655	243,655	13.00
2004	6,571,450	3,062,778	3,508,672	200,000	56,342	256,342	13.69
2003	5,932,736	3,674,710	2,258,026	200,000	76,926	276,926	8.15
2002	5,392,746	3,294,752	2,097,994	920,000	95,115	1,015,115	2.07
2001	4,226,826	3,391,723	835,103	213,500	112,340	325,840	2.56

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	
2010	\$6,390,831	\$5,854,281	\$536,550	\$92,000	\$72,946	\$164,946	3.25
2009	6,113,987	5,143,723	970,264	87,000	76,995	163,995	5.92
2008	6,879,298	5,276,170	1,603,128	87,000	81,045	168,045	9.54
2007	6,749,919	4,921,594	1,828,325	87,000	85,094	172,094	10.62
2006	6,616,989	4,246,275	2,370,714	92,000	100,920	192,920	12.29
2005	6,640,971	4,186,875	2,454,096	47,000	25,910	72,910	33.66
2004	6,493,910	4,542,126	1,951,784	400,000	22,444	422,444	4.62
2003	6,341,187	4,178,936	2,162,251	47,000	24,887	71,887	30.08
2002	5,887,722	4,127,066	1,760,656	46,000	26,982	72,982	24.12
2001	5,326,004	4,141,231	1,184,773	75,500	31,395	106,895	11.08

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)
2010	25,793	\$488,106,732	\$18,924	13,377	11,153	2.26
2009	27,844	504,282,684	18,111	13,323	11,851	2.31
2008	27,844	504,282,684	18,111	13,323	11,851	2.31
2007	27,844	504,282,684	18,111	13,323	11,851	2.31
2006	27,844	504,282,684	18,111	13,323	11,851	2.31
2005	27,844	504,282,684	18,111	13,323	11,851	2.31
2004	27,844	504,282,684	18,111	13,323	11,851	2.31
2003	27,844	504,282,684	18,111	13,323	11,851	2.31
2002	27,844	504,282,684	18,111	13,323	11,851	2.31
2001	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)
6,490	\$33,555	9.8%
6,692	37,749	12.4
6,692	37,749	9.8
6,692	37,749	7.3
6,692	37,749	6.6
6,692	37,749	6.7
6,692	37,749	6.4
6,692	37,749	6.3
6,692	37,749	5.9
6,692	37,749	5.8



City of Sandusky
Principal Employers
Current Year and Six Years Ago

Employer	Type of Business	2010			2004		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Magnum Management Corp.	Entertainment	5,547	1	45.10%	6,583	1	51.43%
Firelands Regional Health System	Hospital	1,985	2	16.14	1,979	2	15.46
Sandusky Board of Education	Education	850	3	6.91	914	3	7.14
Erie County	Government	593	4	4.82	683	4	5.34
Delphi Automotive Systems	Automotive	500	5	4.07	286	6	2.23
Stein Hospice Service	Hospice	322	6	2.62			
City of Sandusky	Government	314	7	2.55	399	5	3.12
FMC Corporation	Food Equipment	250	8	2.03	228	7	1.78
Ford Motor Company	Automotive	150	9	1.22			
Cedar Fair	Theme Park	115	10	0.93			
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>10,626</u>		<u>86.39%</u>	<u>11,433</u>		<u>89.32%</u>
	Total City Employment	<u>12,300</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 Seven Years

Function/Program	2010	2009	2008	2007
Security of Persons and Property-Police				
Police Patrol	45.0	52.0	52.0	49.0
Police Records	6.0	10.0	12.0	11.0
Police Reserve	0.0	0.0	3.5	7.0
Security of Persons and Property-Fire				
Fire Suppression	48.0	54.0	52.0	53.0
Public Health				
Oakland Cemetery	2.5	3.5	3.0	4.5
Leisure Time Activities				
Recreation	1.0	1.0	1.0	1.0
Pavillion	0.0	0.5	0.5	0.0
Community Environment				
Community Development	6.0	5.0	8.5	10.5
Horticultural Services	8.5	8.0	9.0	11.5
Transportation				
Streets	9.5	10.0	10.0	10.0
Traffic and Electrical Maintenance	3.0	3.0	3.0	5.0
General Government-Municipal Court				
Court-Criminal	18.0	18.0	19.5	19.5
General Government-Other				
City Manager	0.0	0.0	2.0	2.0
Personnel Labor Relations	4.0	4.5	5.5	5.5
Finance	3.0	4.0	4.0	4.0
Law Director	4.5	4.0	6.0	6.0
City Commission	8.0	8.0	9.0	9.0
Municipal Buildings and Lands	4.5	4.0	5.5	4.5
Engineering	7.0	10.0	11.0	11.0
Fleet	4.0	4.0	4.0	4.0
Basic Utility Services				
Water/Sewer Office	3.0	3.0	3.0	2.0
Waterworks Filtration	13.0	12.0	12.0	13.0
Waterworks Distribution	8.5	9.0	9.0	10.0
Water Pollution Control	18.0	18.0	18.0	18.0
Sewer Maintenance	9.0	9.0	9.0	9.0
Total	<u>234.0</u>	<u>254.5</u>	<u>272.0</u>	<u>280.0</u>

Source: City Records

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

Note: Information prior to 2004 not available.

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

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

Function/Program	2010	2009	2008
Security of Persons and Property-Police			
Number of Calls for Service	19,471	28,288	21,441
Number of Traffic Citations and Arrests	3,072	4,319	4,892
Number of Parking Tickets Issued	611	1,069	1,819
Accident Severity Breakdown			
Fatalities	0	0	2
Injury	101	120	123
Property Damage	603	511	575
Number of Criminal Arrests	6,505	5,771	7,953
Number of DUI Arrests	241	241	209
Square Miles Served	14.9	14.9	14.9
Original Department Operating Budget (General Fund)	\$4,673,083	\$5,404,496	\$5,384,630
Security of Persons and Property-Fire			
Number of EMS Calls	3,914	3,858	3,673
Number of Fire Calls	838	1,177	1,168
Net Ambulance Billing Collections	\$767,177	\$626,958	\$660,239
EMS Response Time (in seconds)	184	178	186
Fire Reponse Time (in seconds)	285	247	207
Number of Times Mutual Aid Given	21	18	27
Number of Times Mutual Aid Received	23	16	19
Square Miles Served	14.9	14.9	14.9
Number of Stations	3	3	3
Original Department Operating Budget (General Fund)	\$4,392,888	\$4,900,965	\$4,745,641
Public Health			
Cemetery Burials	110	95	93
Cemetery Cremations	33	42	42
Cemetery Sale of Lots	65	69	74
Cemetery Charges for Services Receipts	\$86,562	\$100,113	\$95,190
Leisure Time Activities			
Recreation			
Boat Ramp Receipts	\$201	\$845	\$38,128
Golf Course Receipts	\$214,839	\$207,048	\$244,384
Recreation Receipts	\$23,786	\$27,820	\$36,325
Sandusky Bay Pavilion Receipts	\$500	\$17,515	\$34,261
Reimbursements/Donations	\$650	\$669	\$529
Golf Course-Daily Pay Rounds	9,610	9,517	11,275
Golf Course-Daily Pass Rounds	6,588	9,484	9,973
Golf Course-Annual Pass Sales	124	132	145
Boat Ramp-Number of Daily Passes Sold	n/a	n/a	3,915
Boat Ramp-Number of Season Passes Sold	n/a	n/a	78
Boat Ramp-Number of Tournament Days	12	14	4

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

(continued)

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

Function/Program	2010	2009	2008
Horticulture Services			
Trees Planted	25	20	32
Trees Removed	118	108	133
Trees Trimmed	478	265	408
Stumps Removed	114	75	245
Loads of Wood and Chips to Residents	132	176	133
Number of Regularly Scheduled Work Hours Related to			
Trees Planted	166	222	188
Trees Removed	854	1,036	1,210
Trees Trimmed	622	216	680
Stumps Removed	185	230	382
Storm Cleanup	179	288	489
Plant Propagation	931	1,857	1,276
Plant Installation	300	573	961
Landscape Maintenance	1,357	2,060	875
Fountain and Irrigation Maintenance	226	130	100
Playground Equipment Maintenance	99	117	80
Nursery Maintenance	503	75	95
Baseball Field Maintenance	73	342	371
Public Restroom Maintenance	271	258	242
Holiday Decorations	551	856	1,251
Christmas Tree Pickup	64	16	24
Transportation			
Cost of Salt Purchased	\$63,648	\$7,095	\$71,372
Number of Regularly Scheduled Work Hours Related to Snow Removal	1,452	1,398	1,595
Sign Department Hours	1,716	2,251	1,904
Guardrail Repair Hours	24	16	0
Street Improvements-Asphalt Overlay (linear feet)	2,278	2,740	3,444
Pavement Marking Hours	950	841	850
Cold Patch Hours	1,711	1,330	1,922
Street Sweeping Hours	1,429	1,453	1,358
General Government-Court			
Municipal Court			
Number of Civil Cases	2,727	3,166	3,277
Number of Criminal Cases	10,295	13,156	12,888
General Government-Other			
Finance			
Agency Ratings-Moody's Financial Services	Aa3	A2	A2
Income Tax			
Number of Individual Returns	10,091	6,982	12,838
Number of Business Returns	1,846	2,070	1,423
Number of Business Withholding Accounts	9,767	8,550	1,337
Amount of Interest and Penalties Collected	\$98,699	\$148,491	\$165,724
Tax Revenue	\$6,811,653	\$6,249,181	\$8,179,964
City Commission			
Number of Ordinances Passed	162	131	150
Number of Resolutions Passed	44	33	37
Municipal Buildings and Lands			
Number of Construction Permits Issued (building, electric, plumbing)	2,259	931	1,146
Estimated Value of Construction	\$26,426,795	\$30,794,209	\$14,812,745
Amount of Revenue Generated from Building Department	\$232,932	\$162,116	\$162,072

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

(continued)

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

Function/Program	2010	2009	2008
Civil Service			
Number of Police Entry Tests Administered	0	0	0
Number of Fire Entry Tests Administered	0	0	1
Number of Police Promotional Tests Administered	0	0	1
Number of Fire Promotional Tests Administered	0	1	1
Number of Hires of Police Officers from Certified Lists	0	0	7
Number of Hires of Fire/Medics from Certified Lists	0	2	2
Number of Promotions from Police Certified Lists	0	0	2
Number of Promotions from Fire Certified Lists	0	1	1
Water Department			
Water Rates per 100 Cubic Feet of Water Used Monthly (1)	\$4.10	\$4.10	\$4.10
Sewer Department			
Sewer Rates per 100 Cubic Feet of Water Used Monthly (1)	\$7.00	\$7.00	\$7.00
Total Flow of Wastewater Treatment Plant	3,764	3,791	4,300
Average Daily Flow (millions of gallons per day)	10.30	10.42	11.79
Tons of Dry Sludge Removed	1,246	1,441	1,491

Source: City Records

(1) Based on 5/8" meter

Note: Information prior to 2004 not available.

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

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

Function/Program	2010	2009	2008
Security of Persons and Property-Police			
Stations	1	1	1
Vehicles	26	27	27
Security of Persons and Property-Fire			
Stations	3	3	3
Vehicles	15	15	16
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	34	34
Transportation			
Bridges	1	1	1
Streets (miles)	113.7	113.7	113.7
Vehicles	29	29	29
General Government-Other			
City Manager Vehicles	6	6	6
Mechanic Vehicles	4	4	4
Engineering Vehicles	10	10	10
Water			
Water Lines (miles)	134.88	134.82	134.69
Vehicles	18	16	16
Sewer			
Sewer Lines (miles)	163.69	163.69	163.49
Vehicles	20	19	19

Source: City Records

Note: Information prior to 2004 not available.

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





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
NOVEMBER 22, 2011