



**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, 2006**

<b>FEDERAL GRANTOR Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Direct</i>			
Community Development Block Grant - Entitlement Grants	N/A	14.218	\$ 741,176
<i>Passed Through Ohio Department of Development</i>			
HOME Investment Partnerships Program	A-C-04-172	14.239	31,542
	A-C-05-172		<u>498,223</u>
Total HOME Investment Partnership Program			529,765
Community Development Block Grant -	A-E-03-172	14.228	2,604
	A-F-03-172		307
	A-T-02-172		371
	A-X-03-172		<u>288,026</u>
Total Community Development Block Grant			291,308
Total Passed Through Ohio Department of Development			<u>821,073</u>
Total United States Department of Housing and Urban Development			<u><b>1,562,249</b></u>
<b>UNITED STATES DEPARTMENT OF TRANSPORTATION</b>			
<i>Direct</i>			
Federal Transit Grant	N/A	20.507	<u>996,708</u>
Total United States Department of Transportation			<b>996,708</b>
<b>UNITED STATES ENVIRONMENTAL PROTECTION AGENCY</b>			
<i>Direct</i>			
Brownfields Assessment and Cleanup Cooperative Agreements	N/A	66.818	<u>191,624</u>
Total United States Environmental Protection Agency			<b>191,624</b>
<b>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Direct</i>			
Assistance to Firefighters Grant	EMW-2004-FP-02168	97.044	23,946
	EMW-2004-FG-13528		<u>124,611</u>
Total Assistance to Firefighters Grant			<u>148,557</u>
Total United States Department of Homeland Security			<u><b>148,557</b></u>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<u><b>\$ 2,899,138</b></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, 2006**

**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, to eligible persons to rehabilitate homes, for rental housing rehabilitation, and for economic development. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City passed through the Ohio Department of Development. The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures (the Schedule). Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by equipment or other assets acquired or improved through the loan proceeds. At December 31, 2006, the gross amount of loans outstanding under this program was \$2,794,227. Loans in default due are \$54,902.

**NOTE C - MATCHING REQUIREMENTS**

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



# Mary Taylor, CPA

Auditor of State

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

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

To the City Commission:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandusky, Erie County, (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 31, 2007. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 through 2006-002.

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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 believe none of the significant deficiencies described above are a material weakness.

We also noted certain internal control matters that we reported to the City's management in a separate letter dated July 31, 2007.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated July 31, 2007.

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



**Mary Taylor, CPA**  
Auditor of State

July 31, 2007





# Mary Taylor, CPA

Auditor of State

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

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

To the City Commission:

### Compliance

We have audited the compliance of the City of Sandusky, Erie County (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2006. 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 each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City of Sandusky complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2006.

### 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

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determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

#### **Federal Awards Expenditures Schedule**

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Sandusky as of and for the year ended December 31, 2006, and have issued our report thereon dated July 31, 2007. Our audit was performed to form an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying federal awards expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



**Mary Taylor, CPA**  
Auditor of State

July 31, 2007

**CITY OF SANDUSKY  
ERIE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2006**

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

<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)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Development Block Grant – Entitlement Grants (CFDA #14.218)
<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

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

**FINDING NUMBER 2006-001**

**Noncompliance and Significant Deficiency**

Ohio Revised Code § 5705.38 (C) requires appropriation measures to be classified so as to set forth separately the amounts appropriated for each office, department, and division, and within each, the amount appropriated for personal services.

**FINDING NUMBER 2006-001  
(Continued)**

Contrary to this section, the City Commission passes appropriations for the General Fund by department, but appropriates all other funds at only the fund level. City officials became aware of this requirement during the prior audit and modified their appropriations for the year 2007, however, they are still not in full compliance as personal services are not set out separately.

Appropriating at the fund level does not enable the City Commission to monitor City expenditures at a level detailed enough to provide adequate control or make informed decisions. The City Commission should adopt its next appropriation measure in accordance with the provisions outlined in this section.

**Officials' Response:**

Officials chose not to respond.

**FINDING NUMBER 2006-002**

**Significant Deficiency**

**Reconciliations**

The employee assigned by the Finance Director to reconcile bank accounts reviews each month's bank activity online for unusual transactions; however she does not formally reconcile City records to bank balances on a monthly basis. We noted several errors and other reconciling items went unadjusted for long periods of time. To reduce the risk of asset loss and to ensure that monies are properly recorded in City records, we recommend the Finance Director or the individual he assigns to such duty, reconcile the books to the bank balances on a monthly basis and investigate any adjustments for timely correction.

**Officials' Response:**

Officials chose not to respond.

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

None

CITY OF SANDUSKY  
ERIE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2005-001	ORC §5705.41(B) Expenditures exceeded appropriations.	No	Partially corrected. Reissued in the management letter this audit.



# CITY OF SANDUSKY, OHIO

## Comprehensive Annual Financial Report

For the Year Ended  
December 31, 2006





**INTRODUCTORY  
SECTION**

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# CITY OF SANDUSKY, OHIO

## COMPREHENSIVE

### ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2006

Prepared By:

Department of Finance

Edward A. Widman  
Finance Director

Hank S. Solowiej, CPA  
Senior Accountant/Auditor

Carol A. Roth  
Secretary

Jacki M. Jesberger  
Senior Accounting Clerk II

Heather L. Turner  
Senior Accounting Clerk II



**CITY OF SANDUSKY**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

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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  
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July 31, 2007

To the City Commission and Citizens of Sandusky:

The Comprehensive Annual Financial Report of the City of Sandusky for the year ended December 31, 2006, 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, 2006. The Independent Accountant's Report is located at the front of the financial section of this report.

### **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 travelers. 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 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 83,000 rides annually, with 54 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, 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. This organization is the result of the merging of Firelands and Providence Hospitals. The Firelands Regional Center Main Campus contains over 300 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 will also open another waterpark facility titled "The Rain."

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 and department level in the General Fund and at the fund level for all other budgeted 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 expired on December 31, 2006. On March 26, 2007, the City Commission approved a three year contract with the Fraternal Order of Police - Lodge No. 17. On April 9, 2007, the City Commission approved a three year contract with the International Association of Fire Fighters - Local No. 327. On June 11, 2007, the City Commission approved a three year contract with the American Federation of State, County, and Municipal Employees Local No. 1519. These new 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 the Erie County.

During the past six years, the unemployment rate (not seasonally adjusted) has slowly risen from 5.8 percent in December 2001 to 6.6 percent in December 2006. Unemployment is expected to increase due to plans to close one of the local automotive component plants. In addition, an automobile manufacturer located in Lorain County closed in 2005. That has impacted many City and County residents that were employed there. There has been relatively no growth in total income tax collections from 2001 to 2006. Income tax collections in 2001 were \$7,404,105 while collections in 2006 were \$7,179,950.

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 expenditures required by the revenue, 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, one of which is open year-round, 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." Riders on the super-sized "maXair" sit in outward-facing suspended seats that form a giant circle of 50 passengers; their legs dangle freely and each seat has an individual shoulder restraint and restraining belt. This was a \$12 million investment by Cedar Point. In 2006, Cedar Point added a world-record-breaking thrill ride - "Skyhawk." Skyhawk is the tallest ride of its kind in the world, standing 103 feet above the ground. Skyhawk features two giant swinging arms, each 84 feet in length, with 20 seats on each arm. Each set of 20 seats consists of two rows of 10 seats, positioned back to back, that provides each rider with a "front row" view. Using pneumatic technology, riders are thrilled as they are pushed toward the sky, then experience weightlessness as they reverse direction and rush back toward the ground - just like the drop side of a roller coaster - with no ride structure in their path. At the peak of the arc, riders on "Skyhawk" are more than 125 feet in the air and reach speeds of 60 mph in both directions. This \$6 million investment gives nearly 800 rides an hour and each ride is approximately two minutes long.

In 2007, Cedar Point will take guests to a new frontier. The historic amusement park/resort has announced plans for a new roller coaster for next summer named Maverick. Located in Frontiertown, Maverick will treat riders to multiple terrain-hugging elements that have never been experienced on a Cedar Point roller coaster. Guests will begin their adventurous journey on Maverick by boarding steam era styled coaster trains with an ultra sleek profile that will carry them along the 4,450 foot long course. Linear synchronous motors will propel the train to the top of a 105 foot first hill. From there, it's not straight down - it's more than straight down. Maverick will take its passengers down to Earth at an astonishing 95-degree angle at speeds of up to 57 miles per hour to within five feet above the ground. From there, the train will hug the terrain as it twists and banks around hairpin turns with quick but smooth changes in direction. Throughout the 2-minute, 30-second ride, passengers will also experience "eight airtime-filled hills", three inversions, and a second launch through a dark tunnel that will leave them in awe as they reach speeds of 70 mph. Maverick will be Cedar Point's 17th coaster, more scream machines than any park in the world. Maverick will cost approximately \$21 million to build, making it one of the single largest investments in the park's 137-year history.

In 2004, the Firelands Regional Medical Center began planning for the 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, has been completed and opened December 19, 2005. Construction of a new 90 bed patient tower has begun and the medical center's new Firelands Professional Center I, which houses the new Cancer Center, opened in August 2006, along with physician offices. These three structures and accompanying services will address the three major needs identified by the hospital's Board. Their planning included input from HarleyEllis Deveraux, a top healthcare architectural firm, area physicians, hospital employees, community leaders, and patients.

The City is skilled in raising funds through various grant opportunities. In the last year alone, the City was able to receive over \$2 million in grant and revolving loan payments. These funds help programs that fund fair housing, economic development, public transit, and downtown revitalization efforts. The City has been designated as an Entitlement Community, which allows the City to access federal funds directly from the Department of Housing and Urban Development.

In 1999, the City purchased the Chesapeake Building and adopted an urban renewal plan to revitalize about forty acres of the waterfront, including the Chesapeake property, an area now referred to as the "Paper District." In 2002, the Bayfront Corridor Committee was established to act as an advisory committee on the selection of a developer. They received proposals from six developers and selected Mid-States Development Corporation (Mid-States) to develop the properties. The City has entered into a development agreement with Mid-States for that purpose. The City received a State grant to pay for acquisition, environmental cleanup, and demolition of part of the project site and also issued its urban revitalization notes for that purpose. Mid-States plans to invest over \$130 million to revitalize the Paper District, including the Chesapeake Building. Over 190 condominium units have been reserved by prospective buyers and Mid-States estimates that the first tenants should be moved in by the end of 2007.

The City strives to improve existing housing by obtaining housing improvement grants. The City received a Community Housing Improvement Program (CHIP) grant in 2006 for owner occupied rehabilitation and has applied for a 2007 grant. In addition, the City received a Distress Grant for infrastructure improvements targeted to the City's south side neighborhood. In 2004, the Cold Creek Subdivision broke ground on the City's west side which will contain ninety-five single family homes and one hundred two condominiums.

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

## AWARDS AND ACKNOWLEDGEMENTS

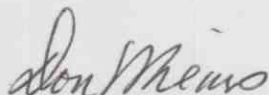
The Government Finance Officers Association of the United States and Canada (GFOA) awarded for the fifteenth time a Certificate of Achievement for Excellence in Financial Reporting to the City of Sandusky for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,



Don Miars  
Interim 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, 2005

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



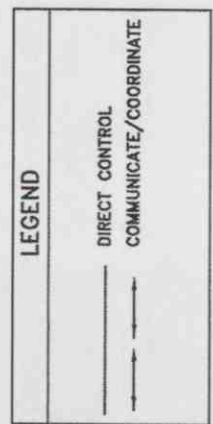
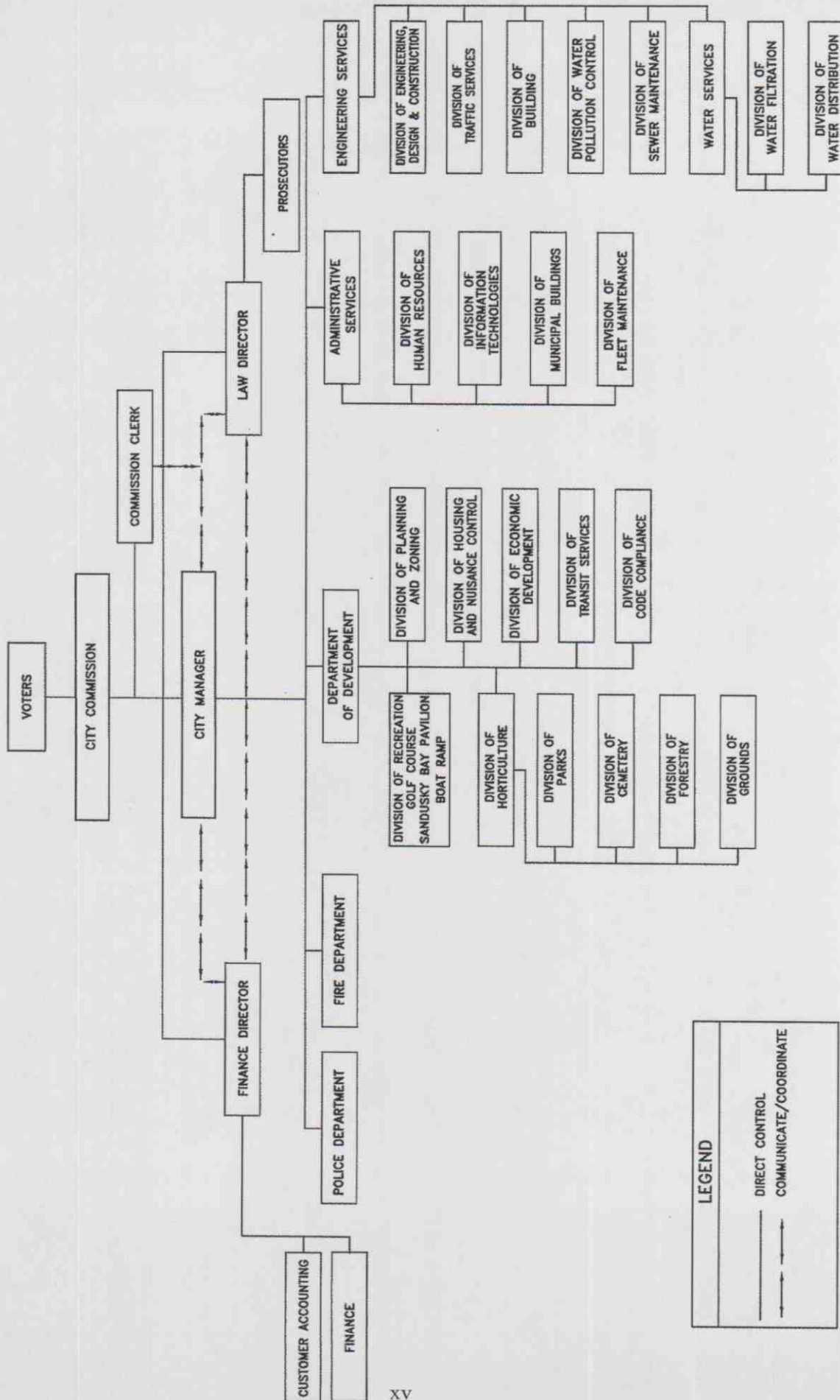
President

Executive Director



# ORGANIZATIONAL CHART City of Sandusky

2006



CITY OF SANDUSKY, OHIO

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ELECTED PUBLIC OFFICIALS  
December 31, 2006

CITY COMMISSION

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

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

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

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

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

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

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

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APPOINTED OFFICIALS  
December 31, 2006

CITY MANAGER  
Michael J. Will

FINANCE DIRECTOR  
Edward A. Widman

LAW DIRECTOR  
Donald C. Icsman

CLERK OF COMMISSION  
B. Joyce Brown

**FINANCIAL**

**SECTION**





# Mary Taylor, CPA

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## Auditor of State

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, 2006, 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, 2006, 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 July 31, 2007, 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](http://www.auditor.state.oh.us)

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

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

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

**Mary Taylor, CPA**  
Auditor of State

July 31, 2007

**CITY OF SANDUSKY**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
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, 2006. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

**HIGHLIGHTS**

Highlights for 2006 are as follows:

In total, the City's net assets increased \$3,849,074, or 5.5 percent (which is generally not significant). Net assets for governmental activities decreased less than 1 percent, and indicates no significant change from the prior year. Business-type activities increased by \$4,196,120, or 15 percent. Business-type activities consist of the City's Water and Sewer funds. These activities are supported by charges for services. The increase in net assets can primarily be attributed to the fact that revenues for business-type activities exceeded expenses in 2006 by over \$4.6 million.

Various contracts for improvements to the City's water and sewer treatment facilities were awarded in 2002. Construction activities on these facilities continued in 2006 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 operating income in 2006, 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 a three-year rate increase period. As of this date, there are no further rate increases anticipated by the City.

**USING THIS ANNUAL REPORT**

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

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

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

**REPORTING THE CITY AS A WHOLE**

The statement of net assets and the statement of activities reflect how the City did financially during 2006. 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, 2006  
Unaudited

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

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

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

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

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

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

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

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



**CITY OF SANDUSKY**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
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 2006 and 2005.

Table 1  
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<u>Assets</u>						
Current and Other Assets	\$24,879,585	\$24,044,491	\$16,614,698	\$16,748,305	\$41,494,283	\$40,792,796
Capital Assets, Net	51,487,335	52,155,265	55,243,605	52,360,715	106,730,940	104,515,980
Total Assets	<u>76,366,920</u>	<u>76,199,756</u>	<u>71,858,303</u>	<u>69,109,020</u>	<u>148,225,223</u>	<u>145,308,776</u>
<u>Liabilities</u>						
Current and Other Liabilities	12,071,254	10,701,120	421,346	1,555,465	12,492,600	12,256,585
Long-Term Liabilities	22,547,153	23,403,077	39,316,168	39,628,886	61,863,321	63,031,963
Total Liabilities	<u>34,618,407</u>	<u>34,104,197</u>	<u>39,737,514</u>	<u>41,184,351</u>	<u>74,355,921</u>	<u>75,288,548</u>
<u>Net Assets</u>						
Invested in Capital Assets, Net of Related Debt	30,075,530	31,671,586	16,501,983	13,366,444	46,577,513	45,038,030
Restricted	12,032,356	10,452,732	0	0	12,032,356	10,452,732
Unrestricted (Deficit)	(359,373)	(28,759)	15,618,806	14,558,225	15,259,433	14,529,466
Total Net Assets	<u>\$41,748,513</u>	<u>\$42,095,559</u>	<u>\$32,120,789</u>	<u>\$27,924,669</u>	<u>\$73,869,302</u>	<u>\$70,020,228</u>

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

For business-type activities, there were two changes of note. First, there was an increase in net capital assets of almost \$2.9 million due to additional construction, including electrical and clearwell improvements at the water treatment plant, sewer treatment plant expansion, and new water and sewer lines. This increase is also reflected in the corresponding increase in invested in capital assets. Second, as a result of a general decrease in almost all current liabilities, there was an offsetting increase in unrestricted net assets.

**CITY OF SANDUSKY**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

Table 2 reflects the changes in net assets for 2006 and 2005.

Table 2  
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<u>Revenues</u>						
Program Revenues						
Charges for Services	\$3,958,546	\$4,000,080	\$11,961,127	\$13,140,634	\$15,919,673	\$17,140,714
Operating Grants, Contributions, and Interest	4,392,095	3,912,640	0	0	4,392,095	3,912,640
Capital Grants and Contributions	1,441,100	755,345	194,076	162,675	1,635,176	918,020
Total Program Revenues	<u>9,791,741</u>	<u>8,668,065</u>	<u>12,155,203</u>	<u>13,303,309</u>	<u>21,946,944</u>	<u>21,971,374</u>
General Revenues						
Property Taxes	2,253,823	2,264,658	0	0	2,253,823	2,264,658
Payment in Lieu of Taxes	23,815	21,793	0	0	23,815	21,793
Municipal Income Taxes	7,179,950	7,156,052	0	0	7,179,950	7,156,052
Other Local Taxes	3,486,825	3,573,094	0	0	3,486,825	3,573,094
Franchise Taxes	254,087	238,015	0	0	254,087	238,015
Grants and Entitlements not Restricted to Specific Programs	2,041,444	2,002,142	0	0	2,041,444	2,002,142
Interest	1,011,952	572,828	691	1,191	1,012,643	574,019
Other	638,096	420,467	304,001	75,022	942,097	495,489
Total General Revenues	<u>16,889,992</u>	<u>16,249,049</u>	<u>304,692</u>	<u>76,213</u>	<u>17,194,684</u>	<u>16,325,262</u>
Total Revenues	<u>26,681,733</u>	<u>24,917,114</u>	<u>12,459,895</u>	<u>13,379,522</u>	<u>39,141,628</u>	<u>38,296,636</u>
<u>Program Expenses</u>						
Security of Persons and Property						
Police	5,487,963	5,266,496	0	0	5,487,963	5,266,496
Fire	5,307,276	5,144,980	0	0	5,307,276	5,144,980
Other	141,866	98,338	0	0	141,866	98,338
Public Health	387,849	371,995	0	0	387,849	371,995
Leisure Time Activities	755,381	532,317	0	0	755,381	532,317
Community Environment	3,414,429	3,089,728	0	0	3,414,429	3,089,728
Transportation	5,335,488	4,107,524	0	0	5,335,488	4,107,524
General Government						
Municipal Court	828,045	829,951	0	0	828,045	829,951
Other	3,499,303	3,633,634	0	0	3,499,303	3,633,634
Interest and Fiscal Charges	1,280,938	1,171,585	0	0	1,280,938	1,171,585
Water	0	0	3,896,902	4,257,055	3,896,902	4,257,055
Sewer	0	0	4,957,114	5,458,838	4,957,114	5,458,838
Total Expenses	<u>26,438,538</u>	<u>24,246,548</u>	<u>8,854,016</u>	<u>9,715,893</u>	<u>35,292,554</u>	<u>33,962,441</u>

(continued)

**CITY OF SANDUSKY**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

Table 2  
Changes in Net Assets  
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Increase in Net Assets before Transfers	\$243,195	\$670,566	\$3,605,879	\$3,663,629	\$3,849,074	\$4,334,195
Transfers	(590,241)	56,189	590,241	(56,189)	0	0
Increase (Decrease) in Net Assets	(347,046)	726,755	4,196,120	3,607,440	3,849,074	4,334,195
Net Assets Beginning of Year	42,095,559	41,368,804	27,924,669	24,317,229	70,020,228	65,686,033
Net Assets End of Year	<u>\$41,748,513</u>	<u>\$42,095,559</u>	<u>\$32,120,789</u>	<u>\$27,924,669</u>	<u>\$73,869,302</u>	<u>\$70,020,228</u>

Although revenues exceeded expenses for governmental activities in 2006, as a result of transfers made to business-type activities, there was a decrease in net assets for the year. A review of both program revenues and general revenues reveals little change from the prior year, with the exception of capital grants and contributions. This increase is related to the "Clean Ohio Grant" for the Bayfront Urban Revitalization Project. In general, program expenses were also very comparable to the prior year. The increase in transportation costs is the result of an increase in street and sidewalk projects. The police and fire departments continue to be the largest share of governmental expenses. These departments comprise 41 percent of all governmental activities costs.

The City's business-type activities are almost entirely funded through charges for services. Both revenues and expenses were down slightly from the prior year; however, revenues generated through charges for services continue to be sufficient to cover costs.

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

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2006	2005	2006	2005
Security of Persons and Property				
Police	\$5,487,963	\$5,266,496	\$5,213,016	\$4,881,194
Fire	5,307,276	5,144,980	4,518,422	4,226,141
Other	141,866	98,338	141,866	98,338
Public Health	387,849	371,995	249,594	246,443
Leisure Time Activities	755,381	532,317	390,457	175,851
Community Environment	3,414,429	3,089,728	789,431	796,384
Transportation	5,335,488	4,107,524	1,114,892	1,031,884
General Government				
Municipal Court	828,045	829,951	(263,192)	(245,073)
Other	3,499,303	3,633,634	3,211,373	3,195,736
Interest and Fiscal Charges	1,280,938	1,171,585	1,280,938	1,171,585
Total Expenses	<u>\$26,438,538</u>	<u>\$24,246,548</u>	<u>\$16,646,797</u>	<u>\$15,578,483</u>

**CITY OF SANDUSKY**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

It should be noted that for all governmental activities, over 63 percent of the revenues to provide these services are derived from the City's general revenues, 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 2006. Leisure time activities received over 48 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 76 percent of its support through program revenues in 2006. This is the result of the various community development block grants and transit grants received from both state and federal sources. The transportation program receives charges for services in the form of permissive motor vehicle license monies. The transportation program also receives operating grants in the form of state levied motor vehicle 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 special revenue funds that provide for certain court activities. The combined operations of the court resulted in the \$263,192 negative net cost of services. At the same time, over \$300,000 of court generated revenues were generated in special revenue funds. These funds are not available to offset the day to day cost of running the court paid from the General Fund.

### **GOVERNMENTAL FUNDS FINANCIAL ANALYSIS**

The City's major governmental funds are the General Fund, and the Capital Projects and Various Improvement capital projects funds. For the General Fund, fund balance increased \$275,860 (8 percent), which is lower than the prior year increase of \$816,368. While most revenues remained similar to the prior year, expenditures and transfers out increased by about 5 percent. The City was able to maximize its yield on investments in 2006 which led to a 63 percent increase in interest earnings in the General Fund. However, the increase in transfers out also indicates that the reliance on the General Fund subsidizing other funds was higher than in the previous year.

The Capital Projects Fund had a 42 percent increase in fund balance in 2006. While expenditures continue to exceed revenues in this fund, it was to a lesser degree in 2006. The City received significantly greater grant resources in 2006, over \$498,000 more, and therefore also had greater capital outlay expenditures. In addition, less capital outlay activity was subsidized by other funds in 2006.

The decrease in fund balance in the Various Improvement Fund of \$1,439,861 (51 percent) is due to the increase in street improvement projects during the year.

### **BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS**

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

For the Water Fund, charges for services revenue was somewhat less than the prior year, in part due to charges to Erie County were not as high. Another fairly significant change from the prior year is related to contributions received in the form of transfers and capital contributions.

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

**BUDGETARY HIGHLIGHTS**

The City prepares an annual budget of revenues and expenditures/expenses for all funds of the City for use by City officials and department heads and such other budgetary documents as are required by State statute. The annual appropriations ordinance cannot be adopted prior to the second Monday in January of each year per City Charter. The City approves a temporary appropriations ordinance until the annual appropriations are approved. The City's most significant budgeted fund is the General Fund. Modifications from the original to the final budget have been minimal. Changes from the final budget to actual amounts received and expended were minimal as well. The General Fund supports many of our major activities such as the Police Department and Fire Department as well as most general government operations. City department heads continue to demonstrate a willingness to work with the administration and elected officials to stay within their budgets and keep cost increases minimal.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital Assets - The City's investment in capital assets for governmental and business-type activities as of December 31, 2006, was \$30,075,530 and \$16,501,983, respectively (net of accumulated depreciation and related debt). The investment in capital assets includes land, construction in progress, buildings, improvements other than buildings, streets, bridges, equipment, utility plant, and water and sewer lines. The primary additions for governmental activities were related to equipment purchases for the police and fire departments. The equipment purchases included police cruisers, a hazmat truck for the fire department, and a fire boat. The primary additions for business-type activities were related to improvements other than buildings at both the water and sewer treatment facilities and for water and sewer line additions on various City streets. For further information on the City's capital assets, refer to Note 11 to the basic financial statements.

Debt - At December 31, 2006, the City had \$7,750,000 in bond anticipation notes payable from governmental activities.

The City also has a number of long-term obligations outstanding. These obligations included \$18,952,866 in general obligation bonds, \$1,970,132 in special assessment bonds, \$2,599,000 in general obligation revenue bonds, and \$36,142,140 in Ohio Water Development Authority loans. Of the total long-term obligations, \$38,741,140 will be repaid from business-type activities.

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

**CITY OF SANDUSKY**  
Management's Discussion and Analysis  
For the Year Ended December 31, 2006  
Unaudited

**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 2007 for public programs. These funds will help programs that fund fire prevention and safety, fair housing, economic development, public transit, and downtown revitalization.

In October 2006, the City Commission authorized the issuance of \$7,750,000 in various improvement notes. The 2006 various improvement notes were issued to retire notes previously issued and to replace the air conditioning unit at the Municipal Building, complete street improvements, sidewalk, curb, and gutter improvements, acquiring a fire boat for the fire department, and to revitalize the Bayfront Urban Revitalization Area by acquiring and clearing various properties, undertaking environmental cleanup and remediation, and exercising options on certain properties within the area. This funding will provide the start for downtown redevelopment that has been anticipated for many years.

In January 2006, the City Commission approved changes in the membership, roles, and duties of the City Audit/Finance Committee. Membership of the Committee includes the City Manager, Finance Director, one member of the City Commission, and seven additional members nominated by the President of the City Commission and confirmed by the City Commission for two-year terms.

In June 2007, the City Manager resigned. The City Commission has appointed James L. (Don) Miers as the Interim City Manager.

**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, 2006

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$11,746,927	\$13,712,272	\$25,459,199
Cash and Cash Equivalents with Escrow Agent	141,670	11,148	152,818
Accounts Receivable	561,654	1,968,712	2,530,366
Accrued Interest Receivable	101,089	0	101,089
Due from Other Governments	2,295,463	244,964	2,540,427
Municipal Income Taxes Receivable	2,485,120	0	2,485,120
Other Local Taxes Receivable	66,576	0	66,576
Prepaid Items	26,172	9,315	35,487
Materials and Supplies Inventory	363,030	619,442	982,472
Property Taxes Receivable	2,448,831	0	2,448,831
Notes Receivable	2,739,325	0	2,739,325
Special Assessments Receivable	1,815,271	0	1,815,271
Unamortized Bond Issuance Costs	88,457	48,845	137,302
Nondepreciable Capital Assets	15,279,670	23,705,623	38,985,293
Depreciable Capital Assets, Net	36,207,665	31,537,982	67,745,647
<b>Total Assets</b>	<b>76,366,920</b>	<b>71,858,303</b>	<b>148,225,223</b>
<u>Liabilities</u>			
Accrued Wages Payable	482,026	137,456	619,482
Accounts Payable	285,179	88,094	373,273
Contracts Payable	172,039	0	172,039
Matured Compensated Absences Payable	50,734	0	50,734
Due to Other Governments	764,539	173,958	938,497
Accrued Interest Payable	126,458	10,690	137,148
Notes Payable	7,750,000	0	7,750,000
Retainage Payable	202,082	11,148	213,230
Deferred Revenue	2,238,197	0	2,238,197
Long-Term Liabilities			
Due Within One Year	1,326,168	609,270	1,935,438
Due in More Than One Year	21,220,985	38,706,898	59,927,883
<b>Total Liabilities</b>	<b>34,618,407</b>	<b>39,737,514</b>	<b>74,355,921</b>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	30,075,530	16,501,983	46,577,513
Restricted for			
Capital Projects	3,531,814	0	3,531,814
Debt Service	155,282	0	155,282
Street Maintenance	926,386	0	926,386
State Grants	3,575,235	0	3,575,235
Federal Grants	2,147,762	0	2,147,762
Other Purposes	1,695,877	0	1,695,877
Unrestricted (Deficit)	(359,373)	15,618,806	15,259,433
<b>Total Net Assets</b>	<b>\$41,748,513</b>	<b>\$32,120,789</b>	<b>\$73,869,302</b>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky  
Statement of Activities  
For the Year Ended December 31, 2006

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	
<u>Governmental Activities</u>				
Security of Persons and Property				
Police	\$5,487,963	\$205,984	\$68,963	\$0
Fire	5,307,276	617,742	171,112	0
Other	141,866	0	0	0
Public Health	387,849	128,255	10,000	0
Leisure Time Activities	755,381	297,903	48,151	18,870
Community Environment	3,414,429	234,689	1,929,740	460,569
Transportation	5,335,488	1,150,337	2,108,598	961,661
General Government				
Municipal Court	828,045	1,036,688	54,549	0
Other	3,499,303	286,948	982	0
Interest and Fiscal Charges	1,280,938	0	0	0
<b>Total Governmental Activities</b>	<b>26,438,538</b>	<b>3,958,546</b>	<b>4,392,095</b>	<b>1,441,100</b>
<u>Business-Type Activities</u>				
Water	3,896,902	5,401,818	0	0
Sewer	4,957,114	6,559,309	0	194,076
<b>Total Business-Type Activities</b>	<b>8,854,016</b>	<b>11,961,127</b>	<b>0</b>	<b>194,076</b>
<b>Total</b>	<b>\$35,292,554</b>	<b>\$15,919,673</b>	<b>\$4,392,095</b>	<b>\$1,635,176</b>

General Revenues

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

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See Accompanying Notes to the Basic Financial Statements



Net (Expense) Revenue  
and Change in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$5,213,016)	\$0	(\$5,213,016)
(4,518,422)	0	(4,518,422)
(141,866)	0	(141,866)
(249,594)	0	(249,594)
(390,457)	0	(390,457)
(789,431)	0	(789,431)
(1,114,892)	0	(1,114,892)
263,192	0	263,192
(3,211,373)	0	(3,211,373)
(1,280,938)	0	(1,280,938)
(16,646,797)	0	(16,646,797)
0	1,504,916	1,504,916
0	1,796,271	1,796,271
0	3,301,187	3,301,187
(16,646,797)	3,301,187	(13,345,610)
1,653,693	0	1,653,693
271,237	0	271,237
328,893	0	328,893
23,815	0	23,815
6,424,092	0	6,424,092
419,919	0	419,919
335,939	0	335,939
3,486,825	0	3,486,825
254,087	0	254,087
2,041,444	0	2,041,444
1,011,952	691	1,012,643
638,096	304,001	942,097
16,889,992	304,692	17,194,684
(590,241)	590,241	0
16,299,751	894,933	17,194,684
(347,046)	4,196,120	3,849,074
42,095,559	27,924,669	70,020,228
\$41,748,513	\$32,120,789	\$73,869,302

City of Sandusky  
Balance Sheet  
Governmental Funds  
December 31, 2006

	General	Capital Projects	Various Improvement	Other Governmental	Total Governmental Funds
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$3,183,181	\$2,887,730	\$485,067	\$5,120,849	\$11,676,827
Accounts Receivable	215,375	0	345,581	698	561,654
Accrued Interest Receivable	83,910	0	0	17,179	101,089
Interfund Receivable	53,119	0	0	0	53,119
Due from Other Governments	984,787	440,421	0	870,255	2,295,463
Municipal Income Taxes Receivable	2,205,544	0	0	279,576	2,485,120
Other Local Taxes Receivable	34,336	0	0	32,240	66,576
Prepaid Items	25,009	46	0	1,117	26,172
Materials and Supplies Inventory	257,797	0	0	105,233	363,030
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	70,100	0	0	0	70,100
Cash and Cash Equivalents with Escrow Agent	0	141,670	0	0	141,670
Property Taxes Receivable	1,803,012	0	0	645,819	2,448,831
Notes Receivable	0	0	0	2,739,325	2,739,325
Special Assessments Receivable	0	0	0	1,815,271	1,815,271
<b>Total Assets</b>	<b>\$8,916,170</b>	<b>\$3,469,867</b>	<b>\$830,648</b>	<b>\$11,627,562</b>	<b>\$24,844,247</b>
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accrued Wages Payable	\$448,286	\$462	\$2,967	\$30,311	\$482,026
Accounts Payable	53,011	18,590	0	213,578	285,179
Contracts Payable	0	172,039	0	0	172,039
Matured Compensated Absences Payable	50,734	0	0	0	50,734
Interfund Payable	0	0	53,119	0	53,119
Due to Other Governments	337,762	1,630	5,144	420,003	764,539
Accrued Interest Payable	0	25,023	36,250	0	61,273
Notes Payable	0	3,165,000	4,585,000	0	7,750,000
Retainage Payable	0	0	60,412	0	60,412
Deferred Revenue	4,452,897	434,185	345,581	3,262,329	8,494,992
Liabilities Payable from Restricted Assets:					
Retainage Payable	0	141,670	0	0	141,670
<b>Total Liabilities</b>	<b>5,342,690</b>	<b>3,958,599</b>	<b>5,088,473</b>	<b>3,926,221</b>	<b>18,315,983</b>
<u>Fund Balance</u>					
Reserved for Encumbrances	41,738	848,256	42,561	280,076	1,212,631
Reserved for Unclaimed Monies	70,100	0	0	0	70,100
Reserved for Notes Receivable	0	0	0	2,462,451	2,462,451
Unreserved, Reported in					
General Fund	3,461,642	0	0	0	3,461,642
Special Revenue Funds	0	0	0	4,650,635	4,650,635
Debt Service Funds	0	0	0	231,142	231,142
Capital Projects Funds (Deficit)	0	(1,336,988)	(4,300,386)	77,037	(5,560,337)
<b>Total Fund Balance (Deficit)</b>	<b>3,573,480</b>	<b>(488,732)</b>	<b>(4,257,825)</b>	<b>7,701,341</b>	<b>6,528,264</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$8,916,170</b>	<b>\$3,469,867</b>	<b>\$830,648</b>	<b>\$11,627,562</b>	<b>\$24,844,247</b>

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, 2006

Total Governmental Fund Balance		\$6,528,264
<p>Amounts reported for governmental activities on the statement of net assets are different because of the following:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		51,487,335
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds:		
Accounts Receivable	504,034	
Accrued Interest Receivable	94,895	
Due from Other Governments	1,597,379	
Municipal Income Taxes Receivable	2,033,501	
Other Local Taxes Receivable	1,081	
Property Taxes Receivable	210,634	
Special Assessments Receivable	1,815,271	
		6,256,795
Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.		88,457
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued Interest Payable	(65,185)	
General Obligation Bonds Payable	(18,413,397)	
Special Assessment Bonds Payable	(1,974,032)	
Compensated Absences Payable	(2,013,510)	
Capital Leases Payable	(146,214)	
		(22,612,338)
Net Assets of Governmental Activities		\$41,748,513

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, 2006

	General	Capital Projects	Various Improvement	Other Governmental	Total Governmental Funds
<u>Revenues</u>					
Property Taxes	\$1,641,570	\$0	\$0	\$583,777	\$2,225,347
Payment in Lieu of Taxes	0	0	0	23,815	23,815
Municipal Income Taxes	6,543,054	0	0	770,938	7,313,992
Other Local Taxes	3,486,411	0	0	447,264	3,933,675
Special Assessments	0	0	50,620	336,626	387,246
Charges for Services	339,441	489,622	68,932	517,868	1,415,863
Fees, Licenses, and Permits	547,814	135,174	67,660	77,646	828,294
Fines and Forfeitures	931,286	0	0	42,277	973,563
Intergovernmental	2,055,945	731,669	149,427	4,103,073	7,040,114
Interest	929,437	0	2,857	143,074	1,075,368
Other	470,783	637,046	22,305	455,125	1,585,259
<b>Total Revenues</b>	<b>16,945,741</b>	<b>1,993,511</b>	<b>361,801</b>	<b>7,501,483</b>	<b>26,802,536</b>
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	4,778,288	0	0	620,613	5,398,901
Fire	4,052,153	0	0	894,365	4,946,518
Other	141,866	0	0	0	141,866
Public Health	333,695	0	0	21,090	354,785
Leisure Time Activities	0	0	0	590,560	590,560
Community Environment	1,781,423	0	0	1,794,512	3,575,935
Transportation	1,025	0	0	2,554,349	2,555,374
General Government					
Municipal Court	789,382	0	0	0	789,382
Other	3,002,062	0	0	0	3,002,062
Other	0	0	0	185,530	185,530
Capital Outlay	0	2,170,857	1,819,764	0	3,990,621
Debt Service:					
Principal Retirement	0	32,626	0	912,001	944,627
Interest and Fiscal Charges	0	103,571	152,290	1,023,760	1,279,621
<b>Total Expenditures</b>	<b>14,879,894</b>	<b>2,307,054</b>	<b>1,972,054</b>	<b>8,596,780</b>	<b>27,755,782</b>
Excess of Revenues Over (Under) Expenditures	2,065,847	(313,543)	(1,610,253)	(1,095,297)	(953,246)
<u>Other Financing Sources (Uses)</u>					
Special Assessment Bonds Issued	0	0	0	104,000	104,000
Sale of Capital Assets	3,355	20,800	0	22,501	46,656
Transfers In	0	650,495	170,392	1,869,453	2,690,340
Transfers Out	(1,793,342)	0	0	(688,427)	(2,481,769)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,789,987)</b>	<b>671,295</b>	<b>170,392</b>	<b>1,307,527</b>	<b>359,227</b>
Changes in Fund Balance	275,860	357,752	(1,439,861)	212,230	(594,019)
Fund Balance (Deficit) Beginning of Year	3,297,620	(846,484)	(2,817,964)	7,489,111	7,122,283
Fund Balance (Deficit) End of Year	<u>\$3,573,480</u>	<u>(\$488,732)</u>	<u>(\$4,257,825)</u>	<u>\$7,701,341</u>	<u>\$6,528,264</u>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky  
 Reconciliation of Statement of Revenues, Expenditures,  
 and Changes in Fund Balance  
 of Governmental Funds to Statement of Activities  
 For the Year Ended December 31, 2006

Change in Fund Balance - Total Governmental Funds (\$594,019)

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	1,821,393	
Capital Contributions	111,925	
Depreciation	<u>(2,486,299)</u>	(552,981)

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

Proceeds from Sale of Capital Assets	(46,656)	
Loss on Disposal of Capital Assets	<u>(68,293)</u>	(114,949)

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

Property Taxes	28,476	
Municipal Income Taxes	(134,042)	
Other Local Taxes	414	
Special Assessments	(144,158)	
Charges for Services	33,252	
Fees, Licenses, and Permits	3,754	
Intergovernmental	222,229	
Interest	<u>47,519</u>	57,444

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	654,867	
Special Assessment Bonds Payable	257,134	
Capital Leases Payable	<u>32,626</u>	944,627

The accounting loss on refunded debt is reported as an expense at the time of refunding, but is amortized over the life of the new debt on the statement of activities. (3,743)

Bond proceeds are other financing sources in the governmental funds, but the issuance increases long-term liabilities on the statement of net assets. (104,000)

Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of net assets. 891

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of net assets. 2,676

(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, 2006  
(continued)

Issuance costs are reported as an expenditure when paid in the governmental funds, but is accrued on outstanding debt on the statement of net assets.	(\$1,141)
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.	<u>18,149</u>
Change in Net Assets of Governmental Activities	<u><u>(\$347,046)</u></u>
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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
<u>Revenues</u>				
Property Taxes	\$1,762,884	\$1,661,236	\$1,661,236	\$0
Municipal Income Taxes	6,943,994	6,271,510	6,271,510	0
Other Local Taxes	3,970,547	3,484,155	3,475,825	(8,330)
Charges for Services	359,885	364,919	347,856	(17,063)
Fees, Licenses, and Permits	619,329	550,945	549,530	(1,415)
Fines and Forfeitures	1,001,786	934,970	934,970	0
Intergovernmental	1,449,223	2,157,500	2,157,500	0
Interest	450,000	930,293	926,768	(3,525)
Other	106,500	244,927	244,927	0
<b>Total Revenues</b>	<b>16,664,148</b>	<b>16,600,455</b>	<b>16,570,122</b>	<b>(30,333)</b>
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	4,835,645	4,802,137	4,749,640	52,497
Fire	4,314,322	4,229,830	4,197,605	32,225
Other	115,484	143,484	140,678	2,806
Public Health	311,649	366,284	333,601	32,683
Community Environment	1,986,506	1,906,752	1,803,157	103,595
Transportation	0	1,025	1,025	0
General Government				
Municipal Court	848,855	831,524	798,532	32,992
Other	2,711,871	3,092,771	2,914,013	178,758
<b>Total Expenditures</b>	<b>15,124,332</b>	<b>15,373,807</b>	<b>14,938,251</b>	<b>435,556</b>
Excess of Revenues Over Expenditures	1,539,816	1,226,648	1,631,871	405,223
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	159,550	229,187	229,187	0
Sale of Capital Assets	0	3,355	3,355	0
Advances In	30,437	30,437	30,437	0
Transfers Out	(1,339,625)	(1,829,185)	(1,793,342)	35,843
<b>Total Other Financing Sources (Uses)</b>	<b>(1,149,638)</b>	<b>(1,566,206)</b>	<b>(1,530,363)</b>	<b>35,843</b>
Changes in Fund Balance	390,178	(339,558)	101,508	441,066
Fund Balance Beginning of Year	3,045,670	3,045,670	3,045,670	0
Prior Year Encumbrances Appropriated	84,662	84,662	84,662	0
<b>Fund Balance End of Year</b>	<b>\$3,520,510</b>	<b>\$2,790,774</b>	<b>\$3,231,840</b>	<b>\$441,066</b>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky  
Statement of Fund Net Assets  
Enterprise Funds  
December 31, 2006

	Water	Sewer	Total
<u>Assets</u>			
<u>Current Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$9,333,745	\$4,378,527	\$13,712,272
Accounts Receivable	525,065	1,443,647	1,968,712
Due from Other Governments	184,123	60,841	244,964
Prepaid Items	4,861	4,454	9,315
Materials and Supplies Inventory	267,998	351,444	619,442
Restricted Assets:			
Cash and Cash Equivalents with Escrow Agent	0	11,148	11,148
<b>Total Current Assets</b>	<b>10,315,792</b>	<b>6,250,061</b>	<b>16,565,853</b>
<u>Non-Current Assets</u>			
Unamortized Bond Issuance Costs	20,506	28,339	48,845
Nondepreciable Capital Assets	8,272,619	15,433,004	23,705,623
Depreciable Capital Assets, Net	14,945,929	16,592,053	31,537,982
<b>Total Non-Current Assets</b>	<b>23,239,054</b>	<b>32,053,396</b>	<b>55,292,450</b>
<b>Total Assets</b>	<b>33,554,846</b>	<b>38,303,457</b>	<b>71,858,303</b>
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accrued Wages Payable	65,455	72,001	137,456
Accounts Payable	8,908	79,186	88,094
Due to Other Governments	82,406	91,552	173,958
Accrued Interest Payable	2,227	8,463	10,690
Retainage Payable	0	11,148	11,148
General Obligation Revenue Bonds Payable	85,000	87,000	172,000
OWDA Loans Payable	0	295,310	295,310
Compensated Absences Payable	97,416	44,544	141,960
<b>Total Current Liabilities</b>	<b>341,412</b>	<b>689,204</b>	<b>1,030,616</b>
<u>Non-Current Liabilities</u>			
General Obligation Revenue Bonds Payable	505,507	1,970,820	2,476,327
OWDA Loans Payable	13,754,850	22,091,980	35,846,830
Compensated Absences Payable	206,524	177,217	383,741
<b>Total Non-Current Liabilities</b>	<b>14,466,881</b>	<b>24,240,017</b>	<b>38,706,898</b>
<b>Total Liabilities</b>	<b>14,808,293</b>	<b>24,929,221</b>	<b>39,737,514</b>
<u>Net Assets</u>			
Invested in Capital Assets, Net of Related Debt	8,893,697	7,608,286	16,501,983
Unrestricted	9,852,856	5,765,950	15,618,806
<b>Total Net Assets</b>	<b>\$18,746,553</b>	<b>\$13,374,236</b>	<b>\$32,120,789</b>

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, 2006

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<u>Operating Revenues</u>			
Charges for Services	\$5,401,818	\$6,559,309	\$11,961,127
Other	246,321	57,680	304,001
Total Operating Revenues	<u>5,648,139</u>	<u>6,616,989</u>	<u>12,265,128</u>
<u>Operating Expenses</u>			
Personal Services	2,017,788	2,339,272	4,357,060
Travel and Transportation	14,029	17,942	31,971
Contractual Services	662,279	1,194,453	1,856,732
Materials and Supplies	389,246	76,282	465,528
Depreciation	254,182	614,234	868,416
Other	4,384	4,092	8,476
Total Operating Expenses	<u>3,341,908</u>	<u>4,246,275</u>	<u>7,588,183</u>
Operating Income	<u>2,306,231</u>	<u>2,370,714</u>	<u>4,676,945</u>
<u>Non-Operating Revenues (Expenses)</u>			
Interest Revenue	223	468	691
Interest Expense	(554,994)	(710,839)	(1,265,833)
Total Non-Operating Revenues (Expenses)	<u>(554,771)</u>	<u>(710,371)</u>	<u>(1,265,142)</u>
Income before Contributions and Transfers	1,751,460	1,660,343	3,411,803
Capital Contributions	0	194,076	194,076
Transfers In	415,419	383,393	798,812
Transfers Out	(63,166)	(145,405)	(208,571)
Changes in Net Assets	2,103,713	2,092,407	4,196,120
Net Assets Beginning of Year	<u>16,642,840</u>	<u>11,281,829</u>	<u>27,924,669</u>
Net Assets End of Year	<u>\$18,746,553</u>	<u>\$13,374,236</u>	<u>\$32,120,789</u>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky  
Statement of Cash Flows  
Enterprise Funds  
For the Year Ended December 31, 2006

	<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	\$5,982,176	\$6,359,131	\$12,341,307
Cash Payments for Personal Services	(2,064,862)	(2,269,907)	(4,334,769)
Cash Payments for Contractual Services	(591,070)	(1,214,390)	(1,805,460)
Cash Payments to Vendors	(677,268)	(389,699)	(1,066,967)
Cash Received from Other Revenues	246,950	57,680	304,630
Cash Payments for Other Expenses	(4,429)	(4,180)	(8,609)
Net Cash Provided by Operating Activities	<u>2,891,497</u>	<u>2,538,635</u>	<u>5,430,132</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers In	415,419	383,393	798,812
Transfers Out	(63,166)	(145,405)	(208,571)
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>352,253</u>	<u>237,988</u>	<u>590,241</u>
<u>Cash Flows from Capital and Related Financing Activities</u>			
Principal Paid on General Obligation Revenue Bonds	(205,000)	(92,000)	(297,000)
Principal Paid on OWDA Loans	(555,306)	(819,017)	(1,374,323)
Interest Paid on General Obligation Revenue Bonds	(40,139)	(101,274)	(141,413)
Interest Paid on OWDA Loans	(849,951)	(1,174,543)	(2,024,494)
OWDA Loans Issued	966,221	452,465	1,418,686
Acquisition of Capital Assets	(2,417,017)	(1,334,289)	(3,751,306)
Capital Contributions	0	194,076	194,076
Net Cash Used for Capital and Related Financing Activities	<u>(3,101,192)</u>	<u>(2,874,582)</u>	<u>(5,975,774)</u>
<u>Cash Flows from Investing Activities</u>			
Interest	223	468	691
Net Increase (Decrease) in Cash and Cash Equivalents	142,781	(97,491)	45,290
Cash and Cash Equivalents Beginning of Year	<u>9,190,964</u>	<u>4,487,166</u>	<u>13,678,130</u>
Cash and Cash Equivalents End of Year	<u>\$9,333,745</u>	<u>\$4,389,675</u>	<u>\$13,723,420</u>

(continued)

City of Sandusky  
Statement of Cash Flows  
Enterprise Funds  
For the Year Ended December 31, 2006  
(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	\$2,306,231	\$2,370,714	\$4,676,945
<u>Adjustments to Reconcile Operating Income to Net</u>			
<u>Cash Provided by Operating Activities</u>			
Depreciation	254,182	614,234	868,416
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(16,170)	(273,975)	(290,145)
Decrease in Due from Other Governments	597,157	73,797	670,954
Decrease in Prepaid Items	25,528	29,301	54,829
Increase in Materials and Supplies Inventory	(18,874)	(242,689)	(261,563)
Increase (Decrease) in Accrued Wages Payable	(6,506)	651	(5,855)
Decrease in Accounts Payable	(37,776)	(36,102)	(73,878)
Decrease in Contracts Payable	(168,987)	(42,559)	(211,546)
Increase (Decrease) in Due to Other Governments	(6,728)	89,934	83,206
Decrease in Retainage Payable	(2,871)	(23,113)	(25,984)
Decrease in Compensated Absences Payable	(33,689)	(21,558)	(55,247)
Net Cash Provided by Operating Activities	<u>\$2,891,497</u>	<u>\$2,538,635</u>	<u>\$5,430,132</u>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky  
Statement of Fiduciary Assets and Liabilities  
Agency Funds  
December 31, 2006

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$242,256</u>
 <u>Liabilities</u>	
Due to Other Governments	\$48,498
Undistributed Assets	<u>193,758</u>
 Total Liabilities	 <u>\$242,256</u>

See Accompanying Notes to the Basic Financial Statements

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**

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**NOTE 1 - DESCRIPTION OF THE CITY OF SANDUSKY AND THE REPORTING ENTITY**

A. The City

The City of Sandusky is a charter municipal corporation founded in 1818, with the charter adopted by the electors on July 28, 1914. The City may exercise all powers of home rule granted under Article XVIII, Section 3, of the Ohio Constitution not in conflict with applicable general laws of Ohio.

The City operates under a part-time seven member commission and full-time city manager form of government. Services provided include police, fire, ambulance, municipal court, engineering, planning and zoning, street maintenance and repair, public transit, parks and recreation programs (including a municipal golf course), cemetery, water filtration, wastewater treatment, and general administrative services. Except for water and sewer, major utilities are provided by private entities.

B. Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City. For the City of Sandusky, this includes the Sandusky Municipal Court and all departments and activities that are directly operated by the elected City officials.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the issuance of debt, or the levying of taxes. There were no component units of the City of Sandusky in 2006.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
**(continued)**

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
**(continued)**

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

Governmental Funds

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

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

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

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

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

Proprietary Funds

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

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

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

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

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
**(continued)**

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are not available to support the City's own programs. The City did not have any trust funds in 2006. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for various funds held for final disposition to the Erie County Law Library, contractors, municipal courts (excluding the City of Sandusky), and employee payroll deductions.

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

D. Basis of Accounting

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



**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
**(continued)**

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

Revenues - Exchange and Nonexchange Transactions

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

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

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

Deferred Revenues

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

Property taxes for which there was an enforceable legal claim at December 31, 2006, but were levied to finance 2007 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, 2006**  
**(continued)**

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

E. Budgetary Process

All funds, except agency funds, are required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amount the City Commission may appropriate. The appropriations ordinance is the City Commission's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the City Commission. The legal level of control has been established by the City Commission at the fund and department level in the General Fund and at the fund level for all other 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 2006, the City's investments included nonnegotiable certificates of deposit, federal agency securities, and Star Ohio. Nonnegotiable certificates of deposit are reported at cost. Other investments 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, 2006.

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 2006 was \$929,437, which includes \$513,442 assigned from other City funds.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
**(continued)**

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

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2006, 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, or 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. 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, 2006**  
(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, 2006**  
**(continued)**

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

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For the enterprise funds, the entire amount of compensated absences is reported as a fund liability.

**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, 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. As of December 31, 2006, there were no net assets restricted by enabling legislation.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
**(continued)**

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

Q. Fund Balance Reserves

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

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.

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.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
**(continued)**

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**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE**

For 2006, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 47, "Accounting for Termination Benefits". This statement establishes accounting standards for termination benefits.

**NOTE 4 - ACCOUNTABILITY**

At December 31, 2006, the Parks and Recreational, Fire Pension, and Police Pension special revenue funds had deficit fund balances, in the amount of \$18,902, \$218,560, and \$150,461, 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 \$488,732 and \$4,257,825, 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.

**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, 2006**  
(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	\$275,860
<u>Increases (Decreases) Due To</u>	
Revenue Accruals:	
Accrued 2005, Received in Cash 2006	684,104
Accrued 2006, Not Yet Received in Cash	(886,164)
Expenditure Accruals:	
Accrued 2005, Paid in Cash 2006	(882,095)
Accrued 2006, Not Yet Paid in Cash	901,890
Cash Adjustments:	
Unrecorded Activity 2005	22,443
Unrecorded Activity 2006	33,185
Prepaid Items	116,171
Materials and Supplies Inventory	(139,697)
Advances In	30,437
Encumbrances Outstanding at Year End (Budget Basis)	(54,626)
Budget Basis	\$101,508

**NOTE 6 - DEPOSITS AND INVESTMENTS**

Monies held by the City are classified by State statute into three categories.

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

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



**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
**(continued)**

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

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 provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
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.

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State as to which there is no default of principal, interest, or coupons; and
3. Obligations of the City.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
(continued)

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,521,781 of the City's bank balance of \$11,912,293 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, 2006, the City had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Federal National Mortgage Association Debentures	\$299,625	1/19/07
Federal National Mortgage Association Notes	990,260	3/7/07
Federal National Mortgage Association Notes	999,570	9/28/07
Federal National Mortgage Association Notes	498,400	11/28/07
Federal National Mortgage Association Notes	494,775	3/24/08
Federal National Mortgage Association Notes	99,854	4/4/08
Federal National Mortgage Association Notes	1,496,100	10/3/08
Federal Home Loan Bank Bonds	997,100	2/23/07
Federal Home Loan Bank Notes	999,820	6/18/07
Federal Home Loan Bank Bonds	494,445	3/24/08
Federal Home Loan Bank Notes	499,195	9/19/08
Federal Home Loan Bank Bonds	99,471	2/22/11
Federal Home Loan Mortgage Corporation Notes	997,500	4/18/07
Federal Home Loan Mortgage Corporation Notes	998,000	2/8/08
Federal Home Loan Mortgage Corporation Notes	1,484,640	6/2/08
Federal Home Loan Mortgage Corporation Notes	496,275	2/15/07
STAR Ohio	2,200,420	35 days
Total Investments	<u>\$14,145,450</u>	

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
(continued)

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

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. 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	\$4,878,584	34.5%
Federal Home Loan Bank	3,090,031	21.8
Federal Home Loan Mortgage Corporation	3,976,415	28.1

**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2006, consisted of accounts (billings for user charged services, including unbilled utility services); accrued interest; interfund; intergovernmental receivables arising from grants, entitlements, and shared revenues; municipal income taxes; other local taxes; property taxes; notes; and special assessments. All receivables are considered fully collectible within one year, except for notes receivable and special assessments. Notes receivable, in the amount of \$2,462,451, will not be received within one year. Special assessments, in the amount of \$1,473,648, will not be received within one year. At December 31, 2006, the amount of delinquent special assessments was \$341,286.

	Amount
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	\$79,484
Personal Property Phase-Out	18,196
Local Government	395,234
Local Government Revenue Assistance	59,637
Beer and Liquor Permits	28,664
Estate Tax	369,667
Fines and Forfeitures	33,905
Total General Fund	984,787

(continued)

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
(continued)

**NOTE 7 - RECEIVABLES** (continued)

	Amount
Governmental Activities (continued)	
Capital Projects Fund	
Fees, Licenses, and Permits	\$6,236
Cove Channel Project	47,346
East Bay Channel Project	386,839
Total Capital Projects Fund	440,421
Total Major Funds	1,425,208
Nonmajor Funds	
Street Maintenance	
Gasoline Tax	393,433
Motor Vehicle License Tax	87,056
Permissive Motor Vehicle License Tax	261
Total Street Maintenance	480,750
State Highway	
Gasoline Tax	31,900
Motor Vehicle License Tax	7,059
Total State Highway	38,959
Fire Pension	
Homestead and Rollback	6,533
Personal Property Phase-Out	1,496
Total Fire Pension	8,029
Police Pension	
Homestead and Rollback	6,533
Personal Property Phase-Out	1,496
Total Police Pension	8,029
State Grants	
Housing Grant	3,006
Community Corrections Grant	24,377
Coastal Management Grant	11,031
Total State Grants	38,414
Federal Grants	
Housing Grant	183,042
Local Law Enforcement Block Grant	13,433
Federal Transit Administration Grant	72,128
Total Federal Grants	268,603

(continued)

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
(continued)

**NOTE 7 - RECEIVABLES** (continued)

	Amount
Governmental Activities (continued)	
Nonmajor Funds (continued)	
Indigent Drivers Alcohol	
Fees, Licenses, and Permits	\$679
Enforcement and Education	
Fines and Forfeitures	358
Court Computerization	
Fines and Forfeitures	602
Municipal Probation	
Fees, Licenses, and Permits	4,056
General Bond Retirement	
Homestead and Rollback	21,776
Total Nonmajor Funds	870,255
Total Governmental Activities	\$2,295,463
 Business-Type Activities	
Water	
Erie County	\$184,123
Sewer	
Erie County	60,841
Total Business-Type Activities	\$244,964

**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 2006, 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, 2006**  
**(continued)**

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**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 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, 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 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2004, were levied after October 1, 2005, 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 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. 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 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of December 31, 2006, 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 2006 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, 2006, was \$4.95 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

<u>Category</u>	<u>Amount</u>
Real Property	\$423,932,000
Public Utility Personal Property	16,151,000
Tangible Personal Property	61,717,130
Total Assessed Value	<u>\$501,800,130</u>

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
(continued)

**NOTE 10 - NOTES RECEIVABLE**

A summary of the changes in notes receivable during 2006 follows:

	Balance January 1, 2006	New Loans	Repayments	Balance December 31, 2006
Special Revenue Fund				
State Grants				
CDBG	\$179,741	\$0	\$63,907	\$115,834
Revolving Loans	823,646	184,861	158,845	849,662
MICRO - Enterprise Loans	11,921	0	11,921	0
Rehabilitation Revolving Loans	1,288,636	613,747	73,652	1,828,731
	<u>\$2,303,944</u>	<u>\$798,608</u>	<u>\$308,325</u>	<u>2,794,227</u>
Less Allowance for Uncollectible Accounts				54,902
				<u>\$2,739,325</u>

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

**NOTE 11 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2006, was as follows:

	Balance January 1, 2006	Additions	Reductions	Balance December 31, 2006
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$5,389,769	\$0	(\$14,912)	\$5,374,857
Construction in Progress	9,483,958	425,855	(5,000)	9,904,813
Total Nondepreciable Capital Assets	<u>14,873,727</u>	<u>425,855</u>	<u>(19,912)</u>	<u>15,279,670</u>
Depreciable Capital Assets				
Buildings	18,102,052	0	0	18,102,052
Improvements Other Than Buildings	8,999,289	182,850	0	9,182,139
Streets	40,866,710	531,853	0	41,398,563
Bridges	229,802	0	0	229,802
Equipment	9,086,906	797,760	(363,618)	9,521,048
Total Depreciable Capital Assets	<u>77,284,759</u>	<u>1,512,463</u>	<u>(363,618)</u>	<u>78,433,604</u>

(continued)

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
**(continued)**

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

	Balance January 1, 2006	Additions	Reductions	Balance December 31, 2006
Governmental Activities: (continued)				
Less Accumulated Depreciation for				
Buildings	(\$6,322,792)	(\$599,565)	\$0	(\$6,922,357)
Improvements Other Than Buildings	(4,818,820)	(214,438)	0	(5,033,258)
Streets	(22,884,452)	(1,135,789)	0	(24,020,241)
Bridges	(59,748)	(4,596)	0	(64,344)
Equipment	(5,917,409)	(531,911)	263,581	(6,185,739)
Total Accumulated Depreciation	<u>(40,003,221)</u>	<u>(2,486,299)</u>	<u>263,581</u>	<u>(42,225,939)</u>
Total Depreciable Capital Assets, Net	<u>37,281,538</u>	<u>(973,836)</u>	<u>(100,037)</u>	<u>36,207,665</u>
Governmental Activities Capital Assets, Net	<u>\$52,155,265</u>	<u>(\$547,981)</u>	<u>(\$119,949)</u>	<u>\$51,487,335</u>

The City accepted a contribution of depreciable capital assets for governmental activities with a fair value of \$111,925 during 2006.

	Balance January 1, 2006	Additions	Reductions	Balance December 31, 2006
Business-Type Activities:				
Nondepreciable Capital Assets				
Land	\$614,754	\$0	\$0	\$614,754
Construction in Progress	31,486,906	2,290,917	(10,686,954)	23,090,869
Total Nondepreciable Capital Assets	<u>32,101,660</u>	<u>2,290,917</u>	<u>(10,686,954)</u>	<u>23,705,623</u>
Depreciable Capital Assets				
Buildings	18,991,505	0	0	18,991,505
Improvements Other Than Buildings	3,519,829	10,702,729	0	14,222,558
Utility Plant	5,265,678	183,978	0	5,449,656
Water and Sewer Lines	17,163,054	1,254,593	0	18,417,647
Equipment	2,167,703	6,043	(78,739)	2,095,007
Total Depreciable Capital Assets	<u>47,107,769</u>	<u>12,147,343</u>	<u>(78,739)</u>	<u>59,176,373</u>
Less Accumulated Depreciation for				
Buildings	(13,378,505)	(199,469)	0	(13,577,974)
Improvements Other Than Buildings	(2,018,537)	(84,568)	0	(2,103,105)
Utility Plant	(1,965,824)	(205,550)	0	(2,171,374)
Water and Sewer Lines	(7,922,607)	(272,108)	0	(8,194,715)
Equipment	(1,563,241)	(106,721)	78,739	(1,591,223)
Total Accumulated Depreciation	<u>(26,848,714)</u>	<u>(868,416)</u>	<u>78,739</u>	<u>(27,638,391)</u>
Total Depreciable Capital Assets, Net	<u>20,259,055</u>	<u>11,278,927</u>	<u>0</u>	<u>31,537,982</u>
Business-Type Activities Capital Assets, Net	<u>\$52,360,715</u>	<u>\$13,569,844</u>	<u>(\$10,686,954)</u>	<u>\$55,243,605</u>



**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
**(continued)**

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

The enterprise funds accepted a contribution of capital assets from governmental funds and other governments with a fair value of \$798,812 and \$194,076, respectively, during 2006.

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property - Police	\$154,589
Security of Persons and Property - Fire	356,712
Public Health	32,842
Leisure Time Activities	127,739
Community Environment	121,870
Transportation	1,393,761
General Government - Municipal Court	9,068
General Government - Other	289,718
Total Depreciation Expense - Governmental Activities	<u>\$2,486,299</u>

**NOTE 12 - INTERFUND RECEIVABLES/PAYABLES**

At December 31, 2006, the General Fund had an interfund receivable, in the amount of \$53,119, for a loan made to the Various Improvement capital projects fund.

**NOTE 13 - RISK MANAGEMENT**

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

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
(continued)

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

During 2006, the City contracted with BORMA for the following coverage:

Type of Coverage	Coverage
Property (building and contents)	\$110,376,010
Inland Marine	2,080,800
Earthquake	21,000,000
Flood	21,000,000
General Liability	10,000,000
Employee Benefit Liability	10,000,000
Auto Uninsured-Underinsured	1,000,000
Boiler and Machinery	50,000,000
Public Official Liability	10,000,000

There has been no significant reduction in insurance coverage from 2005, and no insurance settlement has exceeded insurance coverage during the last three years.

Workers' compensation coverage is provided by the State of Ohio. The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**NOTE 14 - SIGNIFICANT CONTRACTUAL COMMITMENTS**

The City has outstanding contracts for professional services. The following amounts remain on these contracts as of December 31, 2006:

Contract	Remaining Commitment
All-Phase Power and Light	\$1,104,300
Bay Area Neighborhood	14,583
Bay Mechanical	21,226
Blaze Building	194,381
Ed Burdue	232,761
Cedar Bay Construction	636,444
Conestoga Rovers	35,815
Erie Blacktop	27,817
Fertility Builders	12,111
John Hancock	49,743

(continued)

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
(continued)

**NOTE 14 - SIGNIFICANT CONTRACTUAL COMMITMENTS** (continued)

Contract	Remaining Commitment
K S Associates	\$88,503
Kokosing Construction	176,283
Malcolm Pirnie	151,494
Maple City Concrete	182,338
Montgomery Watson Harza	201,490
Mosser Construction	1,243,005
National Light and Power	39,360
Nutting HC Inc.	10,927
Partners Environmental Consulting	86,452
Pros Consulting	38,748
Proudfoot Associates	14,596
Resource International	19,215
Sensus Metering Systems	214,262
Greg Sherman	25,816
South Shore Electric	84,564
Transystems Corp	102,577
Marlin White & Sons	2,128,472
Wilkes and Co.	391,433
Total	<u>\$7,528,716</u>

**NOTE 15 - DEFINED BENEFIT PENSION PLANS**

**A. Ohio Public Employees Retirement System**

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.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
**(continued)**

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

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 publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

For the year ended December 31, 2006, members of all three plans were required to contribute 9 percent of their annual covered salary to fund pension obligations. The City's contribution rate for pension benefits for 2006 was 9.2 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$662,275, \$721,776, and \$725,646, respectively; 71 percent has been contributed for 2006 and 100 percent has been contributed for 2005 and 2004. The unpaid contribution for 2006, in the amount of \$195,210, is recorded as a liability. Contributions to the member-directed plan for 2006 were \$740 made by the City and \$486 made by plan members.

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

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to OPF for the years ended December 31, 2006, 2005, and 2004 were \$915,981, \$895,772, and \$902,594, respectively; 73 percent has been contributed for 2006 and 100 percent has been contributed for 2005 and 2004. The unpaid contribution for 2006, in the amount of \$245,556, is recorded as a liability.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
**(continued)**

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**NOTE 16 - POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 employer contribution rate was 13.7 percent of covered payroll; 4.5 percent was the portion used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees), and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase .5 to 6 percent annually for the next nine years and 4 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$324,301. The actual contribution and the actuarial required contribution amounts are the same. OPERS's net assets available for the payment of benefits at December 31, 2005 (the latest information available) was \$11.1 billion. The actuarial accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

In September 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

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

The Ohio Police and Fire Pension Fund (OPF) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check, or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of eighteen, whether or not the child is attending school, or under the age of twenty-two if attending school full-time or on a two-thirds basis.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
(continued)

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

The health care coverage provided by OPF is considered an Other Postemployment Benefit (OPB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from OPF shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total employer contribution rate for police is 19.5 percent of covered payroll and for firefighters is 24 percent of covered payroll; 7.75 percent was applied to the postemployment health care program during 2006. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2006 that were used to fund postemployment benefits were \$275,209 for police and \$237,855 for firefighters. The OPF's total health care expense for the year ended December 31, 2005 (the latest information available), was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OPF participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters.

**NOTE 17 - COMPENSATED ABSENCES**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws.

City employees earn and accumulate vacation at varying rates depending on length of service. Current policy credits vacation leave on the employee's anniversary date. Employees are paid for 100 percent of earned unused vacation leave upon termination.

Sick leave is earned at various rates as defined by City policy and union contracts. Any employee with ten years of service with the City who elects to retire is entitled to receive their accumulated unused sick leave as follows:

	<u>AFCSME</u>	<u>IFA</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, 2006**  
(continued)

**NOTE 18 - NOTES PAYABLE**

The City's note transactions for the year ended December 31, 2006, were as follows:

	<u>Interest Rate</u>	<u>Balance January 1, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2006</u>
<u>Governmental Activities</u>					
<u>Bond Anticipation Notes</u>					
Capital Projects Funds					
2005 Various Improvement	3.750%	\$6,130,000	\$0	\$6,130,000	\$0
2006 Various Improvement	4.125	0	7,750,000	0	7,750,000
Total Governmental Activities		<u>\$6,130,000</u>	<u>\$7,750,000</u>	<u>\$6,130,000</u>	<u>\$7,750,000</u>

According to Ohio law, notes may be issued in anticipation of bond proceeds, or for up to 50 percent of anticipated revenue collections.

The City has issued bond anticipation notes with a maturity of one year which will be reissued until paid in full or until bonds are issued. The liability for all notes is presented in the fund receiving the proceeds.

The 2005 various improvement notes were issued to replace the air conditioning unit at the Municipal Building, street improvements, improving the boat launch ramp, acquiring a fire pumper truck, roof repairs, sidewalk, curb, and gutter improvements, and to revitalize the Bayfront Urban Revitalization Area. The 2006 various improvement notes were issued to retire notes previously issued to replace the air conditioning unit at the Municipal Building, street improvements, roof repairs, sidewalk, curb, and gutter improvements, and to revitalize the Bayfront Urban Revitalization Area. 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, 2006, the total amount of various improvement notes outstanding was \$7,750,000, of which \$7,321,079 has been expended for construction.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
**(continued)**

**NOTE 19 - LONG-TERM OBLIGATIONS**

The City's long-term obligations activity for the year ended December 31, 2006, was as follows:

	Interest Rate	Balance January 1, 2006	Additions	Reductions	Balance December 31, 2006	Due Within One Year
<b><u>Governmental Activities</u></b>						
<b>General Obligation Bonds</b>						
2000 City Complex	4.35-6.25%	\$165,000	\$0	\$20,000	\$145,000	\$25,000
2001 Library	3.00	5,135,000	0	230,000	4,905,000	240,000
2001 Police Pension	3.00	496,674	0	14,922	481,752	14,922
2001 Fire Pension	3.00	668,326	0	20,078	648,248	20,078
2001 Various Purpose	3.00	5,347,733	0	194,867	5,152,866	194,867
2004 Judgement Refunding	4.15	210,000	0	30,000	180,000	30,000
2005 Various Purpose	3.50-5.13	1,295,000	0	105,000	1,190,000	120,000
2005 City Complex Refunding	4.28	6,290,000	0	40,000	6,250,000	40,000
Bond Premium		45,719	0	291	45,428	0
Accounting Loss		(588,640)	0	(3,743)	(584,897)	0
<b>Total General Obligation Bonds</b>		<b>19,064,812</b>	<b>0</b>	<b>651,415</b>	<b>18,413,397</b>	<b>684,867</b>
<b>Special Assessment Bonds with Government Commitment</b>						
Special Assessment Bonds	3.00-7.75	2,123,266	104,000	257,134	1,970,132	254,534
Bond Premium		4,500	0	600	3,900	0
<b>Total Special Assessment Bonds</b>		<b>2,127,766</b>	<b>104,000</b>	<b>257,734</b>	<b>1,974,032</b>	<b>254,534</b>
<b>Other Long-Term Obligations</b>						
Compensated Absences		2,031,659	139,386	157,535	2,013,510	350,229
Capital Leases		178,840	0	32,626	146,214	36,538
<b>Total Other Long-Term Obligations</b>		<b>2,210,499</b>	<b>139,386</b>	<b>190,161</b>	<b>2,159,724</b>	<b>386,767</b>
<b>Total Governmental Activities</b>		<b>\$23,403,077</b>	<b>\$243,386</b>	<b>\$1,099,310</b>	<b>\$22,547,153</b>	<b>\$1,326,168</b>
<b><u>Business-Type Activities</u></b>						
<b>General Obligation Revenue Bonds</b>						
1986 Waterworks Improvement	7.38%	\$120,000	\$0	\$120,000	\$0	\$0
2002 Waterworks Improvement Refunding	4.50	480,000	0	80,000	400,000	80,000
Bond Premium		29,408	0	4,901	24,507	0
Accounting Loss		(4,800)	0	(800)	(4,000)	0
2004 Water Pollution Control Refunding	4.15	306,000	0	47,000	259,000	42,000
2005 Water System	3.50-5.13	175,000	0	5,000	170,000	5,000
2005 Wastewater System	3.50-5.13	1,815,000	0	45,000	1,770,000	45,000
Bond Premium		51,048	0	1,266	49,782	0
Bond Discount		(21,495)	0	(533)	(20,962)	0
<b>Total General Obligation Revenue Bonds</b>		<b>2,950,161</b>	<b>0</b>	<b>301,834</b>	<b>2,648,327</b>	<b>172,000</b>

(continued)



**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
**(continued)**

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

	Interest Rate	Balance January 1, 2006	Additions	Reductions	Balance December 31, 2006	Due Within One Year
<u>Business-Type Activities</u> (continued)						
OWDA Loans						
Water	4.60-5.20	\$13,343,935	\$966,221	\$555,306	\$13,754,850	\$0
Sewer	4.65-6.39	22,753,842	452,465	819,017	22,387,290	295,310
Total OWDA Loans		<u>36,097,777</u>	<u>1,418,686</u>	<u>1,374,323</u>	<u>36,142,140</u>	<u>295,310</u>
Other Long-Term Obligations						
Compensated Absences Payable		580,948	58,199	113,446	525,701	141,960
Total Business-Type Activities		<u>\$39,628,886</u>	<u>\$1,476,885</u>	<u>\$1,789,603</u>	<u>\$39,316,168</u>	<u>\$609,270</u>

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.

2001 Library Improvement General Obligation Bonds

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

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

2001 Police Pension General Obligation Bonds

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

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.

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.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
**(continued)**

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

2004 Judgement General Obligation Refunding Bonds

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

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

2005 Various Purpose General Obligation Bonds

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

2005 City Complex General Obligation Refunding Bonds

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

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

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.

Compensated Absences

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

Capital Leases Payable

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

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
**(continued)**

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

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.

1986 Waterworks Improvement Bonds

In 1986, the City issued \$2,400,000 in unvoted general obligation revenue bonds for the installment of a service pump, sedimentary basin, and filter modifications. The bonds were issued for a twenty year period with maturity beginning July 1, 1986. The bonds will be retired from the Water enterprise fund.

2002 Waterworks Improvement Refunding Bonds

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

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

2004 Water Pollution Control Refunding Bonds

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

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

2005 Water System Bonds

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

2005 Wastewater System Bonds

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

OWDA Loans

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

The City's legal debt margin was \$27,193,222 at December 31, 2006.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
(continued)

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

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

Principal and interest requirements to retire governmental activities general long-term obligations outstanding at December 31, 2006, were as follows:

Year	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2007	\$684,867	\$860,356	\$254,534	\$102,126
2008	589,867	966,791	260,533	87,066
2009	644,867	955,850	240,534	72,706
2010	714,867	936,313	212,533	59,294
2011	924,866	758,931	182,534	47,428
2012-2016	6,079,333	3,075,485	698,666	114,086
2017-2021	6,819,199	1,556,556	120,798	15,144
2022-2026	2,495,000	322,469	0	0
	<u>\$18,952,866</u>	<u>\$9,432,751</u>	<u>\$1,970,132</u>	<u>\$497,850</u>

Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2006, from the enterprise funds were as follows:

Year	2002 Waterworks Improvement Refunding		2004 Water Pollution Control Refunding	
	Principal	Interest	Principal	Interest
2007	\$80,000	\$18,800	\$42,000	\$10,749
2008	80,000	15,200	42,000	9,005
2009	80,000	11,400	42,000	7,263
2010	80,000	7,600	42,000	5,519
2011	80,000	3,800	42,000	3,777
2012	0	0	49,000	2,033
	<u>\$400,000</u>	<u>\$56,800</u>	<u>\$259,000</u>	<u>\$38,346</u>

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
(continued)

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

Year	2005 Water System		2005 Wastewater System		OWDA Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$5,000	\$7,179	\$45,000	\$74,345	\$295,309	\$444,096
2008	5,000	6,923	45,000	72,039	311,417	427,988
2009	5,000	6,666	45,000	69,732	328,410	410,995
2010	5,000	6,410	50,000	67,426	346,337	393,068
2011	5,000	6,154	50,000	64,864	365,250	374,155
2012-2016	25,000	27,163	280,000	286,790	2,148,455	1,548,571
2017-2021	30,000	22,300	350,000	227,315	2,804,507	892,520
2022-2026	50,000	14,400	450,000	151,525	1,579,907	218,842
2027-2030	40,000	4,190	455,000	49,035	0	0
	<u>\$170,000</u>	<u>\$101,385</u>	<u>\$1,770,000</u>	<u>\$1,063,071</u>	<u>\$8,179,592</u>	<u>\$4,710,235</u>

Long-term obligations at December 31, 2006, consisted of the following issues:

Long Term Obligations	Term	Percent	Original Issue	Outstanding 12/31/06
<b>General Obligation Bonds</b>				
2000 City Complex	2000-2009	4.90 to 5.10%	\$6,000,000	\$145,000
2001 Library	2001-2021	3.00	6,340,000	4,905,000
2001 Police Pension	2001-2026	3.00	552,098	481,752
2001 Fire Pension	2001-2026	3.00	742,902	648,248
2001 Various Purpose	2001-2026	3.00	6,037,200	5,152,866
2004 Judgement Refunding	2004-2012	4.15	240,000	180,000
2005 Various Purpose	2005-2025	3.50 to 5.13	1,295,000	1,190,000
2005 City Complex Refunding	2005-2020	4.28	6,410,000	6,250,000
			<u>\$27,617,200</u>	<u>\$18,952,866</u>
<b>Special Assessment Bonds</b>				
1989 PP Street	1989-2009	7.75	\$136,640	\$21,000
1990 Street	1990-2010	7.40	87,675	20,000
1995 PP McDonough Street	1995-2015	5.23	2,963	1,247
1995 PP Street	1995-2014	5.23	120,974	50,937
1995 PP Dutch Street	1995-2013	5.23	35,512	13,809
1995 Filmore	1995-2014	5.23	247,677	189,004

(continued)

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
(continued)

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

Long Term Obligations	Term	Percent	Original Issue	Outstanding 12/31/06
<b>Special Assessment Bonds (continued)</b>				
1996 Perry Street	1996-2016	5.72%	\$40,000	\$20,000
1996 Perry Street - City Port	1996-2016	5.72	350,000	250,000
1998 Sidewalk	1998-2008	4.87	201,000	41,000
1998 PP Street	1998-2008	4.87	48,894	29,206
1998 PP Street	1998-2008	4.87	31,000	18,517
1998 PP Street	1998-2008	4.87	69,106	41,277
1999 Sidewalk	1999-2009	5.50	227,000	66,000
1999 Winnebago	1999-2019	5.50	81,000	53,000
1999 Wilbert	1999-2019	5.50	143,000	94,000
1999 Streetscape	1999-2019	5.50	329,000	217,000
2000 Curb, Sidewalk, and Gutter	2000-2010	6.10	254,000	104,000
2001 Remington	2001-2026	5.86	107,800	82,135
2001 PP Sidewalk	2001-2026	5.86	280,000	150,000
2002 Curb, Sidewalk, and Gutter	2002-2012	4.50	102,000	65,000
2003 Curb, Sidewalk, and Gutter	2003-2013	4.00	89,900	63,000
2004 PP St. Clair Street Refunding	2004-2012	4.15	80,000	60,100
2004 PP First Street Refunding	2004-2011	4.15	30,700	22,000
2004 PP Water Refunding	2004-2011	4.15	26,300	18,900
2005 Sidewalk	2005-2015	3.50-5.13	185,000	175,000
2006 Sidewalk	2006-2016	4.66	104,000	104,000
			<u>\$3,411,141</u>	<u>\$1,970,132</u>
<b>General Obligation Revenue Bonds</b>				
<b>Water</b>				
2002 Waterworks Improvement Refunding	2002-2012	4.50	720,000	400,000
2005 Water System	2005-2030	3.50-5.13	175,000	170,000
			<u>895,000</u>	<u>570,000</u>
<b>Sewer</b>				
2004 Water Pollution Control Refunding	2004-2012	4.15	353,000	259,000
2005 Wastewater System	2005-2030	3.50-5.13	1,815,000	1,770,000
			<u>2,168,000</u>	<u>2,029,000</u>
			<u>\$3,063,000</u>	<u>\$2,599,000</u>

(continued)

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
(continued)

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

Long Term Obligations	Term	Percent	Original Issue	Outstanding 12/31/06
<b>OWDA Loans</b>				
<b>Water</b>				
2003 Water Plant Improvements	2004-2024	5.20%	\$19,993,686	\$8,658,872
2005 WTP Electrical Improvements	2005-2030	4.60	5,267,667	5,095,978
			25,261,353	13,754,850
<b>Sewer</b>				
1998 Ultraviolet Treatment	2001-2026	5.56	2,110,930	1,858,078
1999 Sewer Rehabilitation	2001-2025	6.13	350,878	307,411
2000 Sewer Rehabilitation	2001-2026	6.39	713,436	584,349
2000 CSO Flow Monitors	2001-2026	6.39	306,536	276,870
2000 Sludge Digestion System	2001-2026	6.03	1,409,888	1,082,645
2001 Cedar Point Pump Station	2002-2022	5.05	4,393,697	3,818,309
2001 Final Settling Tank Improv	2002-2022	5.05	383,484	251,929
2001 Wastewater System Model	2002-2007	5.55	169,525	169,525
2002 WWTP Expansion	2003-2023	4.65	26,286,934	14,038,174
			36,125,308	22,387,290
			\$61,386,661	\$36,142,140

**NOTE 20 - CAPITAL LEASES - LESSEE DISCLOSURE**

The City has entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds. Principal payments in 2006 were \$32,626.

	Governmental Activities
Equipment	\$233,453
Less Accumulated Depreciation	(98,488)
Carrying Value, December 31, 2006	\$134,965

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
(continued)

**NOTE 20 - CAPITAL LEASES - LESSEE DISCLOSURE** (continued)

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, 2006.

Year	Governmental Activities	
	Principal	Interest
2007	\$36,538	\$6,820
2008	36,128	4,631
2009	37,959	2,801
2010	34,675	877
2011	914	4
Total	\$146,214	\$15,133

**NOTE 21 - OPERATING LEASE**

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

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

For 2006, 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
2007-2011	\$25,000	\$100,000
2012-2016	25,000	125,000
2017-2024	30,000	275,000
Total minimum future rentals		\$500,000



**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
**(continued)**

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**NOTE 21 - OPERATING LEASE** (continued)

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

	<u>Percentage of Gross Income</u>
2005-2009	.05%
2010-2014	1.0
2015-2024	2.0

The City did not receive any additional rent in 2006.

**NOTE 22 - INTERFUND TRANSFERS**

During 2006, the General Fund made transfers to other governmental funds, in the amount of \$1,793,342, to subsidize various activities in other funds. Other governmental funds made transfers to the Capital Projects fund, in the amount of \$441,924, to fund various capital activities, to the Various Improvement fund, in the amount of \$170,392, to fund sidewalk, curb, and gutter projects, and to other governmental funds, in the amount of \$76,111, to move receipts as debt payments became due.

The Water fund transferred \$63,166 and the Sewer fund transferred \$145,405 to the Capital Projects fund to pay for capital projects activities within the fund.

**NOTE 23 - PUBLIC ENTITY SHARED RISK POOL**

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

Participation in BORMA is by written application subject to the approval of the board of directors and the payment of premiums. Member cities must remain members for cycles of three years. A member may withdraw from a program by giving a forty day notice prior to the beginning of the next cycle. BORMA does not have any outstanding debt obligations as of December 31, 2006. Financial information may be obtained from Arthur J. Gallagher & Co. - Cleveland, Gallagher Pipino, Inc., M-K Ferguson Plaza, 1500 West Third Street, Suite 405, Cleveland, Ohio 44113.

**City of Sandusky**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2006**  
**(continued)**

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**NOTE 24 - CONTINGENT LIABILITIES**

**A. Litigation**

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

**B. Federal and State Grants**

For the period January 1, 2006, to December 31, 2006, 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, as well as several other state grants.

#### Federal Grants

To account for monies received from the federal government for EMS operations, FEMA monies for weather related issues, 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 Emerald Ash Borer related tree planting project, and various monies donated to the City.

Park Donations

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

Cemetery Donations

To account for charges for burials and donations.

**Nonmajor Debt Service Funds**

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

General Bond Retirement

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

(continued)

**Nonmajor Debt Service Funds  
(continued)**

Special Assessment Bond Retirement

To account for special assessment monies received for the payment of principal, interest, and fiscal charges on special assessment debt.

**Nonmajor Capital Projects Funds**

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

Capital Improvement

To account for tax revenues used for capital improvements.

Redevelopment Tax Increment

To account for payments collected in lieu of taxes.

City of Sandusky  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$4,863,477	\$202,916	\$54,456	\$5,120,849
Accounts Receivable	698	0	0	698
Accrued Interest Receivable	17,179	0	0	17,179
Due from Other Governments	848,479	21,776	0	870,255
Municipal Income Taxes Receivable	0	155,320	124,256	279,576
Other Local Taxes Receivable	32,240	0	0	32,240
Prepaid Items	1,117	0	0	1,117
Materials and Supplies Inventory	105,233	0	0	105,233
Property Taxes Receivable	296,466	349,353	0	645,819
Notes Receivable	2,739,325	0	0	2,739,325
Special Assessments Receivable	0	1,815,271	0	1,815,271
<b>Total Assets</b>	<b>\$8,904,214</b>	<b>\$2,544,636</b>	<b>\$178,712</b>	<b>\$11,627,562</b>
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Accrued Wages Payable	\$30,311	\$0	\$0	\$30,311
Accounts Payable	213,578	0	0	213,578
Due to Other Governments	420,003	0	0	420,003
Deferred Revenue	847,160	2,313,494	101,675	3,262,329
<b>Total Liabilities</b>	<b>1,511,052</b>	<b>2,313,494</b>	<b>101,675</b>	<b>3,926,221</b>
<u>Fund Balance</u>				
Reserved for Encumbrances	280,076	0	0	280,076
Reserved for Notes Receivable	2,462,451	0	0	2,462,451
Unreserved, Reported in				
Special Revenue Funds	4,650,635	0	0	4,650,635
Debt Service Funds	0	231,142	0	231,142
Capital Projects Funds	0	0	77,037	77,037
<b>Total Fund Balance</b>	<b>7,393,162</b>	<b>231,142</b>	<b>77,037</b>	<b>7,701,341</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$8,904,214</b>	<b>\$2,544,636</b>	<b>\$178,712</b>	<b>\$11,627,562</b>

City of Sandusky  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2006

	Street Maintenance	State Highway	Public Transit	Parks and Recreational	Fire Pension
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$417,646	\$47,688	\$19,441	\$3,755	\$0
Accounts Receivable	698	0	0	0	0
Accrued Interest Receivable	0	0	0	0	0
Due from Other Governments	480,750	38,959	0	0	8,029
Other Local Taxes Receivable	32,240	0	0	0	0
Prepaid Items	421	601	0	95	0
Materials and Supplies Inventory	105,233	0	0	0	0
Property Taxes Receivable	0	0	0	0	148,233
Notes Receivable	0	0	0	0	0
<b>Total Assets</b>	<b>\$1,036,988</b>	<b>\$87,248</b>	<b>\$19,441</b>	<b>\$3,850</b>	<b>\$156,262</b>
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accrued Wages Payable	\$25,163	\$0	\$0	\$2,489	\$0
Accounts Payable	14,956	0	0	9,069	0
Due to Other Governments	31,058	249	0	11,194	218,560
Deferred Revenue	414,775	33,631	0	0	156,262
<b>Total Liabilities</b>	<b>485,952</b>	<b>33,880</b>	<b>0</b>	<b>22,752</b>	<b>374,822</b>
<u>Fund Balance</u>					
Reserved for Encumbrances	358	0	6,253	1,806	0
Reserved for Notes Receivable	0	0	0	0	0
Unreserved (Deficit)	550,678	53,368	13,188	(20,708)	(218,560)
<b>Total Fund Balance (Deficit)</b>	<b>551,036</b>	<b>53,368</b>	<b>19,441</b>	<b>(18,902)</b>	<b>(218,560)</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$1,036,988</b>	<b>\$87,248</b>	<b>\$19,441</b>	<b>\$3,850</b>	<b>\$156,262</b>



<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>
\$0	\$805,128	\$2,035,077	\$135,424	\$6,138	\$132,791	\$35,803
0	0	0	0	0	0	0
0	0	11,170	0	0	0	0
8,029	38,414	268,603	679	358	602	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
148,233	0	0	0	0	0	0
0	2,739,325	0	0	0	0	0
<u>\$156,262</u>	<u>\$3,582,867</u>	<u>\$2,314,850</u>	<u>\$136,103</u>	<u>\$6,496</u>	<u>\$133,393</u>	<u>\$35,803</u>
\$0	\$0	\$0	\$0	\$0	\$115	\$0
0	5,900	164,208	0	3,500	0	0
150,461	1,732	2,880	0	0	141	0
156,262	38,414	41,807	0	0	0	0
<u>306,723</u>	<u>46,046</u>	<u>208,895</u>	<u>0</u>	<u>3,500</u>	<u>256</u>	<u>0</u>
0	75,442	195,624	0	0	295	0
0	2,462,451	0	0	0	0	0
(150,461)	998,928	1,910,331	136,103	2,996	132,842	35,803
<u>(150,461)</u>	<u>3,536,821</u>	<u>2,105,955</u>	<u>136,103</u>	<u>2,996</u>	<u>133,137</u>	<u>35,803</u>
<u>\$156,262</u>	<u>\$3,582,867</u>	<u>\$2,314,850</u>	<u>\$136,103</u>	<u>\$6,496</u>	<u>\$133,393</u>	<u>\$35,803</u>

(continued)

City of Sandusky  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2006  
(continued)

	Municipal Probation	General Trust	Park Donations	Cemetery Donations	Total
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$137,708	\$172,266	\$115,331	\$799,281	\$4,863,477
Accounts Receivable	0	0	0	0	698
Accrued Interest Receivable	0	0	0	6,009	17,179
Due from Other Governments	4,056	0	0	0	848,479
Other Local Taxes Receivable	0	0	0	0	32,240
Prepaid Items	0	0	0	0	1,117
Materials and Supplies Inventory	0	0	0	0	105,233
Property Taxes Receivable	0	0	0	0	296,466
Notes Receivable	0	0	0	0	2,739,325
<b>Total Assets</b>	<b>\$141,764</b>	<b>\$172,266</b>	<b>\$115,331</b>	<b>\$805,290</b>	<b>\$8,904,214</b>
<u>Liabilities and Fund Balance</u>					
<u>Liabilities</u>					
Accrued Wages Payable	\$0	\$2,544	\$0	\$0	\$30,311
Accounts Payable	64	15,557	0	324	213,578
Due to Other Governments	732	2,996	0	0	420,003
Deferred Revenue	0	0	0	6,009	847,160
<b>Total Liabilities</b>	<b>796</b>	<b>21,097</b>	<b>0</b>	<b>6,333</b>	<b>1,511,052</b>
<u>Fund Balance</u>					
Reserved for Encumbrances	0	0	0	298	280,076
Reserved for Notes Receivable	0	0	0	0	2,462,451
Unreserved (Deficit)	140,968	151,169	115,331	798,659	4,650,635
<b>Total Fund Balance (Deficit)</b>	<b>140,968</b>	<b>151,169</b>	<b>115,331</b>	<b>798,957</b>	<b>7,393,162</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$141,764</b>	<b>\$172,266</b>	<b>\$115,331</b>	<b>\$805,290</b>	<b>\$8,904,214</b>

City of Sandusky  
Combining Balance Sheet  
Nonmajor Debt Service Funds  
December 31, 2006

	<u>General Bond Retirement</u>	<u>Special Assessment Bond Retirement</u>	<u>Total</u>
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$48,848	\$154,068	\$202,916
Due from Other Governments	21,776	0	21,776
Municipal Income Taxes Receivable	155,320	0	155,320
Property Taxes Receivable	349,353	0	349,353
Special Assessments Receivable	0	1,815,271	1,815,271
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$575,297</u>	<u>\$1,969,339</u>	<u>\$2,544,636</u>
<u>Liabilities and Fund Balance</u>			
<u>Liabilities</u>			
Accounts Payable	\$0	\$0	\$0
Deferred Revenue	498,223	1,815,271	2,313,494
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	498,223	1,815,271	2,313,494
<u>Fund Balance</u>			
Unreserved	77,074	154,068	231,142
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balance	<u>\$575,297</u>	<u>\$1,969,339</u>	<u>\$2,544,636</u>

City of Sandusky  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2006

	Capital Improvement	Redevelopment Tax Increment	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$1,830	\$52,626	\$54,456
Municipal Income Taxes Receivable	124,256	0	124,256
Total Assets	\$126,086	\$52,626	\$178,712
<u>Liabilities and Fund Balance</u>			
<u>Liabilities</u>			
Deferred Revenue	\$101,675	\$0	\$101,675
<u>Fund Balance</u>			
Unreserved	24,411	52,626	77,037
Total Liabilities and Fund Balance	\$126,086	\$52,626	\$178,712

City of Sandusky  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Revenues</u>				
Property Taxes	\$269,245	\$314,532	\$0	\$583,777
Payment in Lieu of Taxes	0	0	23,815	23,815
Municipal Income Taxes	0	428,298	342,640	770,938
Other Local Taxes	447,264	0	0	447,264
Special Assessments	0	336,626	0	336,626
Charges for Services	517,868	0	0	517,868
Fees, Licenses, and Permits	77,646	0	0	77,646
Fines and Forfeitures	42,277	0	0	42,277
Intergovernmental	4,074,349	28,724	0	4,103,073
Interest	143,074	0	0	143,074
Other	455,125	0	0	455,125
<b>Total Revenues</b>	<b>6,026,848</b>	<b>1,108,180</b>	<b>366,455</b>	<b>7,501,483</b>
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	620,613	0	0	620,613
Fire	894,365	0	0	894,365
Public Health	21,090	0	0	21,090
Leisure Time Activities	590,560	0	0	590,560
Community Environment	1,794,512	0	0	1,794,512
Transportation	2,554,349	0	0	2,554,349
Other	185,530	0	0	185,530
Debt Service:				
Principal Retirement	35,000	877,001	0	912,001
Interest and Fiscal Charges	55,863	967,897	0	1,023,760
<b>Total Expenditures</b>	<b>6,751,882</b>	<b>1,844,898</b>	<b>0</b>	<b>8,596,780</b>
Excess of Revenues Over (Under) Expenditures	(725,034)	(736,718)	366,455	(1,095,297)
<u>Other Financing Sources (Uses)</u>				
Special Assessment Bonds Issued	0	104,000	0	104,000
Sale of Capital Assets	22,501	0	0	22,501
Transfers In	1,296,175	573,278	0	1,869,453
Transfers Out	(183,015)	(134,437)	(370,975)	(688,427)
<b>Total Other Financing Sources (Uses)</b>	<b>1,135,661</b>	<b>542,841</b>	<b>(370,975)</b>	<b>1,307,527</b>
Changes in Fund Balance	410,627	(193,877)	(4,520)	212,230
Fund Balance Beginning of Year	6,982,535	425,019	81,557	7,489,111
Fund Balance End of Year	\$7,393,162	\$231,142	\$77,037	\$7,701,341

City of Sandusky  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2006

	Street Maintenance	State Highway	Public Transit	Parks and Recreational	Fire Pension
<u>Revenues</u>					
Property Taxes	\$0	\$0	\$0	\$0	\$134,622
Other Local Taxes	447,264	0	0	0	0
Charges for Services	0	0	195,701	297,903	0
Fees, Licenses, and Permits	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	955,931	77,507	0	0	19,885
Interest	5,251	510	0	0	0
Other	15,991	142	252,539	21,719	0
<b>Total Revenues</b>	<b>1,424,437</b>	<b>78,159</b>	<b>448,240</b>	<b>319,622</b>	<b>154,507</b>
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	0	0	0	0	0
Fire	0	0	0	0	734,327
Public Health	0	0	0	0	0
Leisure Time Activities	0	0	0	550,810	0
Community Environment	0	0	0	0	0
Transportation	1,148,928	58,548	350,047	0	0
Other	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	0	20,078
Interest and Fiscal Charges	0	0	0	0	32,047
<b>Total Expenditures</b>	<b>1,148,928</b>	<b>58,548</b>	<b>350,047</b>	<b>550,810</b>	<b>786,452</b>
Excess of Revenues Over (Under) Expenditures	275,509	19,611	98,193	(231,188)	(631,945)
<u>Other Financing Sources (Uses)</u>					
Sale of Capital Assets	22,501	0	0	0	0
Transfers In	0	0	0	215,713	629,243
Transfers Out	(65,818)	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(43,317)</b>	<b>0</b>	<b>0</b>	<b>215,713</b>	<b>629,243</b>
<b>Changes in Fund Balance</b>	<b>232,192</b>	<b>19,611</b>	<b>98,193</b>	<b>(15,475)</b>	<b>(2,702)</b>
Fund Balance (Deficit) Beginning of Year	318,844	33,757	(78,752)	(3,427)	(215,858)
<b>Fund Balance (Deficit) End of Year</b>	<b>\$551,036</b>	<b>\$53,368</b>	<b>\$19,441</b>	<b>(\$18,902)</b>	<b>(\$218,560)</b>

Police Pension	State Grants	Federal Grants	Indigent Drivers Alcohol	Enforcement and Education	Court Computerization	Indigent Telephone
\$134,623	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0
0	0	117	0	0	0	0
0	0	0	9,736	0	0	1,056
0	0	0	0	9,213	25,181	0
19,885	886,089	2,090,010	15,042	0	0	0
0	44,198	56,297	0	0	0	0
0	34,577	584	0	0	8	0
<u>154,508</u>	<u>964,864</u>	<u>2,147,008</u>	<u>24,778</u>	<u>9,213</u>	<u>25,189</u>	<u>1,056</u>
568,426	0	4,296	0	0	0	0
0	0	158,834	0	0	0	0
0	0	0	0	0	0	0
0	22,550	0	0	0	0	0
0	458,666	1,244,756	0	0	0	0
0	0	996,826	0	0	0	0
0	0	0	0	124,050	19,505	0
14,922	0	0	0	0	0	0
23,816	0	0	0	0	0	0
<u>607,164</u>	<u>481,216</u>	<u>2,404,712</u>	<u>0</u>	<u>124,050</u>	<u>19,505</u>	<u>0</u>
<u>(452,656)</u>	<u>483,648</u>	<u>(257,704)</u>	<u>24,778</u>	<u>(114,837)</u>	<u>5,684</u>	<u>1,056</u>
0	0	0	0	0	0	0
451,219	0	0	0	0	0	0
0	0	(117,197)	0	0	0	0
<u>451,219</u>	<u>0</u>	<u>(117,197)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(1,437)	483,648	(374,901)	24,778	(114,837)	5,684	1,056
<u>(149,024)</u>	<u>3,053,173</u>	<u>2,480,856</u>	<u>111,325</u>	<u>117,833</u>	<u>127,453</u>	<u>34,747</u>
<u>(\$150,461)</u>	<u>\$3,536,821</u>	<u>\$2,105,955</u>	<u>\$136,103</u>	<u>\$2,996</u>	<u>\$133,137</u>	<u>\$35,803</u>

(continued)

City of Sandusky  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2006  
(continued)

	Municipal Probation	General Trust	Park Donations	Cemetery Donations	Total
<u>Revenues</u>					
Property Taxes	\$0	\$0	\$0	\$0	\$269,245
Other Local Taxes	0	0	0	0	447,264
Charges for Services	0	0	0	24,147	517,868
Fees, Licenses, and Permits	66,854	0	0	0	77,646
Fines and Forfeitures	0	7,883	0	0	42,277
Intergovernmental	0	10,000	0	0	4,074,349
Interest	0	0	2,641	34,177	143,074
Other	0	98,166	2,879	28,520	455,125
<b>Total Revenues</b>	<b>66,854</b>	<b>116,049</b>	<b>5,520</b>	<b>86,844</b>	<b>6,026,848</b>
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	0	47,891	0	0	620,613
Fire	0	1,204	0	0	894,365
Public Health	0	0	0	21,090	21,090
Leisure Time Activities	0	12,811	4,389	0	590,560
Community Environment	0	91,090	0	0	1,794,512
Transportation	0	0	0	0	2,554,349
Other	41,975	0	0	0	185,530
Debt Service:					
Principal Retirement	0	0	0	0	35,000
Interest and Fiscal Charges	0	0	0	0	55,863
<b>Total Expenditures</b>	<b>41,975</b>	<b>152,996</b>	<b>4,389</b>	<b>21,090</b>	<b>6,751,882</b>
Excess of Revenues Over (Under) Expenditures	24,879	(36,947)	1,131	65,754	(725,034)
<u>Other Financing Sources (Uses)</u>					
Sale of Capital Assets	0	0	0	0	22,501
Transfers In	0	0	0	0	1,296,175
Transfers Out	0	0	0	0	(183,015)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,135,661</b>
<b>Changes in Fund Balance</b>	<b>24,879</b>	<b>(36,947)</b>	<b>1,131</b>	<b>65,754</b>	<b>410,627</b>
Fund Balance (Deficit) Beginning of Year	116,089	188,116	114,200	733,203	6,982,535
Fund Balance (Deficit) End of Year	<u>\$140,968</u>	<u>\$151,169</u>	<u>\$115,331</u>	<u>\$798,957</u>	<u>\$7,393,162</u>



City of Sandusky  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Nonmajor Debt Service Funds  
For the Year Ended December 31, 2006

	General Bond Retirement	Special Assessment Bond Retirement	Total
<u>Revenues</u>			
Property Taxes	\$314,532	\$0	\$314,532
Municipal Income Taxes	428,298	0	428,298
Special Assessments	0	336,626	336,626
Intergovernmental	28,724	0	28,724
	<u>771,554</u>	<u>336,626</u>	<u>1,108,180</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	619,867	257,134	877,001
Interest and Fiscal Charges	846,851	121,046	967,897
	<u>1,466,718</u>	<u>378,180</u>	<u>1,844,898</u>
Excess of Revenues Under Expenditures	<u>(695,164)</u>	<u>(41,554)</u>	<u>(736,718)</u>
<u>Other Financing Sources (Uses)</u>			
Special Assessment Bonds Issued	0	104,000	104,000
Transfers In	515,829	57,449	573,278
Transfers Out	0	(134,437)	(134,437)
	<u>515,829</u>	<u>27,012</u>	<u>542,841</u>
Changes in Fund Balance	(179,335)	(14,542)	(193,877)
Fund Balance Beginning of Year	<u>256,409</u>	<u>168,610</u>	<u>425,019</u>
Fund Balance End of Year	<u><u>\$77,074</u></u>	<u><u>\$154,068</u></u>	<u><u>\$231,142</u></u>

City of Sandusky  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2006

	<u>Capital Improvement</u>	<u>Redevelopment Tax Increment</u>	<u>Total</u>
<u>Revenues</u>			
Payment in Lieu of Taxes	\$0	\$23,815	\$23,815
Municipal Income Taxes	<u>342,640</u>	<u>0</u>	<u>342,640</u>
Total Revenues	342,640	23,815	366,455
<u>Expenditures</u>			
	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	342,640	23,815	366,455
Transfers Out	<u>(370,975)</u>	<u>0</u>	<u>(370,975)</u>
Changes in Fund Balance	(28,335)	23,815	(4,520)
Fund Balance Beginning of Year	<u>52,746</u>	<u>28,811</u>	<u>81,557</u>
Fund Balance End of Year	<u>\$24,411</u>	<u>\$52,626</u>	<u>\$77,037</u>

City of Sandusky  
Combining Statements - Fiduciary Funds

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

**Agency Funds**

State Patrol Transfer

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

Guaranteed Deposits

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

Sandusky Municipal Court

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

BSF Assessment

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

Income Tax Garnishment

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

Payroll

To account for monies used for bi-weekly payroll.

Employee Series E Bonds

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

Police Temporary Deposit

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

Section 125 Plan

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

City of Sandusky  
Combining Statement of Assets and Liabilities  
Agency Funds  
December 31, 2006

	State Patrol Transfer	Guaranteed Deposits	Sandusky Municipal Court	BSF Assessment	Income Tax Garnishment
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$5,260	\$37,468	\$142,519	\$1,076	\$65
<u>Liabilities</u>					
Due to Other Governments	\$0	\$0	\$0	\$0	\$0
Undistributed Assets	5,260	37,468	142,519	1,076	65
Total Liabilities	\$5,260	\$37,468	\$142,519	\$1,076	\$65

<u>Payroll</u>	<u>Employee Series E Bonds</u>	<u>Police Temporary Deposit</u>	<u>Section 125 Plan</u>	<u>Total</u>
<u>\$48,498</u>	<u>\$350</u>	<u>\$2,164</u>	<u>\$4,856</u>	<u>\$242,256</u>
\$48,498	\$0	\$0	\$0	\$48,498
0	350	2,164	4,856	193,758
<u>\$48,498</u>	<u>\$350</u>	<u>\$2,164</u>	<u>\$4,856</u>	<u>\$242,256</u>

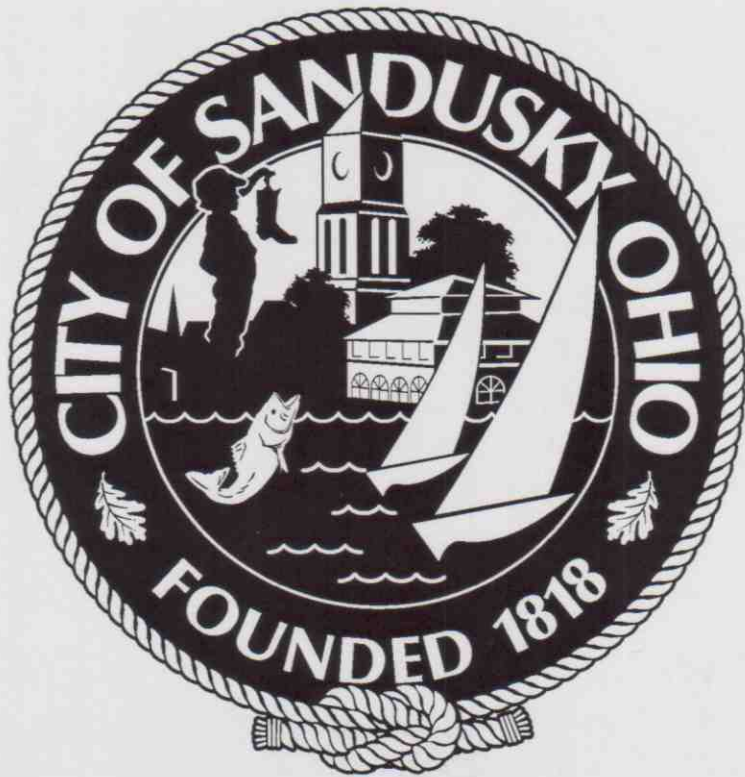
City of Sandusky  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2006

	Balance January 1, 2006	Additions	Reductions	Balance December 31, 2006
<u>State Patrol Transfer</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$6,036	\$23,744	\$24,520	\$5,260
<u>Liabilities</u>				
Undistributed Assets	\$6,036	\$23,744	\$24,520	\$5,260
<u>Guaranteed Deposits</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$43,874	\$627	\$7,033	\$37,468
<u>Liabilities</u>				
Undistributed Assets	\$43,874	\$627	\$7,033	\$37,468
<u>Sandusky Municipal Court</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$121,634	\$2,381,788	\$2,360,903	\$142,519
<u>Liabilities</u>				
Undistributed Assets	\$121,634	\$2,381,788	\$2,360,903	\$142,519
<u>BSF Assessment</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$257	\$4,810	\$3,991	\$1,076
<u>Liabilities</u>				
Undistributed Assets	\$257	\$4,810	\$3,991	\$1,076
<u>Income Tax Garnishment</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$65	\$0	\$0	\$65
<u>Liabilities</u>				
Undistributed Assets	\$65	\$0	\$0	\$65
<u>Payroll</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$48,514	\$48,498	\$48,514	\$48,498
<u>Liabilities</u>				
Due to Other Governments	\$48,514	\$48,498	\$48,514	\$48,498
<u>Employee Series E Bonds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$280	\$8,400	\$8,330	\$350
<u>Liabilities</u>				
Undistributed Assets	\$280	\$8,400	\$8,330	\$350

(continued)

City of Sandusky  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2006  
(continued)

	Balance January 1, 2006	Additions	Reductions	Balance December 31, 2006
<u>Police Temporary Deposit</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$3,125	\$11,118	\$12,079	\$2,164
<u>Liabilities</u>				
Undistributed Assets	\$3,125	\$11,118	\$12,079	\$2,164
<u>Section 125 Plan</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$4,386	\$12,034	\$11,564	\$4,856
<u>Liabilities</u>				
Undistributed Assets	\$4,386	\$12,034	\$11,564	\$4,856
<u>Total - All Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$228,171	\$2,491,019	\$2,476,934	\$242,256
<u>Liabilities</u>				
Due to Other Governments	\$48,514	\$48,498	\$48,514	\$48,498
Undistributed Assets	179,657	2,442,521	2,428,420	193,758
Total Liabilities	\$228,171	\$2,491,019	\$2,476,934	\$242,256





**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, 2006

	Original	Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues</u>				
Property Taxes	\$1,762,884	\$1,661,236	\$1,661,236	\$0
Municipal Income Taxes	6,943,994	6,271,510	6,271,510	0
Other Local Taxes	3,970,547	3,484,155	3,475,825	(8,330)
Charges for Services	359,885	364,919	347,856	(17,063)
Fees, Licenses, and Permits	619,329	550,945	549,530	(1,415)
Fines and Forfeitures	1,001,786	934,970	934,970	0
Intergovernmental	1,449,223	2,157,500	2,157,500	0
Interest	450,000	930,293	926,768	(3,525)
Other	106,500	244,927	244,927	0
<b>Total Revenues</b>	<b>16,664,148</b>	<b>16,600,455</b>	<b>16,570,122</b>	<b>(30,333)</b>
<u>Expenditures</u>				
Current:				
Security of Persons and Property-Police				
Police Patrol	3,991,765	3,974,384	3,959,891	14,493
Police Records	729,374	713,211	682,583	30,628
Police Reserve	67,646	82,425	76,791	5,634
Police Marine Patrol	46,860	32,117	30,375	1,742
<b>Total Security of Persons and Property-Police</b>	<b>4,835,645</b>	<b>4,802,137</b>	<b>4,749,640</b>	<b>52,497</b>
Security of Persons and Property-Fire Fire Suppression	4,314,322	4,229,830	4,197,605	32,225
Security of Persons and Property-Other Street Lighting	115,484	143,484	140,678	2,806
Public Health Oakland Cemetery	311,649	366,284	333,601	32,683
Community Environment				
Community Development Planning	484,195	426,912	412,515	14,397
City Wide Economic Development	64,298	70,737	61,981	8,756
Community Development Building Division	364,734	355,875	330,511	25,364
Horticulture Services	1,073,279	1,053,228	998,150	55,078
<b>Total Community Environment</b>	<b>1,986,506</b>	<b>1,906,752</b>	<b>1,803,157</b>	<b>103,595</b>
Transportation Jackson Street Pier	0	1,025	1,025	0
General Government-Municipal Court				
Municipal Court	0	141	0	141
Court - Criminal	848,855	831,383	798,532	32,851
<b>Total General Government-Municipal Court</b>	<b>848,855</b>	<b>831,524</b>	<b>798,532</b>	<b>32,992</b>

(continued)

City of Sandusky  
General Fund

Schedule of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006  
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
General Government-Other				
City Manager	\$147,613	\$157,932	\$149,286	\$8,646
Strategic Planning	0	25,113	25,113	0
Personnel Labor Relations	221,115	240,104	225,271	14,833
Purchasing	4,384	4,571	1,918	2,653
Finance	179,271	178,726	172,792	5,934
Income Tax	306,066	364,163	359,306	4,857
Data Processing	130,384	133,795	115,683	18,112
Law Director	278,572	266,689	254,847	11,842
City Commission	33,509	42,329	36,959	5,370
City Commission Clerk	74,720	77,051	72,190	4,861
Municipal Buildings and Lands	597,351	617,587	575,617	41,970
Engineering	314,094	284,518	271,868	12,650
Mechanic	13,499	114,579	71,093	43,486
Unclaimed Funds	0	35	35	0
Administrative Support	411,293	585,579	582,035	3,544
<b>Total General Government-Other</b>	<b>2,711,871</b>	<b>3,092,771</b>	<b>2,914,013</b>	<b>178,758</b>
<b>Total Expenditures</b>	<b>15,124,332</b>	<b>15,373,807</b>	<b>14,938,251</b>	<b>435,556</b>
Excess of Revenues Over Expenditures	1,539,816	1,226,648	1,631,871	405,223
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	159,550	229,187	229,187	0
Sale of Capital Assets	0	3,355	3,355	0
Advances In	30,437	30,437	30,437	0
Transfers Out	(1,339,625)	(1,829,185)	(1,793,342)	35,843
<b>Total Other Financing Sources (Uses)</b>	<b>(1,149,638)</b>	<b>(1,566,206)</b>	<b>(1,530,363)</b>	<b>35,843</b>
Changes in Fund Balance	390,178	(339,558)	101,508	441,066
Fund Balance Beginning of Year	3,045,670	3,045,670	3,045,670	0
Prior Year Encumbrances Appropriated	84,662	84,662	84,662	0
<b>Fund Balance End of Year</b>	<b>\$3,520,510</b>	<b>\$2,790,774</b>	<b>\$3,231,840</b>	<b>\$441,066</b>

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, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$453,313	\$490,707	\$37,394
Fees, Licenses, and Permits	134,057	136,699	2,642
Intergovernmental	489,216	731,669	242,453
Other	291,700	306,314	14,614
<b>Total Revenues</b>	<b>1,368,286</b>	<b>1,665,389</b>	<b>297,103</b>
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Fire Fire	153,817	71,307	82,510
Leisure Time Activities			
Pedestrian/Bike Path Phase I	8,846	8,810	36
Pedestrian/Bike Path Phase II	3,531	51	3,480
Sandusky Bay Pathway Master Plan	5,197	5,197	0
Golf Course Equipment Replacement	21,918	21,918	0
Ransom Park	791	791	0
West Battery Launch Ramp	3,000	2,191	809
<b>Total Leisure Time Activities</b>	<b>43,283</b>	<b>38,958</b>	<b>4,325</b>
Community Environment			
City Wide Economic Development	6,682	4,465	2,217
Paint Program	291	291	0
Eastside Development	7,540	7,540	0
Brownfields	9,452	7,669	1,783
Ice House Phase I	500	0	500
Rieger Lofts	10,778	10,778	0
Sandusky Cabinets	4,672	4,672	0
Green House Study	10,000	10,000	0
Clean Ohio Phase I	1,204	29	1,175
<b>Total Community Environment</b>	<b>51,119</b>	<b>45,444</b>	<b>5,675</b>
Transportation			
East Bay Channel Dredging	759	759	0
Cove Channel Dredging	387	387	0
West End Grade Separation	3,000	2,369	631
2006 Resurfacing	194	194	0
Cooke Street Realignment	892	892	0
John Street Realignment	7,638	7,638	0
Cleveland Road Delineator	850	850	0
Sanford/Tiffin Sidewalk/Handicap Ramp	1,577	1,577	0
Shoreline Walkway	204	204	0
Sidewalk-Curb-Gutter	52	52	0
<b>Total Transportation</b>	<b>15,553</b>	<b>14,922</b>	<b>631</b>
General Government-Municipal Court			
Municipal Court	9,740	9,740	0

(continued)

City of Sandusky  
Capital Projects Capital Projects Fund

Schedule of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006  
(continued)

	Budget	Actual	Variance Over (Under)
General Government-Other			
Data Processing Center	\$32	\$0	\$32
City Hall Relocation	15,751	15,751	0
City Hall	1,018	1,018	0
Paper District	18,676	18,676	0
Paper District Phase I	19,696	19,606	90
Paper District Gradel Application	14,000	14,000	0
Paper District Gradel	19,306	19,306	0
Paper District Phase 2 Gradel	2,646	2,646	0
Paper District Phase 2 Deep Water	2,018	2,018	0
Total General Government-Other	93,143	93,021	122
Capital Outlay	3,145,156	2,982,713	162,443
Debt Service:			
Principal Retirement	2,393,093	2,315,000	78,093
Interest and Fiscal Charges	86,813	86,813	0
Total Debt Service	2,479,906	2,401,813	78,093
Total Expenditures	5,991,717	5,657,918	333,799
Excess of Revenues Under Expenditures	(4,623,431)	(3,992,529)	630,902
<u>Other Financing Sources</u>			
Other Financing Sources	29,668	330,732	301,064
Bond Anticipation Notes Issued	2,880,626	3,165,000	284,374
Sale of Capital Assets	20,800	20,800	0
Transfers In	749,450	634,191	(115,259)
Total Other Financing Sources	3,680,544	4,150,723	470,179
Changes in Fund Balance	(942,887)	158,194	1,101,081
Fund Balance Beginning of Year	738,500	738,500	0
Prior Year Encumbrances Appropriated	1,079,574	1,079,574	0
Fund Balance End of Year	<u>\$875,187</u>	<u>\$1,976,268</u>	<u>\$1,101,081</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, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$63,494	\$68,932	\$5,438
Fees, Licenses, and Permits	20,050	67,690	47,640
Intergovernmental	0	149,427	149,427
Special Assessments	49,484	50,620	1,136
Interest	1,972	2,857	885
Other	0	22,305	22,305
<b>Total Revenues</b>	<b>135,000</b>	<b>361,831</b>	<b>226,831</b>
<u>Expenditures</u>			
Current:			
Community Environment			
Remove Unsafe Buildings	1,285	1,200	85
Nuisance Removal	35,909	35,792	117
Rental Registration Fee	51,433	38,853	12,580
Inspection Fee	6,330	6,330	0
<b>Total Community Environment</b>	<b>94,957</b>	<b>82,175</b>	<b>12,782</b>
Transportation			
Coldcreek Crossing	12,657	10,670	1,987
Huntington Avenue	35,240	35,240	0
Seneca Street	29,677	29,677	0
Sidewalk-Curb-Gutter-2003	5,300	2,154	3,146
Sidewalk-Curb-Gutter-2004	3,020	0	3,020
Sidewalk-Curb-Gutter-2005	14,134	13,924	210
Sidewalk-Curb-Gutter-2006	49,995	42,859	7,136
<b>Total Transportation</b>	<b>150,023</b>	<b>134,524</b>	<b>15,499</b>
<b>Capital Outlay</b>	<b>1,713,898</b>	<b>1,686,023</b>	<b>27,875</b>
Debt Service:			
Principal Retirement	3,815,000	3,815,000	0
Interest and Fiscal Charges	143,063	143,063	0
<b>Total Debt Service</b>	<b>3,958,063</b>	<b>3,958,063</b>	<b>0</b>
<b>Total Expenditures</b>	<b>5,916,941</b>	<b>5,860,785</b>	<b>56,156</b>
Excess of Revenues Under Expenditures	(5,781,941)	(5,498,954)	282,987
<u>Other Financing Sources</u>			
Bond Anticipation Notes Issued	4,549,900	4,585,000	35,100
Special Assessment Bonds Issued	104,000	104,000	0
Transfers In	36,100	35,955	(145)
<b>Total Other Financing Sources</b>	<b>4,690,000</b>	<b>4,724,955</b>	<b>34,955</b>
<b>Changes in Fund Balance</b>	<b>(1,091,941)</b>	<b>(773,999)</b>	<b>317,942</b>
<b>Fund Balance Beginning of Year</b>	<b>399,080</b>	<b>399,080</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>817,455</b>	<b>817,455</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$124,594</b>	<b>\$442,536</b>	<b>\$317,942</b>

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, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$5,946,727	\$5,981,953	\$35,226
Proceeds of OWDA Loans	200,000	966,221	766,221
Interest	0	223	223
Other	1,246	246,847	245,601
<b>Total Revenues</b>	<b>6,147,973</b>	<b>7,195,244</b>	<b>1,047,271</b>
<u>Expenses</u>			
Personal Services			
Water Office	90,082	86,040	4,042
Waterworks Filtration	989,142	962,615	26,527
Waterworks Distribution	647,117	637,331	9,786
Administrative Support	384,800	379,374	5,426
<b>Total Personal Services</b>	<b>2,111,141</b>	<b>2,065,360</b>	<b>45,781</b>
Travel and Transportation			
Water Office	176	176	0
Waterworks Filtration	20,528	9,025	11,503
Waterworks Distribution	1,615	1,115	500
Administrative Support	5,189	5,120	69
<b>Total Travel and Transportation</b>	<b>27,508</b>	<b>15,436</b>	<b>12,072</b>
Contractual Services			
Water Office	25,945	18,598	7,347
Waterworks Filtration	430,594	429,483	1,111
Waterworks Distribution	42,271	34,924	7,347
Administrative Support	126,225	112,846	13,379
<b>Total Contractual Services</b>	<b>625,035</b>	<b>595,851</b>	<b>29,184</b>
Materials and Supplies			
Water Office	1,437	1,406	31
Waterworks Filtration	605,803	313,173	292,630
Waterworks Distribution	118,887	111,527	7,360
Administrative Support	15,623	10,519	5,104
<b>Total Materials and Supplies</b>	<b>741,750</b>	<b>436,625</b>	<b>305,125</b>
Other			
Water Office	30	30	0
Administrative Support	4,564	4,399	165
<b>Total Other</b>	<b>4,594</b>	<b>4,429</b>	<b>165</b>
Capital Outlay			
Waterworks Distribution	7,884,533	7,312,371	572,162
Administrative Support	10,547	10,383	164
<b>Total Capital Outlay</b>	<b>7,895,080</b>	<b>7,322,754</b>	<b>572,326</b>

(continued)

City of Sandusky  
Water Enterprise Fund

Schedule of Revenues, Expenses,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006  
(continued)

	Budget	Actual	Variance Over (Under)
Debt Service:			
Principal Retirement	\$760,400	\$760,306	\$94
Interest Expense	899,289	890,090	9,199
Total Debt Service	<u>1,659,689</u>	<u>1,650,396</u>	<u>9,293</u>
Total Expenses	<u>13,064,797</u>	<u>12,090,851</u>	<u>973,946</u>
Excess of Revenues Under Expenses	(6,916,824)	(4,895,607)	2,021,217
Transfers Out	<u>(57,000)</u>	<u>(55,014)</u>	<u>1,986</u>
Changes in Fund Balance	(6,973,824)	(4,950,621)	2,023,203
Fund Balance Beginning of Year	1,387,621	1,387,621	0
Prior Year Encumbrances Appropriated	<u>7,768,737</u>	<u>7,768,737</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$2,182,534</u></u>	<u><u>\$4,205,737</u></u>	<u><u>\$2,023,203</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, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$6,321,798	\$6,360,067	\$38,269
Proceeds of OWDA Loans	0	452,465	452,465
Grants	0	194,076	194,076
Interest	0	468	468
Other	54,812	57,577	2,765
<b>Total Revenues</b>	<b>6,376,610</b>	<b>7,064,653</b>	<b>688,043</b>
<u>Expenses</u>			
Personal Services			
Sewer Office	89,907	86,320	3,587
Water Pollution Control	1,201,684	1,131,688	69,996
Sewer Maintenance	732,473	672,473	60,000
Administrative Support	443,260	380,402	62,858
<b>Total Personal Services</b>	<b>2,467,324</b>	<b>2,270,883</b>	<b>196,441</b>
Travel and Transportation			
Sewer Office	176	176	0
Water Pollution Control	25,687	11,362	14,325
Sewer Maintenance	14,358	2,725	11,633
Administrative Support	4,973	4,903	70
<b>Total Travel and Transportation</b>	<b>45,194</b>	<b>19,166</b>	<b>26,028</b>
Contractual Services			
Sewer Office	25,945	18,598	7,347
Water Pollution Control	945,311	901,423	43,888
Sewer Maintenance	178,902	131,522	47,380
Administrative Support	199,714	185,892	13,822
<b>Total Contractual Services</b>	<b>1,349,872</b>	<b>1,237,435</b>	<b>112,437</b>
Materials and Supplies			
Sewer Office	1,392	1,227	165
Water Pollution Control	364,075	226,981	137,094
Sewer Maintenance	174,391	91,252	83,139
Administrative Support	17,774	11,740	6,034
<b>Total Materials and Supplies</b>	<b>557,632</b>	<b>331,200</b>	<b>226,432</b>
Other			
Sewer Office	30	30	0
Administrative Support	4,315	4,150	165
<b>Total Other</b>	<b>4,345</b>	<b>4,180</b>	<b>165</b>
Capital Outlay			
Water Pollution Control	1,532,391	937,202	595,189
Sewer Maintenance	1,427,329	1,272,883	154,446
Administrative Support	14,374	13,034	1,340
<b>Total Capital Outlay</b>	<b>2,974,094</b>	<b>2,223,119</b>	<b>750,975</b>

(continued)

City of Sandusky  
Sewer Enterprise Fund

Schedule of Revenues, Expenses,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006  
(continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Debt Service:			
Principal Retirement	\$1,805,253	\$942,521	\$862,732
Interest Expense	<u>1,539,535</u>	<u>1,323,257</u>	<u>216,278</u>
Total Debt Service	<u>3,344,788</u>	<u>2,265,778</u>	<u>1,079,010</u>
Total Expenses	<u>10,743,249</u>	<u>8,351,761</u>	<u>2,391,488</u>
Excess of Revenues Under Expenses	(4,366,639)	(1,287,108)	3,079,531
Transfers Out	<u>(82,000)</u>	<u>(79,804)</u>	<u>2,196</u>
Changes in Fund Balance	(4,448,639)	(1,366,912)	3,081,727
Fund Balance Beginning of Year	2,607,749	2,607,749	0
Prior Year Encumbrances Appropriated	<u>1,869,224</u>	<u>1,869,224</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$28,334</u></u>	<u><u>\$3,110,061</u></u>	<u><u>\$3,081,727</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, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Other Local Taxes	\$467,943	\$446,634	(\$21,309)
Intergovernmental	960,976	960,976	0
Interest	5,195	5,195	0
<b>Total Revenues</b>	<b>1,434,114</b>	<b>1,412,805</b>	<b>(21,309)</b>
<u>Expenditures</u>			
Current:			
Transportation			
Street Resurfacing	23,175	23,175	0
Public Works	772,986	746,061	26,925
Traffic and Electrical Maintenance	342,239	315,402	26,837
Street Cleaning, Snow, and Ice Removal	82,568	28,014	54,554
Administrative Support	27,859	27,859	0
<b>Total Expenditures</b>	<b>1,248,827</b>	<b>1,140,511</b>	<b>108,316</b>
Excess of Revenues Over Expenditures	185,287	272,294	87,007
<u>Other Financing Sources (Uses)</u>			
Other Financing Sources	18,592	18,592	0
Sale of Capital Assets	22,501	22,501	0
Transfers Out	(66,000)	(65,818)	182
<b>Total Other Financing Sources (Uses)</b>	<b>(24,907)</b>	<b>(24,725)</b>	<b>182</b>
Changes in Fund Balance	160,380	247,569	87,189
Fund Balance Beginning of Year	128,410	128,410	0
Prior Year Encumbrances Appropriated	38,712	38,712	0
<b>Fund Balance End of Year</b>	<b>\$327,502</b>	<b>\$414,691</b>	<b>\$87,189</b>

City of Sandusky  
State Highway Special Revenue Fund

Schedule of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Intergovernmental	\$79,894	\$77,917	(\$1,977)
Interest	510	510	0
Total Revenues	<u>80,404</u>	<u>78,427</u>	<u>(1,977)</u>
<u>Expenditures</u>			
Current:			
Transportation			
Public Works	48,711	45,711	3,000
Traffic and Electrical Maintenance	300	254	46
State Highway Maintenance and Repair	13,875	13,182	693
Total Expenditures	<u>62,886</u>	<u>59,147</u>	<u>3,739</u>
Excess of Revenues Over Expenditures	17,518	19,280	1,762
<u>Other Financing Sources</u>			
Other Financing Sources	<u>142</u>	<u>142</u>	<u>0</u>
Changes in Fund Balance	17,660	19,422	1,762
Fund Balance Beginning of Year	<u>28,266</u>	<u>28,266</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$45,926</u></u>	<u><u>\$47,688</u></u>	<u><u>\$1,762</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, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Charges for Services	\$456,912	\$195,897	(\$261,015)
Intergovernmental	393,174	0	(393,174)
Other	<u>251,973</u>	<u>251,973</u>	<u>0</u>
Total Revenues	1,102,059	447,870	(654,189)
<u>Expenditures</u>			
Current:			
Transportation			
Public Transit System	<u>541,583</u>	<u>460,681</u>	<u>80,902</u>
Excess of Revenues Over (Under) Expenditures	560,476	(12,811)	(573,287)
<u>Other Financing Sources</u>			
Other Financing Sources	<u>64,228</u>	<u>566</u>	<u>(63,662)</u>
Changes in Fund Balance	624,704	(12,245)	(636,949)
Fund Balance Beginning of Year	<u>24,663</u>	<u>24,663</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$649,367</u></u>	<u><u>\$12,418</u></u>	<u><u>(\$636,949)</u></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, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$326,980	\$298,225	(\$28,755)
Other	17,162	14,622	(2,540)
Total Revenues	<u>344,142</u>	<u>312,847</u>	<u>(31,295)</u>
<u>Expenditures</u>			
Current:			
Leisure Time Activities			
Aquatic Center	87,440	83,541	3,899
Mills Creek Golf Course	246,576	241,096	5,480
Recreation	148,202	141,546	6,656
Boat Launch Ramp	78,240	77,974	266
Total Expenditures	<u>560,458</u>	<u>544,157</u>	<u>16,301</u>
Excess of Revenues Under Expenditures	<u>(216,316)</u>	<u>(231,310)</u>	<u>(14,994)</u>
<u>Other Financing Sources</u>			
Other Financing Sources	11,558	7,097	(4,461)
Transfers In	221,228	215,713	(5,515)
Total Other Financing Sources	<u>232,786</u>	<u>222,810</u>	<u>(9,976)</u>
Changes in Fund Balance	16,470	(8,500)	(24,970)
Fund Balance Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	8,530	8,530	0
Fund Balance End of Year	<u>\$25,000</u>	<u>\$30</u>	<u>(\$24,970)</u>

City of Sandusky  
Fire Pension Special Revenue Fund

Schedule of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$136,215	\$136,238	\$23
Intergovernmental	19,885	19,885	0
Total Revenues	156,100	156,123	23
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Fire Fire Pension	785,866	785,366	500
Excess of Revenues Under Expenditures	(629,766)	(629,243)	523
<u>Other Financing Sources</u>			
Transfers In	629,766	629,243	(523)
Changes in Fund Balance	0	0	0
Fund Balance Beginning of Year	0	0	0
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$136,385	\$136,239	(\$146)
Intergovernmental	19,885	19,885	0
Total Revenues	156,270	156,124	(146)
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police Pension	608,061	607,343	718
Excess of Revenues Under Expenditures	(451,791)	(451,219)	572
<u>Other Financing Sources</u>			
Transfers In	451,791	451,219	(572)
Changes in Fund Balance	0	0	0
Fund Balance Beginning of Year	0	0	0
Fund Balance End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</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, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$837,127	\$912,274	\$75,147
Interest	70	44,141	44,071
Other	89,494	254,789	165,295
<b>Total Revenues</b>	<b>926,691</b>	<b>1,211,204</b>	<b>284,513</b>
<u>Expenditures</u>			
Current:			
Public Health			
FEMA Power Outage 03	6	6	0
FEMA Snow Storm 04	68	68	0
<b>Total Public Health</b>	<b>74</b>	<b>74</b>	<b>0</b>
Leisure Time Activities			
Coastal Management Assistance Grant	40,000	40,000	0
Community Environment			
OH Home Inv Prt Prg A-C-04-172	31,542	31,542	0
SG AT-T-02-172-1 DTR	371	371	0
Local Law Enforcement Block 03	13,511	13,511	0
Home Chip AC051722	498,228	498,223	5
A-F-03-172 03-04 CDBG	17,878	307	17,571
Comm Dist CDBG A-X-03-172-1	293,956	288,026	5,930
A-E-03 172-1 CDBG	2,604	2,604	0
Court Security	711	711	0
Revolving Loan Rehabilitation	188,116	182,675	5,441
Revolving Loan Economic Development	238,630	209,377	29,253
DRC Probation	59,827	59,827	0
<b>Total Community Environment</b>	<b>1,345,374</b>	<b>1,287,174</b>	<b>58,200</b>
<b>Total Expenditures</b>	<b>1,385,448</b>	<b>1,327,248</b>	<b>58,200</b>
Excess of Revenues Under Expenditures	(458,757)	(116,044)	342,713
<u>Other Financing Sources</u>			
Other Financing Sources	34,309	34,309	0
Changes in Fund Balance	(424,448)	(81,735)	342,713
Fund Balance Beginning of Year	790,880	790,880	0
Prior Year Encumbrances Appropriated	17,961	17,961	0
<b>Fund Balance End of Year</b>	<b>\$384,393</b>	<b>\$727,106</b>	<b>\$342,713</b>

City of Sandusky  
Federal Grants Special Revenue Fund

Schedule of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$117	\$117	\$0
Intergovernmental	1,590,887	2,007,270	416,383
Interest	46,412	51,399	4,987
<b>Total Revenues</b>	<b>1,637,416</b>	<b>2,058,786</b>	<b>421,370</b>
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police Justice Assistant Grant	4,300	4,296	4
Security of Persons and Property-Fire EMS	221,082	162,543	58,539
Public Health			
FEMA Power Outage 03	38	38	0
FEMA Snow Storm 04	408	408	0
<b>Total Public Health</b>	<b>446</b>	<b>446</b>	<b>0</b>
Community Environment			
EPA Asmt Petroleum	154,564	153,897	667
EPA Asmt Hazardous Waste	153,431	152,764	667
HUD Entitlement	323,248	315,363	7,885
HUD CDBG 05MC390034	504,088	498,967	5,121
HUD CDBG 05MC390034	9,516	9,516	0
Revolving Loan Economic Development	172,500	150,654	21,846
<b>Total Community Environment</b>	<b>1,317,347</b>	<b>1,281,161</b>	<b>36,186</b>
Transportation			
Public Transit System	996,708	996,708	0
<b>Total Expenditures</b>	<b>2,539,883</b>	<b>2,445,154</b>	<b>94,729</b>
Excess of Revenues Under Expenditures	(902,467)	(386,368)	516,099
<u>Other Financing Sources (Uses)</u>			
Other Financing Sources	584	584	0
Transfers Out	(119,247)	(117,197)	2,050
<b>Total Other Financing Sources (Uses)</b>	<b>(118,663)</b>	<b>(116,613)</b>	<b>2,050</b>
Changes in Fund Balance	(1,021,130)	(502,981)	518,149
Fund Balance Beginning of Year	2,304,949	2,304,949	0
Prior Year Encumbrances Appropriated	38,615	38,615	0
<b>Fund Balance End of Year</b>	<b>\$1,322,434</b>	<b>\$1,840,583</b>	<b>\$518,149</b>

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, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Intergovernmental	\$12,818	\$15,042	\$2,224
Fees, Licenses, and Permits	8,782	9,562	780
Total Revenues	21,600	24,604	3,004
<u>Expenditures</u>			
Current:			
Other			
Indigent Drivers Alcohol	20,600	0	20,600
Changes in Fund Balance	1,000	24,604	23,604
Fund Balance Beginning of Year	110,820	110,820	0
Fund Balance End of Year	<u>\$111,820</u>	<u>\$135,424</u>	<u>\$23,604</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, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Fines and Forfeitures	\$13,200	\$9,505	(\$3,695)
<u>Expenditures</u>			
Current:			
Other			
Enforcement and Education	121,000	120,550	450
Changes in Fund Balance	(107,800)	(111,045)	(3,245)
Fund Balance Beginning of Year	117,183	117,183	0
Fund Balance End of Year	<u>\$9,383</u>	<u>\$6,138</u>	<u>(\$3,245)</u>

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, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Fines and Forfeitures	\$21,200	\$25,265	\$4,065
<u>Expenditures</u>			
Current:			
Other			
Court Computerization	22,139	18,398	3,741
Excess of Revenues Over (Under) Expenditures	(939)	6,867	7,806
<u>Other Financing Sources</u>			
Other Financing Sources	0	8	8
Changes in Fund Balance	(939)	6,875	7,814
Fund Balance Beginning of Year	124,682	124,682	0
Prior Year Encumbrances Appropriated	939	939	0
Fund Balance End of Year	<u>\$124,682</u>	<u>\$132,496</u>	<u>\$7,814</u>

City of Sandusky  
Indigent Telephone Special Revenue Fund

Schedule of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fees, Licenses, and Permits	\$10,200	\$1,120	(\$9,080)
<u>Expenditures</u>			
Current:			
Other			
Indigent Telephone	10,200	0	10,200
Changes in Fund Balance	0	1,120	1,120
Fund Balance Beginning of Year	34,683	34,683	0
Fund Balance End of Year	\$34,683	\$35,803	\$1,120

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, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Fees, Licenses, and Permits	\$55,000	\$65,636	\$10,636
<u>Expenditures</u>			
Current:			
Other			
Municipal Probation	43,000	41,718	1,282
Changes in Fund Balance	12,000	23,918	11,918
Fund Balance Beginning of Year	113,736	113,736	0
Fund Balance End of Year	<u>\$125,736</u>	<u>\$137,654</u>	<u>\$11,918</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, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$10,000	\$10,000	\$0
Fines and Forfeitures	7,883	7,883	0
Other	120,936	96,284	(24,652)
<b>Total Revenues</b>	<b>138,819</b>	<b>114,167</b>	<b>(24,652)</b>
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police Patrol	2,648	2,648	0
Contraband Trust	32,532	28,690	3,842
Police DARE	1,847	1,847	0
Police Dive Team	2,209	2,105	104
<b>Total Security of Persons and Property-Police</b>	<b>39,236</b>	<b>35,290</b>	<b>3,946</b>
Security of Persons and Property-Fire			
Fire Suppression	1,768	1,768	0
Leisure Time Activities			
Green Trust	12,811	12,811	0
Community Environment			
Downtown Economic Development	80,797	80,769	28
Park Trust	7,284	7,284	0
<b>Total Community Environment</b>	<b>88,081</b>	<b>88,053</b>	<b>28</b>
<b>Total Expenditures</b>	<b>141,896</b>	<b>137,922</b>	<b>3,974</b>
Excess of Revenues Under Expenditures	(3,077)	(23,755)	(20,678)
<u>Other Financing Sources</u>			
Other Financing Sources	1,882	1,882	0
Changes in Fund Balance	(1,195)	(21,873)	(20,678)
Fund Balance Beginning of Year	193,624	193,624	0
Prior Year Encumbrances Appropriated	496	496	0
<b>Fund Balance End of Year</b>	<b>\$192,925</b>	<b>\$172,247</b>	<b>(\$20,678)</b>



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, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Interest	\$600	\$2,641	\$2,041
Other	8,200	2,879	(5,321)
Total Revenues	<u>8,800</u>	<u>5,520</u>	<u>(3,280)</u>
<u>Expenditures</u>			
Current:			
Leisure Time Activities			
Shoreline Park Improvement	5,238	4,327	911
Red Wagon Trust	62	62	0
Total Expenditures	<u>5,300</u>	<u>4,389</u>	<u>911</u>
Changes in Fund Balance	3,500	1,131	(2,369)
Fund Balance Beginning of Year	<u>114,200</u>	<u>114,200</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$117,700</u></u>	<u><u>\$115,331</u></u>	<u><u>(\$2,369)</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, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$22,111	\$23,847	\$1,736
Interest	22,551	36,095	13,544
Other	10,000	10,000	0
<b>Total Revenues</b>	<b>54,662</b>	<b>69,942</b>	<b>15,280</b>
<u>Expenditures</u>			
Current:			
Public Health			
Oakland Cemetery	43,835	5,721	38,114
Chapel Restoration	6,000	5,722	278
Garden Mausoleum	5,700	1,350	4,350
Perpetual Care	2,060	60	2,000
Special Care	5,525	3,167	2,358
Memorial Paintings	3,705	3,705	0
Mausoleum	4,073	195	3,878
Ridgeview Columbarium	2,030	2,030	0
<b>Total Expenditures</b>	<b>72,928</b>	<b>21,950</b>	<b>50,978</b>
Excess of Revenues Over (Under) Expenditures	(18,266)	47,992	66,258
<u>Other Financing Sources</u>			
Other Financing Sources	7,659	18,320	10,661
Changes in Fund Balance	(10,607)	66,312	76,919
Fund Balance Beginning of Year	733,787	733,787	0
Prior Year Encumbrances Appropriated	279	279	0
<b>Fund Balance End of Year</b>	<b>\$723,459</b>	<b>\$800,378</b>	<b>\$76,919</b>

City of Sandusky  
General Bond Retirement Debt Service Fund

Schedule of Revenues, Expenditures,  
and Changes in Fund Balance  
Budget (Non-GAAP Budgetary Basis) and Actual  
For the Year Ended December 31, 2006

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$324,888	\$314,532	(\$10,356)
Municipal Income Taxes	409,148	409,148	0
Intergovernmental	28,724	28,724	0
Other	3,510	3,510	0
Total Revenues	<u>766,270</u>	<u>755,914</u>	<u>(10,356)</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	619,867	619,867	0
Interest and Fiscal Charges	846,182	844,714	1,468
Total Expenditures	<u>1,466,049</u>	<u>1,464,581</u>	<u>1,468</u>
Excess of Revenues Under Expenditures	(699,779)	(708,667)	(8,888)
<u>Other Financing Sources</u>			
Transfers In	<u>517,897</u>	<u>515,829</u>	<u>(2,068)</u>
Changes in Fund Balance	(181,882)	(192,838)	(10,956)
Fund Balance Beginning of Year	<u>243,823</u>	<u>243,823</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$61,941</u></u>	<u><u>\$50,985</u></u>	<u><u>(\$10,956)</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, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Special Assessments	\$383,000	\$336,626	(\$46,374)
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	225,630	225,630	0
Interest and Fiscal Charges	97,550	95,851	1,699
Total Expenditures	323,180	321,481	1,699
Excess of Revenues Over Expenditures	59,820	15,145	(44,675)
<u>Other Financing Uses</u>			
Advances Out	(30,437)	(30,437)	0
Changes in Fund Balance	29,383	(15,292)	(44,675)
Fund Balance Beginning of Year	169,360	169,360	0
Fund Balance End of Year	<u>\$198,743</u>	<u>\$154,068</u>	<u>(\$44,675)</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, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Municipal Income Taxes	\$387,689	\$327,319	(\$60,370)
<u>Expenditures</u>			
	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	387,689	327,319	(60,370)
<u>Other Financing Uses</u>			
Transfers Out	<u>(430,000)</u>	<u>(370,975)</u>	<u>59,025</u>
Changes in Fund Balance	(42,311)	(43,656)	(1,345)
Fund Balance Beginning of Year	<u>45,486</u>	<u>45,486</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$3,175</u></u>	<u><u>\$1,830</u></u>	<u><u>(\$1,345)</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, 2006

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<u>Revenues</u>			
Payment in Lieu of Taxes	\$23,678	\$23,815	\$137
<u>Expenditures</u>			
	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	23,678	23,815	137
<u>Other Financing Uses</u>			
Transfers Out	<u>(52,000)</u>	<u>0</u>	<u>52,000</u>
Changes in Fund Balance	(28,322)	23,815	52,137
Fund Balance Beginning of Year	<u>28,811</u>	<u>28,811</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$489</u></u>	<u><u>\$52,626</u></u>	<u><u>\$52,137</u></u>

**STATISTICAL  
SECTION**





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

**Contents** **Page**

Financial Trends..... S-3

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-8

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

Debt Capacity..... S-24

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.

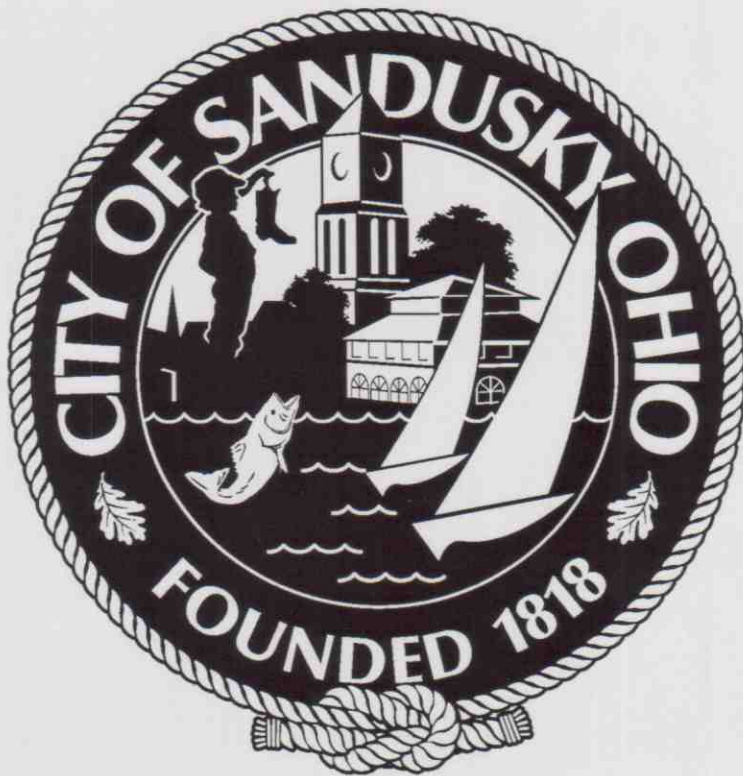
Demographic and Economic Information..... S-32

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-35

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

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



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

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

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

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

(continued)

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

	2006	2005	2004	2003	2002
<u>General Revenues and Other Changes in Net Assets</u>					
Governmental Activities					
Property Taxes Levied for General Purposes	\$1,653,693	\$1,672,894	\$1,694,006	\$1,482,917	\$1,746,584
Property Taxes Levied for Police and Fire Pension	271,237	274,996	278,468	243,641	0
Property Taxes Levied for Debt Service	328,893	316,768	320,817	486,949	510,501
Payment in Lieu of Taxes	23,815	21,793	21,177	20,949	19,286
Municipal Income Taxes	7,179,950	7,156,052	7,021,290	7,109,826	7,343,607
Other Local Taxes	3,486,825	3,573,094	3,546,079	3,918,022	4,000,787
Franchise Taxes	254,087	238,015	232,129	233,695	229,621
Grants and Entitlements not Restricted to Specific Programs	2,041,444	2,002,142	1,724,926	1,415,311	1,430,527
Interest	1,011,952	572,828	376,479	268,808	479,135
Other	638,096	420,467	644,316	400,167	842,572
Transfers	(590,241)	56,189	(1,527,286)	41,935	51,396
Total Governmental Activities	<u>16,299,751</u>	<u>16,305,238</u>	<u>14,332,401</u>	<u>15,622,220</u>	<u>16,654,016</u>
Business-Type Activities					
Interest	691	1,191	1,530	475	302
Other	304,001	75,022	60,935	58,704	72,073
Transfers	590,241	(56,189)	1,527,286	(41,935)	(51,396)
Total Business-Type Activities	<u>894,933</u>	<u>20,024</u>	<u>1,589,751</u>	<u>17,244</u>	<u>20,979</u>
Total Primary Government	<u>17,194,684</u>	<u>16,325,262</u>	<u>15,922,152</u>	<u>15,639,464</u>	<u>16,674,995</u>
<u>Changes in Net Assets</u>					
Governmental Activities	(347,046)	726,755	(2,115,541)	(1,941,342)	(1,372,083)
Business-Type Activities	4,196,120	3,607,440	5,885,558	2,673,456	2,616,221
Total Primary Government	<u>\$3,849,074</u>	<u>\$4,334,195</u>	<u>\$3,770,017</u>	<u>\$732,114</u>	<u>\$1,244,138</u>

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

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

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

	2006	2005	2004	2003	2002
<u>Revenues</u>					
Property Taxes	\$2,225,347	\$2,258,521	\$2,272,754	\$2,222,007	\$2,247,660
Payment in Lieu of Taxes	23,815	21,793	21,177	20,949	19,286
Municipal Income Taxes	7,313,992	7,443,699	7,308,576	7,251,576	6,840,357
Other Local Taxes	3,933,675	4,027,163	4,011,666	4,396,773	3,905,391
Special Assessments	387,246	456,434	384,141	427,724	562,455
Charges for Services	1,415,863	1,426,503	1,751,391	1,727,554	1,935,316
Fees, Licenses, and Permits	828,294	972,001	811,379	769,953	680,627
Fines and Forfeitures	973,563	978,369	1,000,227	963,967	980,432
Intergovernmental	7,040,114	5,798,366	5,192,973	3,818,995	3,745,672
Interest	1,075,368	695,896	416,103	406,113	789,426
Other	1,585,259	1,021,847	1,033,919	861,457	894,045
<b>Total Revenues</b>	<b>26,802,536</b>	<b>25,100,592</b>	<b>24,204,306</b>	<b>22,867,068</b>	<b>22,600,667</b>
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	5,398,901	5,005,613	4,955,514	5,306,587	4,815,565
Fire	4,946,518	4,923,135	4,493,492	4,629,532	4,324,408
Other	141,866	98,338	107,843	104,619	111,257
Public Health	354,785	371,835	338,665	326,208	312,845
Leisure Time Activities	590,560	419,758	387,892	800,359	562,636
Community Environment	3,575,935	2,849,352	2,257,296	2,746,294	2,503,006
Transportation	2,555,374	2,488,592	2,216,810	2,119,901	2,264,383
General Government					
Municipal Court	789,382	849,310	875,791	838,000	811,711
Other	3,002,062	3,158,999	3,773,576	3,739,296	3,773,986
Other	185,530	60,324	31,706	65,691	54,504
Capital Outlay	3,990,621	1,928,029	6,373,458	5,561,879	5,253,729
Debt Service:					
Principal Retirement	944,627	895,901	1,154,167	796,337	793,206
Interest and Fiscal Charges	1,279,621	1,164,110	1,225,852	1,183,073	1,194,083
Issuance Costs	0	86,721	0	0	6,120
<b>Total Expenditures</b>	<b>27,755,782</b>	<b>24,300,017</b>	<b>28,192,062</b>	<b>28,217,776</b>	<b>26,781,439</b>
Excess of Revenues Over (Under) Expenditures	(953,246)	800,575	(3,987,756)	(5,350,708)	(4,180,772)
<u>Other Financing Sources (Uses)</u>					
General Obligation Bonds Issued	0	7,705,000	240,000	0	0
Special Assessment Bonds Issued	104,000	185,000	137,000	89,900	102,000
Premium on General Obligation Bonds Issued	0	46,591	0	0	6,120
Payment to Refunded Bond Escrow Agent	0	(6,369,870)	0	0	0
Sale of Capital Assets	46,656				
Inception of Capital Lease	0	48,499	184,954	0	0
Transfers In	2,690,340	3,398,033	2,950,732	2,230,717	2,680,869
Transfers Out	(2,481,769)	(3,341,844)	(2,895,926)	(2,188,782)	(2,629,473)
<b>Total Other Financing Sources (Uses)</b>	<b>359,227</b>	<b>1,671,409</b>	<b>616,760</b>	<b>131,835</b>	<b>159,516</b>
<b>Changes in Fund Balance</b>	<b>(\$594,019)</b>	<b>\$2,471,984</b>	<b>(\$3,370,996)</b>	<b>(\$5,218,873)</b>	<b>(\$4,021,256)</b>
Debt Service as a Percentage of Noncapital Expenditures	8.58%	37.65%	10.37%	8.53%	8.90%

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

Year	Real Property			Public Utility Personal Property		Tangible Personal Property	
	Assessed Value			Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
	Residential/ Agricultural	Commercial/ Industrial/ Public Utility	Estimated Actual Value				
2006	\$293,183,000	\$130,749,000	\$1,211,234,285	\$16,151,000	\$18,353,409	\$61,717,130	\$329,158,027
2005	290,738,000	133,434,000	1,211,920,000	16,655,000	18,926,136	68,206,114	310,027,791
2004	288,207,000	133,366,000	1,204,494,286	17,021,000	19,342,045	64,275,034	279,456,670
2003	240,823,000	120,618,000	1,032,688,571	17,355,000	19,721,591	70,518,286	293,826,192
2002	237,641,000	118,822,000	1,018,465,714	17,706,000	20,120,455	76,042,536	304,170,144
2001	235,541,000	114,898,000	1,001,254,286	23,656,000	26,881,818	65,521,406	262,085,624
2000	212,191,000	105,934,000	908,928,571	22,879,000	25,998,864	64,159,264	256,637,056
1999	211,208,000	105,913,000	906,060,000	24,843,000	28,230,682	64,355,718	257,422,872
1998	209,137,300	104,517,400	896,156,286	25,504,000	28,981,818	61,487,103	245,948,412
1997	180,832,600	101,903,600	807,817,714	24,166,900	27,462,386	61,320,122	245,280,488

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 is assessed at 25 percent of actual value for machinery and equipment and 23 percent for inventory. The general business tangible personal property tax is being phased out beginning in 2006. The percentage is 18.75 percent for 2006, 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009.

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



Total

<u>Assessed Value</u>	<u>Estimated Actual Value</u>	<u>Tax Rate</u>	<u>Weighted Average Tax Rate</u>
\$501,800,130	\$1,558,745,721	\$4.95	\$4.95
509,033,114	1,540,873,927	4.95	4.95
502,869,034	1,503,293,001	4.95	4.95
449,314,286	1,346,236,354	5.51	5.51
450,211,536	1,342,756,313	5.51	5.51
439,616,406	1,290,221,728	5.51	5.51
405,163,264	1,191,564,491	5.51	5.51
406,319,718	1,191,713,554	5.51	5.51
400,645,803	1,171,086,516	4.25	4.25
368,223,222	1,080,560,588	4.25	4.25

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

Collection Year	2006	2005	2004	2003	2002
City of Sandusky					
Voted Millage					
1998 Library Bond - 23 Years	\$0.7000	\$0.7000	\$0.7000	\$1.2600	\$1.2600
Effective Millage Rates					
Residential/Agriculture	0.7000	0.7000	0.7000	1.2600	1.2600
Commercial/Industrial	0.7000	0.7000	0.7000	1.2600	1.2600
Tangible/Public Utility Personal	0.7000	0.7000	0.7000	1.2600	1.2600
Total Voted Millage	0.7000	0.7000	0.7000	1.2600	1.2600
Total Effective Voted Millage by Type of Property					
Residential/Agriculture	0.7000	0.7000	0.7000	1.2600	1.2600
Commercial/Industrial	0.7000	0.7000	0.7000	1.2600	1.2600
Tangible/Public Utility Personal	0.7000	0.7000	0.7000	1.2600	1.2600
Unvoted Millage					
General	3.6500	3.6500	3.6500	3.6500	3.6500
Effective Millage Rates					
Residential/Agriculture	3.6500	3.6500	3.6500	3.6500	3.6500
Commercial/Industrial	3.6500	3.6500	3.6500	3.6500	3.6500
Tangible/Public Utility Personal	3.6500	3.6500	3.6500	3.6500	3.6500
Fire Pension	0.3000	0.3000	0.3000	0.3000	0.3000
Effective Millage Rates					
Residential/Agriculture	0.3000	0.3000	0.3000	0.3000	0.3000
Commercial/Industrial	0.3000	0.3000	0.3000	0.3000	0.3000
Tangible/Public Utility Personal	0.3000	0.3000	0.3000	0.3000	0.3000
Police Pension	0.3000	0.3000	0.3000	0.3000	0.3000
Effective Millage Rates					
Residential/Agriculture	0.3000	0.3000	0.3000	0.3000	0.3000
Commercial/Industrial	0.3000	0.3000	0.3000	0.3000	0.3000
Tangible/Public Utility Personal	0.3000	0.3000	0.3000	0.3000	0.3000
Total Unvoted Millage	4.2500	4.2500	4.2500	4.2500	4.2500
Total Effective Unvoted Millage by Type of Property					
Residential/Agriculture	4.2500	4.2500	4.2500	4.2500	4.2500
Commercial/Industrial	4.2500	4.2500	4.2500	4.2500	4.2500
Tangible/Public Utility Personal	4.2500	4.2500	4.2500	4.2500	4.2500
Total Millage	4.9500	4.9500	4.9500	5.5100	5.5100
Total Effective Millage by Type of Property					
Residential/Agriculture	4.9500	4.9500	4.9500	5.5100	5.5100
Commercial/Industrial	4.9500	4.9500	4.9500	5.5100	5.5100
Tangible/Public Utility Personal	4.9500	4.9500	4.9500	5.5100	5.5100
Erie County	8.8000	8.8000	8.8000	8.8000	8.3000
Sandusky City School District	70.5500	70.5500	70.5500	70.5500	65.2000

Source: Erie County Auditor

Note: The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year. The basic property rate can be increased only by a majority vote of the City's residents.

Real property tax rates are reduced so that inflationary increases in value do not generate additional taxes. 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.

2001	2000	1999	1998	1997
\$1.2600	\$1.2600	\$1.2600	\$0.0000	\$0.0000
1.2600	1.2600	1.2600	0.0000	0.0000
1.2600	1.2600	1.2600	0.0000	0.0000
1.2600	1.2600	1.2600	0.0000	0.0000
1.2600	1.2600	1.2600	0.0000	0.0000
1.2600	1.2600	1.2600	0.0000	0.0000
1.2600	1.2600	1.2600	0.0000	0.0000
3.6500	3.6500	3.6500	3.6500	3.6500
3.6500	3.6500	3.6500	3.6500	3.6500
3.6500	3.6500	3.6500	3.6500	3.6500
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
0.3000	0.3000	0.3000	0.3000	0.3000
0.3000	0.3000	0.3000	0.3000	0.3000
0.3000	0.3000	0.3000	0.3000	0.3000
0.3000	0.3000	0.3000	0.3000	0.3000
0.3000	0.3000	0.3000	0.3000	0.3000
4.2500	4.2500	4.2500	4.2500	4.2500
4.2500	4.2500	4.2500	4.2500	4.2500
4.2500	4.2500	4.2500	4.2500	4.2500
4.2500	4.2500	4.2500	4.2500	4.2500
5.5100	5.5100	5.5100	4.2500	4.2500
5.5100	5.5100	5.5100	4.2500	4.2500
5.5100	5.5100	5.5100	4.2500	4.2500
5.5100	5.5100	5.5100	4.2500	4.2500
8.3000	8.3000	8.3000	8.3000	7.8000
65.2000	66.8400	66.8400	67.2000	63.1000

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

<u>Collection Year</u>	<u>Current Tax Levy (1)</u>	<u>Current Collections</u>	<u>Percentage of Current Collections to Current Tax Levy</u>	<u>Delinquent Charges</u>	<u>Delinquent Collections</u>	<u>Total Collections</u>	<u>Percentage of Total Collections to Current Tax Levy</u>
2006	\$2,327,395	\$2,067,591	88.84%	\$265,099	\$114,077	\$2,181,668	93.74%
2005	2,252,773	2,064,530	91.64	242,210	100,158	2,164,688	96.09
2004	2,494,817	2,376,827	95.27	270,627	101,548	2,478,375	99.34
2003	2,520,906	2,334,575	92.61	186,391	90,866	2,425,441	96.21
2002	2,422,401	2,284,463	94.31	137,938	89,665	2,374,128	98.01
2001	2,233,538	2,041,609	91.41	191,929	76,646	2,118,255	94.84
2000	1,878,167	1,811,168	96.43	145,740	75,352	1,886,520	100.44
1999	1,883,592	1,812,916	96.25	141,835	74,586	1,887,502	100.21
1998	1,358,402	1,249,264	91.97	41,665	80,126	1,329,390	97.86
1997	1,245,757	1,151,578	92.44	51,312	40,464	1,192,042	95.69

Source: Erie County Auditor

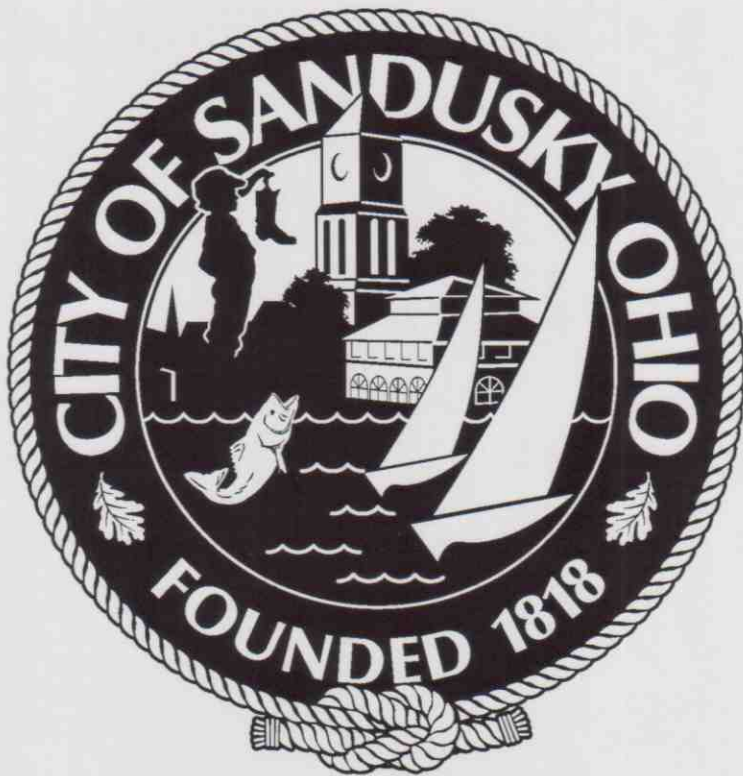
(1) State reimbursement of rollback and homestead exemptions are included.

Note: The County does not maintain delinquency information by tax year.

City of Sandusky  
Principal Taxpayers  
Current Year and Nine Years Ago

Taxpayer	Type of Business	2006			1997		
		Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Cedar Point, Inc.	Theme Park	\$52,636,340	1	10.49%	\$25,543,920	1	6.94%
Ohio Edison Company	Electric Utility	7,641,640	2	1.52	12,313,240	2	3.34
Sandusky Limited	Port Facilities	4,344,150	3	0.86			
S & S Realty	Realty	3,845,360	4	0.77	3,012,580	8	0.82
Sandusky International	Central Fugal Castings	3,746,920	5	0.74	8,071,180	3	2.19
Firelands Regional Health System	Hospital	3,654,520	6	0.73			
Norfolk & Western Railway	Railroad	3,369,350	7	0.67	2,571,110	9	0.70
Fort James Operating Company	Manufacturing/Assembly	3,090,750	8	0.62			
Ohio Bell Telephone	Telephone	2,893,570	9	0.58	5,824,270	5	1.58
Sandusky Foundry & Machine Co.	Manufacturing/Assembly	2,060,600	10	0.41			
Sandusky Plastics	Manufacturing/Assembly				5,857,740	4	1.59
Columbia Gas	Gas Utility				5,730,050	6	1.55
J H W Limited Partnership	Harbor				4,329,290	7	1.18
Dixon-Triconderoga	Manufacturing/Assembly				2,455,790	10	0.67
	Total	87,283,200		17.39	75,709,170		20.56
	All Other Taxpayers	414,516,930		82.61	292,514,052		79.44
	Total Assessed Valuation	<u>\$501,800,130</u>		<u>100.00%</u>	<u>\$368,223,222</u>		<u>100.00%</u>

Source: Erie County Auditor



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

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

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

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

Source: Regional Income Tax Agency (RITA)

Note: Information prior to 2004 was not available.

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

Type of Customer	2006			2005		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	1,555,861	\$1,510,317	\$1,510,051	1,467,024	\$1,457,843	\$1,448,097
Commercial	1,637,482	1,226,408	1,225,604	1,614,998	1,283,016	1,296,703
Industrial	85,738	84,593	76,639	88,147	97,333	95,961
Municipal	43,324	0	0	42,492	0	0
Total	<u>3,322,405</u>	<u>\$2,821,318</u>	<u>\$2,812,294</u>	<u>3,212,661</u>	<u>\$2,838,192</u>	<u>\$2,840,761</u>
Monthly Base Rate		\$4.10			\$4.10	
Rate per 100 Cubic Feet		\$1.90			\$1.90	

Source: City Records

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

Charges to Erie County are not included in payment amounts.

Information prior to 2004 was not available.



2004		
<u>Consumption (CCF)</u>	<u>Billings</u>	<u>Payments</u>
1,559,481	\$1,506,510	\$1,496,017
1,654,023	1,336,619	1,277,123
87,608	92,967	85,129
43,834	20	46
<u>3,344,946</u>	<u>\$2,936,116</u>	<u>\$2,858,315</u>
	\$4.10	
	\$1.90	

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

Type of Customer	2006			2005		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	1,555,861	\$2,965,144	\$2,931,352	1,467,024	\$2,858,345	\$2,815,696
Commercial	1,637,482	2,308,180	2,288,275	1,614,998	2,268,957	2,355,544
Industrial	85,738	157,073	137,502	88,147	171,556	174,324
Municipal	43,324	0	0	42,492	0	0
Total	<u>3,322,405</u>	<u>\$5,430,397</u>	<u>\$5,357,129</u>	<u>3,212,661</u>	<u>\$5,298,858</u>	<u>\$5,345,564</u>
Monthly Base Rate		\$7.00			\$7.00	
Rate per 100 Cubic Feet		\$3.97			\$3.97	

Source: City Records

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

Charges to Erie County are not included in payment amounts.

Information prior to 2004 was not available.

2004		
<u>Consumption (CCF)</u>	<u>Billings</u>	<u>Payments</u>
1,559,481	\$2,963,308	\$2,926,004
1,654,023	2,329,882	2,308,088
87,608	169,416	146,309
<u>43,834</u>	<u>38</u>	<u>95</u>
<u><u>3,344,946</u></u>	<u><u>\$5,462,644</u></u>	<u><u>\$5,380,496</u></u>
	\$7.00	
	\$3.97	

City of Sandusky  
Principal Water Customers  
Last Two Years

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 was not available.

City of Sandusky  
Principal Sewer Customers  
Last Two Years

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 was not available.

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

Year	Water		Sewer		Total	
	Residential	Commercial	Residential	Commercial	Residential	Commercial
2006	8,516	1,046	8,489	1,025	17,005	2,071
2005	8,625	1,034	8,578	1,014	17,203	2,048

Source: City Utility Department

Note: Information prior to 2005 was not available.

City of Sandusky  
 Water Produced and Consumed and Wastewater Treated  
 Last Two 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
2006	2,861,333,000	1,971,015,750	15,606,750	874,710,500	30.74%	4,120,000,000
2005	2,755,114,000	2,334,836,250	15,984,000	404,293,750	14.76	3,943,000,000

Source: City Utility Department

Note: Information prior to 2005 was not available.

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

Year	Governmental Activities					Business-Type Activities	
	General Obligation Bonds	Special Assessment Bonds	OWDA Loans	Capital Leases	Police and Fire Pension	General Obligation Revenue Bonds	OWDA Loans
2006	\$18,413,397	\$1,974,032	\$0	\$146,214	\$0	\$2,648,327	\$36,142,140
2005	19,064,812	2,127,766	0	178,840	0	2,950,161	36,097,777
2004	18,287,600	2,194,499	0	160,242	0	1,181,710	32,388,142
2003	18,757,467	2,592,800	0	0	0	1,432,811	28,495,412
2002	19,212,333	2,787,605	57,186	0	0	1,683,912	15,536,971
2001	19,642,200	2,991,758	108,252	0	0	1,893,000	8,053,001
2000	6,360,000	2,901,858	131,049	0	1,679,666	2,182,000	5,657,864
1999	390,000	2,954,758	176,382	0	1,700,941	2,471,000	2,450,479
1998	420,000	2,460,648	212,730	0	1,721,340	2,760,000	274,739
1997	1,154,000	2,388,538	247,130	0	1,740,898	3,049,000	358,689

Source: City Records

- (1) See schedule on S-32 for population and personal income. These ratios are calculated using personal income and population for the prior calendar year.



<u>Total Debt</u>	<u>Per Capita (1)</u>	<u>Percentage of Personal Income (1)</u>
\$59,324,110	\$2,130.59	11.76%
60,419,356	2,169.92	11.98
54,212,193	1,947.00	10.75
51,278,490	1,841.64	10.17
39,278,007	1,410.65	7.79
32,688,211	1,173.98	6.48
18,912,437	679.23	3.75
10,143,560	340.80	2.93
7,849,457	263.72	2.27
8,938,255	300.30	2.58

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

<u>Year</u>	<u>Population</u>	<u>Estimated Actual Value</u>	<u>Gross Bonded Debt</u>	<u>Ratio of Bonded Debt to Estimated Actual Value</u>	<u>Bonded Debt Per Capita</u>
2006	27,844	\$1,558,745,721	\$18,413,397	1.18%	\$661.31
2005	27,844	1,540,873,927	19,064,812	1.24	684.70
2004	27,844	1,503,293,001	18,287,600	1.22	656.79
2003	27,844	1,346,236,354	18,757,467	1.39	673.66
2002	27,844	1,342,756,313	19,212,333	1.43	690.00
2001	27,844	1,290,221,728	19,642,200	1.52	705.44
2000	27,844	1,191,564,491	6,360,000	0.53	228.42
1999	29,764	1,191,713,554	390,000	0.03	13.10
1998	29,764	1,171,086,516	420,000	0.04	14.11
1997	29,764	1,080,560,588	1,154,000	0.11	38.77

Source: (1) City Records

(2) Erie County Auditor

City of Sandusky  
 Computation of Direct and Overlapping Debt for Governmental Activities  
 December 31, 2006

	Debt Outstanding	Percent Applicable to City of Sandusky (1)	Amount Applicable to City of Sandusky
City of Sandusky			
2000 City Complex	\$145,000	100.00%	\$145,000
2001 Library	4,905,000	100.00	4,905,000
2001 Police Pension	481,752	100.00	481,752
2001 Fire Pension	648,248	100.00	648,248
2001 Various Purpose	5,152,866	100.00	5,152,866
2004 Judgement-Refunded	180,000	100.00	180,000
2005 Various Purpose	1,190,000	100.00	1,190,000
2005 City Complex Refunding	5,710,531	100.00	5,710,531
Special Assessment Bonds	1,974,032	100.00	1,974,032
	<u>20,387,429</u>		<u>20,387,429</u>
Erie County	7,368,900	25.98	1,914,440
Sandusky City School District	<u>320,000</u>	100.00	<u>320,000</u>
Subtotal	<u>7,688,900</u>		<u>2,234,440</u>
Total	<u>\$28,076,329</u>		<u>\$22,621,869</u>

Source: (1) City Records Erie County Auditor  
 (2) 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 2006 collection year.

City of Sandusky  
 Computation of Legal Debt Margin  
 Last Ten Years

	2006	2005	2004	2003
Total Assessed Valuation	<u>\$501,800,130</u>	<u>\$509,033,114</u>	<u>\$502,869,034</u>	<u>\$449,314,286</u>
Overall Debt Limitation - 10.5 Percent of Assessed Valuation	52,689,014	53,448,477	52,801,249	47,178,000
Gross Indebtedness	67,414,138	66,854,776	63,458,254	62,379,979
Less Debt Outside Limitation				
Bond Anticipation Notes	0	0	1,850,000	4,110,000
Special Assessment Notes	0	0	0	0
General Obligation Bonds	1,130,000	1,165,000	1,200,000	1,235,000
Special Assessment Bonds	1,970,132	2,123,266	2,304,512	2,587,100
General Obligation Revenue Bonds	2,599,000	2,896,000	1,153,000	1,400,000
OWDA Loans	<u>36,142,140</u>	<u>36,097,777</u>	<u>32,388,142</u>	<u>28,495,412</u>
Net Indebtedness	25,572,866	24,572,733	24,562,600	24,552,467
Less Fund Balance in Debt Service Fund	<u>77,074</u>	<u>256,409</u>	<u>494,598</u>	<u>751,261</u>
Net Debt Within 10.5 Percent Limitation	<u>25,495,792</u>	<u>24,316,324</u>	<u>24,068,002</u>	<u>23,801,206</u>
Legal Debt Margin Within 10.5 Percent Limitation	<u>\$27,193,222</u>	<u>\$29,132,153</u>	<u>\$28,733,247</u>	<u>\$23,376,794</u>
Legal Debt Margin as a Percentage of the Overall Debt Limitation	51.61%	54.51%	54.42%	49.55%
Unvoted Debt Limitation - 5.5 Percent of Assessed Valuation	\$27,599,007	\$27,996,821	\$27,657,797	\$24,712,286
Gross Indebtedness	67,414,138	66,854,776	63,458,254	62,379,979
Less Debt Outside Limitation				
Bond Anticipation Notes	0	0	1,850,000	4,110,000
Special Assessment Notes	0	0	0	0
General Obligation Bonds	1,130,000	1,165,000	1,200,000	1,235,000
Special Assessment Bonds	1,970,132	2,123,266	2,304,512	2,587,100
General Obligation Revenue Bonds	2,599,000	2,896,000	1,153,000	1,400,000
OWDA Loans	<u>36,142,140</u>	<u>36,097,777</u>	<u>32,388,142</u>	<u>28,495,412</u>
Net Indebtedness	25,572,866	24,572,733	24,562,600	24,552,467
Less Fund Balance in Debt Service Fund	<u>77,074</u>	<u>256,409</u>	<u>494,598</u>	<u>751,261</u>
Net Debt Within 5.5 Percent Limitation	<u>25,495,792</u>	<u>24,316,324</u>	<u>24,068,002</u>	<u>23,801,206</u>
Legal Debt Margin Within 5.5 Percent Limitation	<u>\$2,103,215</u>	<u>\$3,680,497</u>	<u>\$3,589,795</u>	<u>\$911,080</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	7.62%	13.15%	12.98%	3.69%

Source: City Records

2002	2001	2000	1999	1998	1997
<u>\$450,211,536</u>	<u>\$439,616,046</u>	<u>\$405,163,264</u>	<u>\$406,319,718</u>	<u>\$400,645,803</u>	<u>\$368,223,222</u>
47,272,211	46,159,685	42,542,143	42,663,570	42,067,809	38,663,438
43,106,975	36,051,187	27,120,315	21,951,119	17,038,117	11,684,857
2,242,360	2,435,000	2,478,000	2,374,300	3,826,000	2,071,700
252,000	372,000	1,119,000	2,640,000	2,970,000	754,000
0	0	0	0	0	0
2,781,605	2,991,758	2,901,858	2,954,758	2,460,648	2,388,538
1,647,000	1,893,000	2,182,000	2,471,000	2,760,000	3,049,000
15,594,157	7,694,729	5,797,457	2,626,861	487,469	605,819
20,589,853	20,664,700	12,642,000	8,884,200	4,534,000	2,815,800
970,382	1,196,603	0	834,036	873,482	1,293,346
19,619,471	19,468,097	12,642,000	8,050,164	3,660,518	1,522,454
<u>\$27,652,740</u>	<u>\$26,691,588</u>	<u>\$29,900,143</u>	<u>\$34,613,406</u>	<u>\$38,407,291</u>	<u>\$37,140,984</u>
58.50%	57.82%	70.28%	81.13%	91.30%	96.06%
\$24,761,634	\$24,178,883	\$22,283,980	\$22,347,584	\$22,035,519	\$20,252,277
43,106,975	36,051,187	27,120,315	21,951,119	17,038,117	11,684,857
2,242,360	2,435,000	2,478,000	2,374,300	3,826,000	2,071,700
252,000	372,000	1,119,000	2,640,000	2,970,000	754,000
0	0	0	0	0	0
2,781,605	2,991,758	2,901,858	2,954,758	2,460,648	2,388,538
1,647,000	1,893,000	2,182,000	2,471,000	2,760,000	3,049,000
15,594,157	7,694,729	5,797,457	2,626,861	487,469	605,819
20,589,853	20,664,700	12,642,000	8,884,200	4,534,000	2,815,800
970,382	1,196,603	0	834,036	873,482	1,293,346
19,619,471	19,468,097	12,642,000	8,050,164	3,660,518	1,522,454
<u>\$5,142,163</u>	<u>\$4,710,786</u>	<u>\$9,641,980</u>	<u>\$14,297,420</u>	<u>\$18,375,001</u>	<u>\$18,729,823</u>
20.77%	19.48%	43.27%	63.98%	83.39%	92.48%

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	
2006	\$5,648,139	\$3,341,908	\$2,306,231	\$205,000	\$39,080	\$244,080	9.45
2005	6,574,685	3,407,134	3,167,551	200,000	43,655	243,655	13.00
2004	6,571,450	3,062,778	3,508,672	200,000	56,342	256,342	13.69
2003	5,932,736	3,674,710	2,258,026	200,000	76,926	276,926	8.15
2002	5,392,746	3,294,752	2,097,994	920,000	95,115	1,015,115	2.07
2001	4,226,826	3,391,723	835,103	213,500	112,340	325,840	2.56
2000	3,083,574	2,518,245	565,329	213,500	127,152	340,652	1.66
1999	3,280,565	2,495,424	785,141	213,500	139,668	353,168	2.22
1998	3,300,455	2,488,304	812,151	213,500	156,772	370,272	2.19
1997	3,008,504	2,381,713	626,791	208,500	170,057	378,557	1.66

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	
2006	\$6,616,989	\$4,246,275	\$2,370,714	\$92,000	\$100,920	\$192,920	12.29
2005	6,640,971	4,186,875	2,454,096	47,000	25,910	72,910	33.66
2004	6,493,910	4,542,126	1,951,784	400,000	22,444	422,444	4.62
2003	6,341,187	4,178,936	2,162,251	47,000	24,887	71,887	30.08
2002	5,887,722	4,127,066	1,760,656	46,000	26,982	72,982	24.12
2001	5,326,004	4,141,231	1,184,773	75,500	31,395	106,895	11.08
2000	3,738,380	3,220,259	518,121	75,500	35,604	111,104	4.66
1999	3,768,240	3,661,278	106,962	75,500	73,392	148,892	0.72
1998	3,372,058	3,172,342	199,716	75,500	44,019	119,519	1.67
1997	3,175,594	3,406,244	(230,650)	71,807	47,878	119,685	(1.93)

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)
2006	27,844	\$504,282,684	\$18,111	13,323	11,851	2.31
2005	27,844	504,282,684	18,111	13,323	11,851	2.31
2004	27,844	504,282,684	18,111	13,323	11,851	2.31
2003	27,844	504,282,684	18,111	13,323	11,851	2.31
2002	27,844	504,282,684	18,111	13,323	11,851	2.31
2001	27,844	504,282,684	18,111	13,323	11,851	2.31
2000	27,844	504,282,684	18,111	13,323	11,851	2.31
1999	29,764	345,857,680	11,620	13,416	12,059	2.58
1998	29,764	345,857,680	11,620	13,416	12,059	2.58
1997	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	6.6%
6,692	37,749	6.7
6,692	37,749	6.4
6,692	37,749	6.3
6,692	37,749	5.9
6,692	37,749	5.8
6,692	37,749	4.1
6,931	28,544	4.8
6,931	28,544	4.8
6,931	28,544	5.5

City of Sandusky  
Principal Employers  
Current Year and Two Years Ago

Employer	Type of Business	2006			2004		
		Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Magnum Management Corp.	Entertainment	6,300	1	49.22%	6,583	1	51.43%
Firelands Regional Health System	Hospital	2,020	2	15.78	1,979	2	15.46
Sandusky Board of Education	Education	866	3	6.77	914	3	7.14
Erie County	Government	704	4	5.50	683	4	5.34
Delphi Automotive Systems	Automotive	528	5	4.13	286	6	2.23
City of Sandusky	Government	295	6	2.30	399	5	3.12
Ford Motor Company	Automotive	295	7	2.30			
FMC Food Tech	Service	239	8	1.87	228	7	1.78
Sandusky Limited	Port Facilities	150	9	1.17	185	8	1.45
Industrial Nut Corp	Manufacturing	89	10	0.69			
G & C Foundry	Manufacturing				150	9	1.17
Sandusky Internists, Inc.	Medical				26	10	0.20
	Total	<u>11,486</u>		<u>89.73%</u>	<u>11,433</u>		<u>89.32%</u>
	Total City Employment	<u>12,800</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 Three Years

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

Source: City Records

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

Note: Information prior to 2004 not available.

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

Function/Program	2006	2005	2004
<b>Security of Persons and Property-Police</b>			
Number of Calls for Service	15,951	16,010	16,869
Number of Traffic Citations and Arrests	2,598	2,537	2,344
Number of Parking Tickets Issued	2,672	2,513	2,921
<b>Accident Severity Breakdown</b>			
Fatalities	0	0	1
Injury	159	177	196
Property Damage	582	641	738
Number of Criminal Arrests	7,829	7,341	7,169
Number of DUI Arrests	174	145	168
Amount of Grant Monies Received	\$58,086	\$41,980	\$47,871
Square Miles Served	14.9	14.9	14.9
Original Department Operating Budget (General Fund)	\$4,835,645	\$4,416,114	\$4,628,849
<b>Security of Persons and Property-Fire</b>			
Number of EMS Calls	3,332	3,223	3,279
Number of Fire Calls	950	928	887
Net Ambulance Billing Collections	\$637,234	\$595,298	\$596,512
EMS Response Time (in seconds)	199	198	165
Fire Reponse Time (in seconds)	191	201	171
Number of Times Mutual Aid Given	23	16	19
Number of Times Mutual Aid Received	45	37	19
Square Miles Served	14.9	14.9	14.9
Number of Stations	3	3	3
Original Department Operating Budget (General Fund)	\$4,314,322	\$3,996,555	\$3,849,625
<b>Public Health</b>			
Cemetery Burials	131	106	107
Cemetery Cremations	26	33	32
Cemetery Sale of Lots	64	70	89
Cemetery Charges for Services Receipts	\$103,154	\$107,066	\$111,878
<b>Leisure Time Activities</b>			
<b>Recreation</b>			
Boat Ramp Receipts	\$53,306	\$32,280	\$29,504
Golf Course Receipts	\$188,407	\$224,461	\$198,801
Recreation Receipts	\$22,999	\$21,127	\$12,394
Sandusky Bay Pavilion Receipts	\$54,355	\$8,295	\$0
Reimbursements/Donations	\$877	\$1,058	\$9,245
General Fund Subsidy	\$215,713	\$112,894	\$129,599
Golf Course-Daily Pay Rounds	8,140	9,817	9,658
Golf Course-Daily Pass Rounds	8,695	8,185	8,578
Golf Course-Daily Total Rounds	16,835	18,002	18,236
Golf Course-Annual Pass Sales	259	262	211
Boat Ramp-Number of Daily Passes Sold	4,616	4,915	4,523
Boat Ramp-Number of Season Passes Sold	124	155	142
Boat Ramp-Number of Tournament Days	19	21	12
<b>Community Environment</b>			
<b>Community Development</b>			
Grant Monies Received for Community/Economic Development	\$1,601,479	\$1,298,460	\$240,157

(continued)

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

Function/Program	2006	2005	2004
<b>Horticulture Services</b>			
Trees Planted	134	39	75
Trees Removed	208	180	161
Trees Trimmed	486	842	762
Stumps Removed	177	137	219
Loads of Wood and Chips to Residents	254	278	119
Number of Regularly Scheduled Work Hours Related to			
Trees Planted	212	135	356
Trees Removed	2,242	1,712	1,532
Trees Trimmed	1,113	1,312	1,476
Stumps Removed	306	225	449
Storm Cleanup	299	411	315
Plant Propagation	2,412	2,271	2,125
Plant Installation	1,461	1,575	1,220
Landscape Maintenance	2,090	1,933	1,430
Fountain and Irrigation Maintenance	170	217	270
Playground Equipment Maintenance	221	418	126
Nursery Maintenance	96	106	173
Baseball Field Maintenance	871	573	380
Public Restroom Maintenance	489	229	129
Holiday Decorations	533	476	1,002
Christmas Tree Pickup	59	65	163
<b>Transportation</b>			
Cost of Salt Purchased	\$25,872	\$67,835	\$40,109
Number of Regularly Scheduled Work Hours Related to Snow Removal	336	532	371
Sign Department Hours	2,312	2,082	2,601
Guardrail Repair Hours	0	7	11
Street Improvements-Asphalt Overlay (linear feet)	7,580	3,419	3,134
Pavement Marking Hours	516	503	217
Cold Patch Hours	410	2,499	2,701
Street Sweeping Hours	1,156	1,012	771
<b>General Government-Court</b>			
Municipal Court			
Number of Civil Cases	2,893	2,554	2,977
Number of Criminal Cases	10,915	11,955	11,311
<b>General Government-Other</b>			
Finance			
Agency Ratings-Moody's Financial Services	A2	A2	A2
<b>Income Tax</b>			
Number of Individual Returns	11,503	9,450	11,601
Number of Business Returns	1,226	1,429	1,625
Number of Business Withholding Accounts	8,885	1,375	N/A
Amount of Interest and Penalties Collected	\$78,435	\$101,724	\$127,529
Tax Revenue	\$7,179,950	\$7,156,052	\$7,021,290
<b>City Commission</b>			
Number of Ordinances Passed	130	72	165
Number of Resolutions Passed	55	30	48
<b>Municipal Buildings and Lands</b>			
Number of Construction Permits Issued (building, electric, plumbing)	1,018	1,113	1,155
Estimated Value of Construction	\$71,960,299	\$49,638,024	\$41,545,823
Amount of Revenue Generated from Building Department	\$329,152	\$381,708	\$229,887

(continued)

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

Function/Program	2006	2005	2004
Civil Service			
Number of Police Entry Tests Administered	0	0	0
Number of Fire Entry Tests Administered	0	0	0
Number of Police Promotional Tests Administered	0	0	0
Number of Fire Promotional Tests Administered	0	0	0
Number of Hires of Police Officers from Certified Lists	0	0	0
Number of Hires of Fire/Medics from Certified Lists	0	0	0
Number of Promotions from Police Certified Lists	0	0	0
Number of Promotions from Fire Certified Lists	0	0	0
Water Department			
Water Rates per 100 Cubic Feet of Water Used Monthly (1)	\$4.10	\$4.10	\$4.10
Sewer Department			
Sewer Rates per 100 Cubic Feet of Water Used Monthly (1)	\$7.00	\$7.00	\$7.00
Total Flow of Wastewater Treatment Plant	4,120	3,943	3,868
Average Daily Flow (millions of gallons per day)	11.30	10.82	10.57
Tons of Dry Sludge Removed	1,357	1,466	1,468

Source: City Records

(1) Based on 5/8" meter

Note: Information prior to 2004 not available.

N/A - Not Available

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

Function/Program	2006	2005	2004
Security of Persons and Property-Police			
Stations	1	1	1
Vehicles	27	22	22
Security of Persons and Property-Fire			
Stations	3	3	3
Vehicles	14	14	13
Public Health			
Vehicles	3	3	3
Leisure Time Activities			
Number of Parks	20	21	21
Number of Piers/Pavilions/Plazas	4	4	4
Number of Boat Launch Ramps	1	1	1
Number of Golf Courses	1	1	1
Number of Baseball/Softball Diamonds	17	17	17
Number of Skateboarding Areas	1	1	1
Community Environment			
Vehicles	34	34	34
Transportation			
Bridges	1	1	1
Streets (miles)	113.7	113.7	112.3
Vehicles	29	30	30
General Government-Other			
City Manager Vehicles	6	6	6
Mechanic Vehicles	5	5	5
Engineering Vehicles	10	10	10
Water			
Water Lines (miles)	134.37	134.37	134.37
Vehicles	16	17	17
Sewer			
Sewer Lines (miles)	162.50	161.73	161.73
Vehicles	19	20	20

Source: City Records







Mary Taylor, CPA  
Auditor of State

**CITY OF SANDUSKY**

**ERIE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 27, 2007**