



Mary Taylor, CPA
Auditor of State

CITY OF SANDUSKY
ERIE COUNTY

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**CITY OF SANDUSKY
ERIE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2008**

FEDERAL GRANTOR/ Pass Through Grantor 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	\$ 508,105
Community Development Block Grant Revolving Loans	N/A		<u>210,026</u>
Total - Community Development Block Grant			<u>718,131</u>
<i>Passed Through Ohio Department of Development</i>			
Home Investment Partnerships Program	A-C-06-172	14.239	<u>16,074</u>
Total - Department of Housing and Urban Development			<u>734,205</u>
UNITED STATES DEPARTMENT OF TRANSPORTATION			
<i>Direct</i>			
Federal Transit - Formula Grants	N/A	20.507	681,303
<i>Passed Through Ohio Department of Transportation</i>			
Federal Transit Grant	UPT-4022-621-081	20.507	<u>47,083</u>
Total - Department of Transportation			<u>728,386</u>
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			
<i>Direct</i>			
Brownfields Assessment and Cleanup Cooperative Agreements	N/A	66.818	<u>28,974</u>
UNITED STATES DEPARTMENT OF JUSTICE			
<i>Direct</i>			
Edward Byrne Memorial Justice Assistance Grant Program	N/A	16.738	41,682
Bulletproof Vest Partnership Program	N/A	16.607	<u>17,320</u>
Total - Department of Justice			<u>59,002</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u>\$ 1,550,567</u>

The accompanying notes are an integral part of this Schedule.

**CITY OF SANDUSKY
ERIE COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2008**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN 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 Federal Awards Expenditures (the Schedule) when drawn from HUD. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, and are also included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property, business assets to include equipment, inventory and receivables, and personal assets. At December 31, 2008, the gross amount of loans outstanding under this program was \$805,397. Loans in default are \$106,601.

Activity in the CDBG revolving loan fund during 2008 is as follows:

Beginning loans receivable balance as of January 1, 2008:	\$763,600
Loans made:	182,980
Loan principal repaid on loans issued prior to 2008:	(141,183)
Loan principal repaid on 2008 loans issued:	
Ending loan receivable balance as of December 31, 2008:	<u>805,397</u>
Cash balance on hand in the revolving loan fund as of December 31, 2008:	707,210
Interest subsidies and administrative costs expended during 2008:	<u>27,046</u>
Total value of RLF portion of the CDBG 14.228 program	1,539,653
Other grants administered through the 14.228 program	<u>508,105</u>
Total CDBG 14.228 program	<u><u>\$2,047,758</u></u>

NOTE C – 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. The Federal Department of Housing and Urban Development (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 Federal Awards Expenditures Schedule (the Schedule). Loans repaid, including interest are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are also included as disbursements on the Schedule.

These loans are collateralized by mortgages on the property. At December 31, 2008, the gross amount of loans outstanding under this program was \$2,410,874.

**CITY OF SANDUSKY
ERIE COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2008
(Continued)**

NOTE D – MATCHING REQUIREMENTS

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

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Mary Taylor, CPA

Auditor of State

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

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

To the City Commission:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandusky, Erie County, Ohio (the City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 30, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

We noted a certain matter that we reported to the City's management in a separate letter dated June 30, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain noncompliance matter that we reported to the City's management in a separate letter dated June 30, 2009.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 30, 2009



Mary Taylor, CPA

Auditor of State

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

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

To the City Commission:

Compliance

We have audited the compliance of the City of Sandusky, Erie County, Ohio (the City), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Sandusky complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2008.

Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that the City's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

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

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

Schedule of Federal Awards Expenditures

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Sandusky as of and for the year ended December 31, 2008, and have issued our report thereon dated June 30, 2009. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of federal awards expenditures provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Mary Taylor, CPA
Auditor of State

August 17, 2009

**CITY OF SANDUSKY
ERIE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

**CITY OF SANDUSKY
ERIE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007 - 001	Ohio Revised Code § 5705.41(D)(1) – Expenditures not certified.	No	Improvement made reducing this to a Management Letter comment.

CITY OF SANDUSKY, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2008

Introductory

CITY OF SANDUSKY, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2008

Prepared By:

Department of Finance

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Finance Director

Hank S. Solowiej, CPA
Senior Accountant/Auditor

Carol A. Roth
Administrative Secretary

Jacki M. Jesberger
Senior Accounting Clerk II

Heather L. Turner
Senior Accounting Clerk II

Lois Huff
Senior Accounting Clerk II

Kaye L. Conway
Senior Accounting Clerk II



CITY OF SANDUSKY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2008

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

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

June 30, 2009

To the City Commission and Citizens of Sandusky:

The Comprehensive Annual Financial Report of the City of Sandusky for the year ended December 31, 2008, is herewith submitted. This report is prepared according to generally accepted accounting principles (GAAP). The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by its financial activity and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activity have been included. The City has a framework of internal controls established to insure the accuracy of the presented data and the completeness and fairness of the presentation. Because the cost of internal controls should not exceed anticipated benefits, the controls provide reasonable assurance that the financial statements are free of any material misstatements.

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

The State of Ohio Auditor's Office has issued an unqualified opinion on the City of Sandusky's basic financial statements for the year ended December 31, 2008. The Independent Accountant's Report is located at the front of the financial section of this report.

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

PROFILE OF THE CITY OF SANDUSKY

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

The City of Sandusky is ideally located. Sandusky Bay on Lake Erie is larger than any of Ohio's inland lakes and in conjunction with Lake Erie provides a wide spectrum of recreational activities to the citizens as well as to visitors. Sandusky is the largest city in Erie County and is the county seat. The population of the City of Sandusky is 27,844 based on the 2000 Census conducted by the U.S. Census Bureau.

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

Sandusky Transit System (STS) public transportation has been serving the Sandusky and Erie County community since 1992. STS is largely supported through Federal and State grants. STS provides over 86,000 rides annually, with 55 percent being work related. STS is demand-responsive with a curb-to-curb assistance policy.

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

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

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

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

The construction of several indoor waterpark resorts over the past several years has made the area a year round tourist destination. In 2001, Great Wolf Lodge completed the construction of a 271-room resort near the City with a 22,000 square foot indoor water amusement park. In 2004, Cedar Point completed construction of Castaway Bay, a 35,000 square foot indoor, year-round, waterpark. Castaway Bay is located at the entrance to the Cedar Point Causeway within the City. Finally, the Kalahari Resort and Convention Center, located near the City, opened in 2005 and includes an 80,000 square foot indoor waterpark. Further expansion at the Kalahari is planned for the near future. In 2007, the Green Tree Inn on Cleveland Road opened another waterpark facility titled "The Rain." Further waterpark expansion 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 A2 with Moody's Investor Services.

The City negotiates with three bargaining units: American Federation of State, County, and Municipal Employees Local No. 1519, the Fraternal Order of Police - Lodge No. 17, and the International Association of Fire Fighters - Local No. 327. These agreements will expire on December 31, 2009.

LOCAL ECONOMY

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

During the past six years, the unemployment rate (not seasonally adjusted) has slowly risen from 5.8 percent in December 2001 to 9.8 percent in December 2008. Unemployment is expected to increase due to plans to close one of the local automotive component plants. In addition, an automobile manufacturer located in Lorain County closed in 2005. That has impacted many City and County residents that were employed there. Although income taxes were up slightly in 2008 compared to prior years, this trend is not expected to continue. Current economic conditions indicate income tax collections will be lower in upcoming years. As such, the City has begun reducing its workforce in attempts to stabilize the financial situation.

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

LONG-TERM FINANCIAL PLANNING

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

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

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

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

Each action plan will:

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

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

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

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

RELEVANT FINANCIAL POLICIES

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

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

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

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

MAJOR INITIATIVES

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

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

Implementation of the Sandusky Bay Pathway Master Plan, which trails along the lakefront, began in 2004 with Phase 1 and Phase 2 construction beginning in 2005. The pathway provides a route that offers a means of exercise, relaxation, and access to public parks and facilities and provides a scenic view of the Sandusky Bay.

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

Significant capital expenditures on new attractions are made every year at Cedar Point. These expenditures have aggregated over \$85 million during the last few years. Cedar Point opened "Breakers Express" hotel in 2001. In 2003, they opened another new roller coaster, its 16th; called the "Top Thrill Dragster", it is one of the tallest and fastest in the world. In 2004, they completed their first year-round attraction - Castaway Bay Indoor Water Park Resort. In 2005, Cedar Point unveiled their latest thrill ride, "maXair". In 2006, Cedar Point added a world-record-breaking thrill ride - "Skyhawk.", the tallest ride of its kind in the world, standing 103 feet above the ground and featuring two giant swinging arms. In 2007, Cedar Point added its 17th roller coaster, "Maverick". The addition of this coaster has given the park more scream machines than any park in the world. Maverick's cost of approximately \$21 million makes it one of the single largest investments in the park's 137-year history. In 2008, capital improvements 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 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.

In 1999, the City purchased the Chesapeake Building and adopted an urban renewal plan to revitalize about forty acres of the waterfront, including the Chesapeake property, an area now referred to as the "Paper District." In 2002, the Bayfront Corridor Committee was established to act as an advisory committee on the selection of a developer. They received proposals from six developers and selected Mid-States Development Corporation (Mid-States) to develop the properties. The City has entered into a development agreement with Mid-States for that purpose. The City received a State grant to pay for acquisition, environmental cleanup, and demolition of part of the project site and also issued its urban revitalization notes for that purpose. Over 190 condominium units have been reserved by prospective buyers and the first tenants moved in during 2007. Construction on a lighted public concrete walkway around the Chesapeake Building is scheduled to begin in early 2009.

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

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

The proposed plans for this extensive multi-phase project include three unique residential buildings, a hotel development, an expanded public parking area along the shoreline, and approximately 25,000 square feet of commercial space for retail and restaurant development. The first phase of the project includes a residential development, The Commodore Condominiums, which is scheduled to break ground in spring 2009. The seven-story lakeside living space will feature 112 total units with an array of distinctive floor plans, from one-bedroom studio-style spaces to spacious three-bedroom penthouses with optional loft areas, to satisfy a variety of living styles.

AWARDS AND ACKNOWLEDGEMENTS

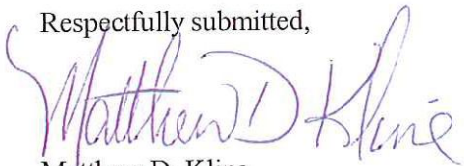
The Government Finance Officers Association of the United States and Canada (GFOA) awarded for the seventeenth time a Certificate of Achievement for Excellence in Financial Reporting to the City of Sandusky for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2007. The 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,



Matthew D. Kline
City Manager



Edward A. Widman
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sandusky
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

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.



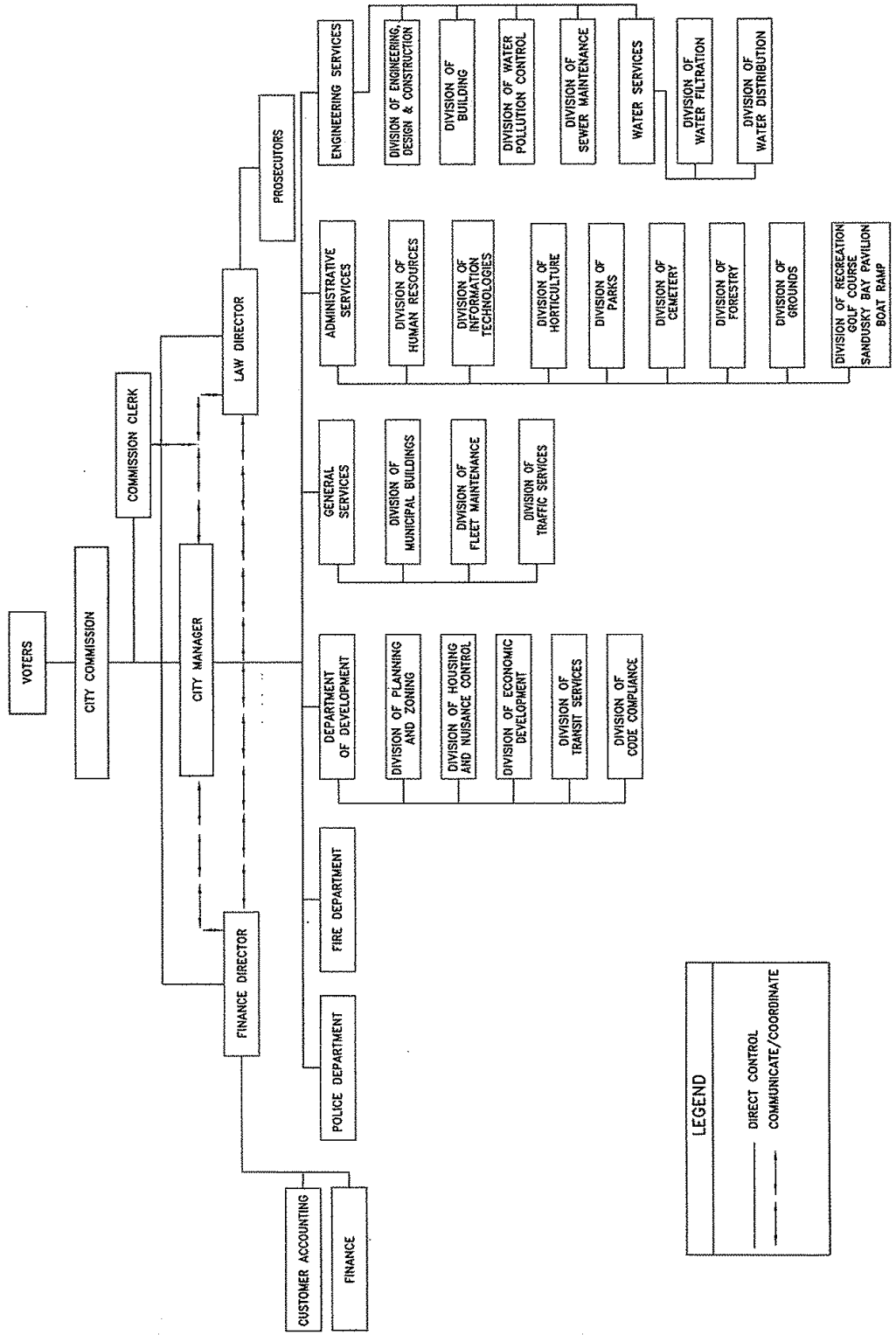
A handwritten signature in black ink, appearing to read "M. L. M.", positioned above the title "President".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", positioned above the title "Executive Director".

Executive Director

ORGANIZATIONAL CHART
City of Sandusky
2008



LEGEND	
—	DIRECT CONTROL
- - -	COMMUNICATE/COORDINATE

CITY OF SANDUSKY, OHIO

ELECTED PUBLIC OFFICIALS

December 31, 2008

CITY COMMISSION

Craig H. Stahl
President/Ex-Officio Mayor
Term Expires 12-31-09
First took office 01-01-06

Brett L. Fuqua, Sr.
Vice-President
Term Expires 12-31-11
First took office 01-01-04

Pervis D. Brown, Jr.
Term Expires 12-31-09
First took office 12-12-08

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

Daniel J. Kaman
Term Expires 12-31-11
First took office 01-01-04

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

Robert R. Warner
Term Expires 12-31-09
First took office 06-09-08

APPOINTED OFFICIALS

December 31, 2008

CITY MANAGER

Matthew D. Kline

FINANCE DIRECTOR

Edward A. Widman

LAW DIRECTOR

Donald C. Icsman

CLERK OF COMMISSION

B. Joyce Brown

Financial

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the City Commission:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandusky, Erie County, Ohio (the City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandusky, Erie County, Ohio, as of December 31, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 30, 2009

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2008
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, 2008. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

HIGHLIGHTS

Highlights for 2008 are as follows:

In total, the City's net assets increased \$3,254,143, or almost 4 percent. Net assets for governmental activities increased just over 6 percent, not a significant change from the prior year. Business-type activities increased less than 1 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 2008 and change orders were approved by the City Commissioners on these projects. Both projects were funded by charges for services and with resources borrowed from the Ohio Water Development Authority (OWDA).

Both of the City's enterprise funds had an operating income in 2008, indicating operating revenues are currently sufficient to cover operating expenses of the respective funds. As needed, rate increases in the Water and Sewer enterprise funds have kept these funds with positive operating balances; however, 2003 was the last year of scheduled rate increases. As of this date, there are no further rate increases anticipated by the City.

USING THIS ANNUAL REPORT

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

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

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. Fund financial statements report the City's most significant funds individually and the City's nonmajor funds in a single column. The City's major funds are the General, Special Assessment Bond Retirement, Capital Projects, Redevelopment Tax Increment, 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 2008. 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, 2008
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, Special Assessment Bond Retirement, Capital Projects, Redevelopment Tax Increment, 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, 2008
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 2008 and 2007.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<u>Assets</u>						
Current and Other Assets	\$37,214,310	\$32,537,301	\$25,460,747	\$24,186,111	\$62,675,057	\$56,723,412
Capital Assets, Net	50,594,810	52,268,033	56,266,395	55,221,445	106,861,205	107,489,478
Total Assets	87,809,120	84,805,334	81,727,142	79,407,556	169,536,262	164,212,890
<u>Liabilities</u>						
Current and Other Liabilities	11,250,329	12,983,048	671,887	585,100	11,922,216	13,568,148
Long-Term Liabilities	24,723,750	23,008,158	40,172,049	38,172,480	64,895,799	61,180,638
Total Liabilities	35,974,079	35,991,206	40,843,936	38,757,580	76,818,015	74,748,786
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	33,005,235	32,191,349	17,057,860	18,003,813	50,063,095	50,195,162
Restricted	21,799,025	18,975,860	0	0	21,799,025	18,975,860
Unrestricted (Deficit)	(2,969,219)	(2,353,081)	23,825,346	22,646,163	20,856,127	20,293,082
Total Net Assets	\$51,835,041	\$48,814,128	\$40,883,206	\$40,649,976	\$92,718,247	\$89,464,104

While the overall change for governmental activities was not that significant, just over 6 percent, there was one item of note. There was a 14 percent increase in current and other assets, much of this related to an increase in the receivable for special assessments. This increase is also reflected in the increase in restricted net assets.

For business-type activities, there was very little change from the prior year.

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Table 2 reflects the changes in net assets for 2008 and 2007.

Table 2
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$8,335,254	\$4,920,363	\$11,941,294	\$11,221,532	\$20,276,548	\$16,141,895
Operating Grants, Contributions, and Interest	3,008,317	3,541,296	0	0	3,008,317	3,541,296
Capital Grants and Contributions	258,793	1,874,767	178,083	8,069,676	436,876	9,944,443
Total Program Revenues	<u>11,602,364</u>	<u>10,336,426</u>	<u>12,119,377</u>	<u>19,291,208</u>	<u>23,721,741</u>	<u>29,627,634</u>
General Revenues						
Property Taxes	2,593,703	2,524,299	0	0	2,593,703	2,524,299
Payment in Lieu of Taxes	2,939	5,528,833	0	0	2,939	5,528,833
Municipal Income Taxes	8,179,964	6,891,325	0	0	8,179,964	6,891,325
Other Local Taxes	3,759,788	3,720,784	0	0	3,759,788	3,720,784
Franchise Taxes	290,451	272,184	0	0	290,451	272,184
Grants and Entitlements not Restricted to Specific Programs	1,884,362	1,958,323	0	0	1,884,362	1,958,323
Interest	1,329,987	1,541,216	1,955	1,923	1,331,942	1,543,139
Other	540,308	556,074	438,600	274,658	978,908	830,732
Total General Revenues	<u>18,581,502</u>	<u>22,993,038</u>	<u>440,555</u>	<u>276,581</u>	<u>19,022,057</u>	<u>23,269,619</u>
Total Revenues	<u>30,183,866</u>	<u>33,329,464</u>	<u>12,559,932</u>	<u>19,567,789</u>	<u>42,743,798</u>	<u>52,897,253</u>
<u>Program Expenses</u>						
Security of Persons and Property						
Police	5,874,509	5,574,825	0	0	5,874,509	5,574,825
Fire	5,937,365	6,007,917	0	0	5,937,365	6,007,917
Other	314,316	337,986	0	0	314,316	337,986
Public Health	403,533	390,069	0	0	403,533	390,069
Leisure Time Activities	601,231	724,443	0	0	601,231	724,443
Community Environment	3,310,344	3,076,512	0	0	3,310,344	3,076,512
Transportation	4,303,144	4,537,224	0	0	4,303,144	4,537,224
General Government						
Municipal Court	870,524	915,040	0	0	870,524	915,040
Other	4,408,458	3,859,012	0	0	4,408,458	3,859,012
Interest and Fiscal Charges	1,447,618	1,347,061	0	0	1,447,618	1,347,061
Water	0	0	5,585,538	4,515,116	5,585,538	4,515,116
Sewer	0	0	6,433,075	6,017,246	6,433,075	6,017,246
Total Expenses	<u>27,471,042</u>	<u>26,770,089</u>	<u>12,018,613</u>	<u>10,532,362</u>	<u>39,489,655</u>	<u>37,302,451</u>

(continued)

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Table 2
Changes in Net Assets
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Increase in Net Assets before Transfers	\$2,712,824	\$6,559,375	\$541,319	\$9,035,427	\$3,254,143	\$15,594,802
Transfers	308,089	506,240	(308,089)	(506,240)	0	0
Increase in Net Assets	3,020,913	7,065,615	233,230	8,529,187	3,254,143	15,594,802
Net Assets Beginning of Year	48,814,128	41,748,513	40,649,976	32,120,789	89,464,104	73,869,302
Net Assets End of Year	<u>\$51,835,041</u>	<u>\$48,814,128</u>	<u>\$40,883,206</u>	<u>\$40,649,976</u>	<u>\$92,718,247</u>	<u>\$89,464,104</u>

For governmental activities, there were several significant changes within program revenues from the prior year. There was a substantial increase in charges for services, the result of new special assessments being charged to property owners. The decrease in operating grants and contributions is largely due to fewer economic development related grants than had been received in prior years, such as community development block grants. The City received resources in the prior year for the coastal management project which were reflected in capital grants and contributions. Without similar resources in 2008, there was a decrease in capital grants and contributions. For general revenues, there were two significant changes. The first, the decrease in payment in lieu of taxes revenue. This revenue consists of tax revenues which the City would have otherwise received had tax exemption agreements not been entered into with various developers/businesses. This revenue should be recognized in full in the initial year of the agreement and for which the City made a restatement to the financial statements (see Note 3 to the basic financial statements). The other significant change is reflected in municipal income taxes and due to additional payers (new tax filers and transient contractors).

In general, expenses remained relatively comparable to the prior year with an increase of less than 3 percent overall. The police and fire departments continue to be the largest share of governmental expenses. These departments comprise 43 percent of all governmental activities costs.

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

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

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
Security of Persons and Property				
Police	\$5,874,509	\$5,574,825	\$5,360,436	\$5,252,889
Fire	5,937,365	6,007,917	5,283,293	5,234,543
Other	314,316	337,986	314,316	337,986
Public Health	403,533	390,069	285,002	257,520
Leisure Time Activities	601,231	724,443	235,419	(703,177)
Community Environment	3,310,344	3,076,512	1,872,137	1,135,064
Transportation	4,303,144	4,537,224	(2,754,857)	108,089
General Government				
Municipal Court	870,524	915,040	(407,730)	(194,455)
Other	4,408,458	3,859,012	4,233,044	3,658,143
Interest and Fiscal Charges	1,447,618	1,347,061	1,447,618	1,347,061
Total Expenses	<u>\$27,471,042</u>	<u>\$26,770,089</u>	<u>\$15,868,678</u>	<u>\$16,433,663</u>

It should be noted that for all governmental activities, 58 percent of the costs for services in 2008 were provided for through general revenues (compared to 61 percent in 2007), that being primarily property taxes, municipal income taxes, tourism taxes, and State shared revenues.

Although the dependence on general revenues is substantial, there are several programs which were well supported through program revenues in 2008. Leisure time activities received over 60 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 43 percent of its support through program revenues in 2008. This is primarily the result of various community development block 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 \$407,730 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.

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The City's major governmental funds are the General Fund, the Special Assessment Bond Retirement debt service fund, and the Capital Projects and Redevelopment Tax Increment capital projects funds. Although there was a 9 percent decrease in fund balance for the General Fund, both revenues and expenditures changed very little from the prior year (revenues increased less than 1 percent and expenditures increased less than 2 percent). However, in the prior year, the City had loan proceeds of over \$900,000, a non-recurring event that contributed to the overall decrease realized in 2008.

The Special Assessment Bond Retirement Fund had a \$29,302 decrease in fund balance, not a large dollar change, yet a 22 percent decrease in fund balance. This is due to an increase in debt service payments.

The Capital Projects Fund had a 25 percent increase in fund balance, the result of transfers in from other funds to close out various street improvement projects.

The increase in fund balance in the Redevelopment Tax Increment Fund of \$54,220 (72 percent) is due to an increase in tax increment financing revenues.

BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS

The City's enterprise funds consist of the Water and Sewer funds. Although both funds reflect an operating income for 2008, the Water Fund had a slight decrease in overall net assets (however, less than 1 percent). While, currently the Water and Sewer funds are generating adequate revenues to cover the cost of operations and debt service, these funds continue to accumulate a significant amount of debt with the Ohio Water Development Authority for major renovations in progress at the water and sewer treatment plants. The improvements are required to keep the City in compliance with EPA standards. There will be additional improvements within both utilities. The City did increase water and sewer rates by 25 percent in January 2003 as part of a three-year rate program to provide additional funds for operations and future debt retirement; however, 2003 was the last year of the rate increase period. As of this date, there are no further rate increases scheduled.

BUDGETARY HIGHLIGHTS

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

The General Fund supports many of our major activities such as the Police Department and Fire Department as well as most general government operations. City department heads continue to demonstrate a willingness to work with the administration and elected officials to stay within their budgets and keep cost increases to a minimum.

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2008, was \$33,005,235 and \$17,057,860, respectively (net of accumulated depreciation and related debt). The primary additions for governmental activities included the completion of construction at the library and the acquisition of a pumper truck for the fire department. Disposals were not significant. The primary additions for the business-type activities were related to the Venice Road lift station and the Hollyrood/McKinley Street sewer lines; 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, 2008, the City had \$6,915,000 in bond anticipation notes payable from governmental activities. The City also has a number of long-term obligations outstanding. These obligations included \$17,289,834 in general obligation bonds, \$4,438,434 in special assessment bonds, \$2,294,659 in general obligation revenue bonds, \$36,781,982 in Ohio Water Development Authority loans, and \$1,344,991 in other long-term loans. Of the total long-term obligations, \$39,592,087 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 2009 for public programs. These funds will help programs that fund fire prevention and safety, fair housing, economic development, brownfield assessments, street improvements, public transit, and downtown revitalization.

In October 2008, the City Commission authorized the issuance of \$6,915,000 in various improvement notes. The 2008 various improvement notes were issued to retire notes previously issued to replace the air conditioning unit at the Municipal Building, complete street improvements, roof repair, sidewalk-curb-gutter improvements, revitalize the Bayfront Urban Revitalization Area by acquiring and clearing various properties, undertaking environmental cleanup and remediation, and exercising options on certain properties within the area, and to acquire a fire boat and pumper truck for the fire department. This funding will also assist with downtown redevelopment.

REQUEST FOR INFORMATION

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

City of Sandusky
Statement of Net Assets
December 31, 2008

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$14,139,386	\$23,661,709	\$37,801,095
Cash and Cash Equivalents with Escrow Agent	148,518	0	148,518
Accounts Receivable	831,622	1,092,169	1,923,791
Accrued Interest Receivable	154,462	0	154,462
Due from Other Governments	1,639,972	341,613	1,981,585
Municipal Income Taxes Receivable	2,564,204	0	2,564,204
Other Local Taxes Receivable	44,831	0	44,831
Prepaid Items	3,017	13,444	16,461
Materials and Supplies Inventory	219,647	312,610	532,257
Property Taxes Receivable	2,656,231	0	2,656,231
Payment in Lieu of Taxes Receivable	5,447,461	0	5,447,461
Notes Receivable	3,109,670	0	3,109,670
Special Assessments Receivable	5,968,426	0	5,968,426
Unamortized Bond Issuance Costs	286,863	39,202	326,065
Nondepreciable Capital Assets	9,261,426	17,764,259	27,025,685
Depreciable Capital Assets, Net	41,333,384	38,502,136	79,835,520
Total Assets	87,809,120	81,727,142	169,536,262
<u>Liabilities</u>			
Accrued Wages Payable	651,674	186,729	838,403
Accounts Payable	258,451	145,778	404,229
Contracts Payable	16,791	121,236	138,027
Due to Other Governments	800,082	140,618	940,700
Accrued Interest Payable	152,737	19,091	171,828
Notes Payable	6,915,000	0	6,915,000
Retainage Payable	182,016	58,435	240,451
Deferred Revenue	2,273,578	0	2,273,578
Long-Term Liabilities			
Due Within One Year	1,349,633	1,576,971	2,926,604
Due in More Than One Year	23,374,117	38,595,078	61,969,195
Total Liabilities	35,974,079	40,843,936	76,818,015
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	33,005,235	17,057,860	50,063,095
Restricted for			
Capital Projects	11,604,699	0	11,604,699
Debt Service	2,049,464	0	2,049,464
Street Maintenance	613,274	0	613,274
State Grants	3,636,422	0	3,636,422
Federal Grants	1,994,193	0	1,994,193
Other Purposes	1,900,973	0	1,900,973
Unrestricted (Deficit)	(2,969,219)	23,825,346	20,856,127
Total Net Assets	\$51,835,041	\$40,883,206	\$92,718,247

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Activities
For the Year Ended December 31, 2008

	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	\$5,874,509	\$383,757	\$130,316	\$0
Fire	5,937,365	625,434	25,098	3,540
Other	314,316	0	0	0
Public Health	403,533	118,531	0	0
Leisure Time Activities	601,231	327,660	37,647	505
Community Environment	3,310,344	358,027	1,031,680	48,500
Transportation	4,303,144	5,149,554	1,702,199	206,248
General Government				
Municipal Court	870,524	1,196,877	81,377	0
Other	4,408,458	175,414	0	0
Interest and Fiscal Charges	1,447,618	0	0	0
Total Governmental Activities	27,471,042	8,335,254	3,008,317	258,793
<u>Business-Type Activities</u>				
Water	5,585,538	5,480,958	0	0
Sewer	6,433,075	6,460,336	0	178,083
Total Business-Type Activities	12,018,613	11,941,294	0	178,083
Total	\$39,489,655	\$20,276,548	\$3,008,317	\$436,876

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
(\$5,360,436)	\$0	(\$5,360,436)
(5,283,293)	0	(5,283,293)
(314,316)	0	(314,316)
(285,002)	0	(285,002)
(235,419)	0	(235,419)
(1,872,137)	0	(1,872,137)
2,754,857	0	2,754,857
407,730	0	407,730
(4,233,044)	0	(4,233,044)
(1,447,618)	0	(1,447,618)
(15,868,678)	0	(15,868,678)
0	(104,580)	(104,580)
0	205,344	205,344
0	100,764	100,764
(15,868,678)	100,764	(15,767,914)
1,808,771	0	1,808,771
296,040	0	296,040
488,892	0	488,892
2,939	0	2,939
7,308,067	0	7,308,067
478,361	0	478,361
393,536	0	393,536
3,759,788	0	3,759,788
290,451	0	290,451
1,884,362	0	1,884,362
1,329,987	1,955	1,331,942
540,308	438,600	978,908
18,581,502	440,555	19,022,057
308,089	(308,089)	0
18,889,591	132,466	19,022,057
3,020,913	233,230	3,254,143
48,814,128	40,649,976	89,464,104
\$51,835,041	\$40,883,206	\$92,718,247

City of Sandusky
Balance Sheet
Governmental Funds
December 31, 2008

	General	Special Assessment Bond Retirement	Capital Projects	Redevelopment Tax Increment	Other Governmental	Total Governmental Funds
<u>Assets</u>						
Equity in Pooled Cash and Cash Equivalents	\$3,838,647	\$105,769	\$5,193,106	\$129,447	\$4,789,278	\$14,056,247
Accounts Receivable	225,832	0	0	0	605,790	831,622
Accrued Interest Receivable	143,893	0	0	0	10,569	154,462
Interfund Receivable	26,370	0	0	0	0	26,370
Due from Other Governments	950,773	0	9,557	0	679,642	1,639,972
Municipal Income Taxes Receivable	2,275,743	0	0	0	288,461	2,564,204
Other Local Taxes Receivable	12,051	0	0	0	32,780	44,831
Prepaid Items	2,973	0	44	0	0	3,017
Materials and Supplies Inventory	110,173	0	0	0	109,474	219,647
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	83,139	0	0	0	0	83,139
Cash and Cash Equivalents with Escrow Agent	0	0	148,518	0	0	148,518
Property Taxes Receivable	1,946,968	0	0	0	709,263	2,656,231
Payment in Lieu of Taxes Receivable	11,069	0	0	5,432,701	3,691	5,447,461
Notes Receivable	0	0	0	0	3,109,670	3,109,670
Special Assessments Receivable	0	5,968,426	0	0	0	5,968,426
Total Assets	\$9,627,631	\$6,074,195	\$5,351,225	\$5,562,148	\$10,338,618	\$36,953,817
<u>Liabilities and Fund Balance</u>						
<u>Liabilities</u>						
Accrued Wages Payable	\$605,019	\$0	\$578	\$0	\$46,077	\$651,674
Accounts Payable	144,673	0	13,988	0	99,790	258,451
Contracts Payable	0	0	16,791	0	0	16,791
Interfund Payable	0	0	0	0	26,370	26,370
Due to Other Governments	366,715	0	931	0	432,436	800,082
Accrued Interest Payable	0	0	54,105	0	3,856	57,961
Notes Payable	0	0	6,455,000	0	460,000	6,915,000
Retainage Payable	0	0	0	0	33,498	33,498
Deferred Revenue	4,686,805	5,968,426	0	5,432,701	2,098,698	18,186,630
Liabilities Payable from Restricted Assets:						
Retainage Payable	0	0	148,518	0	0	148,518
Total Liabilities	5,803,212	5,968,426	6,689,911	5,432,701	3,200,725	27,094,975
<u>Fund Balance</u>						
Reserved for Encumbrances	28,324	0	259,574	0	174,646	462,544
Reserved for Interfund Receivable	22,980	0	0	0	0	22,980
Reserved for Unclaimed Monies	83,139	0	0	0	0	83,139
Reserved for Notes Receivable	0	0	0	0	2,846,110	2,846,110
Unreserved, Reported in						
General Fund	3,689,976	0	0	0	0	3,689,976
Special Revenue Funds	0	0	0	0	4,233,164	4,233,164
Debt Service Funds	0	105,769	0	0	162,155	267,924
Capital Projects Funds (Deficit)	0	0	(1,598,260)	129,447	(278,182)	(1,746,995)
Total Fund Balance (Deficit)	3,824,419	105,769	(1,338,686)	129,447	7,137,893	9,858,842
Total Liabilities and Fund Balance	\$9,627,631	\$6,074,195	\$5,351,225	\$5,562,148	\$10,338,618	\$36,953,817

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, 2008

Total Governmental Fund Balance \$9,858,842

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. 50,594,810

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

Accounts Receivable	176,610	
Accrued Interest Receivable	104,414	
Due from Other Governments	1,138,617	
Municipal Income Taxes Receivable	2,083,314	
Other Local Taxes Receivable	5,767	
Property Taxes Receivable	382,653	
Payment in Lieu of Taxes Receivable	5,447,461	
Special Assessments Receivable	<u>6,574,216</u>	
		15,913,052

Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds. 286,863

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

Accrued Interest Payable	(94,776)	
General Obligation Bonds Payable	(17,289,834)	
Special Assessment Bonds Payable	(4,438,434)	
Loans Payable	(829,545)	
Capital Leases Payable	(75,916)	
Compensated Absences Payable	<u>(2,090,021)</u>	
		<u>(24,818,526)</u>

Net Assets of Governmental Activities \$51,835,041

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, 2008

	General	Special Assessment Bond Retirement	Capital Projects	Redevelopment Tax Increment	Other Governmental	Total Governmental Funds
<u>Revenues</u>						
Property Taxes	\$1,678,729	\$0	\$0	\$0	\$729,411	\$2,408,140
Payment in Lieu of Taxes	1,868	0	0	59,220	622	61,710
Municipal Income Taxes	6,823,309	0	0	0	810,449	7,633,758
Other Local Taxes	3,761,605	0	0	0	430,449	4,192,054
Special Assessments	0	302,787	0	0	413,695	716,482
Charges for Services	397,771	0	563,911	0	773,062	1,734,744
Fees, Licenses, and Permits	477,837	0	155,890	0	184,367	818,094
Fines and Forfeitures	1,104,232	0	0	0	112,498	1,216,730
Intergovernmental	1,828,850	0	404,270	0	3,251,148	5,484,268
Interest	1,321,573	0	0	0	97,738	1,419,311
Other	445,526	0	311,671	0	190,963	948,160
Total Revenues	17,841,300	302,787	1,435,742	59,220	6,994,402	26,633,451
<u>Expenditures</u>						
Current:						
Security of Persons and Property						
Police	5,117,816	0	0	0	697,058	5,814,874
Fire	4,679,707	0	67,960	0	789,451	5,537,118
Other	314,316	0	0	0	0	314,316
Public Health	344,971	0	0	0	40,510	385,481
Leisure Time Activities	0	0	13,669	0	459,286	472,955
Community Environment	1,794,919	0	68,007	5,000	1,483,820	3,351,746
Transportation	1,139	0	46,894	0	2,600,518	2,648,551
General Government						
Municipal Court	843,946	0	12,772	0	0	856,718
Other	3,582,058	0	141,146	0	0	3,723,204
Other	0	0	0	0	106,467	106,467
Capital Outlay	0	0	812,273	0	675,320	1,487,593
Debt Service:						
Principal Retirement	73,553	293,535	36,016	0	630,622	1,033,726
Interest and Fiscal Charges	32,542	105,265	236,796	0	1,061,721	1,436,324
Issuance Costs	0	0	3,223	0	94,445	97,668
Total Expenditures	16,784,967	398,800	1,438,756	5,000	8,639,218	27,266,741
Excess of Revenues Over (Under) Expenditures	1,056,333	(96,013)	(3,014)	54,220	(1,644,816)	(633,290)
<u>Other Financing Sources (Uses)</u>						
Special Assessment Bonds Issued	0	2,625,000	0	0	0	2,625,000
Premium on Bonds Issued	0	3,681	0	0	107,856	111,537
Sale of Capital Assets	900	0	0	0	0	900
Transfers In	0	71,026	560,151	0	4,628,815	5,259,992
Transfers Out	(1,456,875)	(2,632,996)	(115,566)	0	(671,180)	(4,876,617)
Total Other Financing Sources (Uses)	(1,455,975)	66,711	444,585	0	4,065,491	3,120,812
Changes in Fund Balance	(399,642)	(29,302)	441,571	54,220	2,420,675	2,487,522
Fund Balance (Deficit) Beginning of Year-Restated (Note 3)	4,224,061	135,071	(1,780,257)	75,227	4,717,218	7,371,320
Fund Balance (Deficit) End of Year	\$3,824,419	\$105,769	(\$1,338,686)	\$129,447	\$7,137,893	\$9,858,842

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, 2008

Changes in Fund Balance - Total Governmental Funds \$2,487,522

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

Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current year.

Capital Outlay	1,186,156	
Depreciation	<u>(2,859,379)</u>	(1,673,223)

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

Proceeds from Sale of Capital Assets	(900)	
Gain on Disposal of Capital Assets	<u>900</u>	0

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

Property Taxes	185,563	
Payment in Lieu of Taxes	(58,771)	
Municipal Income Taxes	546,206	
Other Local Taxes	(1,817)	
Special Assessments	3,625,953	
Charges for Services	78,901	
Fees, Licenses, and Permits	2,413	
Intergovernmental	(513,923)	
Interest	<u>(32,502)</u>	3,832,023

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	614,865	
Special Assessment Bonds Payable	293,535	
Loans Payable	89,310	
Capital Leases Payable	<u>36,016</u>	1,033,726

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

Special Assessment Bonds	(2,625,000)	
Amortization of Premium	1,081	
Unamortized Premium	<u>(111,537)</u>	(2,735,456)

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

Accrued Interest Payable	(5,923)	
Amortization of Accounting Loss	<u>(4,890)</u>	(10,813)

(continued)

City of Sandusky
 Reconciliation of Statement of Revenues, Expenditures,
 and Changes in Fund Balance
 of Governmental Funds to Statement of Activities
 For the Year Ended December 31, 2008
 (continued)

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 net activities.

Amortization of Issuance Costs	(\$1,562)	
Unamortized Issuance Costs	<u>97,668</u>	96,106

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.

(8,972)

Change in Net Assets of Governmental Activities

\$3,020,913

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, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$1,824,313	\$1,824,313	\$1,678,729	(\$145,584)
Payment in Lieu of Taxes	1,868	1,868	1,868	0
Municipal Income Taxes	6,506,701	6,833,701	6,845,617	11,916
Other Local Taxes	3,737,661	3,736,661	3,765,196	28,535
Charges for Services	308,502	374,886	410,056	35,170
Fees, Licenses, and Permits	472,438	468,438	477,837	9,399
Fines and Forfeitures	924,117	1,039,769	1,073,263	33,494
Intergovernmental	1,852,530	1,838,530	1,862,532	24,002
Interest	1,200,000	1,148,000	1,224,915	76,915
Other	241,650	215,650	261,530	45,880
Total Revenues	17,069,780	17,481,816	17,601,543	119,727
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	5,384,630	5,142,630	5,035,551	107,079
Fire	4,745,641	4,665,641	4,678,367	(12,726)
Other	200,000	230,000	292,561	(62,561)
Public Health	324,259	354,259	348,263	5,996
Community Environment	1,713,234	1,823,233	1,886,438	(63,205)
Transportation	1,150	1,150	1,139	11
General Government				
Municipal Court	852,855	883,855	880,219	3,636
Other	2,934,692	3,497,892	3,508,650	(10,758)
Debt Service				
Principal Retirement	0	0	16,740	(16,740)
Total Expenditures	16,156,461	16,598,660	16,647,928	(49,268)
Excess of Revenues Over Expenditures	913,319	883,156	953,615	70,459
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	188,688	144,304	176,216	31,912
Sale of Capital Assets	0	0	900	900
Advances In	4,315	4,315	4,315	0
Transfers Out	(1,469,332)	(1,469,332)	(1,456,875)	12,457
Total Other Financing Sources (Uses)	(1,276,329)	(1,320,713)	(1,275,444)	45,269
Changes in Fund Balance	(363,010)	(437,557)	(321,829)	115,728
Fund Balance Beginning of Year	3,976,757	3,976,757	3,976,757	0
Prior Year Encumbrances Appropriated	58,619	58,619	58,619	0
Fund Balance End of Year	\$3,672,366	\$3,597,819	\$3,713,547	\$115,728

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Fund Net Assets
Enterprise Funds
December 31, 2008

	Water	Sewer	Total
<u>Assets</u>			
<u>Current Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$11,732,496	\$11,929,213	\$23,661,709
Accounts Receivable	322,611	769,558	1,092,169
Due from Other Governments	176,827	164,786	341,613
Prepaid Items	12,993	451	13,444
Materials and Supplies Inventory	145,880	166,730	312,610
Total Current Assets	12,390,807	13,030,738	25,421,545
<u>Non-Current Assets</u>			
Unamortized Bond Issuance Costs	12,304	26,898	39,202
Nondepreciable Capital Assets	1,150,298	16,613,961	17,764,259
Depreciable Capital Assets, Net	21,854,644	16,647,492	38,502,136
Total Non-Current Assets	23,017,246	33,288,351	56,305,597
Total Assets	35,408,053	46,319,089	81,727,142
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accrued Wages Payable	85,643	101,086	186,729
Accounts Payable	52,150	93,628	145,778
Contracts Payable	104,259	16,977	121,236
Due to Other Governments	57,304	83,314	140,618
Accrued Interest Payable	8,701	10,390	19,091
Retainage Payable	58,435	0	58,435
General Obligation Revenue Bonds Payable	85,000	87,000	172,000
OWDA Loans Payable	354,895	917,039	1,271,934
Loans Payable	28,331	10,362	38,693
Compensated Absences Payable	45,652	48,692	94,344
Total Current Liabilities	880,370	1,368,488	2,248,858
<u>Non-Current Liabilities</u>			
General Obligation Revenue Bonds Payable	327,304	1,795,355	2,122,659
OWDA Loans Payable	15,095,012	20,415,036	35,510,048
Loans Payable	349,083	127,670	476,753
Compensated Absences Payable	267,172	218,446	485,618
Total Non-Current Liabilities	16,038,571	22,556,507	38,595,078
Total Liabilities	16,918,941	23,924,995	40,843,936
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	6,983,939	10,073,921	17,057,860
Unrestricted	11,505,173	12,320,173	23,825,346
Total Net Assets	\$18,489,112	\$22,394,094	\$40,883,206

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, 2008

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Operating Revenues</u>			
Charges for Services	\$5,480,958	\$6,460,336	\$11,941,294
Other	18,138	418,962	437,100
Total Operating Revenues	<u>5,499,096</u>	<u>6,879,298</u>	<u>12,378,394</u>
<u>Operating Expenses</u>			
Personal Services	2,095,250	2,534,241	4,629,491
Travel and Transportation	23,815	19,269	43,084
Contractual Services	851,215	1,496,667	2,347,882
Materials and Supplies	711,681	483,887	1,195,568
Depreciation	939,661	735,694	1,675,355
Other	4,956	6,412	11,368
Total Operating Expenses	<u>4,626,578</u>	<u>5,276,170</u>	<u>9,902,748</u>
Operating Income	<u>872,518</u>	<u>1,603,128</u>	<u>2,475,646</u>
<u>Non-Operating Revenues (Expenses)</u>			
Interest Revenue	395	1,560	1,955
Gain on Disposal of Capital Assets	1,500	0	1,500
Interest Expense	(958,960)	(1,156,905)	(2,115,865)
Total Non-Operating Revenues (Expenses)	<u>(957,065)</u>	<u>(1,155,345)</u>	<u>(2,112,410)</u>
Income before Contributions and Transfers	(84,547)	447,783	363,236
Capital Contributions	75,286	178,083	253,369
Transfers Out	(156,085)	(227,290)	(383,375)
Changes in Net Assets	(165,346)	398,576	233,230
Net Assets Beginning of Year	<u>18,654,458</u>	<u>21,995,518</u>	<u>40,649,976</u>
Net Assets End of Year	<u>\$18,489,112</u>	<u>\$22,394,094</u>	<u>\$40,883,206</u>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2008

	<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	\$5,324,983	\$6,337,648	\$11,662,631
Cash Payments for Personal Services	(2,079,459)	(2,545,956)	(4,625,415)
Cash Payments for Contractual Services	(582,018)	(1,270,973)	(1,852,991)
Cash Payments to Vendors	(669,615)	(829,290)	(1,498,905)
Cash Received from Other Revenues	17,631	414,252	431,883
Cash Payments for Other Expenses	(4,956)	(6,412)	(11,368)
Net Cash Provided by Operating Activities	<u>2,006,566</u>	<u>2,099,269</u>	<u>4,105,835</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers Out	<u>(156,085)</u>	<u>(227,290)</u>	<u>(383,375)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Principal Paid on General Obligation Revenue Bonds	(85,000)	(87,000)	(172,000)
Principal Paid on OWDA Loans	(489,503)	(893,497)	(1,383,000)
Principal Paid on Loans	(40,632)	(14,860)	(55,492)
Interest Paid on General Obligation Revenue Bonds	(22,525)	(81,045)	(103,570)
Interest Paid on OWDA Loans	(920,072)	(1,070,106)	(1,990,178)
Interest Paid on Loans	(18,912)	(6,917)	(25,829)
OWDA Loans Issued	2,888,568	697,980	3,586,548
Acquisition of Capital Assets	(891,306)	(1,672,141)	(2,563,447)
Capital Contributions	<u>0</u>	<u>98,011</u>	<u>98,011</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>420,618</u>	<u>(3,029,575)</u>	<u>(2,608,957)</u>
<u>Cash Flows from Investing Activities</u>			
Interest	<u>395</u>	<u>1,560</u>	<u>1,955</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,271,494	(1,156,036)	1,115,458
Cash and Cash Equivalents Beginning of Year	<u>9,461,002</u>	<u>13,085,249</u>	<u>22,546,251</u>
Cash and Cash Equivalents End of Year	<u><u>\$11,732,496</u></u>	<u><u>\$11,929,213</u></u>	<u><u>\$23,661,709</u></u>

(continued)

City of Sandusky
Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2008
(continued)

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Reconciliation of Operating Income to Net</u>			
<u>Cash Provided by Operating Activities</u>			
Operating Income	\$872,518	\$1,603,128	\$2,475,646
<u>Adjustments to Reconcile Operating Income to Net</u>			
<u>Cash Provided by Operating Activities</u>			
Depreciation	939,661	735,694	1,675,355
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	20,345	37,388	57,733
Increase in Due from Other Governments	(176,827)	(164,786)	(341,613)
(Increase) Decrease in Prepaid Items	(5,487)	6,534	1,047
(Increase) Decrease in Materials and Supplies Inventory	140,525	(21,691)	118,834
Increase in Accrued Wages Payable	14,683	18,400	33,083
Increase in Accounts Payable	35,601	82,662	118,263
Increase (Decrease) in Contracts Payable	104,259	(179,018)	(74,759)
Decrease in Due to Other Governments	(26,303)	(17,873)	(44,176)
Increase (Decrease) in Retainage Payable	58,435	(360)	58,075
Increase (Decrease) in Compensated Absences Payable	29,156	(809)	28,347
Net Cash Provided by Operating Activities	<u>\$2,006,566</u>	<u>\$2,099,269</u>	<u>\$4,105,835</u>

Non-Cash Capital Transactions

In 2008, the Capital Projects capital projects fund constructed water lines and donated them to the Water enterprise fund, in the amount of \$75,286.

In 2008, the County donated land to the Sewer enterprise fund, in the amount of \$80,072.

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2008

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$253,321</u></u>
 <u>Liabilities</u>	
Due to Other Governments	\$55,531
Undistributed Assets	<u>197,790</u>
 Total Liabilities	 <u><u>\$253,321</u></u>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008

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 2008.

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 24 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Sandusky have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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, 2008
(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, 2008
(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.

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

Capital Projects Fund - This fund accounts for monies received from construction grants, proceeds of bonds and notes, donations, and transfers used for capital projects.

Redevelopment Tax Increment Fund - This fund accounts for payments collected in lieu of taxes.

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

Proprietary Funds

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

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

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

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(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 2008. 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, 2008
(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, 2008, but were levied to finance 2009 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, 2008
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgetary Process

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

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

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

F. Cash and Investments

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

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

During 2008, 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, 2008.

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 2008 was \$1,321,573, which includes \$1,119,544 assigned from other City funds.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2008, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Inventory

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

I. Restricted Assets

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

Unclaimed monies that have a legal restriction on their use are reported as restricted. Resources set aside in separate escrow accounts whose use is limited to the payment of retainage to contractors upon project completion are also reported as restricted.

J. Unamortized Issuance Costs/Bond Discounts and Premiums

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

K. Capital Assets

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The City maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

All capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. The City reports all infrastructure, including that acquired prior to 1980. Depreciation is computed using the straight-line method over the following useful lives:

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

L. Interfund Receivables/Payables

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

M. Compensated Absences

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

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Accrued Liabilities and Long-Term Obligations

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

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

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Operating Revenues and Expenses

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

S. Capital Contributions

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

T. Interfund Transactions

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

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

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

U. Estimates

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

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

A. Changes in Accounting Principles

For 2008, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", Statement No. 51, "Accounting and Financial Reporting for Intangible Assets" and Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments".

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

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

GASB Statement No. 49 establishes accounting and financial reporting requirements for pollution remediation obligations by requiring more timely and complete reporting of the obligations and by requiring all governments to account for pollution remediation obligations in the same manner. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 52 establishes consistent standards for reporting land and other real estate held as investments. It requires endowments to report land and other real estate investments at fair value, to report the changes in fair value as investment income, and to disclose the methods and significant assumptions used to determine fair value. The implementation of this statement did not result in any changes to the financial statements.

B. Restatement of Fund Balance/Net Assets

In the prior fiscal year, the City did not record the entire receivable for payment in lieu of taxes or the portion due to the School District.

	General	Special Assessment Bond Retirement	Capital Projects	Redevelopment Tax Increment	Other Governmental	Total Governmental
Fund Balance at December 31, 2007	\$4,246,061	\$135,071	(\$1,780,257)	\$75,227	\$4,717,218	\$7,393,320
Intergovernmental Payable	(22,000)	0	0	0	0	(22,000)
Adjusted Fund Balance at December 31, 2007	<u>\$4,224,061</u>	<u>\$135,071</u>	<u>(\$1,780,257)</u>	<u>\$75,227</u>	<u>\$4,717,218</u>	<u>\$7,371,320</u>

	<u>Governmental Activities</u>
Net Assets at December 31, 2007	\$43,329,896
Payment in Lieu of Taxes Receivable	5,506,232
Intergovernmental Payable	(22,000)
Restated Net Assets at December 31, 2007	<u>\$48,814,128</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At December 31, 2008, the Parks and Recreational, Fire Pension, and Police Pension special revenue funds had deficit fund balances, in the amount of \$8,816, \$230,559, and \$154,897, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The Capital Projects and Various Improvement capital projects funds had deficit fund balances, in the amount of \$1,338,686 and \$281,548, respectively, due to reporting the bond anticipation note liability in the fund receiving the note proceeds. The deficit will be alleviated when the notes are paid.

B. Compliance

The following accounts had expenditures/expenses in excess of appropriations for the year ended December 31, 2008.

Fund/Department/Object	Appropriations	Expenditures/Expenses	Excess
Governmental Activities			
General Fund			
Fire Suppression			
Other	\$409,551	\$432,975	\$23,424
Street Lighting			
Other	230,000	292,561	62,561
Horticulture Services			
Other	194,375	282,178	87,803
Municipal Buildings and Lands			
Other	307,685	392,323	84,638
Debt Service			
Principal Retirement	0	16,740	16,740
Capital Projects Fund			
Dorn Community Complex			
Other	6,862	9,776	2,914
Cemetery Donations Fund			
Oakland Cemetery Donations			
Personal Services	9,000	16,541	7,541
Chapel Restoration			
Other	420	443	23

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE (continued)

<u>Fund/Department/Object</u>	<u>Appropriations</u>	<u>Expenditures/Expenses</u>	<u>Excess</u>
Business-Type Activities (continued)			
Sewer Fund			
Water Pollution Control			
Capital Outlay	\$1,384,373	\$1,652,805	\$268,432
Debt Service			
Principal Retirement	1,042,469	1,044,861	2,392

The City will monitor future appropriations to ensure they are adequate for amounts need 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 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).

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(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 for the General Fund are as follows:

Changes in Fund Balance	
GAAP Basis	(\$399,642)
<u>Increases (Decreases) Due To</u>	
Revenue Accruals:	
Accrued 2007, Received in Cash 2008	922,780
Accrued 2008, Not Yet Received in Cash	(876,496)
Expenditure Accruals:	
Accrued 2007, Paid in Cash 2008	(965,386)
Accrued 2008, Not Yet Paid in Cash	1,113,379
Cash Adjustments:	
Unrecorded Activity 2007	64,106
Unrecorded Activity 2008	(173,931)
Prepaid Items	29,229
Materials and Supplies Inventory	(5,875)
Advances In	4,315
Encumbrances Outstanding at Year End (Budget Basis)	(34,308)
Budget Basis	(\$321,829)

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, 2008
(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, 2008
(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, \$7,954,826 of the City's bank balance of \$16,726,688 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, 2008, the City had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Federal National Mortgage Association Bonds	\$418,971	9/9/13
Federal National Mortgage Association Notes	503,370	4/1/11
Federal National Mortgage Association Notes	770,625	11/6/12
Federal National Mortgage Association Notes	752,813	11/7/12
Federal National Mortgage Association Notes	400,376	1/14/13
Federal National Mortgage Association Notes	501,250	2/6/13
Federal National Mortgage Association Notes	503,280	4/1/13
Federal National Mortgage Association Notes	729,756	4/1/13
Federal National Mortgage Association Notes	201,626	10/10/13
Federal National Mortgage Association Notes	1,008,130	10/10/13
Federal National Mortgage Association Notes	202,822	6/16/10
Federal Home Loan Bank Bonds	500,968	2/9/09
Federal Home Loan Bank Bonds	1,012,787	6/30/09
Federal Home Loan Bank Bonds	1,026,319	12/18/09
Federal Home Loan Bank Notes	506,820	9/11/09
Federal Home Loan Bank Notes	1,029,336	6/11/10
Federal Home Loan Bank Notes	602,291	12/30/10
Federal Home Loan Bank Notes	500,247	1/9/12
Federal Home Loan Bank Notes	300,755	1/30/12
Federal Home Loan Bank Notes	507,817	12/24/12
Federal Home Loan Bank Notes	200,312	1/22/13
Federal Farm Credit Bank Bonds	1,034,440	9/2/10
Federal Home Loan Mortgage Corporation Notes	1,000,468	1/9/13
Federal Home Loan Mortgage Corporation Notes	735,099	6/12/13
STAR Ohio	6,538,436	54.7 days
Total Investments	<u>\$21,489,114</u>	

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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

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

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	\$5,993,019	27.9%
Federal Home Loan Bank	6,187,652	28.8
Federal Farm Credit Bank	1,034,440	4.8
Federal Home Loan Mortgage Corporation	1,735,567	8.1

NOTE 7 - RECEIVABLES

Receivables at December 31, 2008, 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 property taxes, payment in lieu of taxes, notes receivable, and special assessments. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Payment in lieu of taxes, in the amount of \$5,420,001, will not be received within one year. Notes receivable, in the amount of \$2,846,110, will not be received within one year. Special assessments, in the amount of \$5,398,082, will not be received within one year. At December 31, 2008, the amount of delinquent special assessments was \$453,293.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	\$97,309
\$10,000 Exemption	2,523
Personal Property Phase-Out	34,527
Local Government	448,722
	(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 7 - RECEIVABLES (continued)

	Amount
Governmental Activities (continued)	
General Fund (continued)	
Beer and Liquor Permits	\$29,883
Estate Tax	246,381
Cigarette Tax	2,651
Charges for Services	2,000
Fines and Forfeitures	75,830
Miscellaneous	10,947
Total General Fund	950,773
Capital Projects Fund	
License and Permits	9,557
Total Major Funds	960,330
Nonmajor Funds	
Street Maintenance	
Gasoline Tax	395,864
Motor Vehicle License Tax	82,244
Permissive Motor Vehicle License Tax	102
Total Street Maintenance	478,210
State Highway	
Gasoline Tax	32,097
Motor Vehicle License Tax	6,669
Total State Highway	38,766
Fire Pension	
Homestead and Rollback	7,998
\$10,000 Exemption	207
Personal Property Phase-Out	2,838
Total Fire Pension	11,043
Police Pension	
Homestead and Rollback	7,998
\$10,000 Exemption	207
Personal Property Phase-Out	2,838
Total Police Pension	11,043
State Grants	
Community Corrections Grant	32,274
	(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 7 - RECEIVABLES (continued)

	Amount
Governmental Activities (continued)	
Federal Grants	
Federal Transit Administration Grant	\$44,336
Police Justice Assistance Grant	22,255
Bulletproof Vest Partnership Grant	11,697
Total Federal Grants	78,288
Indigent Drivers Alcohol	
Fees, Licenses, and Permits	711
Enforcement and Education	
Fines and Forfeitures	523
Court Computerization	
Fines and Forfeitures	1,640
General Bond Retirement	
Homestead and Rollback	26,660
\$10,000 Exemption	484
Total General Bond Retirement	27,144
Total Nonmajor Funds	679,642
Total Governmental Activities	\$1,639,972
Business-Type Activities	
Water Fund	
Erie County	\$176,827
Sewer Fund	
Erie County	164,786
Total Business-Type Activities	\$341,613

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

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

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of December 31, 2008, 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 2008 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, 2008, was \$5.25 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

Category	Amount
Real Property	\$480,355,000
Public Utility Personal Property	11,439,000
Tangible Personal Property	16,392,420
Total Assessed Value	\$508,186,420

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(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 2008 follows:

	Balance January 1, 2008	New Loans	Repayments	Balance December 31, 2008
Special Revenue Fund				
State Grants				
CDBG	\$15,570	\$0	\$15,570	\$0
Revolving Loans	748,030	182,980	125,613	805,397
Rehabilitation Revolving Loans	2,386,684	32,700	8,510	2,410,874
	\$3,150,284	\$215,680	\$149,693	3,216,271
Less Allowance for Uncollectible Accounts				106,601
				\$3,109,670

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, 2008, was as follows:

	Balance January 1, 2008	Additions	Reductions	Balance December 31, 2008
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$6,579,667	\$0	\$0	\$6,579,667
Construction in Progress	5,409,957	449,394	(3,177,592)	2,681,759
Total Nondepreciable Capital Assets	11,989,624	449,394	(3,177,592)	9,261,426

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 12 - CAPITAL ASSETS (continued)

	Balance January 1, 2008	Additions	Reductions	Balance December 31, 2008
Governmental Activities (continued)				
Depreciable Capital Assets				
Buildings	\$18,102,052	0	0	\$18,102,052
Improvements Other Than Buildings	14,682,780	2,738,263	0	17,421,043
Streets	42,238,202	558,823	0	42,797,025
Bridges	229,802	0	0	229,802
Equipment	9,523,125	617,268	(30,201)	10,110,192
Total Depreciable Capital Assets	84,775,961	3,914,354	(30,201)	88,660,114
Less Accumulated Depreciation for				
Buildings	(7,521,923)	(599,566)	0	(8,121,489)
Improvements Other Than Buildings	(5,257,482)	(525,607)	0	(5,783,089)
Streets	(25,205,018)	(1,245,576)	0	(26,450,594)
Bridges	(68,940)	(4,596)	0	(73,536)
Equipment	(6,444,189)	(484,034)	30,201	(6,898,022)
Total Accumulated Depreciation	(44,497,552)	(2,859,379)	30,201	(47,326,730)
Total Depreciable Capital Assets, Net	40,278,409	1,054,975	0	41,333,384
Governmental Activities Capital Assets, Net	\$52,268,033	\$1,504,369	(\$3,177,592)	\$50,594,810
	Balance January 1, 2008	Additions	Reductions	Balance December 31, 2008
Business-Type Activities				
Nondepreciable Capital Assets				
Land	\$614,754	\$187,548	\$0	\$802,302
Construction in Progress	15,294,323	2,304,354	(636,720)	16,961,957
Total Nondepreciable Capital Assets	15,909,077	2,491,902	(636,720)	17,764,259
Depreciable Capital Assets				
Buildings	18,991,505	0	0	18,991,505
Improvements Other Than Buildings	22,582,654	0	0	22,582,654
Utility Plant	5,464,056	0	0	5,464,056
Water and Sewer Lines	18,865,800	824,901	0	19,690,701
Equipment	2,315,040	40,222	(9,150)	2,346,112
Total Depreciable Capital Assets	68,219,055	865,123	(9,150)	69,075,028

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 12 - CAPITAL ASSETS (continued)

	Balance January 1, 2008	Additions	Reductions	Balance December 31, 2008
Business-Type Activities (continued)				
Less Accumulated Depreciation for				
Buildings	(\$13,769,500)	(\$179,630)	\$0	(\$13,949,130)
Improvements Other Than Buildings	(2,673,349)	(849,016)	0	(3,522,365)
Utility Plant	(2,391,378)	(218,362)	0	(2,609,740)
Water and Sewer Lines	(8,483,608)	(310,106)	0	(8,793,714)
Equipment	(1,588,852)	(118,241)	9,150	(1,697,943)
Total Accumulated Depreciation	<u>(28,906,687)</u>	<u>(1,675,355)</u>	<u>9,150</u>	<u>(30,572,892)</u>
 Total Depreciable Capital Assets, Net	 <u>39,312,368</u>	 <u>(810,232)</u>	 <u>0</u>	 <u>38,502,136</u>
 Business-Type Activities Capital Assets, Net	 <u>\$55,221,445</u>	 <u>\$1,681,670</u>	 <u>(\$636,720)</u>	 <u>\$56,266,395</u>

The Water enterprise fund accepted a contribution of capital assets from the Capital Projects capital projects fund with a fair value of \$75,286 during 2008. The Sewer enterprise fund accepted a contribution of capital assets from Erie County with a fair value of \$80,072 during 2008.

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property - Police	\$112,411
Security of Persons and Property - Fire	405,048
Public Health	30,167
Leisure Time Activities	128,560
Community Environment	145,903
Transportation	1,471,427
General Government - Municipal Court	9,775
General Government - Other	556,088
Total Depreciation Expense - Governmental Activities	<u><u>\$2,859,379</u></u>

NOTE 13 - INTERFUND RECEIVABLES/PAYABLES

At December 31, 2008, the General Fund had an interfund receivable, in the amount of \$26,370, for a loan made to other governmental funds. Of this amount, \$22,980 is not scheduled to be collected within one year.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(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 2008, the City contracted with BORMA for the following coverage:

<u>Type of Coverage</u>	<u>Coverage</u>
Property (building and contents)	\$120,106,000
Inland Marine	2,500,000
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 2007, 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, 2008
(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, 2008:

Contract	Remaining Commitment
All-Phase Power	\$115,809
Arcadis Us	124,461
Barnes Nursery	44,500
Blaze Building	194,381
Bowser Morner	100,000
Byington Builders	3,350
CB&I, Inc.	1,479,056
Cool Home	8,475
D&M Painting	776,480
G&G	9,625
John Hancock	19,080
Holher Sheet	5,635
Hupps Plumbing	1,830
Insight	2,090
Jones & Henry	524,289
Kelso Home	32,050
Mapleview Farms	29,000
MHW Americas	603,500
Mulvin Construction	34,800
Partners Environmental Consulting	14,000
PCSO	3,824
Precision Paving	27,026
Scientific Methods	2,273
Transystems	67,570
TTL Associates	1,974
World International	55,573
Wrights Roofing	1,500
Total	\$4,282,151

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(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 that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs, and township police) and public safety divisions exist only within the traditional pension plan.

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

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10 percent of covered payroll and public safety and law enforcement members contributed 10.1 percent.

The City's contribution rate for 2008 was 14 percent of covered payroll; 7 percent was used to fund pension obligations with the remainder allocated to fund the postemployment health care plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14 percent.

The City's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 was \$498,531, \$607,660, and \$662,275, respectively; 89 percent has been contributed for 2008 and 100 percent for 2007 and 2006. Contributions to the member-directed plan for 2008 were \$5,858 made by the City and \$4,185 made by the plan members.

B. Ohio Police and Fire Pension Fund

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The City's contribution was 19.5 percent for police officers and 24 percent for firefighters. Contribution rates are established by State statute. For 2008, a portion of the City's contribution equal to 6.75 percent of covered payroll was allocated to fund the postemployment health care plan. The City's required contribution for pension obligations for police and firefighters for the year ended December 31, 2008, was \$453,645 and \$576,415, for the year ended December 31, 2007, was \$451,038 and \$543,127, and for the year ended December 31, 2006, was \$417,252 and \$498,729. For 2008, 75 percent has been contributed for police and 70 percent has been contributed for firefighters. The full amount has been contributed for 2007 and 2006.

NOTE 17 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The amount of the employer contributions which was allocated to fund postemployment health care was 7 percent for 2008.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 17 - POSTEMPLOYMENT BENEFITS (continued)

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

The City's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2008, 2007, and 2006 was \$504,389, \$400,834, and \$324,301, respectively; 89 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

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

B. Police and Fire Pension Fund

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2008, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of section 401(h).

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 17 - POSTEMPLOYMENT BENEFITS (continued)

The OPF Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The City's contribution to OPF which was allocated to fund postemployment health care benefits for police and firefighters for the year ended December 31, 2008, was \$240,165 and \$225,554, for the year ended December 31, 2007, was 238,785 and \$212,528, and for the year ended December 31, 2006, was \$275,209 and \$237,855. For 2008, 75 percent has been contributed for police and 70 percent has been contributed for firefighters. The full amount has been contributed for 2007 and 2006.

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

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 19 - NOTES PAYABLE

The City's note transactions for the year ended December 31, 2008, were as follows:

	Interest Rate	Balance January 1, 2008	Additions	Reductions	Balance December 31, 2008
<u>Governmental Activities</u>					
<u>Bond Anticipation Notes</u>					
Capital Projects Funds					
2007 Various Improvement	4.250%	\$8,260,000	\$0	\$8,260,000	\$0
2008 Various Improvement	4.250	0	6,915,000	0	6,915,000
Total Governmental Activities		\$8,260,000	\$6,915,000	\$8,260,000	\$6,915,000

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 2007 various improvement notes were issued to retire notes previously issued to acquire a fire boat, replace the air conditioning unit at the Municipal Building, street improvements, roof repairs, sidewalk, curb, and gutter improvements, and to revitalize the Bayfront Urban Revitalization Area. The 2008 various improvement notes were issued to retire notes previously issued to acquire a fire boat, replace the air conditioning unit at the Municipal Building, street improvements, roof repairs, sidewalk, curb, and gutter improvements, and to revitalize the Bayfront Urban Revitalization Area. Notes were also issued to acquire a pumper truck for the Fire Department. 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, 2008, the total amount of various improvement notes outstanding was \$6,915,000, of which \$6,915,000 has been expended for construction. Of the \$6,915,000, \$5,500,000 is not capitalized.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2008, was as follows:

	Interest Rate	Balance January 1, 2008	Additions	Reductions	Balance December 31, 2007	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2000 City Complex	4.35-6.25%	\$120,000	\$0	35,000	\$85,000	\$85,000
2001 Library	3.00-5.05	4,665,000	0	115,000	4,550,000	105,000
2001 Police Pension	3.00-5.05	49,027	0	14,922	34,105	17,053
2001 Fire Pension	3.00-5.05	65,973	0	20,078	45,895	22,947
2001 Various Purpose	3.00-5.05	774,595	0	204,865	569,730	209,865
2004 Judgement Refunding	4.15	150,000	0	30,000	120,000	30,000
2005 Various Purpose	3.50-5.13	1,070,000	0	125,000	945,000	130,000
2005 City Complex Refunding	4.28	6,210,000	0	45,000	6,165,000	45,000
Bond Premium		45,137	0	327	44,810	0
Accounting Loss		(581,154)	0	(4,212)	(576,942)	0
2007 Police Pension Refunding	4.00-4.25	445,515	0	0	445,515	0
Bond Premium		4,697	0	0	4,697	0
Accounting Loss		(20,078)	0	0	(20,078)	0
2007 Fire Pension Refunding	4.00-4.25	599,485	0	0	599,485	0
Bond Premium		6,320	0	0	6,320	0
Accounting Loss		(27,016)	0	0	(27,016)	0
2007 Various Purpose Refunding	4.00-4.25	4,433,271	0	25,000	4,408,271	25,000
Bond Premium		32,386	0	154	32,232	0
Accounting Loss		(142,868)	0	(678)	(142,190)	0
Total General Obligation Bonds		17,900,290	0	610,456	17,289,834	669,865
Special Assessment Bonds with Government Commitment						
Special Assessment Bonds	3.50-5.13	1,992,732	2,625,000	293,535	4,324,197	348,534
2002 Bond Premium		3,300	0	600	2,700	0
2008 Bond Premium		0	111,537	0	111,537	0
Total Special Assessment Bonds		1,996,032	2,736,537	294,135	4,438,434	348,534
Other Long-Term Obligations						
Loans Payable		918,855	0	89,310	829,545	62,270
Capital Leases		111,932	0	36,016	75,916	40,329
Compensated Absences		2,081,049	211,651	202,679	2,090,021	228,635
Total Other Long-Term Obligations		3,111,836	211,651	328,005	2,995,482	331,234
Total Governmental Activities		\$23,008,158	\$2,948,188	\$1,232,596	\$24,723,750	\$1,349,633

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Balance January 1, 2008	Additions	Reductions	Balance December 31, 2008	Due Within One Year
<u>Business-Type Activities</u>						
General Obligation Revenue Bonds						
2002 Waterworks Improvement Refunding	4.50-4.75%	\$320,000	\$0	\$80,000	\$240,000	\$80,000
Bond Premium		19,606	0	4,902	14,704	0
Accounting Loss		(3,200)	0	(800)	(2,400)	0
2004 Water Pollution Control Refunding	4.15	217,000	0	42,000	175,000	42,000
2005 Water System	3.50-5.13	165,000	0	5,000	160,000	5,000
2005 Wastewater System	3.50-5.13	1,725,000	0	45,000	1,680,000	45,000
Bond Premium		48,516	0	1,265	47,251	0
Bond Discount		(20,429)	0	(533)	(19,896)	0
Total General Obligation Revenue Bonds		2,471,493	0	176,834	2,294,659	172,000
OWDA Loans						
Water	4.60-5.20	13,050,842	2,888,568	489,503	15,449,907	354,895
Sewer	4.27-6.39	21,527,592	697,980	893,497	21,332,075	917,039
Total OWDA Loans		34,578,434	3,586,548	1,383,000	36,781,982	1,271,934
Other Long-Term Obligations						
Loans Payable		570,938	0	55,492	515,446	38,693
Compensated Absences Payable		551,615	55,431	27,084	579,962	94,344
Total Business-Type Activities		\$38,172,480	\$3,641,979	\$1,642,410	\$40,172,049	\$1,576,971

2000 City Complex General Obligation Bonds

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

2001 Library Improvement General Obligation Bonds

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

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

2001 Police Pension General Obligation Bonds

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

2001 Fire Pension General Obligation Bonds

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

2001 Various Purpose General Obligation Bonds

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

2004 Judgement 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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

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, 2008, \$417,803 of the defeased bonds was still outstanding.

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, 2008, \$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, 2008, \$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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

On September 27, 2007, the City issued \$66,729 in unvoted general refunding 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, 2008, \$61,596 of the defeased bonds was still outstanding.

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 the \$1,489,793, \$479,058 was capitalized.

Capital Leases Payable

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

Compensated Absences

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

2004 Water Pollution Control Refunding Bonds

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

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

2005 Water System Bonds

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

2005 Wastewater System Bonds

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

OWDA Loans

The City entered into agreements with the Ohio Water Development Authority for loans for water plant improvement, 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 is \$41,834,822. Principal and interest paid for the current year and net revenues were \$1,409,575 and \$1,812,179 from the Water enterprise fund and \$1,963,603 and \$2,338,822 for the Sewer enterprise fund.

The City's legal debt margin was \$28,638,728 at December 31, 2008.

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire governmental activities general long-term obligations outstanding at December 31, 2008, were as follows:

Year	General Obligation Bonds		Special Assessment Bonds		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$669,865	\$923,455	\$348,534	\$242,469	\$62,270	\$35,128
2010	739,865	902,917	345,535	206,843	82,402	31,735
2011	952,300	724,538	313,100	189,778	85,941	28,197
2012	1,077,301	683,408	290,099	174,794	89,631	24,507
2013	1,189,867	636,563	267,533	161,083	93,480	20,658
2014-2018	6,804,335	2,359,832	1,083,865	628,383	415,821	40,728
2019-2023	5,519,468	856,337	750,531	400,108	0	0
2024-2028	1,015,000	86,590	925,000	167,776	0	0
	<u>\$17,968,001</u>	<u>\$7,173,640</u>	<u>\$4,324,197</u>	<u>\$2,171,234</u>	<u>\$829,545</u>	<u>\$180,953</u>

Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2008, from the enterprise funds were as follows:

Year	2002 Waterworks Improvement Refunding		2004 Water Pollution Control Refunding	
	Principal	Interest	Principal	Interest
2009	\$80,000	\$11,400	\$42,000	\$7,263
2010	80,000	7,600	42,000	5,519
2011	80,000	3,800	42,000	3,777
2012	0	0	49,000	2,033
	<u>\$240,000</u>	<u>\$22,800</u>	<u>\$175,000</u>	<u>\$18,592</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

Year	2005 Water System		2005 Wastewater System		OWDA Loans		Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$5,000	\$6,666	\$45,000	\$69,732	\$1,271,934	\$1,430,295	\$38,693	\$21,827
2010	5,000	6,410	50,000	67,426	1,336,248	1,365,984	\$51,201	19,719
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
2014-2018	25,000	25,115	305,000	263,390	9,007,303	4,503,855	258,375	25,307
2019-2023	40,000	19,770	385,000	199,685	10,947,634	1,990,851	0	0
2024-2028	50,000	10,370	500,000	114,220	1,776,383	97,640	0	0
2029-2030	20,000	1,260	240,000	15,330	0	0	0	0
	<u>\$160,000</u>	<u>\$87,283</u>	<u>\$1,680,000</u>	<u>\$916,687</u>	<u>\$28,767,691</u>	<u>\$13,067,131</u>	<u>\$515,446</u>	<u>\$112,436</u>

Long-term obligations at December 31, 2008, consisted of the following issues:

Long Term Obligations	Term	Percent	Original Issue	Outstanding 12/31/08
General Obligation Bonds				
2000 City Complex	2000-2009	4.35 to 6.25%	\$6,000,000	\$85,000
2001 Library	2001-2021	3.00-5.05	6,340,000	4,550,000
2001 Police Pension	2001-2026	3.00-5.05	552,098	34,105
2001 Fire Pension	2001-2026	3.00-5.05	742,902	45,895
2001 Various Purpose	2001-2026	3.00-5.05	6,037,200	569,730
2004 Judgement Refunding	2004-2012	4.15	240,000	120,000
2005 Various Purpose	2005-2025	3.50 to 5.13	1,295,000	945,000
2005 City Complex Refunding	2005-2020	4.28	6,410,000	6,165,000
2007 Police Pension Refunding	2007-2026	4.00-4.25	445,515	445,515
2007 Fire Pension Refunding	2007-2026	4.00-4.25	599,485	599,485
2007 Various Purpose Refunding	2007-2026	4.00-4.25	4,433,271	4,408,271
			<u>33,095,471</u>	<u>17,968,001</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

Long Term Obligations	Term	Percent	Original Issue	Outstanding 12/31/08
Special Assessment Bonds				
1989 PP Street	1989-2009	7.75%	\$136,640	\$7,000
1990 Street	1990-2010	7.40	87,675	10,000
1995 PP McDonough Street	1995-2015	5.23	2,963	935
1995 PP Street	1995-2014	5.23	120,974	38,203
1995 PP Dutch Street	1995-2013	5.23	35,512	9,864
1995 Filmore	1995-2014	5.23	247,677	145,996
1996 Perry Street	1996-2016	5.72	40,000	16,000
1996 Perry Street - City Port	1996-2016	5.72	350,000	194,000
1998 PP Street	1998-2018	4.87	48,894	24,612
1998 PP Street	1998-2018	4.87	31,000	15,605
1998 PP Street	1998-2018	4.87	69,106	34,783
1999 Sidewalk	1999-2019	5.50	227,000	22,000
1999 Winnebago	1999-2019	5.50	81,000	47,000
1999 Wilbert	1999-2019	5.50	143,000	78,000
1999 Streetscape	1999-2019	5.50	329,000	183,000
2000 Curb, Sidewalk, and Gutter	2000-2010	6.10	254,000	52,000
2001 Remington	2001-2026	4.00	107,800	10,270
2001 PP Sidewalk	2001-2026	4.00	280,000	90,000
2002 Curb, Sidewalk, and Gutter	2002-2012	4.75	102,000	45,000
2003 Curb, Sidewalk, and Gutter	2003-2013	4.00	89,900	45,000
2004 PP St. Clair Street Refunding	2004-2012	4.15	80,000	40,400
2004 PP First Street Refunding	2004-2011	4.15	30,700	13,200
2004 PP Water Refunding	2004-2011	4.15	26,300	11,400
2005 Sidewalk	2005-2015	3.50-5.13	185,000	140,000
2006 Sidewalk	2006-2016	4.66	104,000	83,200
2007 Remington Refunding	2007-2026	4.00	66,729	66,729
2007 Seneca	2007-2027	4.00	52,000	49,400
2007 Huntington	2007-2027	4.00	147,000	142,200
2007 Sidewalk	2007-2027	4.00	91,000	83,400
2008 Sidewalk, Curb, and Gutter	2008-2018	4.00-5.00	113,000	113,000
2008 Cold Creek	2008-2028	4.00-6.00	2,425,000	2,425,000
2008 Monroe Street	2008-2018	4.00-5.00	87,000	87,000
			6,191,870	4,324,197

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

Long Term Obligations	Term	Percent	Original Issue	Outstanding 12/31/08
General Obligation Revenue Bonds				
Water				
2002 Waterworks Improvement Refunding	2002-2012	4.50-4.75%	\$ 720,000	\$240,000
2005 Water System	2005-2030	3.50-5.13	175,000	160,000
			<u>895,000</u>	<u>400,000</u>
Sewer				
2004 Water Pollution Control Refunding	2004-2012	4.15	353,000	175,000
2005 Wastewater System	2005-2030	3.50-5.13	1,815,000	1,680,000
			<u>2,168,000</u>	<u>1,855,000</u>
			<u>\$42,350,341</u>	<u>\$24,547,198</u>
OWDA Loans				
Water				
2003 Water Plant Improvements	2004-2024	5.20%	\$19,993,686	\$8,192,527
2005 WTP Electrical Improvements	2005-2030	4.60	8,156,235	7,257,380
			<u>28,149,921</u>	<u>15,449,907</u>
Sewer				
1998 Ultraviolet Treatment	2001-2026	5.56	2,110,930	1,745,516
1999 Sewer Rehabilitation	2001-2025	6.13	350,878	289,054
2000 Sewer Rehabilitation	2001-2026	6.39	713,436	551,837
2000 CSO Flow Monitors	2001-2026	6.39	306,536	262,133
2000 Sludge Digestion System	2001-2026	6.03	1,409,888	1,020,134
2001 Cedar Point Pump Station	2002-2022	5.05	4,393,697	3,474,919
2001 Final Settling Tank Improv	2002-2022	5.05	383,484	229,273
2002 WWTP Expansion	2003-2024	4.65	26,286,934	13,002,298
2007 WWTP Phase II Design	2008-2041	4.27	835,737	756,911
			<u>36,791,520</u>	<u>21,332,075</u>
			<u>\$64,941,441</u>	<u>\$36,781,982</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(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 2008 were \$36,016.

	Governmental Activities
Equipment	\$233,453
Less Accumulated Depreciation	(167,498)
Carrying Value, December 31, 2008	\$65,955

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, 2008.

Year	Governmental Activities	
	Principal	Interest
2009	\$40,329	\$3,030
2010	34,673	877
2011	914	4
Total	\$75,916	\$3,911

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, 2008
(continued)

NOTE 22 - OPERATING LEASE (continued)

For 2008, 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
2009-2014	\$25,000	\$150,000
2015-2024	30,000	300,000
Total minimum future rentals		\$450,000

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
2009	.05%
2010-2014	1.0
2015-2024	2.0

The City did not receive any additional rent in 2008.

NOTE 23 - INTERFUND TRANSFERS

During 2008, the General Fund made transfers to other governmental funds, in the amount of \$1,456,875, to subsidize various activities in other funds. The Special Assessment Bond Retirement Fund made transfers to the Capital Projects Fund, in the amount of \$90,681, to move receipts as debt payments became due and to other governmental funds, in the amount of \$2,542,315, to move receipts as debt payments became due. The Capital Projects Fund made transfers to other governmental funds, in the amount of \$115,566, to move receipts as debt payments became due. Other governmental funds made transfers to the Capital Projects Fund, in the amount of \$209,821, to fund various capital activities and to other governmental funds, in the amount of \$461,359, to move receipts as debt payments became due.

The Water Fund made transfers to the Capital Projects Fund and other governmental funds, in the amount of \$129,735 and \$26,350, respectively, to pay for capital projects activities within the funds. The Sewer Fund made transfers to the Special Assessment Fund, Capital Projects Fund, and other governmental funds, in the amount of \$71,026, \$129,914, and \$26,350, respectively, to pay for capital projects activities within the funds and to move receipts as debt payments became due.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008
(continued)

NOTE 24 - 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, 2008. Financial information may be obtained from Arthur J. Gallagher Risk Management Services, Inc., 1500 West Third Street, Suite 405, Cleveland, Ohio 44113.

NOTE 25 - CONTINGENT LIABILITIES

A. Litigation

The City of Sandusky is a party to several legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. The City management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

B. Federal and State Grants

For the period January 1, 2008, to December 31, 2008, 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.



**COMBINING STATEMENTS AND
INDIVIDUAL FUND SCHEDULES**

Nonmajor Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes. Following is a description of the City's nonmajor special revenue funds:

Street Maintenance

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

State Highway

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

Public Transit

To account for monies received from the federal and state government under the Section 18 Program and from users of the public transit system. Monies are used for operations of the public transit system.

Parks and Recreational

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

Fire Pension

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

Police Pension

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

State Grants

To account for monies received from the state government under the community development block grant program and the revolving loan program.

Federal Grants

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

(continued)

**Nonmajor Special Revenue Funds
(continued)**

Indigent Drivers Alcohol

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

Enforcement and Education

To account for monies received under Ohio Revised Code Section 4511.99. This fund is used by the police department to pay the costs it incurs in enforcing Ohio Revised Code Section 4511.19 or a similar municipal ordinance and in educating the public on laws governing the operation of a motor vehicle while under the influence of alcohol.

Court Computerization

To account for fines collected by the municipal court under Ohio Revised Code Section 1901.26. This fund is used for computerization of the clerk of court's office.

Indigent Telephone

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

Municipal Probation

To account for monies received under Ohio Revised Code Section 737.41. This fund provides for payment of the costs of the municipal probation department.

General Trust

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

Park Donations

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

Cemetery Donations

To account for charges for burials and donations.

Nonmajor Debt Service Fund

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

General Bond Retirement

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

(continued)

Nonmajor Capital Projects Funds

Capital projects funds are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by the enterprise funds.)

Capital Improvement

To account for tax revenues used for capital improvements.

Various Improvement

To account for the construction of improvements or provision of services which are to be paid for, wholly or in part, from special assessments levied against the benefited property owners.

City of Sandusky
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2008

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$4,390,316	\$137,626	\$261,336	\$4,789,278
Accounts Receivable	0	0	605,790	605,790
Accrued Interest Receivable	10,569	0	0	10,569
Due from Other Governments	652,498	27,144	0	679,642
Municipal Income Taxes Receivable	0	154,252	134,209	288,461
Other Local Taxes Receivable	32,780	0	0	32,780
Materials and Supplies Inventory	109,474	0	0	109,474
Property Taxes Receivable	320,054	389,209	0	709,263
Payment in Lieu of Taxes Receivable	1,772	1,919	0	3,691
Notes Receivable	3,109,670	0	0	3,109,670
Total Assets	\$8,627,133	\$710,150	\$1,001,335	\$10,338,618
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$41,141	\$0	\$4,936	\$46,077
Accounts Payable	99,790	0	0	99,790
Interfund Payable	0	0	26,370	26,370
Due to Other Governments	428,561	0	3,875	432,436
Accrued Interest Payable	0	0	3,856	3,856
Notes Payable	0	0	460,000	460,000
Retainage Payable	0	0	33,498	33,498
Deferred Revenue	840,747	547,995	709,956	2,098,698
Total Liabilities	1,410,239	547,995	1,242,491	3,200,725
<u>Fund Balance</u>				
Reserved for Encumbrances	137,620	0	37,026	174,646
Reserved for Notes Receivable	2,846,110	0	0	2,846,110
Unreserved, Reported in				
Special Revenue Funds	4,233,164	0	0	4,233,164
Debt Service Funds	0	162,155	0	162,155
Capital Projects Funds (Deficit)	0	0	(278,182)	(278,182)
Total Fund Balance (Deficit)	7,216,894	162,155	(241,156)	7,137,893
Total Liabilities and Fund Balance	\$8,627,133	\$710,150	\$1,001,335	\$10,338,618

City of Sandusky
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2008

	Street Maintenance	State Highway	Public Transit	Parks and Recreational	Fire Pension
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$106,010	\$30,714	\$126,262	\$2,064	\$164
Accrued Interest Receivable	0	0	0	0	0
Due from Other Governments	478,210	38,766	0	0	11,043
Other Local Taxes Receivable	32,780	0	0	0	0
Materials and Supplies Inventory	109,294	0	0	0	0
Property Taxes Receivable	0	0	0	0	160,027
Payment in Lieu of Taxes Receivable	0	0	0	0	886
Notes Receivable	0	0	0	0	0
Total Assets	\$726,294	\$69,480	\$126,262	\$2,064	\$172,120
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accrued Wages Payable	\$35,650	\$0	\$2,429	\$2,918	\$0
Accounts Payable	12,011	0	70,227	1,340	0
Due to Other Governments	23,833	759	919	6,622	230,930
Deferred Revenue	403,846	32,745	0	0	171,749
Total Liabilities	475,340	33,504	73,575	10,880	402,679
<u>Fund Balance</u>					
Reserved for Encumbrances	6,540	0	0	1,813	0
Reserved for Notes Receivable	0	0	0	0	0
Unreserved (Deficit)	244,414	35,976	52,687	(10,629)	(230,559)
Total Fund Balance (Deficit)	250,954	35,976	52,687	(8,816)	(230,559)
Total Liabilities and Fund Balance	\$726,294	\$69,480	\$126,262	\$2,064	\$172,120

Police Pension	State Grants	Federal Grants	Indigent Drivers Alcohol	Enforcement and Education	Court Computerization	Indigent Telephone
\$164	\$509,965	\$1,906,509	\$179,552	\$14,765	\$122,119	\$34,881
0	0	10,569	0	0	0	0
11,043	32,274	78,288	711	523	1,640	0
0	0	0	0	0	0	0
0	0	111	0	0	0	0
160,027	0	0	0	0	0	0
886	0	0	0	0	0	0
0	3,109,670	0	0	0	0	0
<u>\$172,120</u>	<u>\$3,651,909</u>	<u>\$1,995,477</u>	<u>\$180,263</u>	<u>\$15,288</u>	<u>\$123,759</u>	<u>\$34,881</u>
\$0	\$0	\$0	\$0	\$0	\$144	\$0
0	12,924	0	0	0	956	0
155,268	2,563	1,284	5,123	0	95	0
171,749	16,137	44,521	0	0	0	0
<u>327,017</u>	<u>31,624</u>	<u>45,805</u>	<u>5,123</u>	<u>0</u>	<u>1,195</u>	<u>0</u>
0	9,720	117,189	0	0	0	0
0	2,846,110	0	0	0	0	0
(154,897)	764,455	1,832,483	175,140	15,288	122,564	34,881
<u>(154,897)</u>	<u>3,620,285</u>	<u>1,949,672</u>	<u>175,140</u>	<u>15,288</u>	<u>122,564</u>	<u>34,881</u>
<u>\$172,120</u>	<u>\$3,651,909</u>	<u>\$1,995,477</u>	<u>\$180,263</u>	<u>\$15,288</u>	<u>\$123,759</u>	<u>\$34,881</u>

(continued)

City of Sandusky
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2008
(continued)

	Municipal Probation	General Trust	Park Donations	Cemetery Donations	Total
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$175,325	\$144,307	\$165,620	\$871,895	\$4,390,316
Accrued Interest Receivable	0	0	0	0	10,569
Due from Other Governments	0	0	0	0	652,498
Other Local Taxes Receivable	0	0	0	0	32,780
Materials and Supplies Inventory	0	0	0	69	109,474
Property Taxes Receivable	0	0	0	0	320,054
Payment in Lieu of Taxes Receivable	0	0	0	0	1,772
Notes Receivable	0	0	0	0	3,109,670
Total Assets	\$175,325	\$144,307	\$165,620	\$871,964	\$8,627,133
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accrued Wages Payable	\$0	\$0	\$0	\$0	\$41,141
Accounts Payable	0	2,332	0	0	99,790
Due to Other Governments	778	0	0	387	428,561
Deferred Revenue	0	0	0	0	840,747
Total Liabilities	778	2,332	0	387	1,410,239
<u>Fund Balance</u>					
Reserved for Encumbrances	0	2,358	0	0	137,620
Reserved for Notes Receivable	0	0	0	0	2,846,110
Unreserved (Deficit)	174,547	139,617	165,620	871,577	4,233,164
Total Fund Balance (Deficit)	174,547	141,975	165,620	871,577	7,216,894
Total Liabilities and Fund Balance	\$175,325	\$144,307	\$165,620	\$871,964	\$8,627,133

City of Sandusky
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2008

	Capital Improvement	Various Improvement	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$10,349	\$250,987	\$261,336
Accounts Receivable	0	605,790	605,790
Municipal Income Taxes Receivable	134,209	0	134,209
Total Assets	\$144,558	\$856,777	\$1,001,335
<u>Liabilities and Fund Balance</u>			
<u>Liabilities</u>			
Accrued Wages Payable	\$0	\$4,936	\$4,936
Interfund Payable	0	26,370	26,370
Due to Other Governments	0	3,875	3,875
Accrued Interest Payable	0	3,856	3,856
Notes Payable	0	460,000	460,000
Retainage Payable	0	33,498	33,498
Deferred Revenue	104,166	605,790	709,956
	104,166	1,138,325	1,242,491
<u>Fund Balance</u>			
Reserved for Encumbrances	0	37,026	37,026
Unreserved (Deficit)	40,392	(318,574)	(278,182)
Total Fund Balance (Deficit)	40,392	(281,548)	(241,156)
Total Liabilities and Fund Balance	\$144,558	\$856,777	\$1,001,335



City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2008

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Revenues</u>				
Property Taxes	\$275,958	\$453,453	\$0	\$729,411
Payment in Lieu of Taxes	298	324	0	622
Municipal Income Taxes	0	444,224	366,225	810,449
Other Local Taxes	430,449	0	0	430,449
Special Assessments	0	0	413,695	413,695
Charges for Services	720,727	0	52,335	773,062
Fees, Licenses, and Permits	82,448	0	101,919	184,367
Fines and Forfeitures	112,498	0	0	112,498
Intergovernmental	3,002,515	53,293	195,340	3,251,148
Interest	93,505	0	4,233	97,738
Other	113,088	0	77,875	190,963
Total Revenues	4,831,486	951,294	1,211,622	6,994,402
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	697,058	0	0	697,058
Fire	789,451	0	0	789,451
Public Health	40,510	0	0	40,510
Leisure Time Activities	459,286	0	0	459,286
Community Environment	1,335,895	0	147,925	1,483,820
Transportation	2,498,453	0	102,065	2,600,518
Other	106,467	0	0	106,467
Capital Outlay	0	0	675,320	675,320
Debt Service:				
Principal Retirement	50,757	579,865	0	630,622
Interest and Fiscal Charges	57,947	895,071	108,703	1,061,721
Issuance Costs	0	0	94,445	94,445
Total Expenditures	6,035,824	1,474,936	1,128,458	8,639,218
Excess of Revenues Over (Under) Expenditures	(1,204,338)	(523,642)	83,164	(1,644,816)
<u>Other Financing Sources (Uses)</u>				
Premium on Bonds Issued	0	0	107,856	107,856
Transfers In	1,203,598	479,930	2,945,287	4,628,815
Transfers Out	(275,209)	0	(395,971)	(671,180)
Total Other Financing Sources (Uses)	928,389	479,930	2,657,172	4,065,491
Changes in Fund Balance	(275,949)	(43,712)	2,740,336	2,420,675
Fund Balance Beginning of Year	7,492,843	205,867	(2,981,492)	4,717,218
Fund Balance End of Year	\$7,216,894	\$162,155	(\$241,156)	\$7,137,893

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

	Street Maintenance	State Highway	Public Transit	Parks and Recreational	Fire Pension
<u>Revenues</u>					
Property Taxes	\$0	\$0	\$0	\$0	\$137,979
Payment in Lieu of Taxes	0	0	0	0	149
Other Local Taxes	430,449	0	0	0	0
Charges for Services	0	0	369,726	316,832	0
Fees, Licenses, and Permits	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	1,006,782	81,631	67,083	0	31,012
Interest	1,836	292	0	0	0
Other	9,087	45	0	36,815	0
Total Revenues	1,448,154	81,968	436,809	353,647	169,140
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	0	0	0	0	0
Fire	0	0	0	0	781,820
Public Health	0	0	0	0	0
Leisure Time Activities	0	0	0	454,519	0
Community Environment	0	0	0	0	0
Transportation	1,326,005	71,668	419,628	0	0
Other	0	0	0	0	0
Debt Service:					
Principal Retirement	15,757	0	0	0	20,078
Interest and Fiscal Charges	9,025	0	0	0	28,065
Total Expenditures	1,350,787	71,668	419,628	454,519	829,963
Excess of Revenues Over (Under) Expenditures	97,367	10,300	17,181	(100,872)	(660,823)
<u>Other Financing Sources (Uses)</u>					
Transfers In	0	0	0	107,344	659,336
Transfers Out	(164,122)	0	0	0	0
Total Other Financing Sources (Uses)	(164,122)	0	0	107,344	659,336
Changes in Fund Balance	(66,755)	10,300	17,181	6,472	(1,487)
Fund Balance (Deficit) Beginning of Year	317,709	25,676	35,506	(15,288)	(229,072)
Fund Balance (Deficit) End of Year	\$250,954	\$35,976	\$52,687	(\$8,816)	(\$230,559)

<u>Police Pension</u>	<u>State Grants</u>	<u>Federal Grants</u>	<u>Indigent Drivers Alcohol</u>	<u>Enforcement and Education</u>	<u>Court Computerization</u>	<u>Indigent Telephone</u>
\$137,979	\$0	\$0	\$0	\$0	\$0	\$0
149	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	10,880	0	0	0
0	0	0	0	10,417	30,713	0
31,014	97,976	1,657,790	16,989	0	0	0
0	29,103	26,369	0	0	0	0
0	0	3,369	0	0	0	0
<u>169,142</u>	<u>127,079</u>	<u>1,687,528</u>	<u>27,869</u>	<u>10,417</u>	<u>30,713</u>	<u>0</u>
576,132	0	59,002	0	0	0	0
0	0	6,676	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	604,456	705,625	0	0	0	0
0	0	681,152	0	0	0	0
0	0	0	13,294	0	39,434	1,152
14,922	0	0	0	0	0	0
20,857	0	0	0	0	0	0
<u>611,911</u>	<u>604,456</u>	<u>1,452,455</u>	<u>13,294</u>	<u>0</u>	<u>39,434</u>	<u>1,152</u>
<u>(442,769)</u>	<u>(477,377)</u>	<u>235,073</u>	<u>14,575</u>	<u>10,417</u>	<u>(8,721)</u>	<u>(1,152)</u>
436,918	0	0	0	0	0	0
0	0	(111,087)	0	0	0	0
<u>436,918</u>	<u>0</u>	<u>(111,087)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(5,851)	(477,377)	123,986	14,575	10,417	(8,721)	(1,152)
<u>(149,046)</u>	<u>4,097,662</u>	<u>1,825,686</u>	<u>160,565</u>	<u>4,871</u>	<u>131,285</u>	<u>36,033</u>
<u>(\$154,897)</u>	<u>\$3,620,285</u>	<u>\$1,949,672</u>	<u>\$175,140</u>	<u>\$15,288</u>	<u>\$122,564</u>	<u>\$34,881</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, 2008
(continued)

	Municipal Probation	General Trust	Park Donations	Cemetery Donations	Total
<u>Revenues</u>					
Property Taxes	\$0	\$0	\$0	\$0	\$275,958
Payment in Lieu of Taxes	0	0	0	0	298
Other Local Taxes	0	0	0	0	430,449
Charges for Services	0	0	10,828	23,341	720,727
Fees, Licenses, and Permits	71,568	0	0	0	82,448
Fines and Forfeitures	0	71,368	0	0	112,498
Intergovernmental	0	12,238	0	0	3,002,515
Interest	0	0	2,498	33,407	93,505
Other	0	38,293	4,618	20,861	113,088
Total Revenues	71,568	121,899	17,944	77,609	4,831,486
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	0	61,924	0	0	697,058
Fire	0	955	0	0	789,451
Public Health	0	0	0	40,510	40,510
Leisure Time Activities	0	4,683	84	0	459,286
Community Environment	0	25,814	0	0	1,335,895
Transportation	0	0	0	0	2,498,453
Other	52,587	0	0	0	106,467
Debt Service:					
Principal Retirement	0	0	0	0	50,757
Interest and Fiscal Charges	0	0	0	0	57,947
Total Expenditures	52,587	93,376	84	40,510	6,035,824
Excess of Revenues Over (Under) Expenditures	18,981	28,523	17,860	37,099	(1,204,338)
<u>Other Financing Sources (Uses)</u>					
Transfers In	0	0	0	0	1,203,598
Transfers Out	0	0	0	0	(275,209)
Total Other Financing Sources (Uses)	0	0	0	0	928,389
Changes in Fund Balance	18,981	28,523	17,860	37,099	(275,949)
Fund Balance (Deficit) Beginning of Year	155,566	113,452	147,760	834,478	7,492,843
Fund Balance (Deficit) End of Year	\$174,547	\$141,975	\$165,620	\$871,577	\$7,216,894

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2008

	Capital Improvement	Various Improvement	Total
<u>Revenues</u>			
Municipal Income Taxes	\$366,225	\$0	\$366,225
Special Assessments	0	413,695	413,695
Charges for Services	0	52,335	52,335
Fees, Licenses, and Permits	0	101,919	101,919
Intergovernmental	0	195,340	195,340
Interest	0	4,233	4,233
Other	0	77,875	77,875
Total Revenues	366,225	845,397	1,211,622
<u>Expenditures</u>			
Current:			
Community Environment	0	147,925	147,925
Transportation	0	102,065	102,065
Capital Outlay	0	675,320	675,320
Debt Service:			
Interest and Fiscal Charges	0	108,703	108,703
Issuance Costs	0	94,445	94,445
Total Expenditures	0	1,128,458	1,128,458
Excess of Revenues Over (Under) Expenditures	366,225	(283,061)	83,164
<u>Other Financing Sources (Uses)</u>			
Premium on Bonds Issued	0	107,856	107,856
Transfers In	0	2,945,287	2,945,287
Transfers Out	(395,971)	0	(395,971)
Total Other Financing Sources (Uses)	(395,971)	3,053,143	2,657,172
Changes in Fund Balance	(29,746)	2,770,082	2,740,336
Fund Balance (Deficit) Beginning of Year	70,138	(3,051,630)	(2,981,492)
Fund Balance (Deficit) End of Year	\$40,392	(\$281,548)	(\$241,156)



City of Sandusky
Combining Statements - Fiduciary Funds

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

Agency Funds

State Patrol Transfer

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

Guaranteed Deposits

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

Sandusky Municipal Court

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

BSF Assessment

To account for monies received and distributed pursuant to Ohio Revised Code Sections 3781.102 and 5705.09(F) regarding the building standards fee assessment.

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 monies used for bi-weekly payroll.

Employee Series E Bonds

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

Police Temporary Deposit

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

Section 125 Plan

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

City of Sandusky
Combining Statement of Assets and Liabilities
Agency Funds
December 31, 2008

	State Patrol Transfer	Guaranteed Deposits	Sandusky Municipal Court	BSF Assessment
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$5,899	\$26,072	\$142,602	\$772
<u>Liabilities</u>				
Due to Other Governments	\$0	\$0	\$0	\$0
Undistributed Assets	5,899	26,072	142,602	772
Total Liabilities	\$5,899	\$26,072	\$142,602	\$772

Fire Escrow	Payroll	Employee Series E Bonds	Police Temporary Deposit	Section 125 Plan	Total
<u>\$12,537</u>	<u>\$55,531</u>	<u>\$350</u>	<u>\$1,976</u>	<u>\$7,582</u>	<u>\$253,321</u>
\$0	\$55,531	\$0	\$0	\$0	\$55,531
12,537	0	350	1,976	7,582	197,790
<u>\$12,537</u>	<u>\$55,531</u>	<u>\$350</u>	<u>\$1,976</u>	<u>\$7,582</u>	<u>\$253,321</u>

City of Sandusky
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2008

	Balance January 1, 2008	Additions	Reductions	Balance December 31, 2008
<u>State Patrol Transfer</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$6,178	\$24,609	\$24,888	\$5,899
<u>Liabilities</u>				
Undistributed Assets	\$6,178	\$24,609	\$24,888	\$5,899
<u>Guaranteed Deposits</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$15,958	\$10,114	\$0	\$26,072
<u>Liabilities</u>				
Undistributed Assets	\$15,958	\$10,114	\$0	\$26,072
<u>Sandusky Municipal Court</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$169,280	\$2,613,202	\$2,639,880	\$142,602
<u>Liabilities</u>				
Undistributed Assets	\$169,280	\$2,613,202	\$2,639,880	\$142,602
<u>BSF Assessment</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$288	\$2,412	\$1,928	\$772
<u>Liabilities</u>				
Undistributed Assets	\$288	\$2,412	\$1,928	\$772
<u>Fire Escrow</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$0	\$12,537	\$0	\$12,537
<u>Liabilities</u>				
Undistributed Assets	\$0	\$12,537	\$0	\$12,537
<u>Payroll</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$51,518	\$55,531	\$51,518	\$55,531
<u>Liabilities</u>				
Due to Other Governments	\$51,518	\$55,531	\$51,518	\$55,531
<u>Employee Series E Bonds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$300	\$3,250	\$3,200	\$350
<u>Liabilities</u>				
Undistributed Assets	\$300	\$3,250	\$3,200	\$350

(continued)

City of Sandusky
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2008
(continued)

	Balance January 1, 2008	Additions	Reductions	Balance December 31, 2008
<u>Police Temporary Deposit</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$2,652	\$47,375	\$48,051	\$1,976
<u>Liabilities</u>				
Undistributed Assets	\$2,652	\$47,375	\$48,051	\$1,976
<u>Section 125 Plan</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$5,046	\$21,372	\$18,836	\$7,582
<u>Liabilities</u>				
Undistributed Assets	\$5,046	\$21,372	\$18,836	\$7,582
<u>Total - All Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$251,220	\$2,790,402	\$2,788,301	\$253,321
<u>Liabilities</u>				
Due to Other Governments	\$51,518	\$55,531	\$51,518	\$55,531
Undistributed Assets	199,702	2,734,871	2,736,783	197,790
Total Liabilities	\$251,220	\$2,790,402	\$2,788,301	\$253,321



**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, 2008

	Original	Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues</u>				
Property Taxes	\$1,824,313	\$1,824,313	\$1,678,729	(\$145,584)
Payment in Lieu of Taxes	1,868	1,868	1,868	0
Municipal Income Taxes	6,506,701	6,833,701	6,845,617	11,916
Other Local Taxes	3,737,661	3,736,661	3,765,196	28,535
Charges for Services	308,502	374,886	410,056	35,170
Fees, Licenses, and Permits	472,438	468,438	477,837	9,399
Fines and Forfeitures	924,117	1,039,769	1,073,263	33,494
Intergovernmental	1,852,530	1,838,530	1,862,532	24,002
Interest	1,200,000	1,148,000	1,224,915	76,915
Other	241,650	215,650	261,530	45,880
Total Revenues	17,069,780	17,481,816	17,601,543	119,727
<u>Expenditures</u>				
Current:				
Security of Persons and Property-Police				
Police Patrol				
Personal Services	3,406,922	3,244,922	3,184,206	60,716
Other	323,725	358,725	344,147	14,578
Total Police Patrol	3,730,647	3,603,647	3,528,353	75,294
Police Records				
Personal Services	763,901	728,901	721,499	7,402
Other	54,644	49,644	47,522	2,122
Total Police Records	818,545	778,545	769,021	9,524
Police Reserve				
Personal Services	20,960	20,960	18,873	2,087
Other	1,000	1,000	1,000	0
Total Police Reserve	21,960	21,960	19,873	2,087
Police Marine Patrol				
Personal Services	45,000	31,000	27,706	3,294
Other	15,500	9,500	5,415	4,085
Total Police Marine Patrol	60,500	40,500	33,121	7,379
Police Detectives				
Personal Services	729,779	669,779	661,349	8,430
Other	23,199	28,199	23,834	4,365
Total Police Detectives	752,978	697,978	685,183	12,795
Total Security of Persons and Property-Police	5,384,630	5,142,630	5,035,551	107,079
Security of Persons and Property-Fire				
Fire Suppression				
Personal Services	4,346,090	4,256,090	4,245,392	10,698
Other	399,551	409,551	432,975	(23,424)
Total Security of Persons and Property-Fire	4,745,641	4,665,641	4,678,367	(12,726)
Security of Persons and Property-Other				
Street Lighting				
Other	200,000	230,000	292,561	(62,561)
Public Health				
Oakland Cemetery				
Personal Services	287,646	317,646	314,564	3,082
Other	36,613	36,613	33,699	2,914
Total Public Health	324,259	354,259	348,263	5,996

(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, 2008
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Community Environment				
Community Development Planning				
Personal Services	\$333,473	\$402,473	\$400,254	\$2,219
Other	43,940	84,939	81,693	3,246
Total Community Development Planning	377,413	487,412	481,947	5,465
City Wide Economic Development				
Personal Services	81,671	89,671	88,154	1,517
Other	8,500	45,500	37,805	7,695
Total City Wide Economic Development	90,171	135,171	125,959	9,212
Community Development Building Division				
Personal Services	251,639	251,639	249,843	1,796
Other	18,780	18,780	13,143	5,637
Total Community Development Building Division	270,419	270,419	262,986	7,433
Horticulture Services				
Personal Services	805,856	735,856	733,368	2,488
Other	169,375	194,375	282,178	(87,803)
Total Horticulture Services	975,231	930,231	1,015,546	(85,315)
Total Community Environment	1,713,234	1,823,233	1,886,438	(63,205)
Transportation				
Jackson Street Pier				
Other	1,150	1,150	1,139	11
General Government-Municipal Court				
Court-Criminal				
Personal Services	801,078	820,078	820,073	5
Other	51,777	63,777	60,146	3,631
Total General Government-Municipal Court	852,855	883,855	880,219	3,636
General Government-Other				
City Manager				
Personal Services	115,396	117,396	115,945	1,451
Other	18,404	20,404	19,521	883
Total City Manager	133,800	137,800	135,466	2,334
Strategic Planning				
Other	20,915	6,915	1,772	5,143
Personnel Labor Relations				
Personal Services	118,239	118,239	117,120	1,119
Other	68,731	87,731	85,153	2,578
Total Personnel Labor Relations	186,970	205,970	202,273	3,697
Finance				
Personal Services	152,029	152,029	150,788	1,241
Other	19,493	19,493	15,680	3,813
Total Finance	171,522	171,522	166,468	5,054
Income Tax				
Personal Services	50,945	52,945	52,243	702
Other	256,865	274,865	273,838	1,027
Total Income Tax	307,810	327,810	326,081	1,729

(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, 2008
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Data Processing				
Personal Services	\$89,264	\$103,264	\$101,786	\$1,478
Other	46,226	32,226	30,353	1,873
Total Data Processing	135,490	135,490	132,139	3,351
Law Director				
Personal Services	282,475	272,475	270,320	2,155
Other	25,488	20,488	14,686	5,802
Total Law Director	307,963	292,963	285,006	7,957
City Commission				
Personal Services	26,609	27,609	26,678	931
Other	18,327	10,327	8,111	2,216
Total City Commission	44,936	37,936	34,789	3,147
City Commission Clerk				
Personal Services	77,053	79,053	78,130	923
Other	3,674	6,674	4,724	1,950
Total Commission Clerk	80,727	85,727	82,854	2,873
Municipal Buildings and Lands				
Personal Services	295,582	304,582	303,383	1,199
Other	297,685	307,685	392,323	(84,638)
Total Municipal Buildings and Lands	593,267	612,267	695,706	(83,439)
Engineering				
Personal Services	301,216	302,216	301,483	733
Other	40,721	51,721	48,558	3,163
Total Engineering	341,937	353,937	350,041	3,896
Mechanic				
Personal Services	443	175,443	170,879	4,564
Other	8,020	98,020	83,209	14,811
Total Mechanic	8,463	273,463	254,088	19,375
Unclaimed Funds				
Other	0	200	170	30
Administrative Support				
Other	600,892	855,892	841,797	14,095
Total General Government-Other	2,934,692	3,497,892	3,508,650	(10,758)
Debt Service				
Principal Retirement	0	0	16,740	(16,740)
Total Expenditures	16,156,461	16,598,660	16,647,928	(49,268)
Excess of Revenues Over Expenditures	913,319	883,156	953,615	70,459

(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, 2008
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	\$188,688	\$144,304	\$176,216	\$31,912
Sale of Capital Assets	0	0	900	900
Advances In	4,315	4,315	4,315	0
Transfers Out	(1,469,332)	(1,469,332)	(1,456,875)	12,457
Total Other Financing Sources (Uses)	<u>(1,276,329)</u>	<u>(1,320,713)</u>	<u>(1,275,444)</u>	<u>45,269</u>
Changes in Fund Balance	(363,010)	(437,557)	(321,829)	115,728
Fund Balance Beginning of Year	3,976,757	3,976,757	3,976,757	0
Prior Year Encumbrances Appropriated	<u>58,619</u>	<u>58,619</u>	<u>58,619</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$3,672,366</u></u>	<u><u>\$3,597,819</u></u>	<u><u>\$3,713,547</u></u>	<u><u>\$115,728</u></u>

City of Sandusky
Special Assessment Bond Retirement Debt Service Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Special Assessments	\$313,923	\$302,787	(\$11,136)
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	244,031	244,031	0
Interest and Fiscal Charges	83,748	83,743	5
Total Expenditures	327,779	327,774	5
Excess of Revenues Under Expenditures	(13,856)	(24,987)	(11,131)
<u>Other Financing Uses</u>			
Advances Out	(4,315)	(4,315)	0
Changes in Fund Balance	(18,171)	(29,302)	(11,131)
Fund Balance Beginning of Year	135,071	135,071	0
Fund Balance End of Year	<u>\$116,900</u>	<u>\$105,769</u>	<u>(\$11,131)</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, 2008

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$551,558	\$563,911	\$12,353
Fees, Licenses, and Permits	138,400	153,880	15,480
Intergovernmental	402,900	404,270	1,370
Other	21,500	22,666	1,166
Total Revenues	<u>1,114,358</u>	<u>1,144,727</u>	<u>30,369</u>
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Fire			
EMS			
Other	69,604	69,051	553
Fire Station #1 Relocation			
Other	1,375	494	881
Total Security of Persons and Property-Fire	<u>70,979</u>	<u>69,545</u>	<u>1,434</u>
Leisure Time Activities			
Underground Railroad Monuement and Park			
Other	4,700	3,893	807
Dorn Community Complex			
Other	6,862	9,776	(2,914)
Dorn Parking Lot Expansion			
Personal Services	100	3	97
Other	3,000	0	3,000
Total Dorn Parking Lot Expansion	<u>3,100</u>	<u>3</u>	<u>3,097</u>
Pedestrian/Bike Path Phase I			
Other	2,464	0	2,464
Total Leisure Time Activities	<u>17,126</u>	<u>13,672</u>	<u>3,454</u>
Community Environment			
City Wide Economic Development			
Other	6,960	1,096	5,864
Paint Program			
Other	2,979	2,979	0
Keller Building			
Other	34,300	32,610	1,690
Sandusky Cabinets			
Other	40,645	31,992	8,653
Clean Ohio Phase I			
Other	20,000	223	19,777
Total Community Environment	<u>104,884</u>	<u>68,900</u>	<u>35,984</u>

(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, 2008
(continued)

	Budget	Actual	Variance Over (Under)
Transportation			
Hayes Avenue Underpass			
Personal Services	\$3,100	\$1,516	\$1,584
Other	9,000	6,347	2,653
Total Hayes Avenue Underpass	12,100	7,863	4,237
Camp Street Underpass			
Personal Services	2,000	247	1,753
Monroe Street Resurfacing Phase I			
Personal Services	300	206	94
Monroe Street Resurfacing Phase II			
Personal Services	6,650	2,975	3,675
Other	6,338	5,213	1,125
Total Monroe Street Resurfacing Phase II	12,988	8,188	4,800
Monroe Street Handicap Ramps			
Personal Services	108	108	0
Dutch Lane Sheet Piling			
Other	200	182	18
John Street Realignment			
Personal Services	20	20	0
Sanford/Tiffin Sidewalk/Handicap Ramp			
Personal Services	115	115	0
Paper District Shoreline Phase I			
Other	3	3	0
Paper District Waterfront Improvement Phase I			
Personal Services	6,200	1,912	4,288
Other	8,100	388	7,712
Total Paper District Waterfront Improvement Phase I	14,300	2,300	12,000
Mills Street Reconstruction			
Personal Services	15,000	13,447	1,553
Other	1,000	433	567
Total Mills Street Reconstruction	16,000	13,880	2,120
Total Transportation	58,134	33,112	25,022

(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, 2008
(continued)

	Budget	Actual	Variance Over (Under)
General Government-Municipal Court			
Municipal Court			
Personal Services	\$15,000	\$11,425	\$3,575
Other	10,000	8,750	1,250
Total General Government-Municipal Court	25,000	20,175	4,825
General Government-Other			
City Hall Relocation			
Other	34,034	30,954	3,080
City Hall			
Other	2,640	2,640	0
Paper District			
Other	32,170	32,170	0
Paper District Phase I			
Other	32,864	32,864	0
Paper District Phase 2 Gradel			
Other	40,000	34,268	5,732
Paper District Gradel Application			
Other	14,000	14,000	0
Paper District Gradel			
Other	15,000	0	15,000
Paper District Phase 2 Deep Water			
Other	25,000	12,013	12,987
Total General Government-Other	195,708	158,909	36,799
Capital Outlay	1,733,948	1,543,457	190,491
Debt Service:			
Principal Retirement	5,255,636	5,230,000	25,636
Interest and Fiscal Charges	221,163	221,163	0
Issuance Costs	3,223	3,223	0
Total Debt Service	5,480,022	5,454,386	25,636
Total Expenditures	7,685,801	7,362,156	323,645
Excess of Revenues Under Expenditures	(6,571,443)	(6,217,429)	354,014

(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, 2008
(continued)

	Budget	Actual	Variance Over (Under)
<u>Other Financing Sources (Uses)</u>			
Other Financing Sources	\$299,321	\$301,399	\$2,078
Bond Anticipation Notes Issued	6,455,598	6,455,000	(598)
Special Assessment Bonds Issued	87,000	87,000	0
Premium on Bonds Issued	3,600	3,681	81
Transfers In	455,123	453,164	(1,959)
Transfers Out	(116,000)	(115,566)	434
Total Other Financing Sources (Uses)	<u>7,184,642</u>	<u>7,184,678</u>	<u>36</u>
Changes in Fund Balance	613,199	967,249	354,050
Fund Balance Beginning of Year	2,975,149	2,975,149	0
Prior Year Encumbrances Appropriated	<u>970,519</u>	<u>970,519</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$4,558,867</u></u>	<u><u>\$4,912,917</u></u>	<u><u>\$354,050</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, 2008

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Payment in Lieu of Taxes	\$58,814	\$59,220	\$406
<u>Expenditures</u>			
Current:			
Community Environment			
City Wide Economic Development			
Other	10,000	5,000	5,000
Changes in Fund Balance	48,814	54,220	5,406
Fund Balance Beginning of Year	75,227	75,227	0
Fund Balance End of Year	\$124,041	\$129,447	\$5,406

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, 2008

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$5,122,300	\$5,324,730	\$202,430
Loan Proceeds	2,870,100	2,888,568	18,468
Interest	0	395	395
Other	17,800	17,631	(169)
Total Revenues	8,010,200	8,231,324	221,124
<u>Expenses</u>			
Personal Services			
Water Office	92,384	72,916	19,468
Waterworks Filtration	952,482	942,283	10,199
Waterworks Distribution	648,960	584,360	64,600
Administrative Support	482,196	479,900	2,296
Total Personal Services	2,176,022	2,079,459	96,563
Travel and Transportation			
Water Office	100	61	39
Waterworks Filtration	15,695	14,649	1,046
Waterworks Distribution	3,640	2,820	820
Administrative Support	6,714	6,714	0
Total Travel and Transportation	26,149	24,244	1,905
Contractual Services			
Water Office	22,969	20,613	2,356
Waterworks Filtration	450,320	415,031	35,289
Waterworks Distribution	19,068	16,977	2,091
Administrative Support	146,880	135,193	11,687
Total Contractual Services	639,237	587,814	51,423
Materials and Supplies			
Water Office	1,093	971	122
Waterworks Filtration	547,702	427,357	120,345
Waterworks Distribution	158,956	155,985	2,971
Administrative Support	24,611	23,499	1,112
Total Materials and Supplies	732,362	607,812	124,550
Other			
Water Office	72	72	0
Administrative Support	5,885	4,884	1,001
Total Other	5,957	4,956	1,001
Capital Outlay			
Waterworks Filtration	659,496	657,996	1,500
Waterworks Distribution	7,252,747	3,463,198	3,789,549
Administrative Support	11,122	11,122	0
Total Capital Outlay	7,923,365	4,132,316	3,791,049

(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, 2008
(continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Debt Service:			
Principal Retirement	\$1,027,342	\$615,135	\$412,207
Interest Expense	963,722	961,509	2,213
	<u>1,991,064</u>	<u>1,576,644</u>	<u>414,420</u>
Total Debt Service			
	<u>1,991,064</u>	<u>1,576,644</u>	<u>414,420</u>
Total Expenses	<u>13,494,156</u>	<u>9,013,245</u>	<u>4,480,911</u>
Excess of Revenues Under Expenses	(5,483,956)	(781,921)	4,702,035
Transfers Out	<u>(149,000)</u>	<u>(147,932)</u>	<u>1,068</u>
Changes in Fund Balance	(5,632,956)	(929,853)	4,703,103
Fund Balance Beginning of Year	5,428,150	5,428,150	0
Prior Year Encumbrances Appropriated	<u>4,033,105</u>	<u>4,033,105</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$3,828,299</u></u>	<u><u>\$8,531,402</u></u>	<u><u>\$4,703,103</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, 2008

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$6,216,500	\$6,337,218	\$120,718
OWDA Loan Proceeds	629,000	697,980	68,980
Grants	68,900	98,011	29,111
Interest	0	1,560	1,560
Other	323,600	414,252	90,652
Total Revenues	7,238,000	7,549,021	311,021
<u>Expenses</u>			
Personal Services			
Sewer Office	92,384	72,914	19,470
Water Pollution Control	1,310,130	1,301,948	8,182
Sewer Maintenance	763,239	691,377	71,862
Administrative Support	482,196	479,717	2,479
Total Personal Services	2,647,949	2,545,956	101,993
Travel and Transportation			
Sewer Office	100	61	39
Water Pollution Control	13,431	12,229	1,202
Sewer Maintenance	5,447	1,679	3,768
Administrative Support	6,738	6,738	0
Total Travel and Transportation	25,716	20,707	5,009
Contractual Services			
Sewer Office	22,933	20,613	2,320
Water Pollution Control	1,056,898	993,499	63,399
Sewer Maintenance	155,560	115,522	40,038
Administrative Support	181,013	171,247	9,766
Total Contractual Services	1,416,404	1,300,881	115,523
Materials and Supplies			
Sewer Office	1,093	971	122
Water Pollution Control	306,361	204,048	102,313
Sewer Maintenance	301,830	281,923	19,907
Administrative Support	39,336	23,042	16,294
Total Materials and Supplies	648,620	509,984	138,636
Other			
Sewer Office	72	72	0
Sewer Maintenance	13,523	0	13,523
Administrative Support	6,340	6,340	0
Total Other	19,935	6,412	13,523
Capital Outlay			
Water Pollution Control	1,384,373	1,652,805	(268,432)
Sewer Maintenance	1,014,446	948,044	66,402
Administrative Support	11,122	11,122	0
Total Capital Outlay	2,409,941	2,611,971	(202,030)

(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, 2008
(continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Debt Service:			
Principal Retirement	\$1,042,469	\$1,044,861	(\$2,392)
Interest Expense	1,202,022	1,179,590	22,432
	<u>2,244,491</u>	<u>2,224,451</u>	<u>20,040</u>
Total Debt Service			
	<u>2,244,491</u>	<u>2,224,451</u>	<u>20,040</u>
Total Expenses	<u>9,413,056</u>	<u>9,220,362</u>	<u>192,694</u>
Excess of Revenues Under Expenses	(2,175,056)	(1,671,341)	503,715
Transfers Out	<u>(149,000)</u>	<u>(148,111)</u>	<u>889</u>
Changes in Fund Balance	(2,324,056)	(1,819,452)	504,604
Fund Balance Beginning of Year	12,441,243	12,441,243	0
Prior Year Encumbrances Appropriated	<u>644,436</u>	<u>644,436</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$10,761,623</u></u>	<u><u>\$11,266,227</u></u>	<u><u>\$504,604</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, 2008

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Other Local Taxes	\$443,151	\$428,040	(\$15,111)
Intergovernmental	1,008,915	956,215	(52,700)
Interest	1,987	2,058	71
Other	5,204	850	(4,354)
Total Revenues	<u>1,459,257</u>	<u>1,387,163</u>	<u>(72,094)</u>
<u>Expenditures</u>			
Current:			
Transportation			
Street Resurfacing			
Other	5,878	0	5,878
Public Works			
Personal Services	713,141	709,557	3,584
Other	250,072	235,563	14,509
Total Public Works	<u>963,213</u>	<u>945,120</u>	<u>18,093</u>
Traffic and Electrical Maintenance			
Personal Services	292,332	286,314	6,018
Other	74,863	64,083	10,780
Total Traffic and Electrical Maintenance	<u>367,195</u>	<u>350,397</u>	<u>16,798</u>
Street Cleaning, Snow, and Ice Removal			
Other	92,500	78,350	14,150
Total Expenditures	<u>1,428,786</u>	<u>1,373,867</u>	<u>54,919</u>
Excess of Revenues Over Expenditures	<u>30,471</u>	<u>13,296</u>	<u>(17,175)</u>
<u>Other Financing Sources (Uses)</u>			
Other Financing Sources	9,117	8,237	(880)
Transfers Out	(164,122)	(164,122)	0
Total Other Financing Sources (Uses)	<u>(155,005)</u>	<u>(155,885)</u>	<u>(880)</u>
Changes in Fund Balance	(124,534)	(142,589)	(18,055)
Fund Balance Beginning of Year	230,527	230,527	0
Prior Year Encumbrances Appropriated	3,508	3,508	0
Fund Balance End of Year	<u>\$109,501</u>	<u>\$91,446</u>	<u>(\$18,055)</u>

City of Sandusky
State Highway Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2008

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$82,563	\$77,531	(\$5,032)
Interest	767	292	(475)
Total Revenues	<u>83,330</u>	<u>77,823</u>	<u>(5,507)</u>
<u>Expenditures</u>			
Current:			
Transportation			
State Highway Maintenance and Repair			
Personal Services	36,000	34,046	1,954
Other	39,000	35,771	3,229
Total Expenditures	<u>75,000</u>	<u>69,817</u>	<u>5,183</u>
Excess of Revenues Over Expenditures	8,330	8,006	(324)
<u>Other Financing Sources</u>			
Other Financing Sources	<u>0</u>	<u>45</u>	<u>45</u>
Changes in Fund Balance	8,330	8,051	(279)
Fund Balance Beginning of Year	<u>22,663</u>	<u>22,663</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$30,993</u></u>	<u><u>\$30,714</u></u>	<u><u>(\$279)</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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Charges for Services	\$372,488	\$374,340	\$1,852
Intergovernmental	\$66,000	\$67,083	\$1,083
Other	0	15,038	15,038
	<hr/>	<hr/>	<hr/>
Total Revenues	438,488	456,461	17,973
<u>Expenditures</u>			
Current:			
Transportation			
Public Transit System			
Personal Services	18,000	16,276	1,724
Other	412,000	409,617	2,383
	<hr/>	<hr/>	<hr/>
Total Expenditures	430,000	425,893	4,107
Changes in Fund Balance	8,488	30,568	22,080
Fund Balance Beginning of Year	95,694	95,694	0
	<hr/>	<hr/>	<hr/>
Fund Balance End of Year	<u>\$104,182</u>	<u>\$126,262</u>	<u>\$22,080</u>

City of Sandusky
Parks and Recreational Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2008

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$344,084	\$316,832	(\$27,252)
Other	28,300	29,003	703
Total Revenues	372,384	345,835	(26,549)
<u>Expenditures</u>			
Current:			
Leisure Time Activities			
Aquatic Center			
Personal Services	27,687	27,131	556
Other	20,599	20,240	359
Total Aquatic Center	48,286	47,371	915
Mills Creek Golf Course			
Personal Services	120,262	119,530	732
Other	123,347	121,192	2,155
Total Mills Creek Golf Course	243,609	240,722	2,887
Recreation			
Personal Services	79,492	76,938	2,554
Other	41,620	40,748	872
Total Recreation	121,112	117,686	3,426
Boat Launch Ramp			
Personal Services	28,329	28,133	196
Other	29,525	27,529	1,996
Total Boat Launch Ramp	57,854	55,662	2,192
Total Expenditures	470,861	461,441	9,420
Excess of Revenues Under Expenditures	(98,477)	(115,606)	(17,129)
<u>Other Financing Sources</u>			
Other Financing Sources	3,700	7,812	4,112
Transfers In	94,327	107,344	13,017
Total Other Financing Sources	98,027	115,156	17,129
Changes in Fund Balance	(450)	(450)	0
Fund Balance Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	450	450	0
Fund Balance End of Year	\$0	\$0	\$0

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, 2008

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$136,910	\$137,979	\$1,069
Payment in Lieu of Taxes	149	149	0
Intergovernmental	33,696	31,220	(2,476)
Total Revenues	170,755	169,348	(1,407)
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Fire			
Fire Pension			
Personal Services	780,690	777,352	3,338
Other	3,025	3,025	0
Total Security of Persons and Property-Fire	783,715	780,377	3,338
Debt Service:			
Principal Retirement	20,537	20,078	459
Interest and Fiscal Charges	28,693	28,065	628
Total Debt Service	49,230	48,143	1,087
Total Expenditures	832,945	828,520	4,425
Excess of Revenues Under Expenditures	(662,190)	(659,172)	3,018
<u>Other Financing Sources</u>			
Transfers In	679,190	659,336	(19,854)
Changes in Fund Balance	17,000	164	(16,836)
Fund Balance Beginning of Year	0	0	0
Fund Balance End of Year	\$17,000	\$164	(\$16,836)

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, 2008

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$131,789	\$137,979	\$6,190
Payment in Lieu of Taxes	149	149	0
Intergovernmental	33,697	31,222	(2,475)
Total Revenues	165,635	169,350	3,715
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police Pension			
Personal Services	568,655	567,557	1,098
Other	2,768	2,768	0
Total Security of Persons and Property-Police	571,423	570,325	1,098
Debt Service:			
Principal Retirement	15,893	14,922	971
Interest and Fiscal Charges	20,857	20,857	0
Total Debt Service	36,750	35,779	971
Total Expenditures	608,173	606,104	2,069
Excess of Revenues Under Expenditures	(442,538)	(436,754)	5,784
<u>Other Financing Sources</u>			
Transfers In	442,538	436,918	(5,620)
Changes in Fund Balance	0	164	164
Fund Balance Beginning of Year	0	0	0
Fund Balance End of Year	<u>\$0</u>	<u>\$164</u>	<u>\$164</u>

City of Sandusky
State Grants Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2008

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$103,400	\$81,839	(\$21,561)
Interest	10,300	29,103	18,803
Other	141,300	149,693	8,393
Total Revenues	255,000	260,635	5,635
<u>Expenditures</u>			
Current:			
Leisure Time Activities			
Coastal Management Assistance Grant			
Other	5,000	0	5,000
Community Environment			
Home Chip AC061722			
Personal Services	5,800	650	5,150
Other	368,567	68,211	300,356
Total Home Chip AC061722	374,367	68,861	305,506
Chip Special Review			
Other	386,000	383,283	2,717
Court Security			
Other	1,500	1,096	404
Revolving Loan-Home			
Other	5,000	0	5,000
Revolving Loan Rehabilitation			
Other	50,534	37,554	12,980
Revolving Loan Economic Development			
Other	236,653	210,926	25,727
DRC Probation			
Personal Services	66,700	65,726	974
Other	17,000	16,815	185
Total DRC Probation	83,700	82,541	1,159
Total Community Environment	1,137,754	784,261	353,493
Total Expenditures	1,142,754	784,261	358,493
Changes in Fund Balance	(887,754)	(523,626)	364,128
Fund Balance Beginning of Year	926,662	926,662	0
Prior Year Encumbrances Appropriated	89,254	89,254	0
Fund Balance End of Year	\$128,162	\$492,290	\$364,128

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, 2008

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$1,778,000	\$1,666,158	(\$111,842)
Interest	39,000	39,490	490
Total Revenues	1,817,000	1,705,648	(111,352)
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police JAG			
Other	45,000	41,682	3,318
Police Bulletproof Vest			
Other	20,000	17,320	2,680
Total Security of Persons and Property-Police	65,000	59,002	5,998
Security of Persons and Property-Fire			
EMS			
Personal Services	300	286	14
Other	8,600	6,684	1,916
Total Security of Persons and Property-Fire	8,900	6,970	1,930
Community Environment			
EPA Asmt Petroleum			
Other	52,958	10,987	41,971
EPA Asmt Hazardous Waste			
Other	66,937	10,987	55,950
EPA Asmt Petroleum 2007			
Other	5,000	3,500	1,500
EPA Asmt Hazardous Waste 2007			
Other	5,000	3,500	1,500
HUD Entitlement			
Other	231,915	14,915	217,000
HUD CDBG 05MC390034			
Personal Services	1,000	495	505
Other	509,925	4,950	504,975
Total HUD CDBG 05MC390034	510,925	5,445	505,480
HUD CDBG 06MC390034			
Personal Services	111,000	1,900	109,100
Other	328,953	313,199	15,754
Total HUD CDBG 06MC390034	439,953	315,099	124,854

(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, 2008
(continued)

	Budget	Actual	Variance Over (Under)
HUD CDBGB 07MC390034			
Personal Services	\$400	\$393	\$7
Other	53,150	33,683	19,467
Total HUD CDBGB 07MC390034	53,550	34,076	19,474
HUD Special Review			
Other	266,000	173,831	92,169
HUD CDBGB 08MC390034			
Personal Services	25,000	23,806	1,194
Other	275,000	231,659	43,341
Total HUD CDBGB 08MC390034	300,000	255,465	44,535
Revolving Loan Economic Development			
Other	495,913	6,400	489,513
Total Community Environment	2,428,151	834,205	1,593,946
Transportation			
Public Transit System			
Personal Services	66,000	48,784	17,216
Other	685,000	632,519	52,481
Total Transportation	751,000	681,303	69,697
Total Expenditures	3,253,051	1,581,480	1,671,571
Excess of Revenues Over (Under) Expenditures	(1,436,051)	124,168	1,560,219
<u>Other Financing Sources (Uses)</u>			
Other Financing Sources	3,000	3,369	369
Transfers Out	(111,087)	(111,087)	0
Total Other Financing Sources (Uses)	(108,087)	(107,718)	369
Changes in Fund Balance	(1,544,138)	16,450	1,560,588
Fund Balance Beginning of Year	1,621,419	1,621,419	0
Prior Year Encumbrances Appropriated	144,438	144,438	0
Fund Balance End of Year	\$221,719	\$1,782,307	\$1,560,588

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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Fees, Licenses, and Permits	10,000	10,997	997
Intergovernmental	14,528	16,989	2,461
Total Revenues	24,528	27,986	3,458
<u>Expenditures</u>			
Current:			
Other			
Indigent Drivers Alcohol Treatment			
Other	10,000	8,171	1,829
Changes in Fund Balance	14,528	19,815	5,287
Fund Balance Beginning of Year	159,737	159,737	0
Fund Balance End of Year	<u>\$174,265</u>	<u>\$179,552</u>	<u>\$5,287</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, 2008

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	11,542	10,470	(1,072)
Fund Balance Beginning of Year	4,295	4,295	0
Fund Balance End of Year	\$15,837	\$14,765	(\$1,072)

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, 2008

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$27,088	\$29,811	\$2,723
<u>Expenditures</u>			
Current:			
Other			
Court Computerization			
Personal Services	3,100	2,966	134
Other	38,062	35,938	2,124
Total Expenditures	41,162	38,904	2,258
Changes in Fund Balance	(14,074)	(9,093)	4,981
Fund Balance Beginning of Year	131,150	131,150	0
Prior Year Encumbrances Appropriated	62	62	0
Fund Balance End of Year	\$117,138	\$122,119	\$4,981

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, 2008

	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	7,000	1,152	5,848
Changes in Fund Balance	(5,500)	(1,152)	4,348
Fund Balance Beginning of Year	36,033	36,033	0
Fund Balance End of Year	\$30,533	\$34,881	\$4,348

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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Fees, Licenses, and Permits	\$64,918	\$76,760	\$11,842
<u>Expenditures</u>			
Current:			
Other			
Municipal Probation			
Personal Services	39,600	38,684	916
Other	14,000	13,560	440
Total Expenditures	53,600	52,244	1,356
Changes in Fund Balance	11,318	24,516	13,198
Fund Balance Beginning of Year	150,809	150,809	0
Fund Balance End of Year	<u>\$162,127</u>	<u>\$175,325</u>	<u>\$13,198</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, 2008

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	71,000	71,368	368
Intergovernmental	\$12,300	\$12,238	(\$62)
Other	32,848	36,930	4,082
Total Revenues	116,148	120,536	4,388
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police Patrol			
Other	17,000	16,701	299
Police DARE			
Other	2,000	0	2,000
Police Dive Team			
Other	4,434	3,214	1,220
Federal Forfeiture			
Other	100	0	100
Contraband Trust			
Other	41,338	41,175	163
Total Security of Persons and Property-Police	64,872	61,090	3,782
Security of Persons and Property-Fire			
Fire Suppression			
Other	2,355	1,715	640
Leisure Time Activities			
Green Trust			
Other	6,000	4,262	1,738
Friends of the Greenhouse			
Other	2,000	1,571	429
Total Leisure Time Activities	8,000	5,833	2,167
Community Environment			
Downtown Economic Development			
Personal Services	2,300	2,259	41
Park Trust			
Other	25,064	24,398	666
Total Community Environment	27,364	26,657	707
Total Expenditures	102,591	95,295	7,296
Excess of Revenues Over Expenditures	13,557	25,241	11,684

(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, 2008
(continued)

	Budget	Actual	Variance Over (Under)
<u>Other Financing Sources</u>			
Other Financing Sources	\$1,200	\$1,363	\$163
Changes in Fund Balance	14,757	26,604	11,847
Fund Balance Beginning of Year	109,154	109,154	0
Prior Year Encumbrances Appropriated	6,191	6,191	0
Fund Balance End of Year	<u>\$130,102</u>	<u>\$141,949</u>	<u>\$11,847</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, 2008

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$18,600	\$10,828	(\$7,772)
Interest	3,100	2,498	(602)
Other	6,800	4,618	(2,182)
Total Revenues	<u>28,500</u>	<u>17,944</u>	<u>(10,556)</u>
<u>Expenditures</u>			
Current:			
Leisure Time Activities			
Shoreline Park Improvement			
Other	1,000	0	1,000
Washington Park and Greenhouse			
Other	100	84	16
Total Expenditures	<u>1,100</u>	<u>84</u>	<u>1,016</u>
Changes in Fund Balance	27,400	17,860	(9,540)
Fund Balance Beginning of Year	<u>147,760</u>	<u>147,760</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$175,160</u></u>	<u><u>\$165,620</u></u>	<u><u>(\$9,540)</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, 2008

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$22,917	\$23,341	\$424
Interest	35,338	38,956	3,618
Total Revenues	58,255	62,297	4,042
<u>Expenditures</u>			
Current:			
Public Health			
Oakland Cemetery			
Personal Services	9,000	16,541	(7,541)
Other	8,809	8,280	529
Total Oakland Cemetery	17,809	24,821	(7,012)
Chapel Restoration			
Personal Services	80	0	80
Other	420	443	(23)
Total Chapel Restoration	500	443	57
Garden Mausoleum			
Other	13,700	11,055	2,645
Perpetual Care			
Other	2,000	75	1,925
Special Care			
Personal Services	320	0	320
Other	3,500	2,061	1,439
Total Special Care	3,820	2,061	1,759
Memorial Paintings			
Other	3,380	0	3,380
Mausoleum			
Other	1,000	989	11
Ridgeview Columbarium			
Other	2,000	1,603	397
Total Expenditures	44,209	41,047	3,162
Excess of Revenues Over Expenditures	14,046	21,250	7,204
<u>Other Financing Sources</u>			
Other Financing Sources	12,196	20,861	8,665
Changes in Fund Balance	26,242	42,111	15,869
Fund Balance Beginning of Year	829,095	829,095	0
Prior Year Encumbrances Appropriated	689	689	0
Fund Balance End of Year	\$856,026	\$871,895	\$15,869

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, 2008

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$453,580	\$453,453	(\$127)
Payment in Lieu of Taxes	324	324	0
Municipal Income Taxes	446,014	449,954	3,940
Intergovernmental	53,800	53,777	(23)
Total Revenues	<u>953,718</u>	<u>957,508</u>	<u>3,790</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	580,727	579,865	862
Interest and Fiscal Charges	895,086	895,071	15
Total Expenditures	<u>1,475,813</u>	<u>1,474,936</u>	<u>877</u>
Excess of Revenues Under Expenditures	(522,095)	(517,428)	4,667
<u>Other Financing Sources</u>			
Transfers In	480,366	479,930	(436)
Changes in Fund Balance	(41,729)	(37,498)	4,231
Fund Balance Beginning of Year	<u>175,124</u>	<u>175,124</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$133,395</u></u>	<u><u>\$137,626</u></u>	<u><u>\$4,231</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, 2008

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Municipal Income Taxes	\$387,689	\$359,963	(\$27,726)
<u>Expenditures</u>			
	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	387,689	359,963	(27,726)
<u>Other Financing Uses</u>			
Transfers Out	<u>(398,000)</u>	<u>(395,971)</u>	<u>2,029</u>
Changes in Fund Balance	(10,311)	(36,008)	(25,697)
Fund Balance Beginning of Year	<u>46,357</u>	<u>46,357</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$36,046</u></u>	<u><u>\$10,349</u></u>	<u><u>(\$25,697)</u></u>

City of Sandusky
Various Improvement Capital Projects Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2008

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Special Assessments	\$414,000	\$413,695	(\$305)
Charges for Services	51,800	52,335	535
Fees, Licenses, and Permits	89,500	101,859	12,359
Intergovernmental	69,000	195,340	126,340
Interest	4,100	4,233	133
Other	50,800	50,730	(70)
Total Revenues	679,200	818,192	138,992
<u>Expenditures</u>			
Current:			
Community Environment			
Remove Unsafe Buildings			
Personal Services	1,000	25	975
Other	51,180	51,180	0
Total Remove Unsafe Buildings	52,180	51,205	975
Nuisance Removal			
Personal Services	1,000	152	848
Other	1,000	406	594
Total Nuisance Removal	2,000	558	1,442
Rental Registration Fee			
Personal Services	86,200	85,261	939
Other	6,500	4,900	1,600
Total Rental Registration Fee	92,700	90,161	2,539
Inspection Fee			
Personal Services	1,000	684	316
Other	16,000	14,953	1,047
Total Inspection Fee	17,000	15,637	1,363
Administration Fee			
Other	1,000	498	502
Total Community Environment	164,880	158,059	6,821
Transportation			
Coldcreek Crossing			
Other	17,061	17,061	0
Monroe Street Resurfacing Phase II			
Other	1,440	1,440	0
Monroe Street Resurfacing Phase III			
Personal Services	85,000	27,524	57,476
Other	20,229	18,203	2,026
Total Monroe Street Resurfacing Phase III	105,229	45,727	59,502

(continued)

City of Sandusky
Various Improvement Capital Projects Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2008
(continued)

	Budget	Actual	Variance Over (Under)
Sidewalk-Curb-Gutter 2005			
Personal Services	\$8,000	\$6,067	\$1,933
Other	2,100	0	2,100
Total Sidewalk-Curb-Gutter 2005	10,100	6,067	4,033
Sidewalk-Curb-Gutter 2006			
Personal Services	3,000	2,106	894
Other	1,500	0	1,500
Total Sidewalk-Curb-Gutter 2006	4,500	2,106	2,394
Sidewalk-Curb-Gutter 2007			
Personal Services	20,000	0	20,000
Other	19,205	2,514	16,691
Total Sidewalk-Curb-Gutter 2007	39,205	2,514	36,691
Sidewalk-Curb-Gutter 2008			
Personal Services	77,000	27,210	49,790
Other	30,000	0	30,000
Total Sidewalk-Curb-Gutter 2008	107,000	27,210	79,790
Total Transportation	284,535	102,125	182,410
Capital Outlay	879,131	679,204	199,927
Debt Service:			
Principal Retirement	3,041,092	3,030,000	11,092
Interest and Fiscal Charges	129,887	129,887	0
Issuance Costs	94,445	94,445	0
Total Debt Service	3,265,424	3,254,332	11,092
Total Expenditures	4,593,970	4,193,720	400,250
Excess of Revenues Under Expenditures	(3,914,770)	(3,375,528)	539,242
<u>Other Financing Sources</u>			
Other Financing Sources	26,000	27,145	1,145
Bond Anticipation Notes Issued	804,800	460,000	(344,800)
Special Assessment Bonds Issued	2,538,000	2,538,000	0
Premium on Bonds Issued	103,000	107,856	4,856
Transfers In	405,000	402,972	(2,028)
Total Other Financing Sources	3,876,800	3,535,973	(340,827)
Changes in Fund Balance	(37,970)	160,445	198,415
Fund Balance Beginning of Year	26,145	26,145	0
Prior Year Encumbrances Appropriated	27,371	27,371	0
Fund Balance End of Year	\$15,546	\$213,961	\$198,415



Statistical

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

Contents **Page**

Financial Trends..... S-2

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

Revenue Capacity S-12

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

Debt Capacity..... S-34

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-42

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-46

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 Seven Years
(Accrual Basis of Accounting)

	2008	2007	2006	2005	2004
Governmental Activities					
Invested in Capital Assets, Net of Related Debt	\$33,005,235	\$32,191,349	\$30,075,530	\$31,671,586	\$31,969,703
Restricted for					
Capital Projects	11,604,699	9,656,786	3,531,814	2,204,456	2,824,223
Debt Service	2,049,464	764,264	155,282	323,278	778,513
Other Purposes	8,144,862	8,554,810	8,345,260	7,924,998	7,103,344
Unrestricted (Deficit)	(2,969,219)	(2,353,081)	(359,373)	(28,759)	(1,306,979)
Total Governmental Activities Net Assets	51,835,041	48,814,128	41,748,513	42,095,559	41,368,804
Business-Type Activities					
Invested in Capital Assets, Net of Related Debt	17,057,860	18,003,813	16,501,983	13,366,444	11,829,893
Unrestricted	23,825,346	22,646,163	15,618,806	14,558,225	12,487,336
Total Business-Type Activities Net Assets	40,883,206	40,649,976	32,120,789	27,924,669	24,317,229
Primary Government					
Invested in Capital Assets, Net of Related Debt	50,063,095	50,195,162	46,577,513	45,038,030	43,799,596
Restricted	21,799,025	18,975,860	12,032,356	10,452,732	10,706,080
Unrestricted	28,264,070	31,219,302	34,545,157	34,585,300	33,093,516
Total Primary Government Net Assets	\$92,718,247	\$89,464,104	\$73,869,302	\$70,020,228	\$65,686,033

<u>2003</u>	<u>2002</u>
\$31,552,987	\$29,920,305
2,913,134	3,360,829
0	0
6,660,100	6,029,865
<u>2,358,124</u>	<u>6,114,688</u>
<u>43,484,345</u>	<u>45,425,687</u>
5,710,006	7,775,513
<u>12,721,665</u>	<u>7,982,702</u>
<u>18,431,671</u>	<u>15,758,215</u>
37,262,993	37,695,818
9,573,234	9,390,694
<u>15,079,789</u>	<u>14,097,390</u>
<u>\$61,916,016</u>	<u>\$61,183,902</u>

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

	2008	2007	2006	2005	2004
<u>Expenses</u>					
Governmental Activities					
Security of Persons and Property					
Police	\$5,874,509	\$5,574,825	\$5,487,963	\$5,266,496	\$5,136,481
Fire	5,937,365	6,007,917	5,307,276	5,144,980	5,255,572
Other	314,316	337,986	141,866	98,338	107,843
Public Health	403,533	390,069	387,849	371,995	374,751
Leisure Time Activities	601,231	724,443	755,381	532,317	509,107
Community Environment	3,310,344	3,076,512	3,414,429	3,089,728	2,470,765
Transportation	4,303,144	4,537,224	5,335,488	4,107,524	4,100,037
General Government					
Municipal Court	870,524	915,040	828,045	829,951	888,857
Other	4,408,458	3,859,012	3,499,303	3,633,634	4,160,795
Interest and Fiscal Charges	1,447,618	1,347,061	1,280,938	1,171,585	1,222,879
Total Governmental Activities Expenses	27,471,042	26,770,089	26,438,538	24,246,548	24,227,087
Business-Type Activities					
Water	5,585,538	4,515,116	3,896,902	4,257,055	3,495,790
Sewer	6,433,075	6,017,246	4,957,114	5,458,838	5,396,945
Total Business-Type Activities Expenses	12,018,613	10,532,362	8,854,016	9,715,893	8,892,735
Total Primary Government Expenses	39,489,655	37,302,451	35,292,554	33,962,441	33,119,822
<u>Program Revenues</u>					
Governmental Activities					
Charges for Services					
Security of Persons and Property					
Police	383,757	260,758	205,984	309,073	152,098
Fire	625,434	743,841	617,742	629,573	628,488
Public Health	118,531	132,369	128,255	125,552	146,215
Leisure Time Activities	327,660	328,280	297,903	275,319	235,152
Community Environment	358,027	326,365	234,689	277,330	153,748
Transportation	5,149,554	1,892,081	1,150,337	989,425	871,796
General Government					
Municipal Court	1,196,877	1,035,917	1,036,688	982,508	1,220,842
Other	175,414	200,752	286,948	411,300	250,519
Total Charges for Services	8,335,254	4,920,363	3,958,546	4,000,080	3,658,858
Operating Grants, Contributions, and Interest	3,008,317	3,541,296	4,392,095	3,912,640	1,938,688
Capital Grants and Contributions	258,793	1,874,767	1,441,100	755,345	2,181,599
Total Governmental Activities Program Revenues	11,602,364	10,336,426	9,791,741	8,668,065	7,779,145
Business-Type Activities					
Charges for Services					
Water	5,480,958	4,741,359	5,401,818	6,551,510	6,563,548
Sewer	6,460,336	6,480,173	6,559,309	6,589,124	6,440,877
Total Charges for Services	11,941,294	11,221,532	11,961,127	13,140,634	13,004,425
Capital Grants and Contributions	178,083	8,069,676	194,076	162,675	184,117
Total Business-Type Activities Program Revenues	12,119,377	19,291,208	12,155,203	13,303,309	13,188,542
Total Primary Government Program Revenues	23,721,741	29,627,634	21,946,944	21,971,374	20,967,687
<u>Net (Expense) Revenue</u>					
Governmental Activities	(15,868,678)	(16,433,663)	(16,646,797)	(15,578,483)	(16,447,942)
Business-Type Activities	100,764	8,758,846	3,301,187	3,587,416	4,295,807
Total Primary Governmental Net Expense	(15,767,914)	(7,674,817)	(13,345,610)	(11,991,067)	(12,152,135)

<u>2003</u>	<u>2002</u>
\$5,392,091	\$5,087,828
4,944,712	5,058,422
104,619	111,257
355,557	348,886
863,510	681,746
2,517,823	2,845,508
3,418,979	3,582,466
840,986	826,586
4,321,420	4,151,714
<u>1,180,234</u>	<u>1,186,757</u>
<u>23,939,931</u>	<u>23,881,170</u>
4,147,608	3,506,290
<u>5,411,399</u>	<u>5,106,863</u>
<u>9,559,007</u>	<u>8,613,153</u>
<u>33,498,938</u>	<u>32,494,323</u>
154,638	142,713
516,005	459,763
106,848	125,348
308,474	355,775
261,498	454,088
1,065,560	1,334,256
1,166,979	1,166,953
<u>151,621</u>	<u>109,126</u>
3,731,623	4,148,022
2,085,948	1,577,529
<u>558,798</u>	<u>129,520</u>
<u>6,376,369</u>	<u>5,855,071</u>
5,924,982	5,375,558
<u>6,290,237</u>	<u>5,832,837</u>
12,215,219	11,208,395
<u>0</u>	<u>0</u>
<u>12,215,219</u>	<u>11,208,395</u>
<u>18,591,588</u>	<u>17,063,466</u>
(17,563,562)	(18,026,099)
<u>2,656,212</u>	<u>2,595,242</u>
<u>(14,907,350)</u>	<u>(15,430,857)</u>

(continued)

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

	2008	2007	2006	2005	2004
<u>General Revenues and Other Changes in Net Assets</u>					
Governmental Activities					
Property Taxes Levied for General Purposes	\$1,808,771	\$1,757,611	\$1,653,693	\$1,672,894	\$1,694,006
Property Taxes Levied for Police and Fire Pension	296,040	290,214	271,237	274,996	278,468
Property Taxes Levied for Debt Service	488,892	476,474	328,893	316,768	320,817
Payment in Lieu of Taxes	2,939	5,528,833	23,815	21,793	21,177
Municipal Income Taxes Levied for General Purposes	7,308,067	6,174,450	6,424,092	6,298,260	6,512,919
Municipal Income Taxes Levied for Debt Service	478,361	398,287	419,919	419,110	440,575
Municipal Income Taxes Levied for Capital Projects	393,536	318,588	335,939	438,682	67,796
Other Local Taxes	3,759,788	3,720,784	3,486,825	3,573,094	3,546,079
Franchise Taxes	290,451	272,184	254,087	238,015	232,129
Grants and Entitlements not Restricted to Specific Programs	1,884,362	1,958,323	2,041,444	2,002,142	1,724,926
Interest	1,329,987	1,541,216	1,011,952	572,828	376,479
Other	540,308	556,074	638,096	420,467	644,316
Transfers	308,089	506,240	(590,241)	56,189	(1,527,286)
Total Governmental Activities	<u>18,889,591</u>	<u>23,499,278</u>	<u>16,299,751</u>	<u>16,305,238</u>	<u>14,332,401</u>
Business-Type Activities					
Interest	1,955	1,923	691	1,191	1,530
Other	438,600	274,658	304,001	75,022	60,935
Transfers	(308,089)	(506,240)	590,241	(56,189)	1,527,286
Total Business-Type Activities	<u>132,466</u>	<u>(229,659)</u>	<u>894,933</u>	<u>20,024</u>	<u>1,589,751</u>
Total Primary Government	<u>19,022,057</u>	<u>23,269,619</u>	<u>17,194,684</u>	<u>16,325,262</u>	<u>15,922,152</u>
<u>Changes in Net Assets</u>					
Governmental Activities	3,020,913	7,065,615	(347,046)	726,755	(2,115,541)
Business-Type Activities	233,230	8,529,187	4,196,120	3,607,440	5,885,558
Total Primary Government	<u>\$3,254,143</u>	<u>\$15,594,802</u>	<u>\$3,849,074</u>	<u>\$4,334,195</u>	<u>\$3,770,017</u>

<u>2003</u>	<u>2002</u>
\$1,482,917	\$1,746,584
243,641	0
486,949	510,501
20,949	19,286
6,594,364	6,851,404
444,364	424,460
71,098	67,743
3,918,022	4,000,787
233,695	229,621
1,415,311	1,430,527
268,808	479,135
400,167	842,572
41,935	51,396
15,622,220	16,654,016
475	302
58,704	72,073
(41,935)	(51,396)
17,244	20,979
15,639,464	16,674,995
(1,941,342)	(1,372,083)
2,673,456	2,616,221
\$732,114	\$1,244,138

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

	2008	2007	2006	2005	2004
General Fund					
Reserved	\$134,443	\$108,449	\$111,838	\$123,608	\$182,408
Unreserved	3,689,976	4,115,612	3,461,642	3,174,012	2,298,844
Total General Fund	<u>3,824,419</u>	<u>4,224,061</u>	<u>3,573,480</u>	<u>3,297,620</u>	<u>2,481,252</u>
All Other Governmental Funds					
Reserved	3,280,330	3,958,843	3,633,344	3,733,926	2,943,033
Unreserved, Reported in					
Special Revenue Funds	4,233,164	4,376,446	4,650,635	4,839,344	4,741,505
Debt Service Funds	267,924	340,938	231,142	425,019	671,817
Capital Projects Funds (Deficit)	<u>(1,746,995)</u>	<u>(5,528,968)</u>	<u>(5,560,337)</u>	<u>(5,173,626)</u>	<u>(6,187,308)</u>
Total All Other Governmental Funds	<u>6,034,423</u>	<u>3,147,259</u>	<u>2,954,784</u>	<u>3,824,663</u>	<u>2,169,047</u>
Total Governmental Funds	<u><u>\$9,858,842</u></u>	<u><u>\$7,371,320</u></u>	<u><u>\$6,528,264</u></u>	<u><u>\$7,122,283</u></u>	<u><u>\$4,650,299</u></u>

Note: Information prior to 2002 not available.

<u>2003</u>	<u>2002</u>
\$97,452	\$64,040
<u>2,651,492</u>	<u>3,250,002</u>
2,748,944	3,314,042
3,902,082	4,398,355
4,603,648	5,400,820
931,983	1,187,737
<u>(4,165,362)</u>	<u>(1,060,786)</u>
5,272,351	9,926,126
<u>\$8,021,295</u>	<u>\$13,240,168</u>

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

	2008	2007	2006	2005	2004
<u>Revenues</u>					
Property Taxes	\$2,408,140	\$2,537,843	\$2,225,347	\$2,258,521	\$2,272,754
Payment in Lieu of Taxes	61,710	22,601	23,815	21,793	21,177
Municipal Income Taxes	7,633,758	7,387,718	7,313,992	7,443,699	7,308,576
Other Local Taxes	4,192,054	4,155,563	3,933,675	4,027,163	4,011,666
Special Assessments	716,482	514,373	387,246	456,434	384,141
Charges for Services	1,734,744	1,562,798	1,415,863	1,426,503	1,751,391
Fees, Licenses, and Permits	818,094	777,905	828,294	972,001	811,379
Fines and Forfeitures	1,216,730	1,000,848	973,563	978,369	1,000,227
Intergovernmental	5,484,268	6,007,797	7,040,114	5,798,366	5,192,973
Interest	1,419,311	1,653,255	1,075,368	695,896	416,103
Other	948,160	1,081,031	1,585,259	1,021,847	1,033,919
Total Revenues	26,633,451	26,701,732	26,802,536	25,100,592	24,204,306
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	5,814,874	5,501,299	5,398,901	5,005,613	4,955,514
Fire	5,537,118	5,566,180	4,946,518	4,923,135	4,493,492
Other	314,316	337,986	141,866	98,338	107,843
Public Health	385,481	365,784	354,785	371,835	338,665
Leisure Time Activities	472,955	752,163	590,560	419,758	387,892
Community Environment	3,351,746	3,449,840	3,575,935	2,849,352	2,257,296
Transportation	2,648,551	2,884,363	2,555,374	2,488,592	2,216,810
General Government					
Municipal Court	856,718	890,382	789,382	849,310	875,791
Other	3,723,204	3,483,636	3,002,062	3,158,999	3,773,576
Other	106,467	79,540	185,530	60,324	31,706
Capital Outlay	1,487,593	2,216,476	3,990,621	1,928,029	6,373,458
Debt Service:					
Principal Retirement	1,033,726	991,682	944,627	895,901	1,154,167
Interest and Fiscal Charges	1,436,324	1,263,946	1,279,621	1,164,110	1,225,852
Issuance Costs	97,668	103,441	0	86,721	0
Total Expenditures	27,266,741	27,886,718	27,755,782	24,300,017	28,192,062
Excess of Revenues Over (Under) Expenditures	(633,290)	(1,184,986)	(953,246)	800,575	(3,987,756)
<u>Other Financing Sources (Uses)</u>					
General Obligation Bonds Issued	0	5,478,271	0	7,705,000	240,000
Special Assessment Bonds Issued	2,625,000	356,729	104,000	185,000	137,000
Loan Proceeds	0	918,855	0	0	0
Premium on General Obligation Bonds Issued	111,537	43,403	0	46,591	0
Payment to Refunded Bond Escrow Agent	0	(5,470,416)	0	(6,369,870)	0
Sale of Capital Assets	900	11,255	46,656		
Inception of Capital Lease	0	0	0	48,499	184,954
Transfers In	5,259,992	3,569,940	2,690,340	3,398,033	2,950,732
Transfers Out	(4,876,617)	(2,879,995)	(2,481,769)	(3,341,844)	(2,895,926)
Total Other Financing Sources (Uses)	3,120,812	2,028,042	359,227	1,671,409	616,760
Changes in Fund Balance	\$2,487,522	\$843,056	(\$594,019)	\$2,471,984	(\$3,370,996)
Debt Service as a Percentage of Noncapital Expenditures	9.85%	9.22%	8.49%	9.49%	10.37%

Note: Information prior to 2002 not available.

<u>2003</u>	<u>2002</u>
\$2,222,007	\$2,247,660
20,949	19,286
7,251,576	6,840,357
4,396,773	3,905,391
427,724	562,455
1,727,554	1,935,316
769,953	680,627
963,967	980,432
3,818,995	3,745,672
406,113	789,426
861,457	894,045
<u>22,867,068</u>	<u>22,600,667</u>
5,306,587	4,815,565
4,629,532	4,324,408
104,619	111,257
326,208	312,845
800,359	562,636
2,746,294	2,503,006
2,119,901	2,264,383
838,000	811,711
3,739,296	3,773,986
65,691	54,504
5,561,879	5,253,729
796,337	793,206
1,183,073	1,194,083
0	6,120
<u>28,217,776</u>	<u>26,781,439</u>
<u>(5,350,708)</u>	<u>(4,180,772)</u>
0	0
89,900	102,000
0	0
0	6,120
0	0
0	0
2,230,717	2,680,869
<u>(2,188,782)</u>	<u>(2,629,473)</u>
<u>131,835</u>	<u>159,516</u>
<u>(\$5,218,873)</u>	<u>(\$4,021,256)</u>
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				
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
2000	212,191,000	105,934,000	908,928,571	22,879,000	25,998,864	65,521,406	262,085,624
1999	211,208,000	105,913,000	906,060,000	24,843,000	28,230,682	64,159,264	256,637,056

Source: Erie County Auditor

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

The assessed value of real property (including public utility real property) is 35 percent of estimated actual value. Personal property tax is assessed on all tangible personal property used in business in Ohio. The assessed value of public utility personal property ranges from 25 percent of actual value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed at 25 percent of actual value for machinery and equipment and 23 percent for inventory. The general business tangible personal property tax is being phased out. The percentage was 6.25 percent for 2008 and is zero for 2009.

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

Total		
Assessed Value	Estimated Actual Value	Tax Rate
\$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
406,525,406	1,197,013,059	5.51
406,123,264	1,190,927,738	5.51

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

Year	2008	2007	2006	2005	2004
City of Sandusky					
Voted Millage					
1998 Library Bond - 23 Years	\$1.0000	\$1.0000	\$0.7000	\$0.7000	\$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	4.9500	4.9500	4.9500
Erie County	8.8000	8.8000	8.8000	8.8000	8.8000
Sandusky City School District	75.9500	70.5500	70.5500	70.5500	70.5500

Source: Erie County Auditor

Note: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year. The basic property 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>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
\$1.2600	\$1.2600	\$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
5.5100	5.5100	5.5100	5.5100	5.5100
8.8000	8.3000	8.3000	8.3000	8.3000
70.5500	65.2000	65.2000	66.8400	66.8400

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>
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	0.94	318,936	132,057	2,467,389	99.07
2006	2,327,395	2,067,591	88.84	265,099	114,077	2,181,668	93.74
2005	2,252,773	2,064,530	91.64	242,210	100,158	2,164,688	96.09
2004	2,494,817	2,376,827	95.27	270,627	101,548	2,478,375	99.34
2003	2,520,906	2,334,575	92.61	186,391	90,866	2,425,441	96.21
2002	2,422,401	2,284,463	94.31	137,938	89,665	2,374,128	98.01
2001	2,233,538	2,041,609	91.41	191,929	76,646	2,118,255	94.84
2000	1,878,167	1,811,168	96.43	145,740	75,352	1,886,520	100.44
1999	1,883,592	1,812,916	96.25	141,835	74,586	1,887,502	100.21

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	2008			1999		
		Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Cedar Fair	Theme Park	\$41,593,950	1	8.18%	\$44,860,915	1	11.05%
Ohio Edison Company	Electric Utility	8,568,260	2	1.69	11,377,220	2	2.80
Firelands Regional Health System	Hospital	6,798,420	3	1.34			
Norfolk & Western Railway	Railroad	4,988,540	4	0.98	4,147,820	8	1.02
Key Real Estate LTD	Realty	3,697,930	5	0.73			
S & S Realty	Realty	3,595,000	6	0.71	3,454,770	9	0.85
CNL Income Sandusky Marina	Port Facilities	2,494,360	7	0.49			
Myers Industries, Inc.	Manufacturing/Assembly	2,291,000	8	0.45			
Providence Care Center	Nursing Home	2,194,100	9	0.43			
Sandusky Limited	Port Facilities	1,835,400	10	0.36	5,207,440	4	1.29
Sandusky International, Inc.	Manufacturing				8,669,160	3	2.14
Columbia Gas	Gas Utility				5,174,580	5	1.27
Whirley of Ohio	Thermaformed Container				4,759,160	6	1.17
Ameritech	Telephone				4,356,330	7	1.07
U. S. Tsubaki, Inc.	Manufacturing				3,089,690	10	0.76
	Total	<u>78,056,960</u>		<u>15.36</u>	<u>95,097,085</u>		<u>23.42</u>
	All Other Taxpayers	<u>430,129,460</u>		<u>84.64</u>	<u>311,026,179</u>		<u>76.58</u>
	Total Assessed Valuation	<u>\$508,186,420</u>		<u>100.00%</u>	<u>\$406,123,264</u>		<u>100.00%</u>

Source: Erie County Auditor

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

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

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

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

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

(continued)

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

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 Five Years

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

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

(continued)

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

Type of Customer	2004		
	Consumption (CCF)	Billings	Payments
Residential	659,329	\$1,506,510	\$1,496,017
Commercial	563,771	1,336,619	1,277,123
Industrial	41,449	92,967	85,129
Municipal	13,832	20	46
Total	1,278,381	\$2,936,116	\$2,858,315
Monthly Base Rate		\$4.10	
Rate per 100 Cubic Feet		\$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.



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

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

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

(continued)

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

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

City of Sandusky
Principal Water Customers
Last Four Years

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 Four 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 Four Years

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 Four 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 Four Years

Year	Water		Sewer		Total	
	Residential	Commercial	Residential	Commercial	Residential	Commercial
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 Four 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
2008	3,056,657,000	2,545,413,752	35,622,000	302,599,669	10.62%	4,300,500,000
2007	3,056,130,750	2,522,043,000	174,588,655	340,653,095	11.90	4,174,000,000
2006	2,861,333,000	1,971,015,750	15,606,750	874,710,500	30.74	4,120,000,000
2005	2,755,114,000	2,334,836,250	15,984,000	404,293,750	14.76	3,943,000,000

Source: City Utility Department

Note: Information prior to 2005 not available.

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

Year	Governmental Activities					
	General Obligation Bonds	Special Assessment Bonds	OWDA Loans	Loans Payable	Capital Leases	Police and Fire Pension
2008	\$17,289,834	\$4,438,434	\$0	\$829,545	\$75,916	\$0
2007	17,900,290	1,996,032	0	918,855	111,932	0
2006	18,413,397	1,974,032	0	0	146,214	0
2005	19,064,812	2,127,766	0	0	178,840	0
2004	18,287,600	2,194,499	0	0	160,242	0
2003	18,757,467	2,592,800	0	0	0	0
2002	19,212,333	2,787,605	57,186	0	0	0
2001	19,642,200	2,991,758	108,252	0	0	0
2000	6,360,000	2,901,858	131,049	0	0	1,679,666
1999	390,000	2,954,758	176,382	0	0	1,700,941

Source: City Records

(1) See schedule on S-42 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)
\$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
2,182,000	5,657,864	0	\$18,912,437	679.23	3.75
2,471,000	2,450,479	0	\$10,143,560	340.80	2.93

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

Year	Population	Estimated Actual Value	Gross Bonded Debt	Bonded Debt Per Capita	Ratio of Bonded Debt to Estimated Actual Value
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
2000	27,844	1,197,013,059	11,443,858	411.00	0.96
1999	29,764	1,190,927,738	5,815,758	195.40	0.49

Source: (1) City Records

(2) Erie County Auditor

City of Sandusky
 Computation of Direct and Overlapping Debt for Governmental Activities
 December 31, 2008

	Debt Outstanding	Percent Applicable to City of Sandusky (1)	Amount Applicable to City of Sandusky
City of Sandusky			
2000 City Complex	\$85,000	100.00%	\$85,000
2001 Library	4,550,000	100.00	4,550,000
2001 Police Pension	34,105	100.00	34,105
2001 Fire Pension	45,895	100.00	45,895
2001 Various Purpose	569,730	100.00	569,730
2004 Judgement Refunding	120,000	100.00	120,000
2005 Various Purpose	945,000	100.00	945,000
2005 City Complex Refunding	5,632,868	100.00	5,632,868
2007 Police Pension Refunding	430,134	100.00	430,134
2007 Fire Pension Refunding	578,789	100.00	578,789
2007 Various Purpose Refunding	4,298,313	100.00	4,298,313
Special Assessment Bonds	4,438,434	100.00	4,438,434
Loans Payable	829,545	100.00	829,545
Capital Leases	75,916	100.00	75,916
	<u>22,633,729</u>		<u>22,633,729</u>
Erie County	<u>34,388,523</u>	25.32	<u>8,707,174</u>
Total	<u>\$57,022,252</u>		<u>\$31,340,903</u>

Source: (1) City Records and Erie County Auditor

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the total assessed valuation of the political subdivision. The valuations used were for the 2008 collection year.

City of Sandusky
Computation of Legal Debt Margin
Last Ten Years

	2008	2007	2006	2005	2004
Total Assessed Valuation	<u>\$508,186,420</u>	<u>\$522,301,470</u>	<u>\$487,545,890</u>	<u>\$502,544,130</u>	<u>\$506,800,114</u>
Overall Debt Limitation - 10.5 Percent of Assessed Valuation	53,359,574	54,841,654	51,192,318	52,767,134	53,214,012
Gross Indebtedness	68,244,180	65,841,032	67,414,138	66,854,776	63,458,254
Less Debt Outside Limitation					
Bond Anticipation Notes	0	0	0	0	1,850,000
Special Assessment Notes	0	0	0	0	0
Special Assessment Bonds	4,324,197	1,992,732	1,970,132	2,123,266	2,304,512
General Obligation Revenue Bonds	2,255,000	2,427,000	2,599,000	2,896,000	1,153,000
OWDA Loans	<u>36,781,982</u>	<u>34,578,434</u>	<u>36,142,140</u>	<u>36,097,777</u>	<u>32,388,142</u>
Net Indebtedness	24,883,001	26,842,866	26,702,866	25,737,733	25,762,600
Less Fund Balance in Debt Service Fund	<u>162,155</u>	<u>205,867</u>	<u>266,065</u>	<u>256,409</u>	<u>494,598</u>
Net Debt Within 10.5 Percent Limitation	<u>24,720,846</u>	<u>26,636,999</u>	<u>26,436,801</u>	<u>25,481,324</u>	<u>25,268,002</u>
Legal Debt Margin Within 10.5 Percent Limitation	<u>\$28,638,728</u>	<u>\$28,204,655</u>	<u>\$24,755,517</u>	<u>\$27,285,810</u>	<u>\$27,946,010</u>
Legal Debt Margin as a Percentage of the Overall Debt Limitation	53.67%	51.43%	48.36%	51.71%	52.52%
Unvoted Debt Limitation - 5.5 Percent of Assessed Valuation	\$27,950,253	\$28,726,581	\$26,815,024	\$27,639,927	\$27,874,006
Gross Indebtedness	68,244,180	65,841,032	67,414,138	66,854,776	63,458,254
Less Debt Outside Limitation					
Bond Anticipation Notes	0	0	0	0	1,850,000
Special Assessment Notes	0	0	0	0	0
Special Assessment Bonds	4,324,197	1,992,732	1,970,132	2,123,266	2,304,512
General Obligation Revenue Bonds	2,255,000	2,427,000	2,599,000	2,896,000	1,153,000
OWDA Loans	<u>36,781,982</u>	<u>34,578,434</u>	<u>36,142,140</u>	<u>36,097,777</u>	<u>32,388,142</u>
Net Indebtedness	24,883,001	26,842,866	26,702,866	25,737,733	25,762,600
Less Fund Balance in Debt Service Fund	<u>162,155</u>	<u>205,867</u>	<u>266,065</u>	<u>256,409</u>	<u>494,598</u>
Net Debt Within 5.5 Percent Limitation	<u>24,720,846</u>	<u>26,636,999</u>	<u>26,436,801</u>	<u>25,481,324</u>	<u>25,268,002</u>
Legal Debt Margin Within 5.5 Percent Limitation	<u>\$3,229,407</u>	<u>\$2,089,582</u>	<u>\$378,223</u>	<u>\$2,158,603</u>	<u>\$2,606,004</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	11.55%	7.27%	1.41%	7.81%	9.35%

Source: City Records

2003	2002	2001	2000	1999
<u>\$443,071,034</u>	<u>\$444,687,286</u>	<u>\$450,137,536</u>	<u>\$406,525,406</u>	<u>\$406,123,264</u>
46,522,459	46,692,165	47,264,441	42,685,168	42,642,943
62,379,979	43,106,975	36,051,187	27,120,315	21,951,119
4,110,000	2,242,360	2,435,000	2,478,000	2,374,300
0	252,000	372,000	1,119,000	2,640,000
2,587,100	2,781,605	2,991,758	2,901,858	2,954,758
1,400,000	1,647,000	1,893,000	2,182,000	2,471,000
28,495,412	15,594,157	7,694,729	5,797,457	2,626,861
25,787,467	20,589,853	20,664,700	12,642,000	8,884,200
751,261	970,382	1,196,603	0	834,036
<u>25,036,206</u>	<u>19,619,471</u>	<u>19,468,097</u>	<u>12,642,000</u>	<u>8,050,164</u>
<u>\$21,486,253</u>	<u>\$27,072,694</u>	<u>\$27,796,344</u>	<u>\$30,043,168</u>	<u>\$34,592,779</u>
46.18%	57.98%	58.81%	70.38%	81.12%
\$24,368,907	\$24,457,801	\$24,757,564	\$22,358,897	\$22,336,780
62,379,979	43,106,975	36,051,187	27,120,315	21,951,119
4,110,000	2,242,360	2,435,000	2,478,000	2,374,300
0	252,000	372,000	1,119,000	2,640,000
2,587,100	2,781,605	2,991,758	2,901,858	2,954,758
1,400,000	1,647,000	1,893,000	2,182,000	2,471,000
28,495,412	15,594,157	7,694,729	5,797,457	2,626,861
25,787,467	20,589,853	20,664,700	12,642,000	8,884,200
751,261	970,382	1,196,603	0	834,036
<u>25,036,206</u>	<u>19,619,471</u>	<u>19,468,097</u>	<u>12,642,000</u>	<u>8,050,164</u>
<u>(\$667,299)</u>	<u>\$4,838,330</u>	<u>\$5,289,467</u>	<u>\$9,716,897</u>	<u>\$14,286,616</u>
-2.74%	19.78%	21.37%	43.46%	63.96%

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	
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
2000	3,083,574	2,518,245	565,329	213,500	127,152	340,652	1.66
1999	3,280,565	2,495,424	785,141	213,500	139,668	353,168	2.22

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	
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
2000	3,738,380	3,220,259	518,121	75,500	35,604	111,104	4.66
1999	3,768,240	3,661,278	106,962	75,500	73,392	148,892	0.72

Source: City Records

(1) Includes depreciation expense, excludes interest expense.

City of Sandusky
Demographic Statistics
Last Ten Years

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

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

(2) City of Sandusky Department of Community Development

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

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

Owner Occupied Units (2)	Median Family Income (1)	Unemployment Rate (3)
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
6,692	37,749	4.1
6,931	28,544	4.8



City of Sandusky
Principal Employers
Current Year and Four Years Ago

Employer	Type of Business	2008			2004		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Magnum Management Corp.	Entertainment	6,195	1	50.36%	6,583	1	51.43%
Firelands Regional Health System	Hospital	1,600	2	13.01	1,979	2	15.46
Sandusky Board of Education	Education	857	3	6.97	914	3	7.14
Erie County	Government	727	4	5.91	683	4	5.34
Delphi Automotive Systems	Automotive	500	5	4.06	286	6	2.23
Stein Hospice Service	Hospice	318	6	2.59			
City of Sandusky	Government	310	7	2.52	399	5	3.12
FMC Food Tech	Service	251	8	2.04	228	7	1.78
Lewco, Inc.	Manufacturing	144	9	1.17			
Sandusky International, Inc.	Manufacturing	130	10	1.06			
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>11,032</u>		<u>89.69%</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 Five Years

Function/Program	2008	2007	2006	2005
Security of Persons and Property-Police				
Police Patrol	52.0	49.0	50.0	51.0
Police Records	12.0	11.0	10.5	11.0
Police Reserve	3.5	7.0	8.5	7.5
Security of Persons and Property-Fire				
Fire Suppression	52.0	53.0	53.0	52.0
Public Health				
Oakland Cemetery	3.0	4.5	4.0	4.0
Leisure Time Activities				
Recreation	1.0	1.0	1.0	2.0
Pavillion	0.5	0.0	0.0	0.0
Community Environment				
Community Development	8.5	10.5	11.5	11.5
Horticultural Services	9.0	11.5	11.0	13.0
Transportation				
Streets	10.0	10.0	9.0	9.0
Traffic and Electrical Maintenance	3.0	5.0	4.0	5.0
General Government-Municipal Court				
Court-Criminal	19.5	19.5	17.5	17.5
General Government-Other				
City Manager	2.0	2.0	3.0	4.0
Personnel Labor Relations	5.5	5.5	3.5	5.0
Finance	4.0	4.0	4.0	4.0
Law Director	6.0	6.0	6.0	6.0
City Commission	9.0	9.0	9.0	9.5
Municipal Buildings and Lands	5.5	4.5	4.5	5.0
Engineering	11.0	11.0	12.0	11.0
Fleet	4.0	4.0	4.0	4.0
Basic Utility Services				
Water/Sewer Office	3.0	2.0	3.0	3.0
Waterworks Filtration	12.0	13.0	13.0	14.0
Waterworks Distribution	9.0	10.0	10.0	11.0
Water Pollution Control	18.0	18.0	18.0	18.0
Sewer Maintenance	9.0	9.0	10.0	10.0
Total	<u>272.0</u>	<u>280.0</u>	<u>280.0</u>	<u>288.0</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.

2004

52.0
11.0
9.5

54.0

4.0

1.0
0.0

12.0
13.5

9.0
4.0

19.0

4.0
7.0
6.0
6.0
10.0
5.0
12.0
4.0

3.0
15.0
11.0
19.0
11.0

302.0

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

Function/Program	2008	2007	2006
Security of Persons and Property-Police			
Number of Calls for Service	21,441	17,529	15,951
Number of Traffic Citations and Arrests	4,892	3,807	2,598
Number of Parking Tickets Issued	1,819	1,815	2,672
Accident Severity Breakdown			
Fatalities	2	0	0
Injury	123	132	159
Property Damage	575	651	582
Number of Criminal Arrests	7,953	8,094	7,829
Number of DUI Arrests	209	235	174
Amount of Grant Monies Received	\$80,710	\$33,536	\$58,086
Square Miles Served	14.9	14.9	14.9
Original Department Operating Budget (General Fund)	\$5,384,630	\$5,017,372	\$4,835,645
Security of Persons and Property-Fire			
Number of EMS Calls	3,673	3,641	3,332
Number of Fire Calls	1,168	1,115	950
Net Ambulance Billing Collections	\$660,239	\$599,323	\$637,234
EMS Response Time (in seconds)	186	214	199
Fire Reponse Time (in seconds)	207	226	191
Number of Times Mutual Aid Given	27	18	23
Number of Times Mutual Aid Received	19	30	45
Square Miles Served	14.9	14.9	14.9
Number of Stations	3	3	3
Original Department Operating Budget (General Fund)	\$4,745,641	\$4,515,255	\$4,314,322
Public Health			
Cemetery Burials	93	103	131
Cemetery Cremations	42	35	26
Cemetery Sale of Lots	74	103	64
Cemetery Charges for Services Receipts	\$95,190	\$107,389	\$103,154
Leisure Time Activities			
Recreation			
Boat Ramp Receipts	\$38,128	\$55,519	\$53,306
Golf Course Receipts	\$244,384	\$209,793	\$188,407
Recreation Receipts	\$36,325	\$34,509	\$22,999
Sandusky Bay Pavilion Receipts	\$34,261	\$35,741	\$54,355
Reimbursements/Donations	\$529	\$124	\$877
General Fund Subsidy	\$107,344	\$193,549	\$215,713
Golf Course-Daily Pay Rounds	11,275	10,357	8,140
Golf Course-Daily Pass Rounds	9,973	10,074	8,695
Golf Course-Annual Pass Sales	145	164	197
Boat Ramp-Number of Daily Passes Sold	3,915	4,513	4,616
Boat Ramp-Number of Season Passes Sold	78	113	124
Boat Ramp-Number of Tournament Days	4	22	19
Community Environment			
Community Development			
Grant Monies Received for Community/Economic Development	\$578,428	\$1,334,404	\$1,601,479

2005	2004
16,010	16,869
2,537	2,344
2,513	2,921
0	1
177	196
641	738
7,341	7,169
145	168
\$41,980	\$47,871
14.9	14.9
\$4,416,114	\$4,628,849
3,223	3,279
928	887
\$595,298	\$596,512
198	165
201	171
16	19
37	19
14.9	14.9
3	3
\$3,996,555	\$3,849,625
106	107
33	32
70	89
\$107,066	\$111,878
\$32,280	\$29,504
\$224,461	\$198,801
\$21,127	\$12,394
\$8,295	\$0
\$1,058	\$9,245
\$112,894	\$129,599
9,817	9,658
8,185	8,578
195	160
4,915	4,523
155	142
21	12
\$1,298,460	\$240,157

(continued)

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

Function/Program	2008	2007	2006
Horticulture Services			
Trees Planted	32	103	134
Trees Removed	133	159	208
Trees Trimmed	408	659	486
Stumps Removed	245	202	177
Loads of Wood and Chips to Residents	133	246	254
Number of Regularly Scheduled Work Hours Related to			
Trees Planted	188	250	212
Trees Removed	1,210	1,550	2,242
Trees Trimmed	680	866	1,113
Stumps Removed	382	364	306
Storm Cleanup	489	357	299
Plant Propagation	1,276	1,949	2,412
Plant Installation	961	700	1,461
Landscape Maintenance	875	1,893	2,090
Fountain and Irrigation Maintenance	100	121	170
Playground Equipment Maintenance	80	170	221
Nursery Maintenance	95	87	96
Baseball Field Maintenance	371	326	871
Public Restroom Maintenance	242	266	489
Holiday Decorations	1,251	1,208	533
Christmas Tree Pickup	24	56	59
Transportation			
Cost of Salt Purchased	\$71,372	\$83,436	\$25,872
Number of Regularly Scheduled Work Hours Related to Snow Removal	1,595	1,301	336
Sign Department Hours	1,904	2,538	2,312
Guardrail Repair Hours	0	18,718	0
Street Improvements-Asphalt Overlay (linear feet)	3,444	547	7,580
Pavement Marking Hours	850	1,160	516
Cold Patch Hours	1,922	1,281	410
Street Sweeping Hours	1,358	1,477	1,156
General Government-Court			
Municipal Court			
Number of Civil Cases	3,277	3,097	2,893
Number of Criminal Cases	15,440	12,052	10,915
General Government-Other			
Finance			
Agency Ratings-Moody's Financial Services	A2	A2	A2
Income Tax			
Number of Individual Returns	12,838	9,704	11,503
Number of Business Returns	1,423	1,292	1,226
Number of Business Withholding Accounts	1,337	1,352	8,885
Amount of Interest and Penalties Collected	\$165,724	\$207,015	\$78,435
Tax Revenue	\$8,179,964	\$6,891,325	\$7,179,950
City Commission			
Number of Ordinances Passed	150	105	130
Number of Resolutions Passed	37	38	55
Municipal Buildings and Lands			
Number of Construction Permits Issued (building, electric, plumbing)	1,146	892	1,018
Estimated Value of Construction	\$14,812,745	\$12,990,490	\$71,960,299
Amount of Revenue Generated from Building Department	\$162,072	\$136,065	\$329,152

2005	2004
39	75
180	161
842	762
137	219
278	119
135	356
1,712	1,532
1,312	1,476
225	449
411	315
2,271	2,125
1,575	1,220
1,933	1,430
217	270
418	126
106	173
573	380
229	129
476	1,002
65	163
\$67,835	\$40,109
532	371
2,082	2,601
7	11
3,419	3,134
503	217
2,499	2,701
1,012	771
2,554	2,977
11,955	11,311
A2	A2
9,450	11,601
1,429	1,625
1,375	N/A
\$101,724	\$127,529
\$7,156,052	\$7,021,290
72	165
30	48
1,113	1,155
\$49,638,024	\$41,545,823
\$381,708	\$229,887

(continued)

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

Function/Program	2008	2007	2006
Civil Service			
Number of Police Entry Tests Administered	0	1	0
Number of Fire Entry Tests Administered	1	0	0
Number of Police Promotional Tests Administered	1	3	0
Number of Fire Promotional Tests Administered	1	0	0
Number of Hires of Police Officers from Certified Lists	7	4	0
Number of Hires of Fire/Medics from Certified Lists	2	0	0
Number of Promotions from Police Certified Lists	2	8	0
Number of Promotions from Fire Certified Lists	1	0	0
Water Department			
Water Rates per 100 Cubic Feet of Water Used Monthly (1)	\$4.10	\$4.10	\$4.10
Sewer Department			
Sewer Rates per 100 Cubic Feet of Water Used Monthly (1)	\$7.00	\$7.00	\$7.00
Total Flow of Wastewater Treatment Plant	4,300	4,174	4,120
Average Daily Flow (millions of gallons per day)	11.79	11.42	11.30
Tons of Dry Sludge Removed	1,491	1,650	1,357

Source: City Records

(1) Based on 5/8" meter

Note: Information prior to 2004 not available.

<u>2005</u>	<u>2004</u>
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
0	0
\$4.10	\$4.10
\$7.00	\$7.00
3,943	3,868
10.82	10.57
1,466	1,468

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

Function/Program	2008	2007	2006
Security of Persons and Property-Police			
Stations	1	1	1
Vehicles	27	25	27
Security of Persons and Property-Fire			
Stations	3	3	3
Vehicles	16	15	14
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	34	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	5
Engineering Vehicles	10	10	10
Water			
Water Lines (miles)	134.69	134.66	134.37
Vehicles	16	16	16
Sewer			
Sewer Lines (miles)	163.49	162.52	162.50
Vehicles	19	19	19

Source: City Records

2005	2004
1	1
22	22
3	3
14	13
3	3
21	21
4	4
1	1
1	1
17	17
1	1
34	34
1	1
113.7	112.3
30	30
6	6
5	5
10	10
134.37	134.37
17	17
161.73	161.73
20	20





Mary Taylor, CPA
Auditor of State

CITY OF SANDUSKY

ERIE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 1, 2009**