CITY OF SANDUSKY, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016

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

We have reviewed the *Independent Auditor's Report* of the City of Sandusky, Erie County, prepared by Rea & Associates, Inc., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost
Auditor of State

September 12, 2017

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Introductory

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CITY OF SANDUSKY, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2016

Prepared By:

Department of Finance

Hank S. Solowiej, CPA
Finance Director

Sally A. Poggiali
Senior Accountant/Auditor

Jacki M. Jesberger
Senior Accounting Clerk III

Heather L. Turner
Senior Accounting Clerk III

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Senior Accounting Clerk II

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CITY OF SANDUSKY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

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

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

June 24, 2017

To the City Commission and Citizens of Sandusky:

The Comprehensive Annual Financial Report of the City of Sandusky for the year ended December 31, 2016, 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 ensure the accuracy of the presented data and the completeness and fairness of the presentation. Because the cost of internal controls should not exceed anticipated benefits, the controls provide reasonable assurance that the financial statements are free of any material misstatements.

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

The independent public accountant has issued an unmodified opinion on the City of Sandusky's basic financial statements for the year ended December 31, 2016. The Independent Auditor's Report is located at the front of the financial section of this report.

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

PROFILE OF THE CITY OF SANDUSKY

The City of Sandusky, located in Erie County, is a home rule municipal corporation founded in 1818 under the laws of the State of Ohio and, as such, operates under its own Charter adopted in 1914. The City may exercise all powers of home rule granted under Article XVIII, Section 3, of the Ohio Constitution not in conflict with applicable general laws of the State of Ohio. The City operates under the City Commission - City Manager form of government. The seven City Commissioners are elected at-large and serve four-year terms. The president of the City Commission serves as the Ex-Officio Mayor. For 2016, the City Manager and Clerk of Commission are appointed by, and serve at the pleasure of, the City Commission. The Law Director and Finance Director report directly to the City Manager.

The City of Sandusky is ideally located. Sandusky Bay on Lake Erie is larger than any of Ohio's inland lakes and in conjunction with Lake Erie provides a wide spectrum of recreational activities to the citizens as well as to visitors. Sandusky is the largest city in Erie County and is the county seat. The population of the City of Sandusky is 25,793, based on the 2010 Census conducted by the U.S. Census Bureau.

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

Sandusky Transit System (STS) public transportation has been serving the Sandusky and Erie County community since 1992. STS is largely supported through Federal and State grants. STS provides over 100,000 rides annually, with 55 percent being work related. STS is demand-responsive with a curb-to-curb assistance policy.

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

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

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

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

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

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

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

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

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

The City negotiates with three bargaining units: American Federation of State, County, and Municipal Employees Local No. 1519, the Fraternal Order of Police - Lodge No. 17, and the International Association of Fire Fighters - Local No. 327. Current agreements expire on December 31, 2018.

LOCAL ECONOMY

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

During the past ten years, the unemployment rate (not seasonally adjusted) has decreased from 7.3 percent in December 2007 to an estimated 6 percent in December 2016. The 2016 median family income for the City is an estimated $42,928, compared to the County, State, and national medians of $62,108, $62,104, and $65,443, respectively. The 2016 median value of owner-occupied housing units for the City is an estimated $82,400, compared to the County, State, and national medians of $131,900, $129,600, and $178,600, respectively.

LONG-TERM FINANCIAL PLANNING

The City updated its Strategic Plan in 2016. In addition, the City adopted a Bicentennial Vision Plan in 2016 that will guide City decisions as it prepares for its bicentennial celebration in 2018. The development of the Strategic Plan was a seven-month process that directly engaged over 2,000 stakeholders including residents, business owners, visitors, institutional, government, and city-wide leaders. The planning process included five neighborhood tours, three public meetings, and community surveys. The Strategic Plan is a tool that will be used by the City Commission and staff to guide decisions made on behalf of the citizens of the City. If maintained successfully, the strategy will result in growth and overall positive results in the City.

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

- Vibrant City
- Livable City
- Connected City
- Destination City
- Celebrated City

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 department responsible for its completion.

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

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

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

RELEVANT FINANCIAL POLICIES

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

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

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

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

MAJOR INITIATIVES

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

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

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

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

Significant capital expenditures on new attractions are made every year at Cedar Point. These expenditures have aggregated over $85 million during the last few years. In 2003, they opened its 16th roller coaster called the "Top Thrill Dragster," one of the tallest and fastest in the world at that time. In 2004, they completed their first year-round attraction called Castaway Bay Indoor Water Park Resort. In 2005, Cedar Point unveiled "maXair" and in 2006, Cedar Point added another world-record-breaking thrill ride called "Skyhawk." It was the tallest ride of its kind in the world, standing 103 feet above the ground and featuring two giant swinging arms.

In 2007, Cedar Point added its 17th roller coaster, "Maverick." The addition of this coaster gave the park more scream machines than any park in the entire world. Maverick's cost of approximately $21 million made it one of the single largest investments in the park's 137-year history. In 2008, capital improvements included a new children's area featuring seven rides and a family lounge area. This area replaced the former Peanuts Playground. In addition, a new corporate headquarters building was constructed adjacent to the existing corporate office. In 2009, the $1 million Starlight Experience, a nighttime LED light extravaganza with floats themed to the four seasons was added. In 2010, Cedar Point added "Shoot the Rapids", a new flume ride located on the parks Frontier Trail. This was a $10.5 million investment. For the 2011 season, Cedar Point debuted the new ride "WindSeeker", a 301-foot tall tower that spins riders almost thirty stories high along the shoreline of Lake Erie. "WindSeeker" was a $5 million investment by Cedar Point. In 2012, Cedar Point invested $1 million in the "Dinosaurs Alive!" attraction. This attraction is located on four acres on the wooded island that is located in the lagoons toward the back of the park. The attraction is multi-sensory and interactive as guests can see approximately fifty life-size dinosaurs that roar and move. In 2013, Cedar Point introduced another record-breaking coaster. Named "GateKeeper", this winged roller coaster is the longest winged roller coaster in the world and boasts the longest drop of any winged coaster on the planet. With the addition of "GateKeeper" and the redesign to the park's main entrance, Cedar Point invested approximately $30 million on improvements for the 2013 season. For the 2014 season, Cedar Point added Pipe Scream and Lake Erie Eagles, two new family rides which are located in the Gemini Midway near the back of the park. In addition, a two-year renovation project of the historical Hotel Breakers began during the winter of 2013. Phase one included upgrading a portion of the exterior of Hotel Breakers. Phase two took place over the 2014-2015 winter season and included both interior and exterior renovations. In 2015, Cedar Point introduced a dynamically new roller coaster riding experience when it unleashed "Rougarou". Rougarou, named after a terrifying werewolf-like creature in French folklore features floorless trains that reach speeds up to sixty miles per hour as riders feet dangle inches above the track and murky waters below. The 2016 season featured another record-breaking roller coaster at Cedar Point as it introduced the world's tallest, fastest, and longest dive coaster named "Valravn". Valravn featured a completely vertical, 90-degree angle drop and reaches a top speed of seventy-five miles per hour. Valravn shattered an astonishing ten world records when it debuted in 2016 and was a $25 million investment by Cedar Point. The 2017 season will feature the transformation of Soak City to the brand-new Cedar Point Shores Water Park, an 18-acre site with three new water attractions and upgraded food locations. Cedar Point's Express Hotel, formerly known as the Breakers Express, will be getting a facelift and new construction with an addition of 69 rooms. Construction at the Hotel Breakers will bring a new 158 room hotel tower that is scheduled to open in the summer of 2018.

In 2004, the Firelands Regional Medical Center began planning for a construction project to ease parking constraints, to expand capacity for increasing admissions and outpatient visits, and to focus concerns on one of the top health issues in Sandusky and Erie County, the prevention and treatment of cancer. A 600-space parking garage, which features free parking, was completed and opened in December 2005. Firelands Professional Center I, which houses the Cancer Center along with physician offices, opened in August 2006. Firelands Regional Medical Center's East Tower opened in spring 2008. The building features a new main entrance and lobby, complete with a gift shop and cafe, registration services, financial counseling, pre-surgical testing, the cashier's office, centralized scheduling, the clergy's office, and the Heart Institute, all on the first floor. In addition, the emergency services department expanded and is connected to the tower's first floor. Thirteen state-of-the-art operating room suites, specifically equipped for open heart, vascular, orthopedic, neurological, and general surgery are located on the second floor along with recovery bays and private consultation rooms for surgeons to meet with family members. The third and fourth floors house private patient rooms. In February 2013, Firelands Regional Medical Center announced construction on the renovation and relocation of its inpatient rehabilitation unit. The $6.5 million project includes 25,826 square feet of space located on the fifth floor of the hospital's patient tower at the Main Campus facility.

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

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

The City purchased the Chesapeake Building in 1999 and also adopted an urban renewal plan to revitalize about forty acres of the waterfront, including the Chesapeake property, and that area is now referred to as the "Paper District". In 2002, the Bay-Front Corridor Committee was established to act as an advisory committee on the selection of a developer. They received proposals from six developers and selected Mid-States Development Corporation (Mid-States) to develop certain properties. The City received a State grant to pay for acquisition, environmental cleanup, and demolition of part of the project site and also issued urban revitalization notes for that purpose. Mid-States redeveloped the Chesapeake Building into 190 condominium units; thereafter, the development agreement with Mid-States was terminated in March 2009. Construction on a lighted public concrete walkway around the Chesapeake Building was completed in 2009 and a sixty-two slip transient public marina and amphitheater was completed in 2011. The City issued $2,500,000 in urban renewal temporary revenue bonds in 2012 to provide resources to pay for a portion of that project. Debt charges on that financing are expected to be met from "urban renewal service payments" (commonly referred to as "payments in lieu of taxes") from this redevelopment. In 2013, urban renewal revenue bonds were issued to retire the temporary bonds. The urban renewal bonds will be retired over a seven-year period.

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

Construction of a new Holiday Inn Express began in late 2014. The project, which included demolition of the north wing of the Quality Inn, features a new five story, seventy-three room hotel. The total project investment was approximately $6,000,000 and was completed in early 2016.

On November 4, 2014, voters approved an income tax increase of .25 percent to pay for designated City services and functions. The City Commission also approved an admissions tax increase of 1 percent, effective on January 1, 2015.

In May 2016, the City was awarded $400,000 in U.S. EPA Brownfields Assessment Grants; $200,000 are community-wide hazardous substance grant funds and will be used to conduct five Phase I and four Phase II environmental site assessments and $200,000 are community-wide petroleum grant funds and will be used to conduct six Phase I and six Phase II environmental site assessments. These grant funds are used to support cleanup, planning and community outreach activities, and conduct site selection and prioritization.

In 2017, the Sports Force Parks at Cedar Point Center made its debut. The state of the art youth sporting complex features multiple fields for soccer, baseball, and lacrosse.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded for the twenty-fifth 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, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

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

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

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

Respectfully submitted,

Hank S. Solowiej, CPA
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sandusky

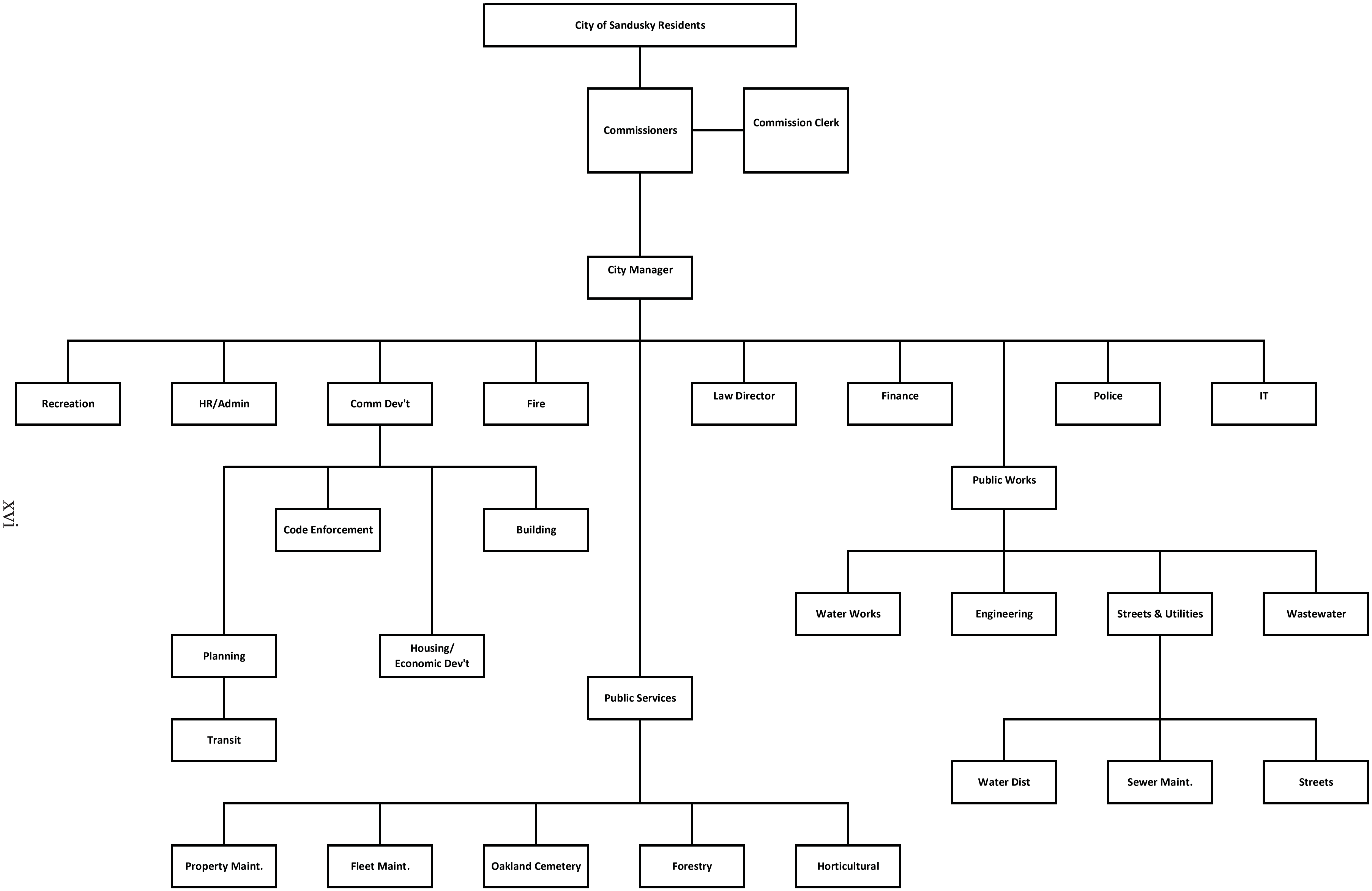
Ohio

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

ORGANIZATIONAL CHART FOR CITY OF SANDUSKY, OHIO



ELECTED PUBLIC OFFICIALS
December 31, 2016

CITY COMMISSION

Dennis E. Murray, Jr.
President/Ex-Officio Mayor
Term Expires 12-31-17
First took office 01-01-14

Richard R. Brady
Vice-President
Term Expires 12-31-17
First took office 01-01-14

Naomi R. Twine
Term Expires 12-31-17
First took office 01-01-14

Dave Waddington
Term Expires 12-31-19
First took office 01-01-16

Nikki Lloyd
Term Expires 12-31-19
First took office 01-01-16

Greg Lockhart
Term Expires 12-31-19
First took office 01-01-16

C. Wesley Poole
Term Expires 12-31-19
First took office 01-01-12

APPOINTED OFFICIALS
December 31, 2016

CITY MANAGER
Eric L. Wobser

CLERK OF COMMISSION
Kelly Kresser

FINANCE DIRECTOR *
Hank S. Solowiej, CPA

LAW DIRECTOR *
Justin Harris

*Appointed by City Manager

Financial

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June 24, 2017

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

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandusky, Erie County, Ohio, (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandusky, Erie County, Ohio, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* and the *Schedule of the City's Proportionate Share of the Net Pension Liability*, and *Schedule of the City's Contributions* on pages 5-13, 81-82, and 83-85, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2017 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Medina, Ohio

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2016
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, 2016. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

HIGHLIGHTS

Highlights for 2016 are as follows:

> In total, the City's net position increased $3,947,430, or 5 percent from the prior year. The increase for governmental activities was over 6 percent the increase for business-type activities was 4 percent.
>
> The City's Water and Sewer enterprise funds had operating income in 2016 indicating operating revenues are currently sufficient to cover operating expenses. Rates in the Water and Sewer enterprise funds have generally kept these funds with positive operating income; the City increased rates for both water and sewer in 2015 and 2016.

USING THIS ANNUAL REPORT

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

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

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

REPORTING THE CITY AS A WHOLE

The statement of net position and the statement of activities reflect how the City did financially during 2016. These statements include all assets and deferred outflows of resources and all liabilities and deferred inflows of resources 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.

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

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

- Governmental Activities - Most of the City's programs and services are reported here, including security of persons and property, public health, leisure time activities, community environment, transportation, and general government (which includes the municipal court). These services are primarily funded by property and income taxes and from intergovernmental revenues, including federal and state grants and other shared revenues.

- Business-Type Activities - These services are provided on a charge for services basis and are intended to recover all or most of the costs of the services provided. The City's water and sewer services are reported here.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

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

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

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

Proprietary Funds - The City has two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements and use the accrual basis of accounting. The City uses enterprise funds to account for water and sewer operations. The internal service fund is an accounting device used to accumulate and allocate internal costs among other programs and activities. The City's internal service fund accounts for the City's self-insured program for employee health benefits.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the City's net position for 2016 and 2015.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and Other Assets	$ 29,219,222	$25,080,742	$13,810,604	$10,901,242	$43,029,826	$35,981,984
Capital Assets, Net	44,169,967	45,963,068	91,252,780	86,111,624	135,422,747	132,074,692
Total Assets	73,389,189	71,043,810	105,063,384	97,012,866	178,452,573	168,056,676
Deferred Outflows of Resources						
Deferred Charge on Refunding	411,210	484,609	0	0	411,210	484,609
Pension	6,839,515	2,630,911	1,877,260	596,624	8,716,775	3,227,535
Total Deferred Outflows of Resources	7,250,725	3,115,520	1,877,260	596,624	9,127,985	3,712,144
Liabilities						
Current and Other Liabilities	5,207,829	4,921,362	2,887,052	1,636,570	8,094,881	6,557,932
Long-Term Liabilities						
Pension	24,949,290	20,014,412	4,703,346	3,264,522	29,652,636	23,278,934
Other Amounts	15,334,156	16,710,796	48,518,930	43,959,971	63,853,086	60,670,767
Total Liabilities	45,491,275	41,646,570	56,109,328	48,861,063	101,600,603	90,507,633
Deferred Inflows of Resources						
Pension	765,464	57,350	132,430	57,352	897,894	114,702
Other Amounts	2,735,322	2,747,176	0	0	2,735,322	2,747,176
Total Deferred Inflows of Resources	3,500,786	2,804,526	132,430	57,352	3,633,216	2,861,878
Net Position						
Net Investment in Capital Assets	33,978,149	35,774,016	43,448,277	42,898,225	77,426,426	78,672,241
Restricted	12,107,373	10,360,424	0	0	12,107,373	10,360,424
Unrestricted (Deficit)	(14,437,669)	(16,426,206)	7,250,609	5,792,850	(7,187,060)	(10,633,356)
Total Net Position	$ 31,647,853	$29,708,234	$50,698,886	$48,691,075	$82,346,739	$78,399,309

The net pension liability reported by the City at December 31, 2016, is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions". For reasons discussed below, end users of these financial statements will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

GASB standards are national standards and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund the plan's net pension liability. GASB Statement No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and State law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statement No. 68, requires the net pension liability to equal the City's proportionate share of the plan's collective present value of estimated future pension benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange", that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or in the case of compensated absences (i.e. vacation and sick leave) are satisfied through paid time off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability but are outside the control of the City. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statement No. 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of the plan's change in net pension liability not accounted for as deferred outflows/inflows.

Pension related changes noted in the above table for both governmental and business-type activities reflect a significant increase in deferred outflows due to an increase in the difference between projected and actual earnings on investments related to the net pension liability. The increase in the net pension liability represents the City's proportionate share of the unfunded benefits. As indicated previously, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.

Other changes of significance for governmental activities include the increase in current and other assets. There was an increase in cash and cash equivalents of $4.7 million at year end as compared to the prior year. A combination of factors contributed to this increase. In the prior year, the City increased the income tax rate by .25 percent as well as added a 1 percent admissions tax. The effect of these increases continued to be reflected in 2016. In addition, the City received a $1 million insurance reimbursement in 2016 due to leaving BORMA and becoming self-insured. The impact of the income tax increase also resulted in an increase in the receivable at year end, an increase of approximately $924,000. This increase, however, was offset by a decrease in special assessments receivable of $1.2 million related to the Cold Creek development. The increase in current and other liabilities is primarily the result of bond anticipation notes issued for various improvements. While a portion of the note issue was to retire notes previously issued, there was also a component of this new issue related to new equipment acquisitions. The decrease in other long-term liabilities is simply annual principal retirement.

For business-type activities, there was a substantial increase in current and other assets. Rate increases in 2016 led to additional cash and cash equivalents as of year end as well as a larger receivable for user charges. In addition, there was a sizable receivable from the Ohio Water Development Authority (OWDA) which is offset by an increase in current and other liabilities for outstanding contracts on construction projects. The increase in net capital assets and the investment in capital assets is primarily the result of current year additions in excess of annual depreciation. The increase in other long-term liabilities is related to new loan proceeds from OWDA for ongoing construction activities.

Table 2 reflects the change in net position for 2016 and 2015.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues						
Charges for Services	$ 5,178,799	$4,312,973	$ 15,913,340	$12,546,343	$21,092,139	$16,859,316
Operating Grants, Contributions, and Interest	3,273,258	2,947,200	0	0	3,273,258	2,947,200
Capital Grants and Contributions	1,619,021	3,262,302	19,257	14,000	1,638,278	3,276,302
Total Program Revenues	10,071,078	10,522,475	15,932,597	12,560,343	26,003,675	23,082,818
General Revenues						
Property Taxes	2,129,916	2,211,939	0	0	2,129,916	2,211,939
Payment in Lieu of Taxes	557,852	565,102	0	0	557,852	565,102
Municipal Income Taxes	13,121,939	11,126,894	0	0	13,121,939	11,126,894
Other Local Taxes	5,775,150	4,950,083	0	0	5,775,150	4,950,083
Franchise Taxes	371,093	394,181	0	0	371,093	394,181
Grants and Entitlements not Restricted to Specific Programs	759,353	798,901	0	0	759,353	798,901
Interest	128,006	182,148	2,022	1,215	130,028	183,363
Other	2,103,291	1,166,975	274,734	171,105	2,378,025	1,338,080
Total General Revenues	24,946,600	21,396,223	276,756	172,320	25,223,356	21,568,543
Total Revenues	35,017,678	31,918,698	16,209,353	12,732,663	51,227,031	44,651,361
Program Expenses						
Security of Persons and Property						
Police	6,180,846	5,668,020	0	0	6,180,846	5,668,020
Fire	6,765,752	6,368,780	0	0	6,765,752	6,368,780
Other	271,686	267,254	0	0	271,686	267,254
Public Health	309,402	315,232	0	0	309,402	315,232
Leisure Time Activities	575,513	639,183	0	0	575,513	639,183
Community Environment	4,109,633	2,968,448	0	0	4,109,633	2,968,448
Transportation	9,168,882	6,192,685	0	0	9,168,882	6,192,685
General Government						
Municipal Court	1,014,168	982,558	0	0	1,014,168	982,558
Other	4,136,866	4,031,589	0	0	4,136,866	4,031,589
Interest and Fiscal Charges	569,634	886,182	0	0	569,634	886,182
Water	0	0	6,328,824	5,657,845	6,328,824	5,657,845
Sewer	0	0	7,848,395	7,509,197	7,848,395	7,509,197
Total Expenses	33,102,382	28,319,931	14,177,219	13,167,042	47,279,601	41,486,973

(continued)

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Increase (Decrease) in Net Position before Transfers	$1,915,296	$3,598,767	$2,032,134	($434,379)	$3,947,430	$3,164,388
Transfers	24,323	25,647	(24,323)	(25,647)	0	0
Increase (Decrease) in Net Position	1,939,619	3,624,414	2,007,811	(460,026)	3,947,430	3,164,388
Net Position Beginning of Year	29,708,234	26,083,820	48,691,075	49,151,101	78,399,309	75,234,921
Net Position End of Year	$31,647,853	$29,708,234	$50,698,886	$48,691,075	$82,346,739	$78,399,309

For governmental activities, there were a couple of significant changes which led to an overall 4 percent decrease in program revenues. Additional transit system grants led to an increase in operating grants and contributions and fewer grants due to less Ohio Department of Transportation related projects resulted in a decrease in capital grants and contributions. The 17 percent increase in general revenues is reflected in the increase in municipal income taxes and other local taxes resulting from the .25 percent increase in the municipal income tax rate and a 1 percent admissions tax. The increase in other revenues reflects in the $1 million insurance reimbursement referred to previously. There were two programs that primarily contributed to the 17 percent increase in expenses. The increase in the community environment program was related to additional costs for building demolition and brownfields rehabilitation. The increase in the transportation program was related to street projects.

The City's business-type activities are largely funded through charges for services which increased substantially from the prior year due to rate increases for both water and sewer utilities. The most significant change in expense for the Water Fund was materials and supplies replenishment (overall 12 percent increase). The Sewer Fund had modest increases most all expense categories (overall 4.5 percent increase).

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	
	2016	2015	2016	2015
Security of Persons and Property				
Police	$ 6,180,846	$5,668,020	$5,619,235	$5,279,256
Fire	6,765,752	6,368,780	5,659,184	5,356,123
Other	271,686	267,254	271,686	267,254
Public Health	309,402	315,232	169,237	181,744
Leisure Time Activities	575,513	639,183	216,928	337,097
Community Environment	4,109,633	2,968,448	2,433,929	1,505,645
Transportation	9,168,882	6,192,685	4,696,368	387,329

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Table 3
Governmental Activities
(continued)

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
General Government				
Municipal Court	$1,014,168	$982,558	($374,906)	($195,247)
Other	4,136,866	4,031,589	3,770,009	3,792,073
Interest and Fiscal Charges	569,634	886,182	569,634	886,182
Total Expenses	$33,102,382	$28,319,931	$ 23,031,304	$17,797,456

It should be noted that for all governmental activities, 70 percent of the costs for services in 2016 were provided for through general revenues (compared to 63 percent in 2015), that being primarily property taxes, municipal income taxes, tourism taxes, and State shared revenues.

Although the dependence on general revenues is substantial, there are several programs which were supported through program revenues in 2016. Both the police and fire departments are able to offset some of their program costs based on charges for services they provide to other governments (schools, surrounding villages and townships) or for other contracted services. Charges for services also help offset the public health program. Program revenues received for the leisure time activities program covered 38 percent of the expenses of this program. The majority of these revenues are generated by charges for services in the City's park and recreation programs. Community environment activities received 59 percent of its support through program revenues in 2016. This is primarily the result of various community development block grant programs. The transportation program receives charges for services in the form of permissive motor vehicle license monies. The transportation program also receives operating grants in the form of state levied motor vehicle license fees and gas taxes as well as various grants for construction related projects. Construction related grants fluctuate from year to year depending on projects undertaken and availability.

The negative net cost of services for the Municipal Court indicates that program revenues are sufficient to cover the costs of these programs. Under Ohio Law, judges can establish restricted accounts to offset programs of the court. As such, there are various court related funds that provide for certain court activities. The combined operations of the court resulted in the $374,906 negative net cost of services; however, revenues generated from these other restricted accounts established by the judges 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 capital projects fund.

Fund balance increased over 14 percent in the General Fund. Revenues increased $1.7 million largely due to the .25 percent increase in municipal income taxes and the 1 percent admissions tax (other local taxes). Expenditures for General Fund operating activities increased approximately $930,000 (6 percent) with modest changes for most programs. Operating subsidies that the General Fund provides to other funds (transfers) increased $670,000.

The Capital Projects capital projects fund had an increase in fund balance of approximately $343,000. Revenues decreased $1.4 million due to grant resources received in the prior year for projects; however, expenditures did not decrease as they were similar to the prior year. Note, the Capital Projects Fund received transfers of almost $3.2 million which allowed for the increase in fund balance.

BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS

The City's enterprise funds consist of the Water and Sewer funds. Both the Water and Sewer Funds had an operating income for the year although Water Fund had almost no change in net position and the Sewer Fund's net position increased $1.5 million.

For the Water Fund, both revenues and expenses were higher than the prior year. Water rates were increased in 2015 for both the base rate ($2.31 increase) and the per cubic foot rate ($1.07 increase) and again in 2016 for the base rate ($.44 increase) and the per cubic foot rate ($.21 increase). The most significant increase in expenses was the replenishment of materials and supplies.

For the Sewer Fund, charges for services revenue increase substantially due to the increase in the base rate ($3.94 increase) and the per cubic foot rate ($2.23 increase) in 2015 and again in 2016 for the base rate ($2.73 increase) and the per cubic foot rate ($1.55 increase). Operating expenses increased almost 10 percent with modest increases in most all expense categories.

BUDGETARY HIGHLIGHTS

The City prepares an annual budget of revenues and expenditures/expenses for all funds of the City for use by City officials and department heads and such other budgetary documents as are required by State statute. The annual appropriations ordinance cannot be adopted prior to the second Monday in January of each year per City Charter. The City approves a temporary appropriations ordinance until the annual appropriations are approved. The City's most significant budgeted fund is the General Fund. For revenues, the 7 percent change from the original budget to the final budget was generally due to conservative estimates for municipal income taxes and the admissions tax (other local taxes). Changes from the final budget to actual revenues were not significant. For expenditures, there was very little change from the original budget to the final budget as well as from the final budget to actual expenditures.

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's net investment in capital assets for governmental and business-type activities as of December 31, 2016, was $33,978,149 and $43,448,277, respectively. The primary additions for governmental activities included street reconstruction and resurfacing and equipment replacement. Disposals included some land, a pool and related items, and vehicles and miscellaneous equipment. The primary additions for the business-type activities were related to water treatment plant improvements, wastewater treatment plant improvements, and water and sewer line improvement/replacement. Disposals were minimal. For further information on the City's capital assets, refer to Note 12 to the basic financial statements.

Debt - At December 31, 2016, the City had $3,450,000 in bond anticipation notes payable from governmental activities. The City also has a number of long-term obligations outstanding. These obligations included $9,314,227 in general obligation bonds, $1,200,000 in revenue bonds, $2,125,599 in special assessment bonds, $1,425,000 in general obligation revenue bonds, $46,379,503 in Ohio Water Development Authority (OWDA) loans, and $179,322 in other long-term loans. Of the total long-term obligations, $47,873,226 will be repaid from business-type activities.

The new debt for 2016 included the issuance of $3,450,000 in bond anticipation notes to partially retire notes previously issued for various purposes as well as additional resources for equipment acquisition and additional OWDA loans for water and sewer construction activities.

In addition to the debt discussed above, the City's long-term obligations also includes the net pension liability, capital leases, compensated absences, and claims. For further information on the City's debt, refer to Notes 19, 20, and 21 to the basic financial statements.

CURRENT ISSUES

The City was awarded $1,000,000 from the Ohio Department of Natural Resources for the Sandusky Bay Initiative in April 2017. The goal is to restore coastal wetlands, improve near shore water quality, and enhance wildlife habitat in the Sandusky Bay. The City was also awarded an additional $100,000 from the Ohio Department Services Agency's Abandoned Gas Station Cleanup program. This funding will allow the City to remove the undocumented tank at the former Sunoco Gas Station, remediate the soil, and demolish the former gas station's structure.

REQUEST FOR INFORMATION

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

City of Sandusky
Statement of Net Position
December 31, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	$16,823,302	$8,798,217	$25,621,519
Cash and Cash Equivalents in Segregated Accounts	28,636	0	28,636
Accounts Receivable	526,383	2,010,808	2,537,191
Accrued Interest Receivable	26,453	0	26,453
Internal Balances	(415,796)	415,796	0
Due from Other Governments	1,458,206	1,300,764	2,758,970
Municipal Income Taxes Receivable	3,652,484	0	3,652,484
Other Local Taxes Receivable	127,880	0	127,880
Materials and Supplies Inventory	243,105	1,285,019	1,528,124
Property Taxes Receivable	2,388,498	0	2,388,498
Payment in Lieu of Taxes Receivable	564,690	0	564,690
Notes Receivable	2,373,116	0	2,373,116
Special Assessments Receivable	1,422,265	0	1,422,265
Nondepreciable Capital Assets	9,801,306	9,891,104	19,692,410
Depreciable Capital Assets, Net	34,368,661	81,361,676	115,730,337
Total Assets	73,389,189	105,063,384	178,452,573
Deferred Outflows of Resources			
Deferred Charge on Refunding	411,210	0	411,210
Pension	6,839,515	1,877,260	8,716,775
Total Deferred Outflows of Resources	7,250,725	1,877,260	9,127,985
Liabilities			
Accrued Wages Payable	524,838	180,441	705,279
Accounts Payable	374,252	137,224	511,476
Contracts Payable	469,287	1,027,365	1,496,652
Matured Compensated Absences Payable	76,764	0	76,764
Due to Other Governments	242,590	277,737	520,327
Accrued Interest Payable	56,783	1,195,457	1,252,240
Notes Payable	3,450,000	0	3,450,000
Retainage Payable	13,315	68,828	82,143
Long-Term Liabilities			
Due Within One Year	2,720,951	2,960,040	5,680,991
Due in More Than One Year			
Net Pension Liability	24,949,290	4,703,346	29,652,636
Other Amounts Due in More Than One Year	12,613,205	45,558,890	58,172,095
Total Liabilities	45,491,275	56,109,328	101,600,603
Deferred Inflows of Resources			
Property Taxes	2,170,632	0	2,170,632
Payment in Lieu of Taxes	564,690	0	564,690
Pension	765,464	132,430	897,894
Total Deferred Inflows of Resources	3,500,786	132,430	3,633,216

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City of Sandusky
Statement of Net Position
December 31, 2016
(continued)

	Governmental Activities	Business-Type Activities	Total
Net Position			
Net Investment in Capital Assets	$33,978,149	$43,448,277	$77,426,426
Restricted for			
Capital Projects	5,199,629	0	5,199,629
Debt Service	370,057	0	370,057
Other Purposes			
Street Maintenance	697,187	0	697,187
State Grants	2,615,709	0	2,615,709
Federal Grants	1,130,339	0	1,130,339
Court Operations	723,381	0	723,381
Park Operations	210,003	0	210,003
Cemetery Operations	612,880	0	612,880
Other	548,188	0	548,188
Unrestricted (Deficit)	(14,437,669)	7,250,609	(7,187,060)
Total Net Position	$31,647,853	$50,698,886	$82,346,739

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Activities
For the Year Ended December 31, 2016

		Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
Governmental Activities				
Security of Persons and Property				
Police	$6,180,846	$471,085	$80,526	$10,000
Fire	6,765,752	1,066,497	20,482	19,589
Other	271,686	0	0	0
Public Health	309,402	140,165	0	0
Leisure Time Activities	575,513	271,849	13,606	73,130
Community Environment	4,109,633	512,667	1,161,126	1,911
Transportation	9,168,882	1,087,071	1,921,583	1,463,860
General Government				
Municipal Court	1,014,168	1,313,939	75,135	0
Other	4,136,866	315,526	800	50,531
Interest and Fiscal Charges	569,634	0	0	0
Total Governmental Activities	33,102,382	5,178,799	3,273,258	1,619,021
Business-Type Activities				
Water	6,328,824	6,515,822	0	19,257
Sewer	7,848,395	9,397,518	0	0
Total Business-Type Activities	14,177,219	15,913,340	0	19,257
Total	$47,279,601	$21,092,139	$3,273,258	$1,638,278

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

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business-Type Activities	Total
($5,619,235)	$0	($5,619,235)
(5,659,184)	0	(5,659,184)
(271,686)	0	(271,686)
(169,237)	0	(169,237)
(216,928)	0	(216,928)
(2,433,929)	0	(2,433,929)
(4,696,368)	0	(4,696,368)
374,906	0	374,906
(3,770,009)	0	(3,770,009)
(569,634)	0	(569,634)
(23,031,304)	0	(23,031,304)
0	206,255	206,255
0	1,549,123	1,549,123
0	1,755,378	1,755,378
(23,031,304)	1,755,378	(21,275,926)
1,480,791	0	1,480,791
243,434	0	243,434
405,691	0	405,691
557,852	0	557,852
11,716,187	0	11,716,187
780,974	0	780,974
624,778	0	624,778
5,775,150	0	5,775,150
371,093	0	371,093
759,353	0	759,353
128,006	2,022	130,028
2,103,291	274,734	2,378,025
24,946,600	276,756	25,223,356
24,323	(24,323)	0
24,970,923	252,433	25,223,356
1,939,619	2,007,811	3,947,430
29,708,234	48,691,075	78,399,309
$31,647,853	$50,698,886	$82,346,739

City of Sandusky
Balance Sheet
Governmental Funds
December 31, 2016

	General	Capital Projects	Other Governmental	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	$4,788,033	$4,800,956	$4,785,916	$14,374,905
Cash and Cash Equivalents in Segregated Accounts	28,636	0	0	28,636
Accounts Receivable	312,898	1,952	158,261	473,111
Accrued Interest Receivable	25,794	0	659	26,453
Interfund Receivable	2,700	0	0	2,700
Due from Other Governments	404,930	336,625	716,651	1,458,206
Municipal Income Taxes Receivable	3,241,580	0	410,904	3,652,484
Other Local Taxes Receivable	91,760	0	36,120	127,880
Materials and Supplies Inventory	105,801	0	137,304	243,105
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	115,143	0	0	115,143
Property Taxes Receivable	1,660,363	0	728,135	2,388,498
Payment in Lieu of Taxes Receivable	2,717	0	561,973	564,690
Notes Receivable	0	245,319	2,127,797	2,373,116
Special Assessments Receivable	0	0	1,422,265	1,422,265
Total Assets	$10,780,355	$5,384,852	$11,085,985	$27,251,192
Liabilities				
Accrued Wages Payable	$487,390	$306	$37,142	$524,838
Accounts Payable	117,008	91,832	165,412	374,252
Contracts Payable	0	469,287	0	469,287
Interfund Payable	0	0	2,700	2,700
Matured Compensated Absences Payable	76,764	0	0	76,764
Due to Other Governments	80,240	37,975	124,375	242,590
Accrued Interest Payable	0	16,675	0	16,675
Notes Payable	0	3,450,000	0	3,450,000
Retainage Payable	0	13,315	0	13,315
Total Liabilities	761,402	4,079,390	329,629	5,170,421
Deferred Inflows of Resources				
Property Taxes	1,508,894	0	661,738	2,170,632
Payment in Lieu of Taxes	2,717	0	561,973	564,690
Unavailable Revenue	2,869,408	69,940	2,494,189	5,433,537
Total Deferred Inflows of Resources	4,381,019	69,940	3,717,900	8,168,859
Fund Balance				
Nonspendable	220,944	0	137,304	358,248
Restricted	0	1,235,522	7,039,670	8,275,192
Committed	0	0	62,410	62,410
Assigned	325,642	0	0	325,642
Unassigned (Deficit)	5,091,348	0	(200,928)	4,890,420
Total Fund Balance	5,637,934	1,235,522	7,038,456	13,911,912
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$10,780,355	$5,384,852	$11,085,985	$27,251,192

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Reconciliation of Total Governmental Fund Balance
to Net Position of Governmental Activities
December 31, 2016

Total Governmental Fund Balance		$13,911,912
Amounts reported for governmental activities on the statement of net position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		44,169,967
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Accounts Receivable	351,744	
Accrued Interest Receivable	20,166	
Due from Other Governments	955,659	
Municipal Income Taxes Receivable	2,462,689	
Other Local Taxes Receivable	3,148	
Delinquent Property Taxes Receivable	217,866	
Special Assessments Receivable	1,422,265	
		5,433,537
An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.		(415,796)
Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds; it is reported when due.		(40,108)
Deferred outflows of resources include deferred charges on refundings which do not provide current financial resources and, therefore, are not reported in the funds.		411,210
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
General Obligation Bonds Payable	(9,314,227)	
Revenue Bonds Payable	(1,200,000)	
Special Assessment Bonds Payable	(2,125,599)	
Loans Payable	(110,599)	
Capital Leases Payable	(16,597)	
Compensated Absences Payable	(2,020,595)	
		(14,787,617)
The net pension liability is not due and payable in the current period, therefore, the liability and related deferred outflows/inflows are not reported in the governmental funds.		
Deferred Outflows - Pension	6,839,515	
Deferred Inflows - Pension	(765,464)	
Net Pension Liability	(24,949,290)	
		(18,875,239)
An internal service fund is used by management to charge the cost of health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		1,839,987
Net Position of Governmental Activities		$31,647,853

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, 2016

	General	Capital Projects	Other Governmental	Total Governmental Funds
Revenues				
Property Taxes	$1,503,343	$0	$659,011	$2,162,354
Payment in Lieu of Taxes	2,819	0	555,033	557,852
Municipal Income Taxes	10,835,013	0	1,294,053	12,129,066
Other Local Taxes	5,772,302	0	442,070	6,214,372
Special Assessments	0	0	1,209,242	1,209,242
Charges for Services	1,037,179	627,540	749,975	2,414,694
Fees, Licenses, and Permits	741,199	133,416	470,628	1,345,243
Fines and Forfeitures	1,184,361	0	208,874	1,393,235
Intergovernmental	654,788	1,338,063	3,367,017	5,359,868
Interest	123,284	2,463	23,968	149,715
Other	655,497	413,977	1,171,050	2,240,524
Total Revenues	22,509,785	2,515,459	10,150,921	35,176,165
Expenditures				
Current:				
Security of Persons and Property				
Police	4,996,993	11,366	746,388	5,754,747
Fire	4,821,027	457,636	790,105	6,068,768
Other	271,686	0	0	271,686
Public Health	237,720	0	91,217	328,937
Leisure Time Activities	451,588	0	12,995	464,583
Community Environment	1,922,068	524,067	1,465,056	3,911,191
Transportation	1,641	184,936	4,530,246	4,716,823
General Government				
Municipal Court	928,676	10,158	64,548	1,003,382
Other	3,256,109	140,437	2,300	3,398,846
Other	0	27	176,267	176,294
Capital Outlay	0	4,039,139	95,646	4,134,785
Debt Service:				
Principal Retirement	83,022	8,298	2,018,865	2,110,185
Interest and Fiscal Charges	6,334	34,725	477,478	518,537
Total Expenditures	16,976,864	5,410,789	10,471,111	32,858,764
Excess of Revenues Over (Under) Expenditures	5,532,921	(2,895,330)	(320,190)	2,317,401
Other Financing Sources (Uses)				
Sale of Capital Assets	2,705	13,525	0	16,230
Inception of Capital Lease	0	24,895	0	24,895
Transfers In	0	3,199,875	2,246,258	5,446,133
Transfers Out	(4,819,235)	0	(602,575)	(5,421,810)
Total Other Financing Sources (Uses)	(4,816,530)	3,238,295	1,643,683	65,448
Changes in Fund Balance	716,391	342,965	1,323,493	2,382,849
Fund Balance Beginning of Year	4,921,543	892,557	5,714,963	11,529,063
Fund Balance End of Year	$5,637,934	$1,235,522	$7,038,456	$13,911,912

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, 2016

Changes in Fund Balance - Total Governmental Funds		$2,382,849
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	1,757,116	
Capital Contributions	23,145	
Depreciation	(3,462,237)	
		(1,681,976)
The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net position when disposed of resulting in a gain or loss on disposal of capital assets on the statement of activities.		
Proceeds from Sale of Capital Assets	(16,230)	
Gain on Disposal of Capital Assets	16,230	
Loss on Disposal of Capital Assets	(111,125)	
		(111,125)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		
Delinquent Property Taxes	(32,438)	
Municipal Income Taxes	992,873	
Other Local Taxes	2,848	
Special Assessments	(1,209,242)	
Charges for Services	(44,368)	
Fees, Licenses, and Permits	(1,922)	
Intergovernmental	102,056	
Interest	(9,007)	
Other	1,338	
		(197,862)
Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position.		
General Obligation Bonds Payable	1,389,867	
Revenue Bonds Payable	380,000	
Special Assessment Bonds Payable	225,973	
Loans Payable	106,047	
Capital Leases Payable	8,298	
		2,110,185

(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, 2016
(continued)

The inception of a capital lease is reported as an other financing source in the governmental funds but increases long-term liabilities on the statement of net position.		($24,895)
Interest is reported as an expenditure when due in governmental funds but is accrued on outstanding debt on the statement of net position. Premiums are reported as revenues when debt is first issued; however, these amounts are deferred and amortized on the statement of activities. Accounting losses are amortized over the life of the debt on the statement of activities.		
Accrued Interest Payable	8,150	
Amortization of Premium	14,152	
Amortization of Deferred Charge on Refunding	(73,399)	
		(51,097)
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.		(176,263)
Except for amounts reported as deferred outflows/inflows, changes in the net pension liability are reported as pension expense on the statement of activities.		(3,357,739)
Contractually required contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows.		1,923,351
The internal service fund used by management to charge the cost of health insurance to individual funds is not reported on the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated The change for governmental funds is reported for the year.		1,124,191
Change in Net Position of Governmental Activities		$1,939,619

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, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues				
Property Taxes	$1,496,779	$1,496,779	$1,503,343	$6,564
Payment in Lieu of Taxes	2,819	2,819	2,819	0
Municipal Income Taxes	9,905,000	10,886,444	10,886,444	0
Other Local Taxes	5,205,000	5,697,388	5,697,537	149
Charges for Services	1,032,215	996,061	1,038,300	42,239
Fees, Licenses, and Permits	727,163	721,544	741,149	19,605
Fines and Forfeitures	1,079,249	1,058,036	1,132,126	74,090
Intergovernmental	680,227	657,580	656,495	(1,085)
Interest	150,000	133,735	143,100	9,365
Other	330,218	337,003	344,154	7,151
Total Revenues	20,608,670	21,987,389	22,145,467	158,078
Expenditures				
Current:				
Security of Persons and Property				
Police	5,328,569	5,088,549	5,073,585	14,964
Fire	4,688,936	4,804,936	4,800,928	4,008
Other	249,000	268,000	267,634	366
Public Health	246,508	240,508	239,281	1,227
Leisure Time Activities	565,950	454,358	454,358	0
Community Environment	1,907,938	1,936,437	1,916,739	19,698
Transportation	1,000	2,000	1,641	359
General Government				
Municipal Court	970,949	940,449	937,495	2,954
Other	3,227,379	3,391,979	3,353,496	38,483
Debt Service:				
Principal Retirement	83,022	83,022	83,022	0
Interest and Fiscal Charges	6,334	6,334	6,334	0
Total Expenditures	17,275,585	17,216,572	17,134,513	82,059
Excess of Revenues Over Expenditures	3,333,085	4,770,817	5,010,954	240,137
Other Financing Sources (Uses)				
Other Financing Sources	279,245	321,176	307,114	(14,062)
Sale of Capital Assets	2,705	2,705	2,705	0
Advances In	2,700	2,700	2,700	0
Transfers Out	(3,578,875)	(4,819,235)	(4,819,235)	0
Total Other Financing Sources (Uses)	(3,294,225)	(4,492,654)	(4,506,716)	(14,062)
Changes in Fund Balance	38,860	278,163	504,238	226,075
Fund Balance Beginning of Year	4,425,609	4,425,609	4,425,609	0
Prior Year Encumbrances Appropriated	6,608	6,608	6,608	0
Fund Balance End of Year	$4,471,077	$4,710,380	$4,936,455	$226,075

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Fund Net Position
Proprietary Funds
December 31, 2016

	Business-Type Activities			Governmental Activity
	Water	Sewer	Total Enterprise Funds	Internal Service
Assets				
Current Assets				
Equity in Pooled Cash and Cash Equivalents	$5,002,578	$3,795,639	$8,798,217	$2,333,254
Accounts Receivable	556,691	1,454,117	2,010,808	53,272
Due from Other Governments	478,026	822,738	1,300,764	0
Materials and Supplies Inventory	912,030	372,989	1,285,019	0
Total Current Assets	6,949,325	6,445,483	13,394,808	2,386,526
Non-Current Assets				
Nondepreciable Capital Assets	1,304,967	8,586,137	9,891,104	0
Depreciable Capital Assets, Net	28,170,938	53,190,738	81,361,676	0
Total Non-Current Assets	29,475,905	61,776,875	91,252,780	0
Total Assets	36,425,230	68,222,358	104,647,588	2,386,526
Deferred Outflows of Resources				
Pension	1,000,971	876,289	1,877,260	0
Liabilities				
Current Liabilities				
Accrued Wages Payable	91,680	88,761	180,441	0
Accounts Payable	215	137,009	137,224	0
Contracts Payable	365,502	661,863	1,027,365	0
Due to Other Governments	131,679	146,058	277,737	0
Accrued Interest Payable	629,400	566,057	1,195,457	0
Retainage Payable	43,828	25,000	68,828	0
Claims Payable	0	0	0	269,757
General Obligation Revenue Bonds Payable	5,000	70,000	75,000	0
OWDA Loans Payable	1,067,366	1,642,148	2,709,514	0
Loans Payable	50,320	18,403	68,723	0
Compensated Absences Payable	47,126	59,677	106,803	0
Total Current Liabilities	2,432,116	3,414,976	5,847,092	269,757
Non-Current Liabilities				
Claims Payable	0	0	0	276,782
General Obligation Revenue Bonds Payable	115,000	1,235,000	1,350,000	0
OWDA Loans Payable	14,820,787	28,849,202	43,669,989	0
Compensated Absences Payable	231,125	307,776	538,901	0
Net Pension Liability	2,449,659	2,253,687	4,703,346	0
Total Non-Current Liabilities	17,616,571	32,645,665	50,262,236	276,782
Total Liabilities	20,048,687	36,060,641	56,109,328	546,539
Deferred Inflows of Resources				
Pension	47,333	85,097	132,430	0

(continued)

City of Sandusky
Statement of Fund Net Position
Proprietary Funds
December 31, 2016
(continued)

	Business-Type Activities			Governmental Activity
	Water	Sewer	Total Enterprise Funds	Internal Service
Net Position				
Net Investment in Capital Assets	$13,467,752	$29,980,525	$43,448,277	$0
Unrestricted	3,862,429	2,972,384	6,834,813	1,839,987
Total Net Position	$17,330,181	$32,952,909	50,283,090	$1,839,987
Net position reported for business-type activities on the statement of net position is different because it includes a proportionate share of the net position of the internal service fund.			415,796	
Net Position of Business-Type Activities			$50,698,886	

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Revenues, Expenses,
and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Business-Type Activities			Governmental Activity
	Water	Sewer	Total Enterprise Funds	Internal Service
Operating Revenues				
Charges for Services	$6,515,822	$9,397,518	$15,913,340	$4,847,599
Other	48,083	223,206	271,289	1,145,890
Total Operating Revenues	6,563,905	9,620,724	16,184,629	5,993,489
Operating Expenses				
Personal Services	2,975,155	3,129,402	6,104,557	0
Travel and Transportation	13,810	19,103	32,913	0
Contractual Services	246,179	1,543,803	1,789,982	22,324
Materials and Supplies	1,099,883	572,086	1,671,969	0
Claims	0	0	0	4,431,178
Depreciation	1,239,176	1,699,209	2,938,385	0
Other	1,842	503	2,345	0
Total Operating Expenses	5,576,045	6,964,106	12,540,151	4,453,502
Operating Income	987,860	2,656,618	3,644,478	1,539,987
Non-Operating Revenues (Expenses)				
Interest Revenue	649	1,373	2,022	0
Gain on Disposal of Capital Assets	1,625	1,820	3,445	0
Interest Expense	(952,361)	(1,100,503)	(2,052,864)	0
Total Non-Operating Revenues (Expenses)	(950,087)	(1,097,310)	(2,047,397)	0
Loss before Contributions and Transfers	37,773	1,559,308	1,597,081	1,539,987
Capital Contributions	19,257	0	19,257	0
Transfers Out	0	(24,323)	(24,323)	0
Changes in Net Position	57,030	1,534,985	1,592,015	1,539,987
Net Position Beginning of Year	17,273,151	31,417,924		300,000
Net Position End of Year	$17,330,181	$32,952,909		$1,839,987
The change in net position reported for business-type activities on the statement of activities is different because it includes a proportionate share of the net income of the internal service fund.			415,796	
Change in Net Position of Business-Type Activities			$2,007,811	

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Business-Type Activities			Governmental Activity
	Water	Sewer	Total	Internal Service
Increases (Decreases) in Cash and Cash Equivalents				
Cash Flows from Operating Activities				
Cash Received from Customers	$7,099,213	$9,075,573	$16,174,786	$4,847,599
Cash Payments for Personal Services	(2,851,372)	(3,034,928)	(5,886,300)	0
Cash Payments for Contractual Services	(815,898)	(1,645,199)	(2,461,097)	(22,324)
Cash Payments to Vendors	(815,089)	(442,802)	(1,257,891)	0
Cash Received from Other Revenues	49,575	218,050	267,625	1,092,618
Cash Payments for Claims	0	0	0	(3,884,639)
Cash Payments for Other Expenses	(1,842)	(503)	(2,345)	0
Net Cash Provided by Operating Activities	2,664,587	4,170,191	6,834,778	2,033,254
Cash Flows from Noncapital Financing Activities				
Transfers Out	0	(24,323)	(24,323)	0
Cash Flows from Capital and Related Financing Activities				
Capital Grants	19,257	0	19,257	0
Principal Paid on General Obligation Revenue Bonds	(5,000)	(70,000)	(75,000)	0
Principal Paid on OWDA Loans	(979,812)	(1,565,897)	(2,545,709)	0
Principal Paid on Loans	(48,247)	(17,646)	(65,893)	0
Interest Paid on General Obligation Revenue Bonds	(3,813)	(41,938)	(45,751)	0
Interest Paid on OWDA Loans	(640,567)	(1,006,757)	(1,647,324)	0
Interest Paid on Loans	(3,681)	(1,346)	(5,027)	0
OWDA Loans Issued	403,178	5,833,718	6,236,896	0
Acquisition of Capital Assets	(1,061,962)	(5,921,386)	(6,983,348)	0
Disposal of Capital Assets	1,625	1,820	3,445	0
Net Cash Used for Capital and Related Financing Activities	(2,319,022)	(2,789,432)	(5,108,454)	0
Cash Flows from Investing Activities				
Interest	649	1,373	2,022	0
Net Increase in Cash and Cash Equivalents	346,214	1,357,809	1,704,023	2,033,254
Cash and Cash Equivalents Beginning of Year	4,656,364	2,437,830	7,094,194	300,000
Cash and Cash Equivalents End of Year	$5,002,578	$3,795,639	$8,798,217	$2,333,254

(continued)

City of Sandusky
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016
(continued)

	Business-Type Activities			Governmental Activity
	Water	Sewer	Total	Internal Service
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	$987,860	$2,656,618	$3,644,478	$1,539,987
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation	1,239,176	1,699,209	2,938,385	0
Changes in Assets and Liabilities:				
Increase in Accounts Receivable	(97,758)	(304,752)	(402,510)	(53,272)
(Increase) Decrease in Due from Other Governments	682,641	(21,985)	660,656	0
(Increase) Decrease in Materials and Supplies Inventory	(96,495)	23,723	(72,772)	0
Increase in Accrued Wages Payable	15,963	12,592	28,555	0
Decrease in Accounts Payable	(231,378)	(4,809)	(236,187)	0
Decrease in Contracts Payable	(45,900)	(64,304)	(110,204)	0
Increase in Due to Other Governments	65,744	51,619	117,363	0
Increase in Claims Payable	0	0	0	546,539
Increase in Compensated Absences Payable	11,338	22,410	33,748	0
Increase (Decrease) in Net Pension Liability	(73,716)	18,336	(55,380)	0
Decrease in Deferred Outflows - Pension	235,331	168,217	403,548	0
Decrease in Deferred Inflows - Pension	(28,219)	(86,683)	(114,902)	0
Net Cash Provided by Operating Activities	$2,664,587	$4,170,191	$6,834,778	$2,033,254

Non-Cash Capital Transactions

At December 31, 2016, the Water and Sewer enterprise funds had receivables related to the acquisition of capital assets, in the amount of $326,112 and $648,805, respectively.

At December 31, 2016, the Water and Sewer enterprise funds had outstanding payables related to the acquisition of capital assets, in the amount of $409,330 and $686,863, respectively.

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2016

Assets	
Equity in Pooled Cash and Cash Equivalents	$996,931
Liabilities	
Due to Other Governments	$65,502
Undistributed Assets	931,429
Total Liabilities	$996,931

See Accompanying Notes to the Basic Financial Statements

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 that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. There were no component units of the City of Sandusky in 2016.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

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

Fund Financial Statements

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

B. Fund Accounting

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

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 and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

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

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

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The City reports two types of proprietary funds, enterprise and internal service.

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.

Internal Service Fund - This fund accounts for monies received for the activities of the self insurance program for employee health benefits.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are not available to support the City's own programs. The City did not have any trust funds in 2016. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for various funds held for final disposition to the Erie County Law Library, contractors, municipal courts (excluding the City of Sandusky), insurance proceeds to secure proper handling of fire damaged structures, employee payroll deductions, and other miscellaneous activities.

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 deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities and deferred inflows of resources 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 proprietary funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses, and changes in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the City finances and meets the cash flow needs of its proprietary activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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; proprietary funds and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows and deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. For the City, deferred outflows of resources include deferred charges on refundings and pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and the reacquisition price. This amount is deferred and amortized over the life of the old debt or the life of the new debt, whichever is shorter. Deferred outflows of resources related to pension are reported on the government-wide and proprietary funds statement of net position and explained in Note 16 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the City, deferred inflows of resources include property taxes, payment in lieu of taxes, unavailable revenue, and pension. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2016, but which were levied to finance 2017 operations. Payment in lieu of taxes represents a contractual promise to make payment of property taxes which reflect all or a portion of the taxes which would have been paid if the taxes had not been exempted. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes accrued interest, intergovernmental revenue including grants, municipal income taxes, other local taxes, delinquent property taxes, special assessments, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. For further details on unavailable revenue, refer to the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities on page 19. Deferred inflows of resources related to pension are reported on the government-wide and proprietary fund statement of net position and explained in Note 16 to the basic financial statements.

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.

E. Budgetary Process

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

F. Cash and Investments

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

Cash and cash equivalents that are held separately within departments of the City, and not included in the City treasury, are recorded as "Cash and Cash Equivalents in Segregated Accounts".

During 2016, the City's investments included nonnegotiable and negotiable certificates of deposit, federal agency securities, and STAR Ohio. Nonnegotiable certificates of deposit are reported at cost. Negotiable certificates of deposit and federal agency securities are reported at fair value, which is based on quoted market price. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but has adopted Governmental Accounting Standards Board Statement No. 79, "Certain External Investment Pools and Pool Participants". The City measures the investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The net asset value per share is calculated on an amortized cost basis that provides a net asset value per share that approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given twenty-four hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $50 million requiring the excess amount to be transacted the following business day(s) but only to the $50 million limit. All accounts of the participant are combined for this purpose.

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 2016 was $123,284, which includes $101,071 assigned from other City funds.

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

G. Inventory

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Restricted Assets

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

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

I. Capital Assets

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

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

Asset Category	Estimated Lives
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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Deferred Charge on Refunding

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

K. Interfund Receivables/Payables

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

L. Compensated Absences

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

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

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 unpaid leave are paid. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

M. Accrued Liabilities and Long-Term Obligations

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, net pension liability and 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, revenue bonds, special assessment bonds, long-term loans, capital leases, and claims are recognized as liabilities on the fund financial statements when due.

N. Unamortized Bond Premiums

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

Under Ohio law, premiums on the original issuance of debt are to be deposited to a bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to a bond escrow agent.

O. Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets, 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 position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes activities for construction, repair, and maintenance of State highways, the public transit system, recreation, and other revenues restricted for use by the police department. The City's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

P. Fund Balance

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

Nonspendable **-** The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Assigned - Amounts in the assigned classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. Assigned amounts represent intended uses established by the City Commission. Fund balance policy of the City Commission has authorized the City Manager to assign fund balance for purchases on order provided such amounts have been lawfully appropriated, for the payment of future severance payments, and other miscellaneous purposes.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water and sewer services, as well as premiums charged to various funds for insurance. 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 non-operating.

R. Capital Contributions

Capital contributions arise from contributions from outside sources.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Interfund Transactions

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

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

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

T. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the pension plans, and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

U. Estimates

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCPLES

For 2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application”, GASB Statement No. 73, “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68 and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68”, GASB Statement No. 76, “Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”, GASB Statement No. 77, “Tax Abatement Disclosures”, GASB Statement No. 79, “Certain External Investment Pools and Pool Participants”, and GASB Statement No. 82, “Pension Issues-an Amendment of GASB Statements No. 67, No. 68, and No. 73”.

NOTE 3 - CHANGE IN ACCOUNTING PRINCPLES (continued)

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for determining a fair value measurement for financial reporting purposes, for applying fair value to certain investments, and disclosures related to all fair value measurements. These changes were incorporated in the City's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", as well as for the assets accumulated for purposes of providing those pensions. It also amends certain provisions of GASB Statement No. 67, "Financial Reporting for Pension Plans", and GASB Statement No. 68. The implementation of this statement did not result in any changes to the City's financial statements.

GASB Statement No. 76 identifies, in the context of the current governmental financial reporting environment, the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this statement did not result in any changes to the City's financial statements.

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting governments own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The implementation of this statement did not result in any change in the City's financial statements as the City does not have any material GASB Statement No. 77 tax abatements.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure, for financial reporting purposes, all of their investments at amortized cost. The statement provides accounting and financial reporting guidance and also establishes additional note disclosure requirements for governments that participate in these pools. The City participates in STAR Ohio which implemented GASB Statement No. 79 for 2016. The City incorporated the corresponding GASB Statement No. 79 guidance into the 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the City's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

NOTE 4 - ACCOUNTABILITY

At December 31, 2016, the Public Transit, Fire Pension, and Police Pension special revenue funds had deficit fund balances, in the amount of $107,838, $48,470, and $44,620, 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.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).

4. The City has certain activities within the General Fund that are not budgeted by the City Commission. However, this activity is included as part of the reporting entity when preparing financial statements that conform with GAAP.

5. Advances are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

Changes in Fund Balance

	General
GAAP Basis	$716,391
Increases (Decreases) Due To	
Revenue Accruals:	
Accrued 2015, Received in Cash 2016	1,282,091
Accrued 2016, Not Yet Received in Cash	(1,359,023)
Expenditure Accruals:	
Accrued 2015, Paid in Cash 2016	(906,608)
Accrued 2016, Not Yet Paid in Cash	761,402

(continued)

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

Changes in Fund Balance

	General
Cash Adjustments:	
Unrecorded Activity 2015	($19,005)
Unrecorded Activity 2016	35,800
Materials and Supplies Inventory	(6,986)
Advances In	2,700
Excess of Revenues Over Expenditures for Nonbudgeted Activity	(3)
Encumbrances Outstanding at Year End (Budget Basis)	(2,521)
Budget Basis	$504,238

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

3. Written repurchase agreements in the securities listed above;

4. Bonds and other obligations of the State of Ohio and, with certain limitations, bonds and other obligations of political subdivisions of the State of Ohio;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);

7. The State Treasurer's investment pool (STAR Ohio), and

8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, $2,016,281 of the City's bank balance of $9,985,463 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.

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Investments

As of December 31, 2016, the City had the following investments:

Measurement / Investment	Measurement Value	Less Than Six Months	Six Months to One Year	One Year To Two Years	More Than Two Years
Fair Value					
Negotiable Certificates of Deposit	$3,753,146	$248,993	$2,013,791	$1,147,045	$343,317
Federal National Mortgage Association Notes	2,181,942	0	0	995,070	1,186,872
Federal Home Loan Bank Notes	1,169,820	0	0	0	1,169,820
Federal Farm Credit Bank Notes	986,620	0	0	0	986,620
Federal Home Loan Mortgage Corporation Notes	2,534,524	0	2,534,524	0	0
Net Asset Value					
STAR Ohio	6,413,238	6,413,238	0	0	0
	$17,039,290	$6,662,231	$4,548,315	$2,142,115	$3,686,629

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the City’s recurring fair value measurements as of December 31, 2016. All of the City’s investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

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

The negotiable certificates of deposit are covered by FDIC insurance up to $250,000 per financial institution and/or partially insured through the Securities Investor Protection Corporation (SIPC). All of the federal agency securities carry a rating of Aaa by Moodys. STAR Ohio carries a rating of AAAm by Standard and Poor’s. The City has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. At December 31, 2016, the weighted average maturity of investments with Star Ohio was 52 days.

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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

	Fair Value	Percentage of Portfolio
Negotiable Certificates of Deposit	$3,753,146	22.0%
Federal National Mortgage Association	2,181,942	12.8
Federal Home Loan Bank	1,169,820	6.9
Federal Farm Credit Bank	986,620	5.8
Federal Home Loan Mortgage Corporation	2,534,524	14.9

NOTE 7 - RECEIVABLES

Receivables at December 31, 2016, consisted of accounts (billings for user charged services); accrued interest; interfund; intergovernmental receivables arising from grants, entitlements, and shared revenues; municipal income taxes; other local taxes; property taxes; payment in lieu of taxes; notes; and special assessments. All receivables are considered fully collectible within one year, except for municipal income taxes, property taxes, notes, and special assessments. Municipal income taxes and property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. Notes receivable, in the amount of $2,157,989, will not be received within one year. Special assessments, in the amount of $1,139,652, will not be received within one year. At December 31, 2016, the amount of delinquent special assessments was $107,923.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	$88,499
Local Government	209,412
Beer and Liquor Permits	33,902
Cigarette Tax	1,286
Fines and Forfeitures	52,235
Miscellaneous	19,596
Total General Fund	404,930

(continued)

NOTE 7 - RECEIVABLES (continued)

	Amount
Governmental Activities (continued)	
Major Funds (continued)	
Capital Projects Fund	
Clean Ohio Revitalization	$69,940
Ohio Department of Transportation	266,343
Charges for Services	342
Total Capital Projects Fund	336,625
Total Major Funds	741,555
Nonmajor Funds	
Street Maintenance Fund	
Gasoline Tax	369,019
Motor Vehicle License Tax	86,837
Total Street Maintenance Fund	455,856
State Highway Fund	
Gasoline Tax	29,921
Motor Vehicle License Tax	7,041
Total State Highway Fund	36,962
Public Transit Fund	
Rural Transit Grant	114,312
Charges for Services	5,131
Other	2,206
Total Public Transit Fund	121,649
Fire Pension Fund	
Homestead and Rollback	7,274
Police Pension Fund	
Homestead and Rollback	7,274
State Grants Fund	
Community Corrections Grant	32,274
Abandoned Gas Station Clean Up Grant	1,117
CHIP Grant	9,470
Miscellaneous	1,341
Total State Grants Fund	44,202
Federal Grants Fund	
CDBG	17,450
Indigent Driver Alcohol Fund	
Fees, Licenses, and Permits	678

(continued)

NOTE 7 - RECEIVABLES (continued)

	Amount
Governmental Activities (continued)	
Nonmajor Funds (continued)	
Court Computerization Fund	
Fines and Forfeitures	$1,059
General Bond Retirement Fund	
Homestead and Rollback	24,247
Total Nonmajor Funds	716,651
Total Governmental Activities	$1,458,206
Business-Type Activities	
Water Fund	
Erie County	$151,914
Ohio Water Development Authority	326,112
Total Water Fund	478,026
Sewer Fund	
Erie County	170,917
Ohio Water Development Authority	648,805
Charges for Services	3,016
Total Sewer Fund	822,738
Total Business-Type Activities	$1,300,764

NOTE 8 - MUNICIPAL INCOME TAXES

The City levies and collects an income tax of 1.25 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 2016, income taxes were allocated as follows: 88.75 percent to the General Fund for general operations of the City; 6.25 percent to the General Bond Retirement debt service fund to be used for the retirement of general obligation debt; and 5 percent to the Capital Improvement capital projects fund to be used for the capital improvement program.

NOTE 9 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Real property tax revenues received in 2016 represent the collection of 2015 taxes. Real property taxes received in 2016 were levied after October 1, 2015, on the assessed values as of January 1, 2015, 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 2016 represent the collection of 2015 taxes. Public utility real and tangible personal property taxes received in 2016 became a lien on December 31, 2014, were levied after October 1, 2015, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of December 31, 2016, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2016 operations is offset to deferred inflows of resources - property taxes. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while on the modified accrual basis, the revenue has been recorded as deferred inflows of resources - unavailable revenue.

The full tax rate for all City operations for the year ended December 31, 2016, was $5.25 per $1,000 of assessed value. The assessed values of real property and public utility property upon which 2016 property tax receipts were based are as follows:

Category	Amount
Real Property	$440,135,000
Public Utility Personal Property	18,654,000
Total Assessed Value	$458,789,000

NOTE 10 - PAYMENT IN LIEU OF TAXES

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

NOTE 11 - NOTES RECEIVABLE

A summary of the changes in notes receivable during 2016 follows:

	Balance January 1, 2016	New Loans	Reductions	Balance December 31, 2016
Special Revenue Funds				
State Grants				
Revolving Loans	$681,169	$3,000	$86,614	$597,555
Rehabilitation Revolving Loans	1,706,694	0	29,197	1,677,497
Micro-Enterprise Loans	7,500	0	0	7,500
Total State Grants	2,395,363	3,000	115,811	2,282,552
Federal Grants				
Rehabilitation Revolving Loans	22,000	0	6,000	16,000
Capital Projects				
Issue 8 Loans	100,000	149,000	3,681	245,319
	$2,517,363	$152,000	$125,492	2,543,871
Less Allowance for Uncollectible Accounts				170,755
				$2,373,116

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

NOTE 12 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016
Governmental Activities				
Nondepreciable Capital Assets				
Land	$7,192,636	$13,000	($29,590)	$7,176,046
Construction in Progress	7,118,471	119,576	(4,612,787)	2,625,260
Total Nondepreciable Capital Assets	14,311,107	132,576	(4,642,377)	9,801,306

(continued)

NOTE 12 - CAPITAL ASSETS (continued)

	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016
Governmental Activities (continued)				
Depreciable Capital Assets				
Buildings	$18,527,113	$121,350	($1,803,546)	$16,844,917
Improvements Other Than Buildings	22,606,969	830,226	(93,969)	23,343,226
Streets	47,168,638	3,197,691	0	50,366,329
Bridges	229,802	0	0	229,802
Equipment	11,422,266	2,111,205	(165,064)	13,368,407
Total Depreciable Capital Assets	99,954,788	6,260,472	(2,062,579)	104,152,681
Less Accumulated Depreciation for				
Buildings	(12,318,695)	(595,265)	1,729,695	(11,184,265)
Improvements Other Than Buildings	(10,223,081)	(729,776)	86,285	(10,866,572)
Streets	(36,527,760)	(1,617,108)	0	(38,144,868)
Bridges	(105,708)	(4,596)	0	(110,304)
Equipment	(9,127,583)	(515,492)	165,064	(9,478,011)
Total Accumulated Depreciation	(68,302,827)	(3,462,237)	1,981,044	(69,784,020)
Total Depreciable Capital Assets, Net	31,651,961	2,798,235	(81,535)	34,368,661
Governmental Activities Capital Assets, Net	$45,963,068	$2,930,811	($4,723,912)	$44,169,967

Governmental activities accepted a contribution of capital assets from outside sources, with a fair value of $23,145, during 2016.

	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016
Business-Type Activities				
Nondepreciable Capital Assets				
Land	$816,702	$0	$0	$816,702
Construction in Progress	2,258,491	7,559,529	(743,618)	9,074,402
Total Nondepreciable Capital Assets	3,075,193	7,559,529	(743,618)	9,891,104

(continued)

NOTE 12 - CAPITAL ASSETS (continued)

	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016
Business-Type Activities (continued)				
Depreciable Capital Assets				
Buildings	$64,427,995	$0	$0	$64,427,995
Improvements Other Than Buildings	33,151,541	94,240	0	33,245,781
Utility Plant	5,660,371	41,605	0	5,701,976
Water and Sewer Lines	22,868,313	1,058,534	0	23,926,847
Equipment	3,180,108	69,251	(35,008)	3,214,351
Total Depreciable Capital Assets	129,288,328	1,263,630	(35,008)	130,516,950
Less Accumulated Depreciation for				
Buildings	(19,050,392)	(1,141,214)	0	(20,191,606)
Improvements Other Than Buildings	(9,771,547)	(1,078,395)	0	(10,849,942)
Utility Plant	(4,032,894)	(200,096)	0	(4,232,990)
Water and Sewer Lines	(11,171,357)	(379,793)	0	(11,551,150)
Equipment	(2,225,707)	(138,887)	35,008	(2,329,586)
Total Accumulated Depreciation	(46,251,897)	(2,938,385)	35,008	(49,155,274)
Total Depreciable Capital Assets, Net	83,036,431	(1,674,755)	0	81,361,676
Business-Type Activities Capital Assets, Net	$86,111,624	$5,884,774	($743,618)	$91,252,780

Business-type activities accepted a contribution of capital assets from outside sources, with a fair value of $19,257, during 2016.

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property - Police	$109,753
Security of Persons and Property - Fire	422,783
Public Health	17,515
Leisure Time Activities	109,530
Community Environment	268,552
Transportation	1,866,434
General Government - Municipal Court	15,338
General Government - Other	652,332
Total Depreciation Expense - Governmental Activities	$3,462,237

NOTE 13 - INTERFUND RECEIVABLES/PAYABLES

At December 31, 2016, the General Fund had an interfund receivable, in the amount of $2,700, for a loan made to other governmental funds. This amount is expected to be repaid within one year.

NOTE 14 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2016, the City contracted with the Travelers Indemnity Company for the following coverage:

Type of Coverage	Coverage
Property (building and contents)	$135,089,939
Excess Liability	10,000,000
General Liability	3,000,000
Employee Benefit Liability	3,000,000
Auto Liability	1,000,000
Public Official Liability	2,000,000

There has been no significant reduction in insurance coverage from 2015 and no insurance settlement has exceeded insurance coverage during the last three years.

Beginning in 2016, the City is providing employee medical coverage through a self-insured program. The City established an Employee Self-Insurance internal service fund to account for and finance employee medical benefits. Under this program, the Employee Self-Insurance Fund provides up to a maximum of $100,000 for each individual. The City purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. Settled claims did not exceed this commercial coverage for 2016.

All funds of the City participate in the program and make payments to the Employee Self-Insurance Fund based on actuarial estimates of the amounts needed to pay prior- and current year claims. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30 “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Claims payable at December 31, 2016, was estimated by a third party administrator at $546,539. Of this amount, $269,757 is expected to be paid within one year. The change in the claims liability for 2016 was:

	Beginning Balance	Current Year Claims	Claims Payments	Ending Balance
2016	$0	$4,431,178	$3,884,639	$546,539

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

NOTE 15 - SIGNIFICANT CONTRACTUAL COMMITMENTS

The City has outstanding contracts for professional services. The following amounts remain on these contracts as of December 31, 2016:

Contract	Remaining Commitment
CT Consultants	$163,416
Mosser Construction	1,695,581
Jones and Henry	257,992
Mannik and Smith	122,654
Underground Utilities	739,107
Software Solutions	62,417
Environmental Rate Consultant	118,342
Trust for Public Land	90,244
Community Action Commission	40,000
Ed Burdue and Co.	275,117
Hank's Plumbing and Heating	58,022
Smith Paving and Excavating	214,159
Erie County	157,928
Civil and Environmental Consultants	180,000
Duro-Last Roofing	111,078
Environmental Design Group	49,980
Total	$4,336,037

At year end, there were no significant encumbrances expected to be honored upon performance by the vendor in 2017.

NOTE 16 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions, between an employer and its employees, of salaries and benefits for employee services. Pensions are provided to an employee on a deferred payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables including estimated average life expectancies, earnings on investments, cost of living adjustments, and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation, including pension.

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

GASB Statement No. 68 assumes the liability is solely the obligation of the employer because (1) they benefit from employee services and (2) State statute requires all funding to come from the employers. All contributions to date have come solely from the employer (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within thirty years. If the amortization period exceeds thirty years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually required pension contribution outstanding at the end of the year is included as an intergovernmental payable on both the accrual and modified accrual basis of accounting.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information including requirements for reduced and unreduced benefits).

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Members not in other groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	**Formula:**	**Formula:**
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 years
Public Safety	**Public Safety**	**Public Safety**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	**Law Enforcement**	**Law Enforcement**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	**Public Safety and Law Enforcement**	**Public Safety and Law Enforcement**
Formula:	**Formula:**	**Formula:**
2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25 years

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for twelve months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index capped at 3 percent.

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows.

	State and Local	Public Safety	Law Enforcement
2016 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee	10.0 %	*	**
2016 Actual Contribution Rates			
Employer			
Pension	12.0 %	16.1 %	16.1 %
Postemployment Health Care Benefits	2.0	2.0	2.0
Total Employer	14.0 %	18.1 %	18.1 %
Total Employee	10.0 %	12.0 %	13.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by the ORC.

** This rate is also determined by OPERS' Board but is limited by the ORC to not more than 2 percent greater than the public safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $929,765 for 2016. Of this amount, $88,958 is reported as an intergovernmental payable.

Plan Description - Ohio Police and Fire Pension Fund (OPF)

Plan Description - Full-time police and firefighters participate in the Ohio Police and Fire Pension Fund (OPF), a cost-sharing multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information, required supplementary information, and detailed information about OPF's fiduciary net position that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, an OPF member may retire and receive a lifetime monthly pension. OPF offers four types of service retirement; normal, service commuted, age/service commuted, and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

For members hired after July 1, 2013, the minimum retirement age is fifty-two for normal service retirement with at least twenty-five years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is forty-eight for normal service retirement with at least twenty-five years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first twenty years of service credit, 2 percent for each of the next five years of service credit, and 1.5 percent for each year of service credit in excess of twenty-five years. The maximum pension of 72 percent of the allowable average annual salary is paid after thirty-three years of service credit.

Under normal service retirement, retired members who are at least fifty-five years old and have been receiving OPF benefits for at least one year may be eligible for a cost of living allowance adjustment. The age fifty-five provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than fifteen years of service credit on July 1, 2013, will receive a COLA equal to either 3 percent or the percent increase, if any, in the Consumer Price Index over the twelve month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least fifteen years of service credit as of July 1, 2013, is equal to 3 percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows.

	Police	Firefighters
2016 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
2016 Actual Contribution Rates		
Employer		
Pension	19.00 %	23.50 %
Postemployment Health Care Benefits	.50	.50
Total Employer	19.50 %	24.00 %
Total Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution was $1,439,873 for 2016. Of this amount, $118,264 is reported as an intergovernmental payable.

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense.

	OPERS	OPF	Total
Proportion of the Net Pension Liability			
Prior Measurement Date	0.05413300%	0.32333090%	
Current Measurement Date	0.05657000%	0.30862400%	
Change in Proportionate Share	0.00243700%	0.01470690%	
Proportionate Share of the Net			
Pension Liability	$9,798,637	$19,853,999	$29,652,636
Pension Expense	$1,463,348	$2,573,944	$4,037,292

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources.

	OPERS	OPF	Total
Deferred Outflows of Resources			
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	$2,880,187	$3,231,469	$6,111,656
Changes in Proportion and Differences Between City Contributions and the Proportionate Share of Contributions	235,481	0	235,481
City Contributions Subsequent to the Measurement Date	929,765	1,439,873	2,369,638
Total Deferred Outflows of Resources	$4,045,433	$4,671,342	$8,716,775
Deferred Inflows of Resources			
Difference Between Expected and Actual Experience	$189,329	$55,749	$245,078
Changes in Proportion and Differences Between City Contributions and the Proportionate Share of Contributions	41,551	611,265	652,816
Total Deferred Inflows of Resources	$230,880	$667,014	$897,894

$2,369,638 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017.

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows.

	OPERS	OPF	Total
Year Ending December 31,			
2017	$719,405	$722,415	$1,441,820
2018	765,459	722,415	1,487,874
2019	748,137	722,415	1,470,552
2020	651,787	537,367	1,189,154
2021	0	(117,777)	(117,777)
Thereafter	0	(22,380)	(22,380)
Total	$2,884,788	$2,564,455	$5,449,243

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2015, using the following actuarial assumptions applied to all periods included in the measurement in accordance with GASB Statement No. 67. Key methods and assumptions used in the latest actuarial valuation are presented below.

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	
Pre-January 7, 2013, Retirees	3 percent simple
Post-January 7, 2013, Retirees	3 percent simple through 2018, then 2.8 percent simple
Investment Rate of Return	8 percent
Actuarial Cost Method	individual entry age

Mortality rates were based on the RP-2000 Mortality Table projected twenty years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio, and the Defined Contribution portfolio. The Defined Benefits portfolio includes the investment assets of the traditional pension plan, the defined benefit component of the combined plan, the annuitized accounts of the member-directed plan, and the VEBA Trust. Within the Defined Benefits portfolio, contributions into the plans are all recorded at the same time and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money-weighted rate of return, net of investment expenses, for the Defined Benefits portfolio was .4 percent for 2015.

The allocation of investment assets with the Defined Benefits portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plan. The table below displays the board approved asset allocation policy for 2015 and the long-term expected real rates of return.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other Investments	18.00	4.59
Total	100.00 %	5.27 %

Discount Rate **-** The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7 percent) or one percentage point higher (9 percent) than the current rate.

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
City's Proportionate Share of the Net Pension Liability	$15,611,623	$9,798,637	$4,895,568

Changes Between Measurement Date and Report Date

In October 2016, the OPERS Board adopted certain assumption changes which will impact the annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the City's net pension liability is expected to be significant.

Actuarial Assumptions - OPF

OPF's total pension liability as of December 31, 2015, is based on the results of an actuarial valuation date of January 1, 2015, and rolled forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67 as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements, and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation prepared as of January 1, 2015, are presented below.

Valuation Date	January 1, 2015
Actuarial Cost Method	entry age normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.6 percent and 3 percent simple

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

Mortality rates are based on the RP-2000 Combined Table, age adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building block approach and assumes a time horizon as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2015, are summarized below.

Asset Class	Target Allocation	Ten Year Expected Real Rate of Return**	Thirty Year Expected Real Rate of Return**
Cash and Cash Equivalents	0.00 %	0.00 %	0.00 %
Domestic Equities	16.00	6.50	7.80
Non-U.S. Equities	16.00	6.70	8.00
Core Fixed Income*	20.00	3.50	5.35
Global Inflation Protected*	20.00	3.50	4.73
High Yield	15.00	6.35	7.21
Real Estate	12.00	5.80	7.43
Private Markets	8.00	9.50	10.73
Timber	5.00	6.55	7.35
Master Limited Partnerships	8.00	9.65	10.75
Total	120.00 %		

Note: assumptions are geometric

* levered 2x

** numbers are net of expected inflation

OPF's Board of Trustees has incorporated the "risk parity" concept into OPF's asset liability valuation with the goal of reducing equity risk exposure which reduces overall total portfolio risk without sacrificing return and creating a more risk balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the total portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

NOTE 16 - DEFINED BENEFIT PENSION PLANS (continued)

Discount Rate - The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate and, to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 8.25 percent as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent) or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's Proportionate Share of the Net Pension Liability	$26,184,764	$19,853,999	$14,491,216

NOTE 17 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

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

OPERS maintains two cost-sharing multiple-employer defined benefit postemployment health care trusts which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a health reimbursement arrangement, and Medicare Part B premium reimbursements to qualifying benefit recipients of both the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an other postemployment benefit (OPEB) as described in GASB Statement No. 45. See OPERS' CAFR referenced below for additional information.

NOTE 17 - POSTEMPLOYMENT BENEFITS (continued)

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed 14 percent of earnable salary and public safety and law enforcement employers contributed 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees and the traditional pension and combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund the health care plans. As recommended by the OPERS actuary, the portion of the employer contribution allocated to health care beginning January 1, 2016, remained at 2 percent for both the traditional pension and combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a retiree medical account for member-directed plan members. The employer contribution as a percentage of covered payroll deposited into the retiree medical accounts for 2016 was 4 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Health Care Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statement of Changes in Fiduciary Net Position for the year ended December 31, 2016, reflects a partial year of activity in the 401(h) Health Care Trust and the VEBA Trust prior to the termination of these trusts as of the end of the business day June 30, 2016, and the assets and liabilities or net position of these trusts being consolidated into the 115 Health Care Trust on July 1, 2016.

Substantially all of the City's contribution allocated to fund postemployment health care benefits relates to the cost-sharing multiple-employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was $154,961, $140,813, and $132,734, respectively. For 2016, 90 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2015 and 2014.

NOTE 17 - POSTEMPLOYMENT BENEFITS (continued)

B. Police and Fire Pension Fund

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

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an other postemployment benefit (OPEB) as described in GASB Statement No. 45.

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contribution made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2016, the employer contribution allocated to the health care plan was .5 percent of covered payroll. The amount of employer contribution allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

NOTE 17 - POSTEMPLOYMENT BENEFITS (continued)

The City's contribution to OPF for the years ended December 31, 2016, 2015, and 2014, was $1,473,786, $1,343,184, and $1,384,874, respectively, of which $33,913, $30,800, and $31,755 was allocated to the health care plan. For 2016, 92 percent has been contributed for both police and firefighters with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2015 and 2014.

NOTE 18 - COMPENSATED ABSENCES

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

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

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

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

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

NOTE 19 - SHORT-TERM OBLIGATIONS

The City's short-term obligations activity for the year ended December 31, 2016, was as follows:

	Interest Rate	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016
Governmental Activities					
Bond Anticipation Notes					
Capital Projects Funds					
2015 Various Improvement	1.00%	$2,350,000	$0	$2,350,000	$0
2016 Various Improvement	2.00	0	3,450,000	0	3,450,000
Total Bond Anticipation Notes		$2,350,000	$3,450,000	$2,350,000	$3,450,000

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

The 2015 various improvement notes were issued to partially retire notes previously issued to acquire a pumper truck, street improvements, sidewalk, curb, and gutter improvements, to revitalize the Bayfront Urban Revitalization Area, and to pay the cost of the Venice Road Grade Separation Project.

The 2016 various improvement notes were issued to partially retire notes previously issued to acquire a pumper truck, street improvements, sidewalk, curb, and gutter improvements, to revitalize the Bayfront Urban Revitalization Area, and to pay the cost of the Venice Road Grade Separation Project, as well as additional proceeds to acquire a ladder truck and street trucks.

At December 31, 2016, the total amount of various improvement notes outstanding was $3,450,000, of which $3,450,000 has been expended. Of the $3,450,000, $1,500,000 was not capitalized.

NOTE 20 - LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2016, was as follows:

	Interest Rate	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016	Due Within One Year
Governmental Activities						
General Obligation Bonds						
2001 Various Purpose	3.00-5.05%	$90,000	$0	$15,000	$75,000	$15,000
2011 Library Improvement Refunding	2.00-4.25	2,870,000	0	320,000	2,550,000	325,000
Bond Premium		84,440	0	9,415	75,025	0

(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016	Due Within One Year
Governmental Activities (continued)						
General Obligation Bonds (continued)						
2014 Various Purpose Refunding	3.05%	$120,000	$0	$10,000	$110,000	$10,000
2015 City Complex Refunding	1.35-3.00	3,675,000	0	660,000	3,015,000	695,000
2015 Police Pension Refunding	1.35-3.00	330,383	0	27,711	302,672	29,843
2015 Fire Pension Refunding	1.35-3.00	444,617	0	37,289	407,328	40,157
2015 Various Purpose Refunding	1.35-3.00	3,099,069	0	319,867	2,779,202	304,867
Total General Obligation Bonds		10,713,509	0	1,399,282	9,314,227	1,419,867
Revenue Bonds						
2013 Urban Renewal	2.55	1,580,000	0	380,000	1,200,000	390,000
Special Assessment Bonds with Government Commitment						
Special Assessment Bonds	3.00-6.00	2,272,092	0	225,973	2,046,119	186,574
2008 Bond Premium		84,217	0	4,737	79,480	0
Total Special Assessment Bonds		2,356,309	0	230,710	2,125,599	186,574
Other Long-Term Obligations						
Net Pension Liability						
Ohio Public Employees Retirement System		3,264,523	1,830,768	0	5,095,291	0
Ohio Police and Fire Pension		16,749,889	3,104,110	0	19,853,999	0
Total Net Pension Liability		20,014,412	4,934,878	0	24,949,290	0
Loans		216,646	0	106,047	110,599	110,599
Capital Leases		0	24,895	8,298	16,597	8,298
Compensated Absences		1,844,332	260,489	84,226	2,020,595	335,856
Claims Payable		0	546,539	0	546,539	269,757
Total Other Long-Term Obligations		22,075,390	5,766,801	198,571	27,643,620	724,510
Total Governmental Activities		$36,725,208	$5,766,801	$2,208,563	$40,283,446	$2,720,951
Business-Type Activities						
General Obligation Revenue Bonds						
2014 Various Purpose Refunding	3.05%	$125,000	$0	$5,000	$120,000	$5,000
2014 Various Purpose Refunding	3.05	1,375,000	0	70,000	1,305,000	70,000
Total General Obligation Revenue Bonds		1,500,000	0	75,000	1,425,000	75,000
OWDA Loans						
Water	4.60-5.20	16,138,675	729,290	979,812	15,888,153	1,067,366
Sewer	4.27-6.39	25,574,724	6,482,523	1,565,897	30,491,350	1,642,148
Total OWDA Loans		41,713,399	7,211,813	2,545,709	46,379,503	2,709,514

(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016	Due Within One Year
Business-Type Activities (continued)						
Other Long-Term Obligations						
Net Pension Liability						
Ohio Public Employees Retirement System		$3,264,522	$1,438,824	$0	$4,703,346	$0
Loans		134,616	0	65,893	68,723	68,723
Compensated Absences		611,956	63,094	29,346	645,704	106,803
Total Other Long-Term Obligations		4,011,094	1,501,918	95,239	5,417,773	175,526
Total Business-Type Activities		$47,224,493	$8,713,731	$2,715,948	$53,222,276	$2,960,040

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

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

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

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

2014 Various Purpose Refunding General Obligation Bonds
On July 29, 2014, the City issued $370,000 in current refunding general obligation bonds to refund 2005 various purpose bonds previously issued for acquiring two fire pumper trucks and the grade separation project. The bonds were issued for a twelve year period with maturity beginning December 1, 2014. The bonds will be paid from the General Bond Retirement debt service fund.

The refunded bonds were fully retired on September 2, 2014.

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

2015 City Complex Refunding General Obligation Bonds
On December 2, 2015, the City issued $3,675,000 in current refunding general obligation bonds to refund $3,665,000 in unvoted refunding general obligation bonds for the construction of a city service complex. The bonds were issued for a five year period with maturity beginning December 1, 2016. The bonds will be paid from the General Bond Retirement debt service fund.

The refunded bonds were fully retired on January 6, 2016.

2015 Police Pension Refunding General Obligation Bonds
On December 2, 2015, the City issued $330,383 in current refunding general obligation bonds to refund $332,538 in pension general obligation refunding bonds previously issued. The bonds were issued for an eleven year period with maturity beginning December 1, 2016. The bonds will be paid from the Police Pension special revenue fund.

The refunded bonds were fully retired on January 6, 2016.

2015 Fire Pension Refunding General Obligation Bonds
On December 2, 2015, the City issued $447,617 in current refunding general obligation bonds to refund $447,462 in pension general obligation refunding bonds previously issued. The bonds were issued for an eleven year period with maturity beginning December 1, 2016. The bonds will be paid from the Fire Pension special revenue fund.

The refunded bonds were fully retired on January 6, 2016.

2015 Various Purpose Refunding General Obligation Bonds
On December 2, 2015, the City issued $3,099,069 in current refunding general obligation bonds to refund $3,084,070 in current refunding general obligation bonds previously issued for the Downtown Streetscape project, the Lane Street project, the Butler Street capacity project, the Columbus Avenue underpass, the Transit building project, the Plaza project, the Fire Station project, and the Remington Avenue project. The bonds were issued for an eleven year period with maturity beginning December 1, 2016. The bonds will be paid from the General Bond Retirement debt service fund.

The refunded bonds were fully retired on January 6, 2016.

2013 Urban Renewal Revenue Bonds
On March 28, 2013, the City issued $2,680,000 in revenue bonds to pay the costs of urban renewal activities in the Bayfront Urban Revitalization Area. The bonds were issued for a seven year period with maturity beginning December 1, 2013, and are payable solely from payment in lieu of taxes revenues. The bonds will be paid from the Urban Renewal Debt Retirement debt service fund.

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

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

On December 2, 2015, the City issued $180,931 in current refunding special assessment bonds to refund $200,930 in bonds previously issued for the Remington Avenue, Seneca, Huntington, and Sidewalk projects. The bonds were issued for an eleven year period with maturity beginning December 1, 2016. The bonds will be paid from the Special Assessment Bond Retirement debt service fund.

The refunded bonds were fully retired on January 6, 2016.

Net Pension Liability

There is no repayment schedule for the net pension liability; however, employer pension contributions are made from the General Fund, the Street Maintenance, Public Transit, Fire Pension, Police Pension, Court Computerization, and Municipal Probation special revenue funds, the Capital Projects and Various Improvement capital projects funds, and the Water and Sewer enterprise funds. For additional information related to the net pension liability, see Note 16 to the basic financial statements.

Loans Payable

On June 22, 2007, the City entered into a loan agreement with Honeywell, in the amount of $1,489,793, for energy efficiency upgrades at a number of City buildings. The loans have an interest rate of 4.25 percent. The loans were obtained for a ten year period with maturity beginning June 22, 2007. The loans are being retired through the General Fund and the Water and Sewer enterprise funds. Of this loan, $110,599 was not capitalized in governmental activities and $68,723 was not capitalized in the business-type activities.

Capital Leases Payable

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

Compensated Absences Payable

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

General Obligation Revenue Bonds

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

2014 Various Purpose Refunding

On July 29, 2014, the City issued $1,630,000 in current refunding general obligation bonds to refund 2005 various purpose bonds previously issued for improvements to the Big Island water works building and improvements to the municipal wastewater system. The bonds were issued for a seventeen year period with maturity beginning December 1, 2014. The bonds will be paid from the Water and Sewer enterprise funds.

The refunded bonds were fully retired on September 2, 2014.

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

OWDA Loans

The City entered into agreements with the Ohio Water Development Authority for loans for water plant improvements, water treatment plant electrical improvements, chemical improvements, water treatment plant powder activated carbon feed system, ultraviolet treatment, sewer rehabilitation, flow monitors, sludge digestion system improvements, Cedar Point pump station, settling tank improvements, wastewater treatment plant expansion, wastewater treatment plant phase II design, east end sewer improvements, and wastewater treatment plant grit tank improvements. OWDA loans will be paid from resources of the Water and Sewer enterprise funds.

The OWDA loans will be paid from the gross revenues of the Water and Sewer enterprise funds after provisions for reasonable operating and maintenance expenses. Annual principal and interest payments are expected to require less than 100 percent of these net revenues in future years. The total principal and interest currently remaining to be paid on the OWDA loans, for completed projects for which amortization schedules are available, is $53,774,016. Principal and interest paid for the current year and net revenues were $1,620,379 and $2,227,036 from the Water enterprise fund and $2,572,654 and $4,355,827 for the Sewer enterprise fund. The OWDA loans are payable through 2042.

The City's legal debt margin was $35,636,629 at December 31, 2016.

The chemical improvements, water treatment plant powder activated carbon feed system, east end sewer improvements, and wastewater treatment plant grit tank improvements projects funded by OWDA loans have not been completed. Amortization schedules for the repayment of these loans will not be available until the projects are completed and, therefore, are not included in the following schedules.

Principal and interest requirements to retire governmental activities general long-term obligations outstanding at December 31, 2016, were as follows:

	General Obligation Bonds		Revenue Bonds		Special Assessment Bonds		Loans	
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	$1,419,867	$255,783	$390,000	$30,600	$186,574	$112,089	$110,599	$3,537
2018	1,499,867	214,514	400,000	20,655	190,573	103,260	0	0
2019	1,534,867	169,213	410,000	10,455	163,573	93,820	0	0
2020	1,607,301	138,631	0	0	142,700	85,410	0	0
2021	812,300	104,229	0	0	147,699	78,261	0	0
2022-2026	2,365,000	190,735	0	0	840,000	262,974	0	0
2027-2028	0	0	0	0	375,000	34,200	0	0
	$9,239,202	$1,073,105	$1,200,000	$61,710	$2,046,119	$770,014	$110,599	$3,537

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2016, from the enterprise funds were as follows:

	2015 Various Purpose Refunding		OWDA Loans		Loans	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2017	$75,000	$43,463	$2,709,514	$1,543,019	$68,723	$2,198
2018	75,000	41,174	2,842,288	1,433,327	0	0
2019	80,000	38,888	2,981,622	1,318,259	0	0
2020	85,000	36,447	3,127,843	1,197,547	0	0
2021	90,000	33,855	3,281,295	1,070,921	0	0
2022-2026	525,000	125,050	11,438,558	3,574,169	0	0
2027-2031	495,000	38,735	3,419,861	2,276,998	0	0
2032-2036	0	0	4,235,386	1,522,504	0	0
2037-2041	0	0	4,842,699	588,084	0	0
2042	0	0	359,045	11,077	0	0
	$1,425,000	$357,612	$39,238,111	$14,535,905	$68,723	$2,198

Long-term obligations at December 31, 2016, consisted of the following issues:

Long-Term Obligations	Term	Percent	Original Issue	Outstanding 12/31/16
General Obligation Bonds				
2001 Various Purpose	2001-2026	3.00-5.05%	$6,037,200	$75,000
2011 Library Improvement Refunding	2011-2023	2.00-4.25	4,090,000	2,550,000
2014 Various Purpose Refunding	2014-2030	3.05	370,000	110,000
2015 City Complex Refunding	2015-2026	1.35-3.00	3,675,000	3,015,000
2015 Police Pension Refunding	2015-2026	1.35-3.00	330,383	302,672
2015 Fire Pension Refunding	2015-2026	1.35-3.00	444,617	407,328
2015 Various Purpose Refunding	2015-2026	1.35-3.00	3,099,069	2,779,202
			18,046,269	9,239,202
Revenue Bonds				
2013 Urban Renewal	2013-2019	2.55	2,680,000	1,200,000
Special Assessment Bonds				
1998 PP Street	1998-2018	4.87	48,894	4,923
1998 PP Street	1998-2018	4.87	31,000	3,123
1998 PP Street	1998-2018	4.87	69,106	6,955

(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

Long-Term Obligations	Term	Percent	Original Issue	Outstanding 12/31/16
Special Assessment Bonds (continued)				
1999 Winnebago	1999-2019	5.50%	$81,000	$10,500
1999 Wilbert	1999-2019	5.50	143,000	16,500
1999 Streetscape	1999-2019	5.50	329,000	48,000
2008 Sidewalk, Curb, and Gutter	2008-2018	4.00-5.00	113,000	26,000
2008 Cold Creek	2008-2028	4.00-6.00	2,425,000	1,728,000
2008 Monroe Street	2008-2018	4.00-5.00	87,000	21,000
2009 Monroe Street	2009-2019	4.50	84,400	25,320
2015 Remington Refunding	2015-2026	3.00	35,931	30,798
2015 Seneca Refunding	2015-2026	3.00	28,000	27,000
2015 Huntington Refunding	2015-2026	3.00	92,000	88,000
2015 Sidewalks Refunding	2015-2026	3.00	25,000	10,000
			3,592,331	2,046,119
General Obligation Revenue Bonds				
Water				
2014 Various Purpose Refunding	2014-2030	3.05	140,000	120,000
Sewer				
2014 Various Purpose Refunding	2014-2030	3.05	1,490,000	1,305,000
			1,630,000	1,425,000
			$25,948,600	$13,910,321
OWDA Loans				
Water				
2003 Water Plant Improvements	2004-2024	5.20%	$19,993,686	$4,770,988
2005 WTP Electrical Improvements	2005-2030	4.60	8,628,362	4,794,002
2011 Chemical Improvements	2011-2042	4.45	5,797,022	5,683,301
2016 WTP PAC Feed System	2018-2037	0.00	639,862	639,862
			35,058,932	15,888,153
Sewer				
1998 Ultraviolet Treatment	2001-2026	5.56	2,110,930	1,148,759
1999 Sewer Rehabilitation	2001-2025	6.13	350,878	188,839
2000 Sewer Rehabilitation	2001-2026	6.39	713,436	371,963
2000 CSO Flow Monitors	2001-2026	6.39	306,536	180,592
2000 Sludge Digestion System	2001-2026	6.03	1,409,888	680,627

(continued)

NOTE 20 - LONG-TERM OBLIGATIONS (continued)

Long-Term Obligations	Term	Percent	Original Issue	Outstanding 12/31/16
Sewer (continued)				
2001 Cedar Point Pump Station	2002-2022	5.05%	$4,393,697	$1,701,376
2001 Final Settling Tank Improv	2002-2022	5.05	383,484	112,256
2002 WWTP Expansion	2003-2024	4.65	26,286,934	7,440,543
2007 WWTP Phase II Design	2008-2041	4.27	13,438,130	12,164,865
2015 East End Sewer Improv	2015	2.65	4,873,920	4,873,920
2016WWTP Grit Tank Improv	2018-2037	2.65	1,627,610	1,627,610
			55,895,443	30,491,350
			$90,954,375	$46,379,503

NOTE 21 - CAPITAL LEASES

The City has entered into a capital lease for equipment. New capital leases are reflected in the accounts "General Government-Other" and "Inception of Capital Lease" in the fund which will be making the lease payments. 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 2016 were $8,298.

	Governmental Activities
Equipment	$24,895
Less Accumulated Depreciation	(830)
Carrying Value, December 31, 2016	$24,065

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2016.

Year	Governmental Activities Principal
2017	$8,298
2018	8,299
Total	$16,597

NOTE 22 - OPERATING LEASE

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

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

For 2016, the City received payments, in the amount of $30,000. Future annual lease payments to be received are as follows:

Year	Annual Lease Payment	Total Lease for Period
2017	$30,000	$30,000
2018-2022	30,000	150,000
2023-2024	30,000	60,000
Total minimum future rentals		$240,000

Beginning in 2000, Sandusky Bay Investment Company, Limited is required to pay additional rents to the City if net income is reported for that year. The additional rent will be 2 percent of gross income. The City received $25,360 in additional rent in 2016.

NOTE 23 - FUND BALANCE

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

Fund Balance	General	Capital Projects	Other Governmental Funds
Nonspendable for:			
Materials and Supplies Inventory	$105,801	$0	$137,304
Unclaimed Monies	115,143	0	0
Total Nonspendable	220,944	0	137,304

NOTE 23 - FUND BALANCE (continued)

Fund Balance	General	Capital Projects	Other Governmental Funds
Restricted for:			
Capital Improvements	$0	$1,235,522	$0
Cemetery Operations	0	0	612,733
Court Computerization	0	0	194,971
Court Security	0	0	111,667
Debt Retirement	0	0	811,805
Drug and Alcohol Treatment/ Enforcement	0	0	325,192
Economic Development and Rehabilitation	0	0	3,928,879
Electronic Monitoring	0	0	17,185
Police and Fire Operations	0	0	283,742
Probation	0	0	290,167
Recreation	0	0	259,672
Street Construction and Maintenance	0	0	203,657
Total Restricted	0	1,235,522	7,039,670
Committed for:			
Capital Improvements	0	0	62,410
Assigned for:			
Parks and Recreation	8,272	0	0
Future Severance Payments	315,276	0	0
Unpaid Obligations	2,094	0	0
Total Assigned	325,642	0	0
Unassigned (Deficit)	5,091,348	0	(200,928)
Total Fund Balance	$5,637,934	$1,235,522	$7,038,456

NOTE 24 - INTERFUND TRANSFERS

During 2016, the General Fund made transfers to other governmental funds, in the amount of $650,000, to move receipts as debt payments became due and, in the amount of $1,569,235, to subsidize various activities in other funds, and to the Capital Projects Fund, in the amount of $2,600,000, to fund various capital projects activities. Other governmental funds made transfers to other governmental funds to move receipts as debt payments became due, in the amount of $2,700, and to the Capital Projects Fund to fund various capital projects activities, in the amount of $599,875.

The Sewer Fund made transfers to the other governmental funds, in the amount of $24,323, to move receipts as debt payments became due.

NOTE 25 - CONTINGENT LIABILITIES

A. Litigation

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

B. Federal and State Grants

For the period January 1, 2016, to December 31, 2016, the City received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowances, if any, would be immaterial.

City of Sandusky
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System - Traditional
Last Three Years (1)

	2016	2015	2014
City's Proportion of the Net Pension Liability	0.05657000%	0.05413300%	0.05413300%
City's Proportionate Share of the Net Pension Liability	$9,798,637	$6,529,045	$6,381,575
City's Covered Payroll	$7,040,636	$6,636,717	$6,315,003
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	139.17%	98.38%	101.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

Amounts presented as of the City's measurement date which is the prior year end.

City of Sandusky
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Police and Fire Pension Fund
Last Three Years (1)

	2016	2015	2014
City's Proportion of the Net Pension Liability	0.308624000%	0.032333090%	0.032333090%
City's Proportionate Share of the Net Pension Liability	$19,853,999	$16,749,889	$15,747,229
City's Covered Payroll	$6,160,041	$6,350,923	$6,220,489
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	322.30%	263.74%	253.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.77%	71.71%	73.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

Amounts presented as of the City's measurement date which is the prior year end.

City of Sandusky
Required Supplementary Information
Schedule of the City's Contributions
Ohio Public Employees Retirement System - Traditional Plan
Last Four Years

	2016	2015	2014	2013
Contractually Required Contribution	$929,765	$844,876	$796,406	$820,950
Contributions in Relation to the Contractually Required Contribution	(929,765)	(844,876)	(796,406)	(820,950)
Contribution Deficiency (Excess)	$0	$0	$0	$0
City Covered Payroll	$7,748,042	$7,040,636	$6,636,717	$6,315,003
Contributions as a Percentage of Covered Payroll	12.00%	12.00%	12.00%	13.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2013 is not available. An additional column will be added each year.

City of Sandusky
Required Supplementary Information
Schedule of the City's Contributions
Ohio Police and Fire Pension Fund
Last Ten Years

	2016	2015	2014	2013
Contractually Required Contribution	$1,439,873	$1,312,384	$1,353,119	$1,133,780
Contributions in Relation to the Contractually Required Contribution	(1,439,873)	(1,312,384)	(1,353,119)	(1,133,780)
Contribution Deficiency (Excess)	$0	$0	$0	$0
City Covered Payroll	$6,782,513	$6,160,041	$6,350,923	$6,220,489
Contributions as a Percentage of Covered Payroll	21.23%	21.30%	21.31%	18.23%

2012	2011	2010	2009	2008	2007
$953,465	$945,225	$981,158	$1,047,793	$1,030,060	$994,165
(953,465)	(945,225)	(981,158)	(1,047,793)	(1,030,060)	(994,165)
$0	$0	$0	$0	$0	$0
$6,309,717	$6,328,318	$6,556,016	$7,033,516	$6,899,536	$6,686,115
15.11%	14.94%	14.97%	14.90%	14.93%	14.87%

COMBINING STATEMENTS AND

INDIVIDUAL FUND SCHEDULES

Nonmajor Special Revenue Funds

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

Street Maintenance

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

State Highway

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

Public Transit

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

Fire Pension

To account for property taxes and transfers from the General Fund restricted for payment of pension contributions and related debt.

Police Pension

To account for property taxes and transfers from the General Fund restricted for payment of pension contributions and related debt.

State Grants

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

Federal Grants

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

Indigent Drivers Alcohol

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

(continued)

Nonmajor Special Revenue Funds
(continued)

Enforcement and Education

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

Court Computerization

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

Indigent Telephone

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

Municipal Probation

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

General Trust

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

Park Donations

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

Cemetery Donations

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

Nonmajor Debt Service Funds

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

General Bond Retirement

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

Urban Renewal Debt Retirement

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

Nonmajor Debt Service Funds
(continued)

Special Assessement Bond Retirement

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

Real Estate Development

To account for the proceeds from the sale of property restricted for the construction or acquisition of permanent improvements.

Capital Improvement

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

Redevelopment Tax Increment

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

Various Improvement

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

City of Sandusky
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	$3,713,747	$737,443	$334,726	$4,785,916
Accounts Receivable	18,740	0	139,521	158,261
Accrued Interest Receivable	659	0	0	659
Due from Other Governments	692,404	24,247	0	716,651
Municipal Income Taxes Receivable	0	228,280	182,624	410,904
Other Local Taxes Receivable	36,120	0	0	36,120
Materials and Supplies Inventory	137,304	0	0	137,304
Property Taxes Receivable	273,032	455,103	0	728,135
Payment in Lieu of Taxes Receivable	472	531,657	29,844	561,973
Notes Receivable	2,127,797	0	0	2,127,797
Special Assessments Receivable	0	1,422,265	0	1,422,265
Total Assets	$7,000,275	$3,398,995	$686,715	$11,085,985
Liabilities				
Accrued Wages Payable	$30,623	$0	$6,519	$37,142
Accounts Payable	163,380	0	2,032	165,412
Interfund Payable	0	0	2,700	2,700
Due to Other Governments	122,493	0	1,882	124,375
Total Liabilities	316,496	0	13,133	329,629
Deferred Inflows of Resources				
Property Taxes	248,134	413,604	0	661,738
Payment in Lieu of Taxes	472	531,657	29,844	561,973
Unavailable Revenue	589,605	1,641,929	262,655	2,494,189
Total Deferred Inflows of Resources	838,211	2,587,190	292,499	3,717,900
Fund Balance				
Nonspendable	137,304	0	0	137,304
Restricted	5,909,192	811,805	318,673	7,039,670
Committed	0	0	62,410	62,410
Unassigned (Deficit)	(200,928)	0	0	(200,928)
Total Fund Balance	5,845,568	811,805	381,083	7,038,456
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$7,000,275	$3,398,995	$686,715	$11,085,985

City of Sandusky
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016

	Street Maintenance	State Highway	Public Transit	Fire Pension	Police Pension
Assets					
Equity in Pooled Cash and Cash Equivalents	$52,409	$98,168	$3,447	$10,110	$3,495
Accounts Receivable	0	0	17,574	0	0
Accrued Interest Receivable	50	0	0	0	0
Due from Other Governments	455,856	36,962	121,649	7,274	7,274
Other Local Taxes Receivable	36,120	0	0	0	0
Materials and Supplies Inventory	137,075	0	0	0	0
Property Taxes Receivable	0	0	0	136,516	136,516
Payment in Lieu of Taxes Receivable	0	0	0	236	236
Notes Receivable	0	0	0	0	0
Total Assets	$681,510	$135,130	$142,670	$154,136	$147,521
Liabilities					
Accrued Wages Payable	$27,892	$0	$2,271	$0	$0
Accounts Payable	17,819	0	133,263	0	0
Due to Other Governments	12,135	39	662	58,580	48,115
Total Liabilities	57,846	39	136,196	58,580	48,115
Deferred Inflows of Resources					
Property Taxes	0	0	0	124,067	124,067
Payment in Lieu of Taxes	0	0	0	236	236
Unavailable Revenue	386,670	31,353	114,312	19,723	19,723
Total Deferred Inflows of Resources	386,670	31,353	114,312	144,026	144,026
Fund Balance					
Nonspendable	137,075	0	0	0	0
Restricted	99,919	103,738	0	0	0
Unassigned (Deficit)	0	0	(107,838)	(48,470)	(44,620)
Total Fund Balance (Deficit)	236,994	103,738	(107,838)	(48,470)	(44,620)
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$681,510	$135,130	$142,670	$154,136	$147,521

		Indigent				
State	Federal	Drivers	Enforcement	Court	Indigent	Municipal
Grants	Grants	Alcohol	and Education	Computerization	Telephone	Probation
$460,840	$1,110,108	$242,083	$82,431	$194,111	$17,185	$290,633
0	0	0	0	0	0	0
0	570	0	0	0	0	0
44,202	17,450	678	0	1,059	0	0
0	0	0	0	0	0	0
0	82	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
2,111,797	16,000	0	0	0	0	0
$2,616,839	$1,144,210	$242,761	$82,431	$195,170	$17,185	$290,633
$0	$0	$0	$0	$154	$0	$306
1,070	11,228	0	0	0	0	0
60	2,643	0	0	45	0	160
1,130	13,871	0	0	199	0	466
0	0	0	0	0	0	0
0	0	0	0	0	0	0
17,254	570	0	0	0	0	0
17,254	570	0	0	0	0	0
0	82	0	0	0	0	0
2,598,455	1,129,687	242,761	82,431	194,971	17,185	290,167
0	0	0	0	0	0	0
2,598,455	1,129,769	242,761	82,431	194,971	17,185	290,167
$2,616,839	$1,144,210	$242,761	$82,431	$195,170	$17,185	$290,633

(continued)

City of Sandusky
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016
(continued)

	General Trust	Park Donations	Cemetery Donations	Total
Assets				
Equity in Pooled Cash and Cash Equivalents	$327,142	$210,003	$611,582	$3,713,747
Accounts Receivable	0	0	1,166	18,740
Accrued Interest Receivable	0	0	39	659
Due from Other Governments	0	0	0	692,404
Other Local Taxes Receivable	0	0	0	36,120
Materials and Supplies Inventory	0	0	147	137,304
Property Taxes Receivable	0	0	0	273,032
Payment in Lieu of Taxes Receivable	0	0	0	472
Notes Receivable	0	0	0	2,127,797
Total Assets	$327,142	$210,003	$612,934	$7,000,275
Liabilities				
Accrued Wages Payable	$0	$0	$0	$30,623
Accounts Payable	0	0	0	163,380
Due to Other Governments	0	0	54	122,493
Total Liabilities	0	0	54	316,496
Deferred Inflows of Resources				
Property Taxes	0	0	0	248,134
Payment in Lieu of Taxes	0	0	0	472
Unavailable Revenue	0	0	0	589,605
Total Deferred Inflows of Resources	0	0	0	838,211
Fund Balance				
Nonspendable	0	0	147	137,304
Restricted	327,142	210,003	612,733	5,909,192
Unassigned (Deficit)	0	0	0	(200,928)
Total Fund Balance (Deficit)	327,142	210,003	612,880	5,845,568
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$327,142	$210,003	$612,934	$7,000,275

City of Sandusky
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2016

	General Bond Retirement	Urban Renewal Debt Retirement	Special Assessment Bond Retirement	Total
Assets				
Equity in Pooled Cash and Cash Equivalents	$78,624	$620,727	$38,092	$737,443
Due from Other Governments	24,247	0	0	24,247
Municipal Income Taxes Receivable	228,280	0	0	228,280
Property Taxes Receivable	455,103	0	0	455,103
Payment in Lieu of Taxes Receivable	749	530,908	0	531,657
Special Assessments Receivable	0	0	1,422,265	1,422,265
Total Assets	$787,003	$1,151,635	$1,460,357	$3,398,995
Deferred Inflows of Resources				
Property Taxes	$413,604	$0	$0	$413,604
Payment in Lieu of Taxes	749	530,908	0	531,657
Unavailable Revenue	219,664	0	1,422,265	1,641,929
Total Deferred Inflows of Resources	634,017	530,908	1,422,265	2,587,190
Fund Balance				
Restricted	152,986	620,727	38,092	811,805
Total Deferred Inflows of Resources and Fund Balance	$787,003	$1,151,635	$1,460,357	$3,398,995

City of Sandusky
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2016

	Capital Improvement	Redevelopment Tax Increment	Various Improvement	Total
Assets				
Equity in Pooled Cash and Cash Equivalents	$2,920	$15,647	$316,159	$334,726
Accounts Receivable	0	0	139,521	139,521
Municipal Income Taxes Receivable	182,624	0	0	182,624
Payment in Lieu of Taxes Receivable	0	29,844	0	29,844
Total Assets	$185,544	$45,491	$455,680	$686,715
Liabilities				
Accrued Wages Payable	$0	$0	$6,519	$6,519
Accounts Payable	0	0	2,032	2,032
Interfund Payable	0	0	2,700	2,700
Due to Other Governments	0	0	1,882	1,882
Total Liabilities	0	0	13,133	13,133
Deferred Inflows of Resources				
Payment in Lieu of Taxes	0	29,844	0	29,844
Unavailable Revenue	123,134	0	139,521	262,655
Total Deferred Inflows of Resources	123,134	29,844	139,521	292,499
Fund Balance				
Restricted	0	15,647	303,026	318,673
Committed	62,410	0	0	62,410
Total Fund Balance	62,410	15,647	303,026	381,083
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$185,544	$45,491	$455,680	$686,715

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property Taxes	$247,142	$411,869	$0	$659,011
Payment in Lieu of Taxes	490	524,075	30,468	555,033
Municipal Income Taxes	0	718,919	575,134	1,294,053
Other Local Taxes	442,070	0	0	442,070
Special Assessments	0	1,209,242	0	1,209,242
Charges for Services	669,539	0	80,436	749,975
Fees, Licenses, and Permits	88,464	0	382,164	470,628
Fines and Forfeitures	208,874	0	0	208,874
Intergovernmental	3,257,999	109,018	0	3,367,017
Interest	19,904	0	4,064	23,968
Other	1,170,872	0	178	1,171,050
Total Revenues	6,105,354	2,973,123	1,072,444	10,150,921
Expenditures				
Current:				
Security of Persons and Property				
Police	746,388	0	0	746,388
Fire	790,105	0	0	790,105
Public Health	91,217	0	0	91,217
Leisure Time Activities	12,995	0	0	12,995
Community Environment	1,164,538	0	300,518	1,465,056
Transportation	3,485,489	1,044,757	0	4,530,246
General Government			0	
Municipal Court	64,548	0	0	64,548
Other	0	0	2,300	2,300
Other	176,267	0	0	176,267
Capital Outlay	0	0	95,646	95,646
Debt Service:				
Principal Retirement	88,025	1,930,840	0	2,018,865
Interest and Fiscal Charges	21,911	455,567	0	477,478
Total Expenditures	6,641,483	3,431,164	398,464	10,471,111
Excess of Revenues Over (Under) Expenditures	(536,129)	(458,041)	673,980	(320,190)
Other Financing Sources (Uses)				
Transfers In	1,569,235	674,323	2,700	2,246,258
Transfers Out	0	(2,700)	(599,875)	(602,575)
Total Other Financing Sources (Uses)	1,569,235	671,623	(597,175)	1,643,683
Changes in Fund Balance	1,033,106	213,582	76,805	1,323,493
Fund Balance Beginning of Year	4,812,462	598,223	304,278	5,714,963
Fund Balance End of Year	$5,845,568	$811,805	$381,083	$7,038,456

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016

	Street Maintenance	State Highway	Public Transit	Fire Pension	Police Pension
Revenues					
Property Taxes	$0	$0	$0	$123,572	$123,570
Payment in Lieu of Taxes	0	0	0	245	245
Other Local Taxes	442,070	0	0	0	0
Charges for Services	0	0	634,951	0	0
Fees, Licenses, and Permits	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	844,366	73,927	1,094,088	14,788	14,789
Interest	164	43	0	0	0
Other	19,220	109	71,062	0	4,244
Total Revenues	1,305,820	74,079	1,800,101	138,605	142,848
Expenditures					
Current:					
Security of Persons and Property					
Police	0	0	0	0	649,164
Fire	0	0	0	784,086	0
Public Health	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Environment	0	0	0	0	0
Transportation	1,371,272	55,233	2,058,984	0	0
General Government					
Municipal Court	0	0	0	0	0
Other	0	0	0	0	0
Debt Service:					
Principal Retirement	23,025	0	0	37,289	27,711
Interest and Fiscal Charges	1,757	0	0	11,562	8,592
Total Expenditures	1,396,054	55,233	2,058,984	832,937	685,467
Excess of Revenues Over (Under) Expenditures	(90,234)	18,846	(258,883)	(694,332)	(542,619)
Other Financing Sources					
Transfers In	31,000	0	241,792	728,021	568,422
Changes in Fund Balance	(59,234)	18,846	(17,091)	33,689	25,803
Fund Balance (Deficit) Beginning of Year	296,228	84,892	(90,747)	(82,159)	(70,423)
Fund Balance (Deficit) End of Year	$236,994	$103,738	($107,838)	($48,470)	($44,620)

State Grants	Federal Grants	Indigent Drivers Alcohol	Enforcement and Education	Court Computerization	Indigent Telephone	Municipal Probation
$0	$0	$0	$0	$0	$0	$0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	25,117	0	0	0	63,347
0	0	0	6,942	32,763	0	0
237,490	977,272	0	0	0	0	0
9,746	4,090	0	0	0	0	0
30,588	976,909	0	0	0	0	151
277,824	1,958,271	25,117	6,942	32,763	0	63,498
0	4,708	0	0	0	0	0
0	631	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
216,760	943,229	0	0	0	0	0
0	0	0	0	0	0	0
64,548	0	0	0	0	0	0
0	0	53,450	0	15,379	0	107,438
0	0	0	0	0	0	0
0	0	0	0	0	0	0
281,308	948,568	53,450	0	15,379	0	107,438
(3,484)	1,009,703	(28,333)	6,942	17,384	0	(43,940)
0	0	0	0	0	0	0
(3,484)	1,009,703	(28,333)	6,942	17,384	0	(43,940)
2,601,939	120,066	271,094	75,489	177,587	17,185	334,107
$2,598,455	$1,129,769	$242,761	$82,431	$194,971	$17,185	$290,167

(continued)

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2016
(continued)

	General Trust	Park Donations	Cemetery Donations	Total
Revenues				
Property Taxes	$0	$0	$0	$247,142
Payment in Lieu of Taxes	0	0	0	490
Other Local Taxes	0	0	0	442,070
Charges for Services	0	10,500	24,088	669,539
Fees, Licenses, and Permits	0	0	0	88,464
Fines and Forfeitures	169,169	0	0	208,874
Intergovernmental	1,279	0	0	3,257,999
Interest	0	782	5,079	19,904
Other	53,065	691	14,833	1,170,872
Total Revenues	223,513	11,973	44,000	6,105,354
Expenditures				
Current:				
Security of Persons and Property				
Police	92,516	0	0	746,388
Fire	5,388	0	0	790,105
Public Health	0	0	91,217	91,217
Leisure Time Activities	12,976	19	0	12,995
Community Environment	4,549	0	0	1,164,538
Transportation	0	0	0	3,485,489
General Government				
Municipal Court	0	0	0	64,548
Other	0	0	0	176,267
Debt Service:				
Principal Retirement	0	0	0	88,025
Interest and Fiscal Charges	0	0	0	21,911
Total Expenditures	115,429	19	91,217	6,641,483
Excess of Revenues Over (Under) Expenditures	108,084	11,954	(47,217)	(536,129)
Other Financing Sources				
Transfers In	0	0	0	1,569,235
Changes in Fund Balance	108,084	11,954	(47,217)	1,033,106
Fund Balance (Deficit) Beginning of Year	219,058	198,049	660,097	4,812,462
Fund Balance (Deficit) End of Year	$327,142	$210,003	$612,880	$5,845,568

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2016

	General Bond Retirement	Urban Renewal Debt Retirement	Special Assessment Bond Retirement	Total
Revenues				
Property Taxes	$411,869	$0	$0	$411,869
Payment in Lieu of Taxes	776	523,299	0	524,075
Municipal Income Taxes	718,919	0	0	718,919
Special Assessments	0	0	1,209,242	1,209,242
Intergovernmental	49,290	59,728	0	109,018
Total Revenues	1,180,854	583,027	1,209,242	2,973,123
Expenditures				
Transportation	0	0	1,044,757	1,044,757
Debt Service:				
Principal Retirement	1,324,867	380,000	225,973	1,930,840
Interest and Fiscal Charges	282,876	49,597	123,094	455,567
Total Expenditures	1,607,743	429,597	1,393,824	3,431,164
Excess of Revenues Over (Under) Expenditures	(426,889)	153,430	(184,582)	(458,041)
Other Financing Sources (Uses)				
Transfers In	450,000	0	224,323	674,323
Transfers Out	0	0	(2,700)	(2,700)
Total Other Financing Sources (Uses)	450,000	0	221,623	671,623
Changes in Fund Balance	23,111	153,430	37,041	213,582
Fund Balance Beginning of Year	129,875	467,297	1,051	598,223
Fund Balance End of Year	$152,986	$620,727	$38,092	$811,805

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2016

	Real Estate Development	Capital Improvement	Redevelopment Tax Increment	Various Improvement	Total
Revenues					
Payment in Lieu of Taxes	$0	$0	$30,468	$0	$30,468
Municipal Income Taxes	0	575,134	0	0	575,134
Charges for Services	0	0	0	80,436	80,436
Fees, Licenses, and Permits	0	0	0	382,164	382,164
Interest	0	0	0	4,064	4,064
Other	0	0	0	178	178
Total Revenues	0	575,134	30,468	466,842	1,072,444
Expenditures					
Current:					
Community Environment	0	0	14,838	285,680	300,518
General Government					
Other	2,300	0	0	0	2,300
Capital Outlay	0	0	95,646	0	95,646
Total Expenditures	2,300	0	110,484	285,680	398,464
Excess of Revenues Over (Under) Expenditures	(2,300)	575,134	(80,016)	181,162	673,980
Other Financing Sources (Uses)					
Transfers In	0	0	0	2,700	2,700
Transfers Out	0	(599,875)	0	0	(599,875)
Total Other Financing Sources (Uses)	0	(599,875)	0	2,700	(597,175)
Changes in Fund Balance	(2,300)	(24,741)	(80,016)	183,862	76,805
Fund Balance Beginning of Year	2,300	87,151	95,663	119,164	304,278
Fund Balance End of Year	$0	$62,410	$15,647	$303,026	$381,083

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

Agency Funds

State Patrol Transfer

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

Guaranteed Deposits

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

Sandusky Municipal Court

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

BSF Assessment

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

Fire Escrow

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

Payroll

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

Police Temporary Deposit

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

Section 125 Plan

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

City of Sandusky
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2016

	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016
State Patrol Transfer				
Assets				
Equity in Pooled Cash and Cash Equivalents	$10,109	$28,014	$26,230	$11,893
Liabilities				
Undistributed Assets	$10,109	$28,014	$26,230	$11,893
Guaranteed Deposits				
Assets				
Equity in Pooled Cash and Cash Equivalents	$68,620	$10,031	$23,145	$55,506
Liabilities				
Undistributed Assets	$68,620	$10,031	$23,145	$55,506
Sandusky Municipal Court				
Assets				
Equity in Pooled Cash and Cash Equivalents	$74,783	$2,230,676	$2,222,410	$83,049
Liabilities				
Undistributed Assets	$74,783	$2,230,676	$2,222,410	$83,049
BSF Assessment				
Assets				
Equity in Pooled Cash and Cash Equivalents	$1,767	$5,531	$4,620	$2,678
Liabilities				
Undistributed Assets	$1,767	$5,531	$4,620	$2,678
Fire Escrow				
Assets				
Equity in Pooled Cash and Cash Equivalents	$75,142	$107,270	$48,560	$133,852
Liabilities				
Undistributed Assets	$75,142	$107,270	$48,560	$133,852
Payroll				
Assets				
Equity in Pooled Cash and Cash Equivalents	$386,747	$514,630	$208,702	$692,675
Liabilities				
Due to Other Governments	$120,747	($55,245)	$0	$65,502
Undistributed Assets	266,000	569,875	208,702	627,173
Total Liabilities	$386,747	$514,630	$208,702	$692,675

(continued)

City of Sandusky
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2016
(continued)

	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016
Police Temporary Deposit				
Assets				
Equity in Pooled Cash and Cash Equivalents	$2,067	$63,906	$65,376	$597
Liabilities				
Undistributed Assets	$2,067	$63,906	$65,376	$597
Section 125 Plan				
Assets				
Equity in Pooled Cash and Cash Equivalents	$11,012	$33,613	$27,944	$16,681
Liabilities				
Undistributed Assets	$11,012	$33,613	$27,944	$16,681
Total - All Funds				
Assets				
Equity in Pooled Cash and Cash Equivalents	$630,247	$2,993,671	$2,626,987	$996,931
Liabilities				
Due to Other Governments	$120,747	($55,245)	$0	$65,502
Undistributed Assets	509,500	3,048,916	2,626,987	931,429
Total Liabilities	$630,247	$2,993,671	$2,626,987	$996,931

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, 2016

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Revenues				
Property Taxes	$1,496,779	$1,496,779	$1,503,343	$6,564
Payment in Lieu of Taxes	2,819	2,819	2,819	0
Municipal Income Taxes	9,905,000	10,886,444	10,886,444	0
Other Local Taxes	5,205,000	5,697,388	5,697,537	149
Charges for Services	1,032,215	996,061	1,038,300	42,239
Fees, Licenses, and Permits	727,163	721,544	741,149	19,605
Fines and Forfeitures	1,079,249	1,058,036	1,132,126	74,090
Intergovernmental	680,227	657,580	656,495	(1,085)
Interest	150,000	133,735	143,100	9,365
Other	330,218	337,003	344,154	7,151
Total Revenues	20,608,670	21,987,389	22,145,467	158,078
Expenditures				
Current:				
Security of Persons and Property-Police				
Police Patrol				
Personal Services	4,561,483	4,433,483	4,432,493	990
Other	321,869	231,869	219,751	12,118
Total Police Patrol	4,883,352	4,665,352	4,652,244	13,108
Police Records				
Personal Services	137,581	128,581	127,772	809
Other	178,227	159,227	158,869	358
Total Police Records	315,808	287,808	286,641	1,167
Police Reserves				
Personal Services	125,909	134,389	134,389	0
Other	3,500	1,000	311	689
Total Police Reserves	129,409	135,389	134,700	689
Total Security of Persons and Property-Police	5,328,569	5,088,549	5,073,585	14,964
Security of Persons and Property-Fire				
Fire Suppression				
Personal Services	4,346,353	4,492,353	4,492,204	149
Other	342,583	312,583	308,724	3,859
Total Security of Persons and Property-Fire	4,688,936	4,804,936	4,800,928	4,008
Security of Persons and Property-Other				
Street Lighting				
Other	249,000	268,000	267,634	366

(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, 2016
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Public Health				
Oakland Cemetery				
Personal Services	$204,343	$198,343	$197,643	$700
Other	42,165	42,165	41,638	527
Total Public Health	246,508	240,508	239,281	1,227
Leisure Time Activities				
Aquatic Center				
Personal Services	0	2,519	2,519	0
Other	1,700	3,646	3,646	0
Total Aquatic Center	1,700	6,165	6,165	0
Mills Creek Golf Course				
Personal Services	109,450	115,797	115,797	0
Other	136,000	108,949	108,949	0
Total Mills Creek Golf Course	245,450	224,746	224,746	0
Recreation				
Personal Services	90,400	61,386	61,386	0
Other	95,700	90,581	90,581	0
Total Recreation	186,100	151,967	151,967	0
Paper District Marina				
Personal Services	50,200	15,263	15,263	0
Other	42,500	23,023	23,023	0
Total Paper District Marina	92,700	38,286	38,286	0
Boat Launch Ramp				
Personal Services	16,000	15,239	15,239	0
Other	24,000	17,955	17,955	0
Total Boat Launch Ramp	40,000	33,194	33,194	0
Total Leisure Time Activities	565,950	454,358	454,358	0
Community Environment				
Community Development Planning				
Personal Services	565,125	678,125	677,992	133
Other	59,118	61,126	59,026	2,100
Total Community Development Planning	624,243	739,251	737,018	2,233
City Wide Economic Development				
Other	30,000	30,000	30,000	0

(continued)

City of Sandusky
General Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Community Development Building Division				
Personal Services	$204,964	$187,964	$187,496	$468
Other	37,500	37,991	24,273	13,718
Total Community Development Building Division	242,464	225,955	211,769	14,186
Horticulture Services				
Personal Services	803,980	713,980	711,411	2,569
Other	207,251	227,251	226,541	710
Total Horticulture Services	1,011,231	941,231	937,952	3,279
Total Community Environment	1,907,938	1,936,437	1,916,739	19,698
Transportation				
Jackson Street Pier				
Other	1,000	2,000	1,641	359
General Government-Municipal Court				
Court-Criminal				
Personal Services	918,949	878,949	876,232	2,717
Other	52,000	61,500	61,263	237
Total General Government-Municipal Court	970,949	940,449	937,495	2,954
General Government-Other				
City Manager				
Personal Services	135,155	123,155	122,623	532
Other	10,415	17,415	17,122	293
Total City Manager	145,570	140,570	139,745	825
Personnel Labor Relations				
Personal Services	223,591	221,591	206,117	15,474
Other	18,795	8,795	5,977	2,818
Total Personnel Labor Relations	242,386	230,386	212,094	18,292
Finance				
Personal Services	116,094	116,094	112,319	3,775
Other	18,058	9,058	7,722	1,336
Total Finance	134,152	125,152	120,041	5,111
Income Tax				
Personal Services	68,791	68,891	68,820	71
Other	276,950	391,950	388,691	3,259
Total Income Tax	345,741	460,841	457,511	3,330

(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, 2016
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Data Processing				
Personal Services	$108,095	$120,095	$119,139	$956
Other	84,795	64,795	62,739	2,056
Total Data Processing	192,890	184,890	181,878	3,012
Law Director				
Personal Services	265,810	271,310	271,304	6
Other	38,600	19,600	19,335	265
Total Law Director	304,410	290,910	290,639	271
City Commission				
Personal Services	26,609	26,609	26,510	99
Other	4,555	11,055	10,739	316
Total City Commission	31,164	37,664	37,249	415
City Commission Clerk				
Personal Services	45,989	46,489	46,464	25
Other	1,440	1,440	1,041	399
Total City Commission Clerk	47,429	47,929	47,505	424
Municipal Buildings and Lands				
Personal Services	307,302	282,302	281,988	314
Other	187,993	222,993	221,914	1,079
Total Municipal Buildings and Lands	495,295	505,295	503,902	1,393
Engineering				
Personal Services	202,948	205,548	205,450	98
Other	35,560	35,560	33,030	2,530
Total Engineering	238,508	241,108	238,480	2,628
Mechanic				
Personal Services	260,310	247,310	246,798	512
Other	86,190	121,190	119,201	1,989
Total Mechanic	346,500	368,500	365,999	2,501
Unclaimed Funds				
Other	500	100	40	60
Administrative Support				
Other	702,834	758,634	758,413	221
Total General Government-Other	3,227,379	3,391,979	3,353,496	38,483

(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, 2016
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Debt Service:				
Principal Retirement	$83,022	$83,022	$83,022	$0
Interest and Fiscal Charges	6,334	6,334	6,334	0
Total Debt Service	89,356	89,356	89,356	0
Total Expenditures	17,275,585	17,216,572	17,134,513	82,059
Excess of Revenues Over Expenditures	3,333,085	4,770,817	5,010,954	240,137
Other Financing Sources (Uses)				
Other Financing Sources	279,245	321,176	307,114	(14,062)
Sale of Capital Assets	2,705	2,705	2,705	0
Advances In	2,700	2,700	2,700	0
Transfers Out	(3,578,875)	(4,819,235)	(4,819,235)	0
Total Other Financing Sources (Uses)	(3,294,225)	(4,492,654)	(4,506,716)	(14,062)
Changes in Fund Balance	38,860	278,163	504,238	226,075
Fund Balance Beginning of Year	4,425,609	4,425,609	4,425,609	0
Prior Year Encumbrances Appropriated	6,608	6,608	6,608	0
Fund Balance End of Year	$4,471,077	$4,710,380	$4,936,455	$226,075

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, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Charges for Services	$597,717	$621,400	$23,683
Intergovernmental	1,341,972	1,359,292	17,320
Fees, Licenses, and Permits	120,521	133,416	12,895
Interest	1,000	2,463	1,463
Other	343,231	367,239	24,008
Total Revenues	2,404,441	2,483,810	79,369
Expenditures			
Current:			
Security of Persons and Property-Police			
Police			
Other	11,509	11,259	250
Security of Persons and Property-Fire			
EMS			
Personal Services	37,000	36,108	892
Other	410,591	394,738	15,853
Total Security of Persons and Property-Fire	447,591	430,846	16,745
Leisure Time Activities			
Schade/Mylander Plaza			
Other	3	0	3
Community Environment			
City Wide Economic Development			
Other	311,000	310,862	138
Community Development			
Other	340,163	340,163	0
E. Sandusky Bay Project			
Other	101	101	0
Brownfields			
Other	6,750	6,750	0
Total Community Environment	658,014	657,876	138
Transportation			
Streets			
Other	157,166	157,107	59
Hayes Avenue Underpass			
Other	2,500	128	2,372
Westend Grade Separation			
Other	3,001	3,001	0
Jackson Street Pier			
Other	9,600	9,566	34

(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, 2016
(continued)

	Budget	Actual	Variance Over (Under)
Water Street Rehabilitation			
Other	$10,000	$1,994	$8,006
Nonmatch Rural			
Other	21,307	20,818	489
Total Transportation	203,574	192,614	10,960
General Government-Municipal Court			
Municipal Court			
Personal Services	11,000	10,174	826
General Government-Other			
City Hall Relocation			
Other	83,450	83,450	0
Paper District			
Other	9,113	9,113	0
Engineering			
Other	10,000	9,348	652
Jackson Street Parking Garage			
Other	3,643	3,643	0
Data Processing			
Other	46,355	37,287	9,068
Total General Government-Other	152,561	142,841	9,720
Capital Outlay	4,669,344	4,600,063	69,281
Debt Service:			
Principal Retirement	2,354,944	2,350,000	4,944
Interest and Fiscal Charges	33,606	23,599	10,007
Total Debt Service	2,388,550	2,373,599	14,951
Total Expenditures	8,542,146	8,419,272	122,874
Excess of Revenues Under Expenditures	(6,137,705)	(5,935,462)	202,243
Other Financing Sources (Uses)			
Other Financing Sources	50,042	50,042	0
Bond Anticipation Notes Issued	3,450,000	3,450,000	0
Sale of Capital Assets	13,525	13,525	0
Transfers In	3,199,774	3,199,875	101
Total Other Financing Sources (Uses)	6,713,341	6,713,442	101

(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, 2016
(continued)

	Budget	Actual	Variance Over (Under)
Changes in Fund Balance	$575,636	$777,980	$202,344
Fund Balance Beginning of Year	3,986,874	3,986,874	0
Prior Year Encumbrances Appropriated	21,575	21,575	0
Fund Balance End of Year	$4,584,085	$4,786,429	$202,344

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, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Charges for Services	$6,864,929	$7,098,956	$234,027
OWDA Loan Proceeds	382,561	403,178	20,617
Sale of Capital Assets	0	1,625	1,625
Interest	649	649	0
Capital Grants	19,257	19,257	0
Other	22,031	49,575	27,544
Total Revenues	7,289,427	7,573,240	283,813
Expenses			
Personal Services			
Water Office	119,763	119,375	388
Waterworks Filtration	1,208,298	1,202,241	6,057
Waterworks Distribution	875,995	863,777	12,218
Administrative Support	670,000	665,979	4,021
Total Personal Services	2,874,056	2,851,372	22,684
Travel and Transportation			
Water Office	673	360	313
Waterworks Filtration	9,550	4,793	4,757
Waterworks Distribution	9,025	3,407	5,618
Administrative Support	5,166	5,140	26
Total Travel and Transportation	24,414	13,700	10,714
Contractual Services			
Water Office	36,702	35,800	902
Waterworks Filtration	545,391	505,397	39,994
Waterworks Distribution	27,347	27,347	0
Other	113,000	66,442	46,558
Administrative Support	236,435	180,886	55,549
Total Contractual Services	958,875	815,872	143,003
Materials and Supplies			
Water Office	5,059	5,059	0
Waterworks Filtration	534,133	517,247	16,886
Waterworks Distribution	308,993	288,346	20,647
Other	395,000	393,657	1,343
Administrative Support	24,607	23,373	1,234
Total Materials and Supplies	1,267,792	1,227,682	40,110
Other			
Water Office	93	93	0
Administrative Support	1,749	1,749	0
Total Other	1,842	1,842	0

(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, 2016
(continued)

	Budget	Actual	Variance Over (Under)
Capital Outlay			
Waterworks Filtration	$500,000	$188,370	$311,630
Waterworks Distribution	65,000	63,083	1,917
Other	386,940	375,644	11,296
Administrative Support	9,060	9,038	22
Total Capital Outlay	961,000	636,135	324,865
Debt Service:			
Principal Retirement	1,033,187	1,033,059	128
Interest Expense	655,233	648,061	7,172
Total Debt Service	1,688,420	1,681,120	7,300
Total Expenses	7,776,399	7,227,723	548,676
Changes in Fund Balance	(486,972)	345,517	832,489
Fund Balance Beginning of Year	4,633,954	4,633,954	0
Prior Year Encumbrances Appropriated	22,244	22,244	0
Fund Balance End of Year	$4,169,226	$5,001,715	$832,489

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, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Charges for Services	$8,910,904	$9,075,172	$164,268
OWDA Loan Proceeds	5,721,934	5,833,718	111,784
Sale of Capital Assets	1,820	1,820	0
Interest	1,373	1,373	0
Other	218,050	218,050	0
Total Revenues	14,854,081	15,130,133	276,052
Expenses			
Personal Services			
Sewer Office	126,763	124,841	1,922
Water Pollution Control	1,415,061	1,390,996	24,065
Sewer Maintenance	889,057	858,379	30,678
Administrative Support	665,000	660,712	4,288
Total Personal Services	3,095,881	3,034,928	60,953
Travel and Transportation			
Sewer Office	606	360	246
Water Pollution Control	20,295	11,170	9,125
Sewer Maintenance	5,650	2,465	3,185
Administrative Support	5,166	5,108	58
Total Travel and Transportation	31,717	19,103	12,614
Contractual Services			
Sewer Office	33,702	32,475	1,227
Water Pollution Control	1,214,439	1,211,023	3,416
Sewer Maintenance	254,639	197,022	57,617
Administrative Support	210,897	205,032	5,865
Total Contractual Services	1,713,677	1,645,552	68,125
Materials and Supplies			
Sewer Office	5,125	5,125	0
Water Pollution Control	275,582	275,248	334
Sewer Maintenance	284,273	268,799	15,474
Administrative Support	24,549	23,372	1,177
Total Materials and Supplies	589,529	572,544	16,985
Other			
Sewer Office	93	93	0
Administrative Support	3,202	410	2,792
Total Other	3,295	503	2,792

(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, 2016
(continued)

	Budget	Actual	Variance Over (Under)
Capital Outlay			
Water Pollution Control	$1,392,512	$1,352,112	$40,400
Sewer Maintenance	4,351,000	4,277,774	73,226
Administrative Support	143,143	143,121	22
Total Capital Outlay	5,886,655	5,773,007	113,648
Debt Service:			
Principal Retirement	1,676,543	1,676,543	0
Interest Expense	1,060,143	1,051,364	8,779
Total Debt Service	2,736,686	2,727,907	8,779
Total Expenses	14,057,440	13,773,544	283,896
Changes in Fund Balance	796,641	1,356,589	559,948
Fund Balance Beginning of Year	2,430,530	2,430,530	0
Prior Year Encumbrances Appropriated	6,981	6,981	0
Fund Balance End of Year	$3,234,152	$3,794,100	$559,948

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, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Other Local Taxes	$443,280	$443,280	$0
Intergovernmental	902,067	915,906	13,839
Interest	60	138	78
Other	120	521	401
Total Revenues	1,345,527	1,359,845	14,318
Expenditures			
Current:			
Transportation			
Public Works			
Personal Services	861,617	861,617	0
Other	303,250	303,220	30
Total Public Works	1,164,867	1,164,837	30
Traffic and Electrical Maintenance			
Personal Services	104,400	104,378	22
Other	84,432	84,432	0
Total Traffic and Electrical Maintenance	188,832	188,810	22
Street Cleaning, Snow, and Ice Removal			
Other	9,871	9,871	0
Total Transportation	1,363,570	1,363,518	52
Debt Service:			
Principal Retirement	23,025	23,025	0
Interest and Fiscal Charges	1,757	1,757	0
Total Debt Service	24,782	24,782	0
Total Expenditures	1,388,352	1,388,300	52
Excess of Revenues Under Expenditures	(42,825)	(28,455)	14,370
Other Financing Sources			
Other Financing Sources	17,687	19,648	1,961
Transfers In	31,000	31,000	0
Total Other Financing Sources	48,687	50,648	1,961
Changes in Fund Balance	5,862	22,193	16,331
Fund Balance Beginning of Year	30,216	30,216	0
Fund Balance End of Year	$36,078	$52,409	$16,331

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, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Intergovernmental	$73,740	$74,262	$522
Interest	6	43	37
Total Revenues	73,746	74,305	559
Expenditures			
Current:			
Transportation			
State Highway Maintenance and Repair			
Personal Services	35,500	35,483	17
Other	25,000	20,118	4,882
Total Expenditures	60,500	55,601	4,899
Excess of Revenues Over Expenditures	13,246	18,704	5,458
Other Financing Sources			
Other Financing Sources	109	109	0
Changes in Fund Balance	13,355	18,813	5,458
Fund Balance Beginning of Year	79,355	79,355	0
Fund Balance End of Year	$92,710	$98,168	$5,458

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, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Charges for Services	$608,856	$617,006	$8,150
Intergovernmental	1,094,088	1,094,088	0
Total Revenues	1,702,944	1,711,094	8,150
Expenditures			
Current:			
Transportation			
Public Transit System			
Personal Services	3,263	3,263	0
Other	122,593	122,593	0
Total Public Transit System	125,856	125,856	0
Rural Transit System			
Personal Services	82,029	82,029	0
Other	1,850,599	1,850,599	0
Total Rural Transit System	1,932,628	1,932,628	0
Total Expenditures	2,058,484	2,058,484	0
Excess of Revenues Under Expenditures	(355,540)	(347,390)	8,150
Other Financing Sources			
Other Financing Sources	75,262	69,588	(5,674)
Transfers In	241,792	241,792	0
Total Other Financing Sources	317,054	311,380	(5,674)
Changes in Fund Balance	(38,486)	(36,010)	2,476
Fund Balance Beginning of Year	39,457	39,457	0
Fund Balance End of Year	$971	$3,447	$2,476

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, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Property Taxes	$130,683	$123,572	($7,111)
Payment in Lieu of Taxes	245	245	0
Intergovernmental	12,129	14,788	2,659
Total Revenues	143,057	138,605	(4,452)
Expenditures			
Current:			
Security of Persons and Property-Fire			
Fire Pension			
Personal Services	806,377	806,377	0
Other	2,443	2,443	0
Total Security of Persons and Property-Fire	808,820	808,820	0
Debt Service:			
Principal Retirement	37,289	37,289	0
Interest and Fiscal Charges	11,562	11,562	0
Total Debt Service	48,851	48,851	0
Total Expenditures	857,671	857,671	0
Excess of Revenues Under Expenditures	(714,614)	(719,066)	(4,452)
Other Financing Sources			
Transfers In	722,659	728,021	5,362
Changes in Fund Balance	8,045	8,955	910
Fund Balance Beginning of Year	1,155	1,155	0
Fund Balance End of Year	$9,200	$10,110	$910

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, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Property Taxes	$130,683	$123,570	($7,113)
Payment in Lieu of Taxes	245	245	0
Intergovernmental	12,129	14,789	2,660
Total Revenues	143,057	138,604	(4,453)
Expenditures			
Current:			
Security of Persons and Property-Police			
Police Pension			
Personal Services	670,748	670,748	0
Other	3,905	3,905	0
Total Security of Persons and Property-Police	674,653	674,653	0
Debt Service:			
Principal Retirement	27,711	27,711	0
Interest and Fiscal Charges	8,592	8,592	0
Total Debt Service	36,303	36,303	0
Total Expenditures	710,956	710,956	0
Excess of Revenues Under Expenditures	(567,899)	(572,352)	(4,453)
Other Financing Sources			
Other Financing Sources	2,545	4,244	1,699
Transfers In	565,168	568,422	3,254
Total Other Financing Sources	567,713	572,666	4,953
Changes in Fund Balance	(186)	314	500
Fund Balance Beginning of Year	3,181	3,181	0
Fund Balance End of Year	$2,995	$3,495	$500

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, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Intergovernmental	$228,020	$228,020	$0
Interest	5,435	9,746	4,311
Other	52,298	55,694	3,396
Total Revenues	285,753	293,460	7,707
Expenditures			
Current:			
Community Environment			
Landbank			
Other	34,999	33,261	1,738
CDBG			
Other	143,500	143,112	388
Revolving Loan Home			
Other	1,000	957	43
Revolving Loan Economic Development			
Other	21,000	10,415	10,585
Underground Storage Tank Removal Grant			
Other	2,000	1,711	289
Total Community Environment	202,499	189,456	13,043
General Government-Municipal Court			
DRC Probation			
Personal Services	70,000	64,548	5,452
Total Expenditures	272,499	254,004	18,495
Excess of Revenues Over Expenditures	13,254	39,456	26,202
Other Financing Sources			
Other Financing Sources	29,247	29,247	0
Changes in Fund Balance	42,501	68,703	26,202
Fund Balance Beginning of Year	392,137	392,137	0
Fund Balance End of Year	$434,638	$460,840	$26,202

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, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Intergovernmental	$996,365	$996,365	$0
Interest	2,500	3,920	1,420
Other	400,569	976,343	575,774
Total Revenues	1,399,434	1,976,628	577,194
Expenditures			
Current:			
Security of Persons and Property-Police			
Police Bulletproof Vest			
Other	5,000	4,708	292
Security of Persons and Property-Fire			
EMS			
Other	2,000	631	1,369
Community Environment			
HUD CDBGB 09MC390034			
Personal Services	272,000	272,000	0
Other	722,999	722,692	307
Total HUD CDBGB 09MC390034	994,999	994,692	307
Revolving Loan Economic Development			
Other	2,500	2,042	458
Total Community Environment	997,499	996,734	765
Total Expenditures	1,004,499	1,002,073	2,426
Excess of Revenues Over Expenditures	394,935	974,555	579,620
Other Financing Sources			
Other Financing Sources	$566	$566	$0
Changes in Fund Balance	395,501	975,121	579,620
Fund Balance Beginning of Year	135,062	135,062	0
Fund Balance End of Year	$530,563	$1,110,183	$579,620

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, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Fees, Licenses, and Permits	$24,500	$24,439	($61)
Expenditures			
Current:			
Other			
Indigent Drivers Alcohol Treatment			
Personal Services	58,000	57,775	225
Changes in Fund Balance	(33,500)	(33,336)	164
Fund Balance Beginning of Year	275,419	275,419	0
Fund Balance End of Year	$241,919	$242,083	$164

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, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Fines and Forfeitures	$5,000	$6,942	$1,942
Expenditures	0	0	0
Changes in Fund Balance	5,000	6,942	1,942
Fund Balance Beginning of Year	75,489	75,489	0
Fund Balance End of Year	$80,489	$82,431	$1,942

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, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Fines and Forfeitures	$29,000	$31,704	$2,704
Expenditures			
Current:			
Other			
Court Computerization			
Personal Services	5,121	5,121	0
Other	11,500	10,286	1,214
Total Expenditures	16,621	15,407	1,214
Changes in Fund Balance	12,379	16,297	3,918
Fund Balance Beginning of Year	177,814	177,814	0
Fund Balance End of Year	$190,193	$194,111	$3,918

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, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Fees, Licenses, and Permits	$1,500	$0	($1,500)
Expenditures	0	0	0
Changes in Fund Balance	1,500	0	(1,500)
Fund Balance Beginning of Year	17,185	17,185	0
Fund Balance End of Year	$18,685	$17,185	($1,500)

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, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Fees, Licenses, and Permits	$54,349	$63,347	$8,998
Expenditures			
Current:			
Other			
Municipal Probation			
Personal Services	105,000	103,008	1,992
Other	10,000	5,194	4,806
Total Expenditures	115,000	108,202	6,798
Excess of Revenues Under Expenditures	(60,651)	(44,855)	15,796
Other Financing Sources			
Other Financing Sources	151	151	0
Changes in Fund Balance	(60,500)	(44,704)	15,796
Fund Balance Beginning of Year	335,337	335,337	0
Fund Balance End of Year	$274,837	$290,633	$15,796

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, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Fines and Forfeitures	$169,169	$169,169	$0
Intergovernmental	1,279	1,279	0
Other	51,965	52,975	1,010
Total Revenues	222,413	223,423	1,010
Expenditures			
Current:			
Security of Persons and Property-Police			
Police Patrol			
Other	14,999	14,914	85
Contraband Trust			
Other	68,000	67,268	732
Fed Forfeiture			
Other	16,000	15,268	732
Total Security of Persons and Property- Police	98,999	97,450	1,549
Security of Persons and Property-Fire			
Fire Suppression			
Other	5,500	5,388	112
Leisure Time Activities			
Green Trust			
Other	1,000	436	564
Friends of the Greenhouse			
Other	3,851	3,814	37
Sailing Scholarship			
Other	8,800	8,726	74
Total Leisure Time Activities	13,651	12,976	675
Community Environment			
Park Trust			
Personal Services	5,500	4,549	951
Total Expenditures	123,650	120,363	3,287
Excess of Revenues Over Expenditures	98,763	103,060	4,297
Other Financing Sources			
Other Financing Sources	90	90	0
Changes in Fund Balance	98,853	103,150	4,297
Fund Balance Beginning of Year	219,058	219,058	0
Fund Balance End of Year	$317,911	$322,208	$4,297

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, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Charges for Services	$50,829	$10,500	($40,329)
Interest	480	782	302
Other	691	691	0
Total Revenues	52,000	11,973	(40,027)
Expenditures			
Current:			
Leisure Time Activities			
Reg Wagon			
Other	500	19	481
Changes in Fund Balance	51,500	11,954	(39,546)
Fund Balance Beginning of Year	198,049	198,049	0
Fund Balance End of Year	$249,549	$210,003	($39,546)

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, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Charges for Services	$0	$22,922	$22,922
Interest	0	3,940	3,940
Total Revenues	0	26,862	26,862
Expenditures			
Current:			
Public Health			
Oakland Cemetery			
Personal Services	50,000	49,132	868
Garden Mausoleum			
Other	12,100	7,405	4,695
Special Care			
Other	800	225	575
Memorial Paintings			
Other	100	50	50
Ridgeview Columbarium			
Other	40,500	34,909	5,591
Total Expenditures	103,500	91,721	11,779
Excess of Revenues Under Expenditures	(103,500)	(64,859)	38,641
Other Financing Sources			
Other Financing Sources	0	14,833	14,833
Changes in Fund Balance	(103,500)	(50,026)	53,474
Fund Balance Beginning of Year	661,809	661,809	0
Fund Balance End of Year	$558,309	$611,783	$53,474

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, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Property Taxes	$408,849	$411,869	$3,020
Payment in Lieu of Taxes	776	776	0
Municipal Income Taxes	724,034	722,541	(1,493)
Intergovernmental	50,492	49,290	(1,202)
Total Revenues	1,184,151	1,184,476	325
Expenditures			
Debt Service:			
Principal Retirement	1,324,867	1,324,867	0
Interest and Fiscal Charges	284,697	282,876	1,821
Total Expenditures	1,609,564	1,607,743	1,821
Excess of Revenues Under Expenditures	(425,413)	(423,267)	2,146
Other Financing Sources			
Transfers In	450,000	450,000	0
Changes in Fund Balance	24,587	26,733	2,146
Fund Balance Beginning of Year	51,224	51,224	0
Fund Balance End of Year	$75,811	$77,957	$2,146

City of Sandusky
Urban Renewal Debt Retirement Debt Service Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Payment in Lieu of Taxes	$523,299	$523,299	$0
Intergovernmental	59,701	59,728	27
Total Revenues	583,000	583,027	27
Expenditures			
Debt Service:			
Principal Retirement	380,000	380,000	0
Interest and Fiscal Charges	51,290	49,597	1,693
Total Expenditures	431,290	429,597	1,693
Changes in Fund Balance	151,710	153,430	1,720
Fund Balance Beginning of Year	467,297	467,297	0
Fund Balance End of Year	$619,007	$620,727	$1,720

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, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Special Assessments	$164,485	$164,485	$0
Expenditures			
Debt Service:			
Principal Retirement	202,973	202,973	0
Interest and Fiscal Charges	123,266	121,771	1,495
Total Expenditures	326,239	324,744	1,495
Excess of Revenues Under Expenditures	(161,754)	(160,259)	1,495
Other Financing Sources (Uses)			
Advances Out	(2,700)	(2,700)	0
Transfers In	199,513	200,000	487
Total Other Financing Sources (Uses)	196,813	197,300	487
Changes in Fund Balance	35,059	37,041	1,982
Fund Balance Beginning of Year	1,051	1,051	0
Fund Balance End of Year	$36,110	$38,092	$1,982

City of Sandusky
Real Estate Development 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, 2016

	Budget	Actual	Variance Over (Under)
Revenues	$0	$0	$0
Expenditures			
Current:			
General Government-Other			
Administrative Support			
Other	3,000	3,000	0
Changes in Fund Balance	(3,000)	(3,000)	0
Fund Balance Beginning of Year	3,000	3,000	0
Fund Balance End of Year	$0	$0	$0

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, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Municipal Income Taxes	$576,000	$578,032	$2,032
Expenditures	0	0	0
Excess of Revenues Over Expenditures	576,000	578,032	2,032
Other Financing Uses			
Transfers Out	(599,875)	(599,875)	0
Changes in Fund Balance	(23,875)	(21,843)	2,032
Fund Balance Beginning of Year	24,230	24,230	0
Fund Balance End of Year	$355	$2,387	$2,032

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, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Payment in Lieu of Taxes	$30,000	$30,468	$468
Expenditures			
Current:			
Community Environment			
City Wide Economic Development			
Other	14,838	14,838	0
Capital Outlay	95,663	95,646	17
Total Expenditures	110,501	110,484	17
Changes in Fund Balance	(80,501)	(80,016)	485
Fund Balance Beginning of Year	95,663	95,663	0
Fund Balance End of Year	$15,162	$15,647	$485

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, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Charges for Services	$46,266	$46,266	$0
Fees, Licenses, and Permits	369,486	381,684	12,198
Interest	4,064	4,064	0
Total Revenues	419,816	432,014	12,198
Expenditures			
Current:			
Community Environment			
Remove Unsafe Buildings			
Other	10,000	7,010	2,990
Nuisance Removal			
Personal Services	2,000	18	1,982
Other	25,000	17,965	7,035
Total Nuisance Removal	27,000	17,983	9,017
Rental Registration Fee			
Personal Services	185,000	184,218	782
Other	20,000	11,637	8,363
Total Rental Registration Fee	205,000	195,855	9,145
Inspection Fee			
Other	20,099	20,031	68
Administration Fee			
Other	6,000	5,314	686
Total Expenditures	268,099	246,193	21,906
Excess of Revenues Over Expenditures	151,717	185,821	34,104
Other Financing Sources			
Other Financing Sources	178	178	0
Changes in Fund Balance	151,895	185,999	34,104
Fund Balance Beginning of Year	129,650	129,650	0
Fund Balance End of Year	$281,545	$315,649	$34,104

City of Sandusky
Health Insurance Internal Service Fund

Schedule of Revenues, Expenses,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2016

	Budget	Actual	Variance Over (Under)
Revenues			
Charges for Services	$4,847,599	$4,847,599	$0
Miscellaneous	1,052,401	1,092,618	40,217
Total Revenues	5,900,000	5,940,217	40,217
Expenses			
Contractual Services	22,324	22,324	0
Claims Expense	3,887,676	3,884,639	3,037
Total Expenses	3,910,000	3,906,963	3,037
Changes in Fund Balance	1,990,000	2,033,254	43,254
Fund Balance Beginning of Year	300,000	300,000	0
Fund Balance End of Year	$2,290,000	$2,333,254	$43,254

Statistical

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

Contents **Page**

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

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

	2016	2015	2014	2013
Governmental Activities				
Net Investment in Capital Assets	$33,978,149	$35,774,016	$32,986,487	$34,031,522
Restricted for				
Capital Projects	5,199,629	3,812,217	3,332,213	4,280,873
Debt Service	370,057	1,076,680	1,745,871	2,162,193
Other Purposes	6,537,687	5,471,527	5,700,728	5,920,558
Unrestricted (Deficit)	(14,437,669)	(16,426,206)	(17,681,479)	(139,214)
Total Governmental Activities Net Position	31,647,853	29,708,234	26,083,820	46,255,932
Business-Type Activities				
Net Investment in Capital Assets	43,448,277	42,898,225	41,477,719	40,066,785
Unrestricted	7,250,609	5,792,850	7,673,382	13,462,237
Total Business-Type Activities Net Position	50,698,886	48,691,075	49,151,101	53,529,022
Primary Government				
Net Investment in Capital Assets	77,426,426	78,672,241	74,464,206	74,098,307
Restricted	12,107,373	10,360,424	10,778,812	12,363,624
Unrestricted (Deficit)	(7,187,060)	(10,633,356)	(10,008,097)	13,323,023
Total Primary Government Net Position	$82,346,739	$78,399,309	$75,234,921	$99,784,954

Note: The City reported the impact of GASB Statement No. 68 beginning in 2014.

2012	2011	2010	2009	2008	2007
$35,252,903	$35,126,166	$38,122,520	$34,869,732	$33,005,235	$32,191,349
3,806,228	3,492,887	2,920,974	3,218,958	6,197,701	4,249,788
1,949,698	1,918,564	1,902,993	2,439,729	2,528,165	1,242,965
5,556,594	6,061,253	6,005,182	6,367,187	8,143,328	8,553,276
(712,642)	(1,573,210)	(2,681,773)	(2,812,918)	(2,978,838)	(2,362,700)
45,852,781	45,025,660	46,269,896	44,082,688	46,895,591	43,874,678
39,713,895	39,918,374	39,941,052	35,050,194	17,057,860	18,003,813
14,630,323	15,278,595	16,854,414	18,611,306	23,825,346	22,646,163
54,344,218	55,196,969	56,795,466	53,661,500	40,883,206	40,649,976
74,966,798	75,044,540	78,063,572	69,919,926	50,063,095	50,195,162
11,312,520	11,472,704	10,829,149	12,025,874	16,869,194	14,046,029
13,917,681	13,705,385	14,172,641	15,798,388	20,846,508	20,283,463
$100,196,999	$100,222,629	$103,065,362	$97,744,188	$87,778,797	$84,524,654

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

	2016	2015	2014	2013
Expenses				
Governmental Activities				
Security of Persons and Property				
Police	$6,180,846	$5,668,020	$5,347,693	$5,032,468
Fire	6,765,752	6,368,780	5,940,342	5,953,841
Other	271,686	267,254	271,810	252,367
Public Health	309,402	315,232	308,648	318,872
Leisure Time Activities	575,513	639,183	542,957	614,010
Community Environment	4,109,633	2,968,488	4,315,542	2,538,486
Transportation	9,168,882	6,192,685	6,107,625	4,848,791
General Government				
Municipal Court	1,014,168	982,558	1,057,957	1,013,065
Other	4,136,866	4,031,549	3,452,889	3,372,415
Interest and Fiscal Charges	569,634	886,182	844,566	965,397
Total Governmental Activities Expenses	33,102,382	28,319,931	28,190,029	24,909,712
Business-Type Activities				
Water	6,328,824	5,657,845	5,976,511	5,561,209
Sewer	7,848,395	7,509,197	7,193,792	6,726,105
Total Business-Type Activities Expenses	14,177,219	13,167,042	13,170,303	12,287,314
Total Primary Government Expenses	47,279,601	41,486,973	41,360,332	37,197,026
Program Revenues				
Governmental Activities				
Charges for Services				
Security of Persons and Property				
Police	471,085	313,471	332,809	354,756
Fire	1,066,497	943,899	773,862	756,733
Public Health	140,165	133,488	108,974	116,853
Leisure Time Activities	271,849	275,402	276,929	257,010
Community Environment	512,667	151,613	182,696	19,156
Transportation	1,087,071	1,153,575	1,081,882	982,640
General Government				
Municipal Court	1,313,939	1,113,257	1,091,134	1,134,702
Other	315,526	228,268	246,887	328,020
Total Charges for Services	5,178,799	4,312,973	4,095,173	3,949,870
Operating Grants, Contributions, and Interest	3,273,258	2,947,200	3,789,724	3,144,597
Capital Grants and Contributions	1,619,021	3,262,302	1,512,023	722,483
Total Governmental Activities Program Revenues	10,071,078	10,522,475	9,396,920	7,816,950
Business-Type Activities				
Charges for Services				
Water	6,515,822	5,327,914	5,313,083	5,259,240
Sewer	9,397,518	7,218,429	5,667,134	5,587,673
Total Charges for Services	15,913,340	12,546,343	10,980,217	10,846,913
Capital Grants and Contributions	19,257	14,000	113,852	275,377
Total Business-Type Activities Program Revenues	15,932,597	12,560,343	11,094,069	11,122,290
Total Primary Government Program Revenues	26,003,675	23,082,818	20,490,989	18,939,240

2012	2011	2010	2009	2008	2007
$5,032,700	$5,402,963	$5,516,364	$5,669,764	$5,874,509	$5,574,825
5,905,825	5,527,949	5,515,869	5,862,556	5,937,365	6,007,917
244,688	252,562	249,581	258,171	314,316	337,986
306,388	283,560	329,948	315,947	403,533	390,069
216,767	508,712	460,013	816,417	601,231	724,443
2,476,125	2,893,502	3,331,774	4,228,845	3,310,344	3,076,512
4,470,255	4,445,226	4,239,588	4,205,229	4,303,144	4,537,224
1,033,017	1,023,043	970,915	933,795	870,524	915,040
3,617,806	3,497,520	3,456,520	3,870,955	4,408,458	3,859,012
1,295,714	1,005,849	1,252,643	1,495,442	1,447,618	1,347,061
24,599,285	24,840,886	25,323,215	27,657,121	27,471,042	26,770,089
5,368,961	5,359,486	4,511,328	5,101,130	5,585,538	4,515,116
6,334,406	8,341,844	6,895,098	6,337,377	6,433,075	6,017,246
11,703,367	13,701,330	11,406,426	11,438,507	12,018,613	10,532,362
36,302,652	38,542,216	36,729,641	39,095,628	39,489,655	37,302,451
399,331	353,733	321,561	342,426	383,757	260,758
754,046	988,659	827,407	721,402	625,434	743,841
84,027	108,618	107,057	122,323	118,531	132,369
269,160	217,068	234,894	233,214	327,660	328,280
86,007	215,830	236,362	417,210	358,027	326,365
913,441	1,019,259	844,608	882,613	5,149,554	1,892,081
1,215,434	1,070,168	1,160,818	1,184,632	1,196,877	1,035,917
186,445	247,215	267,011	178,236	175,414	200,752
3,907,891	4,220,550	3,999,718	4,082,056	8,335,254	4,920,363
3,711,215	3,742,313	4,514,002	3,531,046	3,008,317	3,541,296
500,093	1,074,582	1,509,594	2,010,876	258,793	1,874,767
8,119,199	9,037,445	10,023,314	9,623,978	11,602,364	10,336,426
5,267,773	5,224,179	5,055,459	5,361,036	5,480,958	4,741,359
5,485,453	6,730,491	6,176,303	5,881,665	6,460,336	6,480,173
10,753,226	11,954,670	11,231,762	11,242,701	11,941,294	11,221,532
271,057	148,225	4,108,459	12,273,563	178,083	8,069,676
11,024,283	12,102,895	15,340,221	23,516,264	12,119,377	19,291,208
19,143,482	21,140,340	25,363,535	33,140,242	23,721,741	29,627,634

(continued)

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

	2016	2015	2014	2013
Net (Expense) Revenue				
Governmental Activities	($23,031,304)	($17,797,456)	($18,793,109)	($17,092,762)
Business-Type Activities	1,755,378	(606,699)	(2,076,234)	(1,165,024)
Total Primary Government Net Expense	(21,275,926)	(18,404,155)	(20,869,343)	(18,257,786)
General Revenues and Other Changes in Net Position				
Governmental Activities				
Property Taxes Levied for General Purposes	1,480,791	1,537,824	1,400,699	1,444,024
Property Taxes Levied for Police and Fire Pension	243,434	252,790	230,208	237,368
Property Taxes Levied for Debt Service	405,691	421,325	383,742	395,613
Payment in Lieu of Taxes	557,852	565,102	569,888	591,483
Municipal Income Taxes Levied for General Purposes	11,716,187	9,939,811	6,521,944	7,413,615
Municipal Income Taxes Levied for Debt Service	780,974	659,492	430,773	494,203
Municipal Income Taxes Levied for Capital Projects	624,778	527,591	344,619	395,361
Other Local Taxes	5,775,150	4,950,083	3,878,441	4,122,098
Franchise Taxes	371,093	394,181	387,086	379,067
Grants and Entitlements not Restricted to Specific Programs	759,353	798,901	806,031	1,120,835
Interest	128,006	182,148	239,432	(3,698)
Other	2,103,291	1,166,975	900,535	782,475
Transfers	24,323	25,647	(285,706)	123,469
Special Item - Asset Donated to Developer	0	0	0	0
Total Governmental Activities	24,970,923	21,421,870	15,807,692	17,495,913
Business-Type Activities				
Interest	2,022	1,215	948	607
Other	274,734	171,105	204,243	472,690
Transfers	(24,323)	(25,647)	285,706	(123,469)
Total Business-Type Activities	252,433	146,673	490,897	349,828
Total Primary Government	25,223,356	21,568,543	16,298,589	17,845,741
Changes in Net Position				
Governmental Activities	1,939,619	3,624,414	(2,985,417)	403,151
Business-Type Activities	2,007,811	(460,026)	(1,585,337)	(815,196)
Total Primary Government	$3,947,430	$3,164,388	($4,570,754)	($412,045)

Note: Expenses are first impacted by the implementation of GASB Statement No. 68 beginning in 2015.

2012	2011	2010	2009	2008	2007
($16,480,086)	($15,803,441)	($15,299,901)	($18,033,143)	($15,868,678)	($16,433,663)
(679,084)	(1,598,435)	3,933,795	12,077,757	100,764	8,758,846
(17,159,170)	(17,401,876)	(11,366,106)	(5,955,386)	(15,767,914)	(7,674,817)
1,570,731	1,582,982	1,670,722	1,568,338	1,808,771	1,757,611
258,206	260,218	274,602	257,807	296,040	290,214
430,340	433,693	452,224	423,572	488,892	476,474
541,236	554,005	546,140	1,030	2,939	589,383
7,121,861	6,473,159	6,092,961	5,609,577	7,308,067	6,174,450
472,199	422,949	404,895	355,717	478,361	398,287
377,758	338,360	313,797	283,887	393,536	318,588
3,735,461	3,835,778	3,823,682	3,530,345	3,759,788	3,720,784
373,856	350,146	321,254	304,588	290,451	272,184
1,425,985	1,343,834	1,774,328	1,808,763	1,884,362	1,958,323
161,743	303,999	241,382	559,857	1,329,987	1,541,216
556,285	1,112,606	987,687	967,843	540,308	556,074
281,546	161,158	1,097,027	(451,084)	308,089	506,240
0	(2,613,682)	0	0	0	0
17,307,207	14,559,205	18,000,701	15,220,240	18,889,591	18,559,828
1,532	1,380	1,328	1,086	1,955	1,923
106,347	159,716	295,870	248,367	438,600	274,658
(281,546)	(161,158)	(1,097,027)	451,084	(308,089)	(506,240)
(173,667)	(62)	(799,829)	700,537	132,466	(229,659)
17,133,540	14,559,143	17,200,872	15,920,777	19,022,057	18,330,169
827,121	(1,244,236)	2,700,800	(2,812,903)	3,020,913	2,126,165
(852,751)	(1,598,497)	3,133,966	12,778,294	233,230	8,529,187
($25,630)	($2,842,733)	$5,834,766	$9,965,391	$3,254,143	$10,655,352

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

	2016	2015	2014	2013
General Fund				
Reserved	$0	$0	$0	$0
Unreserved	0	0	0	0
Nonspendable	220,944	212,012	217,967	221,127
Restricted	0	0	0	0
Assigned	325,642	146,885	129,626	365,022
Unassigned	5,091,348	4,562,646	3,953,112	3,943,022
Total General Fund	5,637,934	4,921,543	4,300,705	4,529,171
All Other Governmental Funds				
Reserved	0	0	0	0
Unreserved, Reported in				
Special Revenue Funds	0	0	0	0
Debt Service Funds	0	0	0	0
Capital Projects Funds (Deficit)	0	0	0	0
Nonspendable	137,304	163,996	132,158	254,806
Restricted	8,275,192	6,599,702	5,340,354	5,634,163
Committed	62,410	87,151	59,800	55,783
Unassigned (Deficit)	(200,928)	(243,329)	(314,737)	(157,449)
Total All Other Governmental Funds	8,273,978	6,607,520	5,217,575	5,787,303
Total Governmental Funds	$13,911,912	$11,529,063	$9,518,280	$10,316,474

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

2012	2011	2010	2009	2008	2007
$0	$0	$0	$0	$134,443	$108,449
0	0	0	0	3,689,976	4,115,612
237,393	227,348	146,670	19,590	n/a	n/a
0	0	93,120	86,561	n/a	n/a
100,273	281,308	133,224	26,956	n/a	n/a
3,953,717	3,598,766	3,272,103	2,897,549	n/a	n/a
4,291,383	4,107,422	3,645,117	3,030,656	3,824,419	4,224,061
0	0	0	0	3,280,330	3,958,843
0	0	0	0	4,233,164	4,376,446
0	0	0	0	267,924	340,938
0	0	0	0	(1,746,995)	(5,528,968)
122,143	91,871	85,551	2,259,561	n/a	n/a
5,117,809	5,308,988	5,639,796	1,798,115	n/a	n/a
61,240	42,338	43,585	38,443	n/a	n/a
(3,310,167)	(4,310,201)	(4,345,598)	(333,517)	n/a	n/a
1,991,025	1,132,996	1,423,334	3,762,602	6,034,423	3,147,259
$6,282,408	$5,240,418	$5,068,451	$6,793,258	$9,858,842	$7,371,320

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

	2016	2015	2014	2013
Revenues				
Property Taxes	$2,162,354	$2,179,144	$2,165,483	$2,156,325
Payment in Lieu of Taxes	557,852	565,102	569,888	591,483
Municipal Income Taxes	12,129,066	11,159,835	7,815,510	7,961,439
Other Local Taxes	6,214,372	5,391,794	4,319,159	4,542,872
Special Assessments	1,209,242	1,194,518	790,084	225,647
Charges for Services	2,414,694	2,408,821	2,179,994	1,873,124
Fees, Licenses, and Permits	1,345,243	923,474	994,644	1,050,523
Fines and Forfeitures	1,393,235	1,085,410	992,340	1,072,425
Intergovernmental	5,359,868	7,232,856	5,982,009	4,853,612
Interest	149,715	198,328	259,189	(1,431)
Other	2,240,524	1,075,204	1,145,250	973,777
Total Revenues	35,176,165	33,414,486	27,213,550	25,299,796
Expenditures				
Current:				
Security of Persons and Property				
Police	5,754,747	5,447,833	5,225,064	4,918,939
Fire	6,068,768	5,816,249	5,603,879	5,478,660
Other	271,686	267,254	271,810	252,367
Public Health	328,937	292,412	282,640	291,026
Leisure Time Activities	464,583	520,098	445,443	490,240
Community Environment	3,911,191	2,776,759	3,671,076	2,288,489
Transportation	4,716,823	4,702,816	4,712,716	3,277,176
General Government				
Municipal Court	1,003,382	984,633	1,077,058	1,016,432
Other	3,398,846	3,245,649	2,618,712	2,566,204
Other	176,294	152,549	181,625	88,357
Capital Outlay	4,134,785	4,174,274	1,164,442	547,247
Debt Service:				
Principal Retirement	2,110,185	2,098,519	2,423,334	1,959,320
Interest and Fiscal Charges	518,537	907,334	812,248	930,235
Issuance Costs	0	0	0	0
Total Expenditures	32,858,764	31,386,379	28,490,047	24,104,692
Excess of Revenues Over (Under) Expenditures	2,317,401	2,028,107	(1,276,497)	1,195,104
Other Financing Sources (Uses)				
General Obligation Bonds Issued	0	7,549,069	370,000	0
Special Assessment Bonds Issued	0	180,931	45,000	0
Revenue Bonds Issued	0	0	0	2,680,000
Loan Proceeds	0	0	0	0
Premium on General Obligation Bonds Issued	0	205,835	0	0
Premium on Special Assessment Bonds Issued	0	5,682	0	0
Payment to Refunded Bond Escrow Agent	0	(7,730,000)	0	0
Sale of Capital Assets	16,230	45,512	6,361	35,493
Inception of Capital Lease	24,895	0	0	0
Transfers In	5,446,133	4,717,900	2,913,091	3,414,520
Transfers Out	(5,421,810)	(4,992,253)	(2,856,149)	(3,291,051)
Total Other Financing Sources (Uses)	65,448	(17,324)	478,303	2,838,962
Changes in Fund Balance	$2,382,849	$2,010,783	($798,194)	$4,034,066
Debt Service as a Percentage of Noncapital Expenditures	8.45%	11.21%	11.70%	12.33%

2012	2011	2010	2009	2008	2007
$2,266,548	$2,290,106	$2,265,450	$2,296,321	$2,408,140	$2,537,843
541,236	554,005	546,140	509,041	61,710	22,601
7,679,283	7,240,793	6,716,022	7,035,145	7,633,758	7,387,718
4,176,906	4,287,830	4,289,953	3,954,181	4,192,054	4,155,563
263,281	329,360	312,486	363,594	716,482	514,373
1,751,080	1,408,172	1,566,291	1,625,516	1,734,744	1,562,798
977,026	940,663	951,838	860,515	818,094	777,905
1,129,197	1,027,377	1,089,255	1,175,414	1,216,730	1,000,848
5,802,086	5,717,042	7,606,331	6,725,011	5,484,268	6,007,797
184,401	341,790	322,815	626,662	1,419,311	1,653,255
944,060	1,225,758	1,253,526	1,011,487	948,160	1,081,031
25,715,104	25,362,896	26,920,107	26,182,887	26,633,451	26,701,732
5,066,185	5,498,666	5,440,140	5,524,466	5,814,874	5,501,299
5,512,695	5,522,370	5,263,815	5,369,175	5,537,118	5,566,180
244,688	252,562	249,581	258,171	314,316	337,986
310,763	271,130	353,288	289,282	385,481	365,784
455,973	385,373	340,606	375,479	472,955	752,163
3,060,559	2,704,414	3,464,442	4,711,509	3,351,746	3,449,840
3,178,728	3,110,557	3,864,900	2,810,287	2,648,551	2,884,363
981,662	1,038,040	957,168	924,136	856,718	890,382
2,829,493	2,863,831	2,795,838	3,179,119	3,723,204	3,483,636
128,727	92,756	68,108	112,205	106,467	79,540
803,610	1,635,471	4,507,569	3,404,107	1,487,593	2,216,476
1,500,472	5,455,694	1,213,401	1,118,512	1,033,726	991,682
896,912	1,001,860	1,241,563	1,472,318	1,436,324	1,263,946
0	115,335	0	0	97,668	103,441
24,970,467	29,948,059	29,760,419	29,548,766	27,266,741	27,886,718
744,637	(4,585,163)	(2,840,312)	(3,365,879)	(633,290)	(1,184,986)
0	4,090,000	0	0	0	5,478,271
0	0	0	84,400	2,625,000	356,729
0	0	0	0	0	0
0	0	0	0	0	918,855
0	120,335	0	0	111,537	43,403
0	0	0	0	0	0
0	0	0	0	0	(5,470,416)
1,161	385,637	18,478	30,806	900	11,255
0	0	0	0	0	0
3,257,469	4,961,338	4,664,279	2,769,241	5,259,992	3,569,940
(2,961,277)	(4,800,180)	(3,567,252)	(2,584,152)	(4,876,617)	(2,879,995)
297,353	4,757,130	1,115,505	300,295	3,120,812	2,028,042
$1,041,990	$171,967	($1,724,807)	($3,065,584)	$2,487,522	$843,056
10.61%	23.43%	10.35%	9.82%	9.85%	9.22%

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

	Real Property			Public Utility Personal Property	
	Assessed Value				
Year	Residential/ Agricultural	Commercial/ Industrial/ Public Utility	Estimated Actual Value	Assessed Value	Estimated Actual Value
2016	$299,888,000	$140,247,000	$1,257,528,571	$18,654,000	$21,197,727
2015	304,128,000	137,324,000	1,261,291,428	17,826,000	20,256,818
2014	305,909,000	137,297,000	1,266,302,857	16,854,000	19,152,273
2013	307,005,000	138,009,000	1,271,468,571	15,219,000	17,294,318
2012	325,473,000	145,320,000	1,345,122,857	14,018,000	15,929,545
2011	327,604,000	146,862,000	1,355,617,142	13,386,000	15,211,364
2010	268,557,000	118,719,000	1,106,502,856	12,639,000	14,362,500
2009	332,312,000	144,827,000	1,363,254,285	11,862,000	13,479,545
2008	329,995,000	150,360,000	1,372,442,857	11,439,000	12,998,864
2007	329,451,000	145,120,000	1,355,917,142	15,307,000	17,394,318

Source: Erie County Auditor

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

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

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

Tangible Personal Property		Total			
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Percentage of Total Assessed Value to Total Estimated Actual Value	Tax Rate
$0	$0	$458,789,000	$1,278,726,298	35.88%	$5.25
0	0	459,278,000	1,281,548,246	35.84	5.25
0	0	460,060,000	1,285,455,130	35.79	5.25
0	0	460,233,000	1,288,762,889	35.71	5.25
0	0	484,811,000	1,361,052,402	35.62	5.25
0	0	487,852,000	1,370,828,506	35.59	5.25
567,525	567,525	400,482,525	1,121,432,881	35.71	5.25
1,135,050	1,135,050	490,136,050	1,377,868,880	35.57	5.25
16,392,420	262,278,720	508,186,420	1,647,720,441	30.84	5.25
32,423,470	259,387,760	522,301,470	1,632,699,220	31.99	4.95

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

Year	2016	2015	2014	2013
City of Sandusky				
Voted Millage				
1998 Library Bond - 23 Years	$1.0000	$1.0000	$1.0000	$1.0000
Unvoted Millage				
General	3.6500	3.6500	3.6500	3.6500
Fire Pension	0.3000	0.3000	0.3000	0.3000
Police Pension	0.3000	0.3000	0.3000	0.3000
Total Unvoted Millage	4.2500	4.2500	4.2500	4.2500
Total Millage	5.2500	5.2500	5.2500	5.2500
Erie County	9.1000	8.9000	8.8000	8.8000
Sandusky City School District	80.5250	82.0250	80.5250	80.5250

Source: Erie County Auditor

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

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

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

2012	2011	2010	2009	2008	2007
$1.0000	$1.0000	$1.0000	$1.0000	$1.0000	$1.0000
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
4.2500	4.2500	4.2500	4.2500	4.2500	4.2500
5.2500	5.2500	5.2500	5.2500	5.2500	5.2500
8.8000	8.8000	8.8000	8.8000	8.8000	8.8000
75.4100	75.4000	75.4000	75.3500	75.9500	70.5500

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

Year	Current Tax Levy (1)	Current Collections	Percentage of Current Collections to Current Tax Levy	Delinquent Charges	Delinquent Collections	Total Collections	Percentage of Total Collections to Current Tax Levy
2016	$3,005,680	$2,840,752	94.51%	$260,215	$126,964	$2,967,716	98.74%
2015	3,038,324	2,903,143	95.55	233,276	151,470	3,054,613	100.54
2014	3,038,646	2,895,623	95.29	390,445	148,768	3,044,391	100.19
2013	3,079,702	2,918,017	94.75	404,560	148,793	3,066,810	99.58
2012	3,087,085	2,602,352	84.30	466,638	157,080	2,759,432	89.39
2011	2,569,664	2,396,091	93.25	467,320	166,077	2,562,168	99.71
2010	3,172,208	2,990,421	94.27	427,533	127,728	3,118,149	98.30
2009	3,125,545	2,943,945	94.19	414,025	136,816	3,080,761	98.57
2008	2,635,189	2,451,407	93.03	343,152	134,420	2,585,827	98.13
2007	2,490,471	2,335,332	93.77	318,936	132,057	2,467,389	99.07

Source: Erie County Auditor

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

Note: The County's current reporting system does not track delinquent tax collections by tax year.
Outstanding delinquencies are tracked in total by the date the parcel is first certified delinquent.
Penalties and interest are applied to the total outstanding delinquent balance.
The presentation will be updated as new information becomes available.

City of Sandusky
Principal Taxpayers
Current Year and Nine Years Ago

Taxpayer	Type of Business	2016 Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Cedar Fair	Theme Park	$38,465,620	1	8.38%
Ohio Edison Company	Utility	12,388,700	2	2.70
Norfolk & Western Railway	Railroad	6,279,980	3	1.37
Firelands Regional Health System	Hospital	3,680,240	4	0.80
Columbia Gas	Utility	3,515,440	5	0.77
Key Real Estate LTD	Realty	3,110,130	6	0.68
American Transmissions Systems	Manufacturing	2,749,460	7	0.60
Providence Care Center	Nursing Home	2,614,180	8	0.57
S & S Realty	Realty	2,379,380	9	0.52
Myers Industries, Inc.	Manufacturing/Assembly	2,055,720	10	0.45
Ohio Bell Telephone	Utility			
Sandusky Limited	Port Facilities			
	Total	77,238,850		16.84
	All Other Taxpayers	381,550,150		83.16
	Total Assessed Valuation	$458,789,000		100.00%

Source: Erie County Auditor

2007		
Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
$41,907,320	1	8.02%
8,175,830	2	1.58
4,147,590	4	0.79
4,248,000	3	0.81
2,881,790	6	0.55
2,194,100	9	0.42
3,714,080	5	0.71
2,291,000	8	0.44
2,566,770	7	0.49
1,844,400	10	0.35
73,970,880		14.16
448,330,590		85.84
$522,301,470		100.00%

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

2016

Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
$100,001 and higher	407	6.76%	$79,623,854	31.12%
$75,001 - $100,000	399	6.62	34,290,499	13.40
$50,001 - $75,000	805	13.36	49,284,292	19.26
$25,001 - $50,000	1,710	28.39	61,449,700	24.02
$25,000 and lower	2,703	44.87	31,205,846	12.20
Total	6,024	100.00%	$255,854,191	100.00%

2015

Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
$100,001 and higher	403	6.30%	$79,822,946	30.91%
$75,001 - $100,000	372	5.82	31,939,374	12.37
$50,001 - $75,000	837	13.09	51,076,079	19.78
$25,001 - $50,000	1,707	26.71	61,288,878	23.74
$25,000 and lower	3,073	48.08	34,073,481	13.20
Total	6,392	100.00%	$258,200,758	100.00%

2014

Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
$100,001 and higher	388	6.08%	$76,299,804	29.81%
$75,001 - $100,000	374	5.86	32,161,678	12.57
$50,001 - $75,000	868	13.60	53,086,760	20.74
$25,001 - $50,000	1,689	26.46	61,059,096	23.85
$25,000 and lower	3,064	48.00	33,363,234	13.03
Total	6,383	100.00%	$255,970,572	100.00%

2013

Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
$100,001 and higher	410	6.40%	$95,092,764	34.11%
$75,001 - $100,000	388	6.06	36,544,019	13.11
$50,001 - $75,000	853	13.32	52,244,517	18.74
$25,001 - $50,000	1,689	26.37	60,602,011	21.74
$25,000 and lower	3,065	47.85	34,290,337	12.30
Total	6,405	100.00%	$278,773,648	100.00%

(continued)

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

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

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

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

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

(continued)

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

2008

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

2007

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

Source: Regional Income Tax Agency (RITA)

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

Type of Customer	2016 Consumption (CCF)	2016 Billings	2016 Payments	2015 Consumption (CCF)	2015 Billings	2015 Payments
Residential	550,667	$2,016,974	$1,974,036	573,013	$1,538,263	$1,494,355
Commercial	585,476	1,788,569	1,764,504	600,872	1,391,064	1,396,550
Industrial	45,234	136,837	130,350	31,485	72,806	70,967
Municipal	67,545	0	0	74,138	0	0
Total	1,248,922	$3,942,380	$3,868,890	1,279,508	$3,002,133	$2,961,872
Monthly Base Rate		$6.85			$6.41	
Rate per 100 Cubic Feet		$3.18			$2.97	

Source: City Records

(continued)

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

Charges to Erie County are not included in payment amounts.

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

Type of Customer	2014 Consumption (CCF)	2014 Billings	2014 Payments	2013 Consumption (CCF)	2013 Billings	2013 Payments
Residential	596,980	$1,374,780	$1,333,595	551,320	$1,317,439	$1,329,853
Commercial	593,452	1,158,914	1,158,064	510,084	1,158,926	1,150,794
Industrial	30,094	58,537	59,083	31,712	60,598	59,041
Municipal	62,110	0	0	72,120	0	0
Total	1,282,636	$2,592,231	$2,550,742	1,165,236	$2,536,963	$2,539,688
Monthly Base Rate		$4.10			$4.10	
Rate per 100 Cubic Feet		$1.90			$1.90	

2012			2011		
Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
548,757	$1,414,656	$1,387,655	615,721	$1,439,777	$1,400,365
507,931	1,299,733	1,163,057	521,961	1,190,109	1,179,737
28,074	57,888	56,826	31,093	59,055	57,115
57,723	0	0	52,242	0	0
1,142,485	$2,772,277	$2,607,538	1,221,017	$2,688,941	$2,637,217
	$4.10			$4.10	
	$1.90			$1.90	

(continued)

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

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

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

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

Type of Customer	2016 Consumption (CCF)	2016 Billings	2016 Payments	2015 Consumption (CCF)	2015 Billings	2015 Payments
Residential	543,712	$3,933,676	$3,771,197	564,242	$3,069,817	$2,851,418
Commercial	499,593	3,301,521	3,260,717	516,644	2,608,735	2,502,094
Industrial	43,321	295,258	281,684	31,889	167,902	156,509
Municipal	66,957	0	0	72,950	0	0
Total	1,153,583	$7,530,455	$7,313,598	1,185,725	$5,846,454	$5,510,021
Monthly Base Rate		$13.67			$10.94	
Rate per 100 Cubic Feet		$7.75			$6.20	

Source: City Records

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

Charges to Erie County are not included in payment amounts.

2014			2013		
Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
585,393	$2,668,905	$2,542,241	551,320	$2,531,256	$2,532,349
505,059	2,085,709	2,065,514	510,084	2,110,759	2,073,429
30,591	128,868	128,962	31,712	133,237	130,017
60,792	0	0	72,120	0	0
1,181,835	$4,883,482	$4,736,717	1,165,236	$4,775,252	$4,735,795
	$7.00			$7.00	
	$3.97			$3.97	

(continued)

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

Type of Customer	2012 Consumption (CCF)	2012 Billings	2012 Payments	2011 Consumption (CCF)	2011 Billings	2011 Payments
Residential	548,757	$2,601,336	$2,645,519	615,721	$2,785,808	$2,657,644
Commercial	507,931	2,106,498	2,095,062	521,961	2,144,778	2,105,590
Industrial	28,074	122,333	126,372	31,093	130,625	126,327
Municipal	57,723	0	0	52,242	0	0
Total	1,142,485	$4,830,167	$4,866,953	1,221,017	$5,061,211	$4,889,561
Monthly Base Rate		$7.00			$7.00	
Rate per 100 Cubic Feet		$3.97			$3.97	

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

(continued)

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

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

City of Sandusky
Principal Water Customers
Last Ten Years

Customer	2016 Water Revenue Amount	2016 Water Revenue Percentage
Cedar Fair	$841,343	21.74%
Firelands Regional Health System	110,228	2.84
Sandusky Associates, LLC	60,629	1.57
Tofts Dairy	36,869	0.95
U. S. Tsubaki, Inc.	33,899	0.88
Okamoto Sandusky Manufacturing	25,435	0.66
A & L Metal Processing	19,940	0.52
MHD Corporation	19,376	0.50
Sandusky Board of Education	19,346	0.50
North Coast Property Management	14,594	0.38
Total	1,181,659	30.54
Balance from Other Customers	2,687,231	69.46
Total Water Revenue	$3,868,890	100.00%

Customer	2015 Water Revenue Amount	2015 Water Revenue Percentage
Cedar Fair	$688,371	23.25%
Firelands Regional Health System	78,628	2.66
U. S. Tsubaki, Inc.	33,811	1.14
MHD Corporation	24,085	0.81
A & L Metal Processing	18,109	0.61
Sandusky Board of Education	15,541	0.52
Okamoto Sandusky Manufacturing	12,198	0.41
North Coast Property Management	11,069	0.37
Erie County	9,702	0.33
Greentree Inn	8,063	0.27
Total	899,577	30.37
Balance from Other Customers	2,062,295	69.63
Total Water Revenue	$2,961,872	100.00%

(continued)

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

Customer	2014 Water Revenue Amount	2014 Water Revenue Percentage
Cedar Fair	$541,507	21.23%
Firelands Regional Health System	63,486	2.49
Sandusky Associates, LLC	39,166	1.54
U. S. Tsubaki, Inc.	25,486	1.00
MHD Corporation	13,744	0.54
Sandusky Board of Education	12,946	0.51
Norfolk-Southern Corporation	11,219	0.44
Okamoto Sandusky Manufacturing	10,552	0.41
North Coast Property Management	9,908	0.38
Greentree Inn	9,165	0.36
Total	737,179	28.90
Balance from Other Customers	1,813,563	71.10
Total Water Revenue	$2,550,742	100.00%

Customer	2013 Water Revenue Amount	2013 Water Revenue Percentage
Cedar Fair	$530,669	20.89%
Firelands Regional Health System	59,116	2.33
Sandusky Associates, LLC	40,686	1.60
MHD Corporation	23,280	0.92
U. S. Tsubaki, Inc.	22,446	0.88
Sandusky Board of Education	11,996	0.47
Westwood Management	10,202	0.40
North Coast Property Management	10,096	0.40
Greentree Inn	9,811	0.39
A & L Metal Processing	9,393	0.37
Total	727,695	28.65
Balance from Other Customers	1,811,993	71.35
Total Water Revenue	$2,539,688	100.00%

(continued)

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

Customer	2012 Water Revenue Amount	2012 Water Revenue Percentage
Cedar Fair	$519,759	19.92%
Firelands Regional Health System	61,966	2.38
Sandusky Associates, LLC	34,226	1.31
U. S. Tsubaki, Inc.	27,006	1.04
MHD Corporation	12,338	0.47
Greentree Inn	10,115	0.39
Westwood Management	9,697	0.37
Erie Metro Housing	9,526	0.37
Sandusky Board of Education	9,336	0.36
Providence Care Center	9,127	0.35
Total	703,096	26.96
Balance from Other Customers	1,904,442	73.04
Total Water Revenue	$2,607,538	100.00%

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

(continued)

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

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

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

(continued)

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

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

Customer	2007 Water Revenue Amount	2007 Water Revenue Percentage
Cedar Fair	$466,048	16.79%
Firelands Regional Health System	62,660	2.26
Sandusky Associates, LLC	30,806	1.11
Radisson Harbour Inn	23,415	0.84
Sandusky Board of Education	21,496	0.77
U. S. Tsubaki, Inc.	18,646	0.67
G & C Foundry	17,316	0.62
Providence Care Center	13,155	0.47
Sandusky Bay Kiwanis	13,136	0.47
Westwood Management	9,203	0.33
Total	675,881	24.33
Balance from Other Customers	2,101,601	75.67
Total Water Revenue	$2,777,482	100.00%

Source: City Utility Department

City of Sandusky
Principal Sewer Customers
Last Ten Years

	2016	
	Sewer Revenue	
Customer	Amount	Percentage
Cedar Fair	$1,493,791	20.43%
Firelands Regional Health System	217,987	2.99
Sandusky Associates, LLC	128,583	1.76
Tofts Dairy	63,927	0.87
Okamoto Sandusky Manufacturing	57,828	0.79
A & L Metal Processing	42,599	0.58
MHD Corporation	41,004	0.56
Sandusky Board of Education	33,165	0.45
North Coast Property Management	32,483	0.44
Radisson Harbour Inn	31,439	0.43
Total	2,142,806	29.30
Balance from Other Customers	5,170,792	70.70
Total Sewer Revenue	$7,313,598	100.00%

	2015	
	Sewer Revenue	
Customer	Amount	Percentage
Cedar Fair	$1,212,006	21.99%
Firelands Regional Health System	159,245	2.89
MHD Corporation	50,655	0.92
A & L Metal Processing	38,296	0.70
Okamoto Sandusky Manufacturing	28,189	0.51
Sandusky Board of Education	26,427	0.48
North Coast Property Management	24,243	0.44
Erie County	20,780	0.38
Greentree Inn	17,127	0.31
Providence Care Center	15,204	0.28
Total	1,592,172	28.90
Balance from Other Customers	3,917,849	71.10
Total Sewer Revenue	$5,510,021	100.00%

(continued)

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

Customer	2014 Sewer Revenue Amount	2014 Sewer Revenue Percentage
Cedar Fair	$943,181	19.91%
Firelands Regional Health System	127,169	2.69
Sandusky Associates, LLC	82,348	1.74
MHD Corporation	28,851	0.61
Okamoto Sandusky Manufacturing	23,314	0.49
North Coast Property Management	21,259	0.45
Greentree Inn	19,283	0.41
Sandusky Board of Education	19,272	0.40
Erie Metro Housing	16,176	0.34
Myers Industries, Inc.	2,152	0.05
Total	1,283,005	27.09
Balance from Other Customers	3,453,712	72.91
Total Sewer Revenue	$4,736,717	100.00%

Customer	2013 Sewer Revenue Amount	2013 Sewer Revenue Percentage
Cedar Fair	$926,309	19.55%
Firelands Regional Health System	89,811	1.90
Sandusky Associates, LLC	85,524	1.81
MHD Corporation	48,833	1.03
Sandusky Board of Education	25,330	0.53
North Coast Property Management	21,607	0.46
Westwood Management	21,332	0.45
Greentree Inn	20,454	0.43
A & L Metal Processing	19,760	0.42
Providence Care Center	16,028	0.34
Total	1,274,988	26.92
Balance from Other Customers	3,460,807	73.08
Total Sewer Revenue	$4,735,795	100.00%

(continued)

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

Customer	2012 Sewer Revenue Amount	2012 Sewer Revenue Percentage
Cedar Fair	$920,514	18.92%
Firelands Regional Health System	96,084	1.98
Sandusky Associates, LLC	69,247	1.42
MHD Corporation	25,913	0.53
Westwood Management	20,287	0.42
Erie Metro Housing	20,146	0.41
Sandusky Board of Education	20,019	0.41
North Coast Property Management	19,621	0.40
Providence Care Center	19,203	0.39
Greentree Inn	15,631	0.32
Total	1,226,665	25.20
Balance from Other Customers	3,640,288	74.80
Total Sewer Revenue	$4,866,953	100.00%

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

(continued)

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

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

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

(continued)

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

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

Customer	2007 Sewer Revenue Amount	2007 Sewer Revenue Percentage
Cedar Fair	$865,657	16.41%
Firelands Regional Health System	121,803	2.31
Sandusky Associates, LLC	64,880	1.23
Radisson Harbour Inn	49,406	0.94
Sandusky Board of Education	45,427	0.86
Sandusky Bay Kiwanis	27,688	0.53
Providence Care Center	27,620	0.52
G & C Foundry	26,660	0.51
Westwood Management	19,255	0.37
Erie Metro Housing	18,558	0.35
Total	1,266,954	24.03
Balance from Other Customers	4,006,005	75.97
Total Sewer Revenue	$5,272,959	100.00%

Source: City Utility Department

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

	Water		Sewer		Total	
Year	Residential	Commercial	Residential	Commercial	Residential	Commercial
2016	8,375	1,041	8,324	1,018	16,699	2,059
2015	8,340	1,039	8,294	1,018	16,634	2,057
2014	8,208	1,168	8,166	1,143	16,374	2,311
2013	8,345	1,036	8,319	1,020	16,664	2,056
2012	8,389	1,027	8,357	1,014	16,746	2,041
2011	8,357	1,006	8,329	989	16,686	1,995
2010	8,361	1,019	8,334	1,002	16,695	2,021
2009	8,379	1,014	8,351	997	16,730	2,011
2008	8,393	1,038	8,368	1,020	16,761	2,058
2007	8,462	1,027	8,437	1,009	16,899	2,036

Source: City Utility Department

City of Sandusky
Water Produced and Consumed and Wastewater Treated
Last Ten 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
2016	3,322,261,545	2,642,588,574	921,968,344	142,446,326	20.46%	5,150,653,000
2015	3,298,592,130	2,635,860,027	921,046,060	240,900,163	20.12	5,131,900,000
2014	3,304,447,404	2,489,943,910	841,352,644	153,627,237	5.81	4,625,400,000
2013	3,323,608,000	2,336,032,624	724,070,810	324,043,324	12.18	4,696,100,000
2012	3,420,350,900	2,509,011,164	806,177,308	43,260,580	1.69	4,400,500,000
2011	3,477,491,000	2,478,440,404	860,098,299	38,144,266	25.76	5,865,100,000
2010	3,311,345,000	2,732,551,064	462,193,250	64,910,000	14.47	3,764,140,000
2009	3,055,757,000	2,439,575,070	532,694,360	38,973,750	17.92	3,790,900,000
2008	3,056,657,000	2,545,413,752	302,599,669	35,622,000	10.62	4,300,500,000
2007	3,056,130,750	2,522,043,000	340,653,095	174,588,655	11.90	4,174,000,000

Source: City Utility Department

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

	Governmental Activities				
Year	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Loans Payable	Capital Leases
2016	$9,314,227	$1,200,000	$2,125,599	$110,599	$16,597
2015	10,713,509	1,580,000	2,356,309	216,646	0
2014	12,148,290	1,950,000	2,627,833	318,327	0
2013	13,443,350	2,310,000	2,903,175	415,821	0
2012	14,677,706	0	3,183,334	509,301	0
2011	15,803,424	0	3,486,729	598,932	0
2010	15,901,176	0	3,812,686	684,873	914
2009	16,624,377	0	4,170,986	767,275	38,073
2008	17,289,834	0	4,438,434	829,545	75,916
2007	17,900,290	0	1,996,032	918,855	111,932

Source: City Records

(1) See schedule on S-56 for population and personal income.

Business-Type Activities					
General Obligation Revenue Bonds	OWDA Loans	Loans Payable	Total Debt	Per Capita (1)	Percentage of Personal Income (1)
$1,425,000	$46,379,503	$68,723	$60,640,248	$2,351.04	10.73%
1,500,000	41,713,399	134,616	58,214,479	2,256.99	10.39
1,570,000	44,107,382	197,796	62,919,628	2,439.41	11.23
1,588,285	46,436,047	258,374	67,355,052	2,611.37	13.06
1,649,180	48,063,420	316,459	68,399,400	2,651.86	13.02
1,753,994	46,725,607	372,152	68,740,838	2,665.10	13.91
1,935,910	43,537,012	425,552	66,298,123	2,570.39	13.58
2,117,825	40,693,071	476,753	64,888,360	2,330.43	12.87
2,294,659	36,781,982	515,446	62,225,816	2,234.80	12.34
2,471,493	34,578,434	570,938	58,547,974	2,102.71	11.61

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

Year	Population	Estimated Actual Value	Gross Bonded Debt	Bonded Debt Per Capita	Ratio of Bonded Debt to Estimated Actual Value
2016	25,793	$1,278,726,298	$12,864,826	$498.77	1.01%
2015	25,793	1,281,548,246	14,569,818	564.87	1.14
2014	25,793	1,285,455,130	16,346,123	633.74	1.27
2013	25,793	1,288,762,889	17,934,810	695.34	1.39
2012	25,793	1,361,052,402	19,510,220	756.42	1.43
2011	25,793	1,370,828,506	21,044,147	815.89	1.54
2010	25,793	1,121,432,882	21,649,772	839.37	1.93
2009	27,844	1,377,868,880	22,913,188	822.91	1.66
2008	27,844	1,647,720,441	24,022,927	862.77	1.46
2007	27,844	1,632,699,220	22,367,815	803.33	1.37

Source: City Records

Erie County Auditor

(1) See schedule on S-13 for estimated actual value.

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

City of Sandusky
Computation of Direct and Overlapping Debt for Governmental Activities
December 31, 2016

	Debt Outstanding	Percent Applicable to City of Sandusky (1)	Amount Applicable to City of Sandusky
City of Sandusky			
2001 Various Purpose	$75,000	100.00%	$75,000
2011 Library Refunding	2,625,025	100.00	2,625,025
2014 Various Purpose Refunding	110,000	100.00	110,000
2015 City Complex Refunding	3,015,000	100.00	3,015,000
2015 Police Pension Bonds Refunding	302,672	100.00	302,672
2015 Fire Pension Bonds Refunding	407,328	100.00	407,328
2015 Various Purpose Bonds Refunding	2,779,202	100.00	2,779,202
2013 Urban Renewal	1,200,000	100.00	1,200,000
Special Assessment Bonds	2,125,599	100.00	2,125,599
Loans Payable	110,599	100.00	110,599
Capital Leases	16,597	100.00	16,597
	12,767,022		12,767,022
Erie County	12,529,525	22.39	2,805,361
Total	$25,296,547		$15,572,383

Source: City Records and Erie County Auditor

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the total assessed valuation of the political subdivision. The valuations used were for the 2016 collection year.

City of Sandusky
Computation of Legal Debt Margin
Last Ten Years

	2016	2015	2014
Total Assessed Valuation	$458,789,000	$459,278,000	$460,060,000
Overall Debt Limitation - 10.5 Percent of Assessed Valuation	48,172,845	48,224,190	48,306,300
Gross Indebtedness	63,739,824	60,044,560	64,847,881
Less Debt Outside Limitation			
Revenue Bonds	1,200,000	1,580,000	1,950,000
Special Assessment Bonds	2,046,119	2,272,092	2,539,063
General Obligation Revenue Bonds	1,425,000	1,500,000	1,570,000
OWDA Loans	46,379,503	41,713,399	44,107,382
Net Indebtedness	12,689,202	12,979,069	14,681,436
Less Fund Balance in Debt Service Fund	152,986	129,875	45,366
Net Debt Within 10.5 Percent Limitation	12,536,216	12,849,194	14,636,070
Legal Debt Margin Within 10.5 Percent Limitation	$35,636,629	$35,374,996	$33,670,230
Legal Debt Margin as a Percentage of the Overall Debt Limitation	73.98%	73.36%	69.70%
Unvoted Debt Limitation - 5.5 Percent of Assessed Valuation	$25,233,395	$25,260,290	$25,303,300
Gross Indebtedness	63,739,824	60,044,560	64,847,881
Less Debt Outside Limitation			
Revenue Bonds	1,200,000	1,580,000	1,950,000
Special Assessment Bonds	2,046,119	2,272,092	2,539,063
General Obligation Revenue Bonds	1,425,000	1,500,000	1,570,000
OWDA Loans	46,379,503	41,713,399	44,107,382
Net Indebtedness	12,689,202	12,979,069	14,681,436
Less Fund Balance in Debt Service Fund	152,986	129,875	45,366
Net Debt Within 5.5 Percent Limitation	12,536,216	12,849,194	14,636,070
Legal Debt Margin Within 5.5 Percent Limitation	$12,697,179	$12,411,096	$10,667,230
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	50.32%	49.13%	42.16%

Source: City Records

2013	2012	2011	2010	2009	2008	2007
$460,233,000	$484,811,000	$487,852,000	$400,482,525	$490,136,050	$508,186,420	$522,301,470
48,324,465	50,905,155	51,224,460	42,050,665	51,464,285	53,359,574	54,841,654
69,424,886	73,103,099	73,755,127	71,437,371	69,034,270	68,244,180	65,841,032
2,310,000	0	0	0	0	0	0
2,810,036	3,086,009	3,384,549	3,706,088	4,060,063	4,324,197	1,992,732
1,565,000	1,625,000	1,729,000	1,906,000	2,083,000	2,255,000	2,427,000
46,436,047	48,063,420	46,725,607	43,537,012	40,693,071	36,781,982	34,578,434
16,303,803	20,328,670	21,915,971	22,288,271	22,198,136	24,883,001	26,842,866
57,130	29,134	32,753	82,687	173,295	162,155	205,867
16,246,673	20,299,536	21,883,218	22,205,584	22,024,841	24,720,846	26,636,999
$32,077,792	$30,605,619	$29,341,242	$19,845,081	$29,439,444	$28,638,728	$28,204,655
66.38%	60.12%	57.28%	47.19%	57.20%	53.67%	51.43%
$25,312,815	$26,664,605	$26,831,860	$22,026,539	$26,957,483	$27,950,253	$28,726,581
69,424,886	73,103,099	73,755,127	71,437,371	69,034,270	68,244,180	65,841,032
2,310,000	0	0	0	0	0	0
2,810,036	3,086,009	3,384,549	3,706,088	4,060,063	4,324,197	1,992,732
1,565,000	1,625,000	1,729,000	1,906,000	2,083,000	2,255,000	2,427,000
46,436,047	48,063,420	46,725,607	43,537,012	40,693,071	36,781,982	34,578,434
16,303,803	20,328,670	21,915,971	22,288,271	22,198,136	24,883,001	26,842,866
57,130	29,134	32,753	82,687	173,295	162,155	205,867
16,246,673	20,299,536	21,883,218	22,205,584	22,024,841	24,720,846	26,636,999
$9,066,142	$6,365,069	$4,948,642	($179,045)	$4,932,642	$3,229,407	$2,089,582
35.82%	23.87%	18.44%	(0.81%)	18.30%	11.55%	7.27%

City of Sandusky
Revenue Supported - Bond Coverage
Governmental Activities
Last Four Years

Year	Payment in Lieu of Taxes Revenue (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2016	$523,299	$380,000	$49,597	$429,597	1.22
2015	532,265	370,000	59,525	429,525	1.24
2014	537,159	360,000	69,005	429,005	1.25
2013	558,906	370,000	133,603	503,603	1.11

Source: City Records

(1) Includes only payment in lieu of taxes revenue from the Urban Renewal Debt Retirement debt service fund.

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	
2016	$6,563,905	$5,576,045	$987,860	$5,000	$3,813	$8,813	112.09
2015	5,402,733	4,985,761	416,972	10,000	4,118	14,118	29.53
2014	5,395,434	5,100,326	295,108	140,000	9,140	149,140	1.98
2013	5,330,875	4,681,292	649,583	5,000	5,641	10,641	61.05
2012	5,301,855	4,537,221	764,634	5,000	5,898	10,898	70.16
2011	5,296,814	4,770,271	526,543	85,000	10,523	95,523	5.51
2010	5,135,801	4,198,140	937,661	85,000	14,523	99,523	9.42
2009	5,377,081	4,182,466	1,194,615	85,000	18,524	103,524	11.54
2008	5,499,096	4,626,578	872,518	85,000	22,525	107,525	8.11
2007	4,746,271	3,841,614	904,657	85,000	26,328	111,328	8.13

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	
2016	$9,620,724	$6,964,106	$2,656,618	$70,000	$41,938	$111,938	23.73
2015	7,311,210	6,338,635	972,575	60,000	43,768	103,768	9.37
2014	5,789,026	5,836,218	(47,192)	1,485,000	108,913	1,593,913	(0.03)
2013	5,981,063	5,316,839	664,224	55,000	59,739	114,739	5.79
2012	5,552,003	4,829,487	722,516	99,000	64,335	163,335	4.42
2011	6,816,622	6,343,763	472,859	92,000	68,641	160,641	2.94
2010	6,390,831	5,854,281	536,550	92,000	72,946	164,946	3.25
2009	6,113,987	5,143,723	970,264	87,000	76,995	163,995	5.92
2008	6,879,298	5,276,170	1,603,128	87,000	81,045	168,045	9.54
2007	6,749,919	4,921,594	1,828,325	87,000	85,094	172,094	10.62

Source: City Records

(1) Includes depreciation expense, excludes interest expense.

City of Sandusky
Demographic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (3)	Personal Income Per Capita (1)	Dwelling Units (1)	Occupied Dwelling Units Households (1)
2016	25,793	$565,408,353	$21,921	13,617	11,333
2015	25,793	560,352,925	21,725	13,706	11,432
2014	25,793	538,635,219	20,883	13,447	11,155
2013	25,793	515,679,449	19,993	13,536	11,138
2012	25,793	525,222,859	20,363	13,386	11,082
2011	25,793	494,116,501	19,157	13,386	11,082
2010	25,793	488,106,732	18,924	13,377	11,153
2009	27,844	504,282,684	18,111	13,323	11,851
2008	27,844	504,282,684	18,111	13,323	11,851
2007	27,844	504,282,684	18,111	13,323	11,851

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

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

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

Persons Per Household (1)	Owner Occupied Units (1)	Median Family Income (1)	Unemployment Rate (2)
2.15	5,810	$42,928	6.0%
2.15	5,965	44,441	5.9
2.25	5,786	45,208	7.0
2.27	5,906	43,723	7.9
2.28	5,916	44,615	7.6
2.28	5,916	44,270	9.2
2.26	6,490	43,302	9.8
2.31	6,692	37,749	12.4
2.31	6,692	37,749	9.8
2.31	6,692	37,749	7.3

City of Sandusky
Principal Employers
Current Year and Nine Years Ago

Employer	Type of Business	2016 Number of Employees	2016 Rank	2016 Percentage of Total Employment
Magnum Management Corp.	Entertainment	6,070	1	47.30%
Firelands Regional Health System	Hospital	2,043	2	15.92
Sandusky Board of Education	Education	753	3	5.87
Erie County	Government	592	4	4.60
Providence Care Center	Nursing Home	361	5	2.81
Kyklos Bearings International	Automotive	310	6	2.42
Lewco, Inc.	Manufacturing	219	7	1.71
Stein Hospice Service	Hospice	197	8	1.53
Sandusky International, Inc.	Manufacturing	160	9	1.25
Okamoto Sandusky Manufacturing	Manufacturing	131	10	1.02
Delphi Automotive System	Automotive			
City of Sandusky	Government			
Ford Motor Company	Automotive			
FMC Corporation	Food Equipment			
Sandusky International, Inc.	Manufacturing			
Sandusky Limited	Port Facilities			
	Total	10,836		84.43%
	Total City Employment	12,834		

Source: Regional Income Tax Agency (RITA)

2007		
Number of Employees	Rank	Percentage of Total Employment
6,195	1	49.17%
1,600	2	12.70
857	3	6.80
727	4	5.77
500	5	3.97
295	6	2.34
260	7	2.06
251	8	1.99
130	9	1.03
121	10	0.96
10,936		86.79%
12,600		

City of Sandusky
Full Time Equivalent City Government Employees by Function/Program
Last Ten Years

Function/Program	2016	2015	2014
Security of Persons and Property-Police			
Police Patrol	47.0	47.0	45.0
Police Records	2.0	2.0	1.0
Police Reserve	4.0	3.0	0.0
Security of Persons and Property-Fire			
Fire Suppression	48.0	48.0	48.0
Public Health			
Oakland Cemetery	2.5	2.5	2.0
Leisure Time Activities			
Golf Course	0.0	0.5	0.0
Recreation	1.0	1.5	1.0
Pavillion	0.0	0.0	0.0
Community Environment			
Community Development	16.0	10.0	6.0
Horticultural Services	10.5	9.0	7.0
Transportation			
Streets	11.5	11.5	11.0
Traffic and Electrical Maintenance	2.0	1.0	2.0
General Government-Municipal Court			
Court-Criminal	17.0	17.0	14.0
General Government-Other			
City Manager	3.0	2.0	1.0
Personnel Labor Relations	4.0	4.0	2.0
Finance	3.0	3.0	3.0
Law Director	4.5	5.5	4.0
City Commission	8.0	8.0	8.0
Municipal Buildings and Lands	4.0	4.0	2.0
Engineering	11.5	10.0	8.0
Fleet	5.0	4.0	4.0
Basic Utility Services			
Water/Sewer Office	4.0	3.0	3.0
Waterworks Filtration	14.0	13.0	13.0
Waterworks Distribution	10.0	10.0	9.0
Water Pollution Control	17.0	15.0	15.0
Sewer Maintenance	9.0	10.0	9.0
Total	258.5	244.5	218.0

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.

2013	2012	2011	2010	2009	2008	2007
45.0	45.0	47.0	45.0	52.0	52.0	49.0
1.0	1.0	4.5	6.0	10.0	12.0	11.0
4.0	4.0	2.0	0.0	0.0	3.5	7.0
53.0	53.0	54.0	48.0	54.0	52.0	53.0
2.5	2.5	2.5	2.5	3.5	3.0	4.5
0.0	0.5	0.0	0.0	0.0	0.0	0.0
1.0	1.0	2.0	1.0	1.0	1.0	1.0
0.0	0.0	0.0	0.0	0.5	0.5	0.0
7.0	6.0	6.0	6.0	5.0	8.5	10.5
7.5	8.0	8.5	8.5	8.0	9.0	11.5
10.5	10.5	9.5	9.5	10.0	10.0	10.0
2.0	2.0	2.0	3.0	3.0	3.0	5.0
17.0	17.5	17.0	18.0	18.0	19.5	19.5
1.0	1.0	1.5	0.0	0.0	2.0	2.0
3.0	3.0	4.0	4.0	4.5	5.5	5.5
3.0	3.0	2.0	3.0	4.0	4.0	4.0
4.5	4.5	4.5	4.5	4.0	6.0	6.0
8.0	8.0	8.0	8.0	8.0	9.0	9.0
2.5	3.5	3.5	4.5	4.0	5.5	4.5
8.0	7.0	7.0	7.0	10.0	11.0	11.0
4.0	4.0	4.0	4.0	4.0	4.0	4.0
3.0	3.0	3.0	3.0	3.0	3.0	2.0
12.0	13.0	13.0	13.0	12.0	12.0	13.0
9.0	8.0	8.0	8.5	9.0	9.0	10.0
15.0	17.0	18.0	18.0	18.0	18.0	18.0
9.0	9.0	8.0	9.0	9.0	9.0	9.0
232.5	235.0	239.5	234.0	254.5	272.0	280.0

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

Function/Program	2016	2015	2014
Security of Persons and Property-Police			
Number of Calls for Service	28,533	34,386	25,192
Number of Traffic Citations and Arrests	3,174	2,050	2,785
Number of Parking Tickets Issued	757	426	349
Accident Severity Breakdown			
Fatalities	1	1	0
Injury	122	120	125
Property Damage	475	539	568
Number of Criminal Arrests	4,135	4,256	6,026
Number of DUI Arrests	223	173	255
Square Miles Served	14.9	14.9	14.9
Original Department Operating Budget (General Fund)	$5,328,569	$5,042,948	$4,665,990
Security of Persons and Property-Fire			
Number of EMS Calls	4,771	4,962	4,904
Number of Fire Calls	1,539	1,241	1,059
Net Ambulance Billing Collections	$999,773	$907,778	$850,165
EMS Response Time (in seconds)	189	101	186
Fire Reponse Time (in seconds)	241	237	255
Number of Times Mutual Aid Given	35	31	29
Number of Times Mutual Aid Received	32	33	23
Square Miles Served	14.9	14.9	14.9
Number of Stations	3	3	3
Original Department Operating Budget (General Fund)	$4,688,936	$4,666,999	$4,508,719
Public Health			
Cemetery Burials	154	124	138
Cemetery Cremations	47	35	38
Cemetery Sale of Lots	82	93	62
Cemetery Charges for Services Receipts	$117,474	$106,665	$90,118
Leisure Time Activities			
Recreation			
Boat Ramp Receipts	$5,150	$300	$0
Golf Course Receipts	$172,769	$188,674	$183,990
Recreation Receipts	$62,676	$42,286	$46,700
Sandusky Bay Pavilion Receipts	$0	$1,000	$790
Paper District Marina Receipts	$36,667	$50,848	$44,738
Reimbursements/Donations	$1,317	$1,211	$3,048
Golf Course-Daily Pay Rounds	6,870	7,638	7,707
Golf Course-Daily Pass Rounds	5,076	5,489	6,487
Golf Course-Annual Pass Sales	106	102	110
Boat Ramp-Number of Daily Passes Sold	0	0	0
Boat Ramp-Number of Season Passes Sold	0	0	0
Boat Ramp-Number of Tournament Days	20	19	22
Paper District Marina-3-Hour Docks	2,757	1,795	1,811
Paper District Marina-Overnight Boat	420	255	299
Paper District Marina-Weekly Boat	0	0	0
Paper District Marina-Jetski Day	0	14	15
Paper District Marina-Jetski Overnight	6	5	0
Paper District Marina-Jetski 10-Day	0	2	0
Paper District Marina-Seasonal Dock (Boat)	22	10	6
Paper District Marina-Seasonal Dock (Jetski)	8	8	8

2013	2012	2011	2010	2009	2008	2007
43,330	36,934	37,071	19,471	28,288	21,441	17,529
4,281	3,922	3,452	3,072	4,319	4,892	3,807
396	445	557	611	1,069	1,819	1,815
0	2	0	0	0	2	0
100	127	138	101	120	123	132
514	577	574	603	511	575	651
6,391	6,094	5,881	6,505	5,771	7,953	8,094
237	184	185	241	241	209	235
14.9	14.9	14.9	14.9	14.9	14.9	14.9
$4,727,118	$4,951,507	$4,686,741	$4,673,083	$5,404,496	$5,384,630	$5,017,372
4,542	4,495	4,312	3,914	3,858	3,673	3,641
897	855	791	838	1,177	1,168	1,115
$780,893	$864,791	$622,476	$767,177	$626,958	$660,239	$599,323
175	178	191	184	178	186	214
226	251	288	285	247	207	226
32	23	26	21	18	27	18
23	17	29	23	16	19	30
14.9	14.9	14.9	14.9	14.9	14.9	14.9
3	3	3	3	3	3	3
$4,294,596	$4,176,776	$4,105,936	$4,392,888	$4,900,965	$4,745,641	$4,515,255
138	108	128	110	95	93	103
48	34	34	33	42	42	35
75	74	66	65	69	74	103
$96,550	$74,340	$90,515	$86,562	$100,113	$95,190	$107,389
$28,763	$21,369	$938	$201	$845	$38,128	$55,519
$162,553	$204,010	$211,717	$214,839	$207,048	$244,384	$209,793
$40,456	$30,954	$30,958	$23,786	$27,820	$36,325	$34,509
$10,540	$0	$5,000	$500	$17,515	$34,261	$35,741
$36,975	$21,369	$6,033	$0	$0	$0	$0
$3,483	$3,262	$760	$650	$669	$529	$124
7,150	9,801	6,935	9,610	9,517	11,275	10,357
5,983	6,952	6,880	6,588	9,484	9,973	10,074
113	120	119	124	132	145	164
2,932	2,501	0	n/a	n/a	3,915	4,513
80	65	0	n/a	n/a	78	113
19	12	14	12	14	4	22
1,722	722	186	0	0	0	0
334	109	89	0	0	0	0
0	0	11	0	0	0	0
38	17	39	0	0	0	0
6	0	2	0	0	0	0
0	0	2	0	0	0	0
1	0	0	0	0	0	0
5	0	0	0	0	0	0

(continued)

Function/Program	2016	2015	2014
Horticulture Services			
Trees Planted	110	40	58
Trees Removed	136	129	136
Trees Trimmed	150	102	235
Stumps Removed	50	62	136
Loads of Wood and Chips to Residents	25	30	132
Number of Regularly Scheduled Work Hours Related to			
Trees Planted	276	0	135
Trees Removed	624	0	818
Trees Trimmed	40	0	427
Stumps Removed	360	32	137
Storm Cleanup	100	350	336
Plant Propagation	1,200	1,060	1,172
Plant Installation	1,000	700	565
Landscape Maintenance	2,000	1,500	1,575
Fountain and Irrigation Maintenance	400	200	143
Playground Equipment Maintenance	316	225	103
Nursery Maintenance	0	0	327
Baseball Field Maintenance	610	400	117
Public Restroom Maintenance	700	680	295
Holiday Decorations	206	224	793
Christmas Tree Pickup	225	40	87
Transportation			
Cost of Salt Purchased	$34,652	$9,847	$45,472
Number of Regularly Scheduled Work Hours Related to Snow Removal	491	0	996
Sign Department Hours	2,414	2,180	1,561
Guardrail Repair Hours	10	48	3
Street Improvements-Asphalt Overlay (linear feet)	1,942	4,084	896
Pavement Marking Hours	1,072	256	555
Cold Patch Hours	1,187	2,512	1,090
Street Sweeping Hours	1,376	1,160	1,502
General Government-Court			
Municipal Court			
Number of Civil Cases	2,865	2,383	2,375
Number of Criminal Cases	10,401	10,519	11,716
General Government-Other			
Finance			
Agency Ratings-Moody's Financial Services	Aa3	Aa3	Aa3
Income Tax			
Number of Individual Returns	15,619	14,938	15,827
Number of Business Returns	3,195	3,019	3,382
Number of Business Withholding Accounts	15,626	13,979	14,381
Amount of Interest and Penalties Collected	120,705	115,775	$149,107
Tax Revenue	$13,121,939	$11,126,894	$7,297,336
City Commission			
Number of Ordinances Passed	236	201	160
Number of Resolutions Passed	73	57	54

2013	2012	2011	2010	2009	2008	2007
56	65	52	25	20	32	103
113	153	143	118	108	133	159
250	232	223	478	265	408	659
98	177	132	114	75	245	202
132	135	128	132	176	133	246
143	244	18	166	222	188	250
827	688	939	854	1,036	1,210	1,550
476	375	430	622	216	680	866
149	144	119	185	230	382	364
297	491	220	179	288	489	357
1,112	1,350	1,055	931	1,857	1,276	1,949
499	731	465	300	573	961	700
1,521	1,945	1,260	1,357	2,060	875	1,893
164	174	92	226	130	100	121
102	120	87	99	117	80	170
371	16	593	503	75	95	87
106	125	120	73	342	371	326
289	286	309	271	258	242	266
732	715	931	551	856	1,251	1,208
81	122	57	64	16	24	56
$50,460	$25,307	$60,650	$63,648	$7,095	$71,372	$83,436
1,110	694	1,185	1,452	1,398	1,595	1,301
1,600	1,503	1,581	1,716	2,251	1,904	2,538
8	0	0	24	16	0	18,718
1,241	1,331	115	2,278	2,740	3,444	547
654	520	492	950	841	850	1,160
1,245	839	1,185	1,711	1,330	1,922	1,281
1,484	1,425	1,598	1,429	1,453	1,358	1,477
2,622	2,749	2,502	2,727	3,166	3,277	3,097
12,843	11,597	9,879	10,295	13,156	12,888	12,052
Aa3	Aa3	Aa3	Aa3	A2	A2	A2
13,682	15,306	15,050	10,091	6,982	12,838	9,704
2,927	2,748	2,460	1,846	2,070	1,423	1,292
14,168	13,387	12,168	9,767	8,550	1,337	1,352
$97,234	$100,984	$122,404	$98,699	$148,491	$165,724	$207,015
$8,303,179	$7,971,818	$7,234,468	$6,811,653	$6,249,181	$8,179,964	$6,891,325
146	141	143	162	131	150	105
50	39	52	44	33	37	38

(continued)

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

Function/Program	2016	2015	2014
Municipal Buildings and Lands			
Number of Construction Permits Issued (building, electric, plumbing)	900	803	772
Estimated Value of Construction	$16,932,873	$8,096,977	$15,478,633
Amount of Revenue Generated from Building Department	$218,303	$192,458	$170,621
Civil Service			
Number of Police Entry Tests Administered	0	1	0
Number of Fire Entry Tests Administered	0	1	0
Number of Police Promotional Tests Administered	0	0	0
Number of Fire Promotional Tests Administered	0	1	0
Number of Hires of Police Officers from Certified Lists	2	4	0
Number of Hires of Fire/Medics from Certified Lists	2	3	0
Number of Promotions from Police Certified Lists	0	2	2
Number of Promotions from Fire Certified Lists	0	2	4
Water Department			
Water Rates per 100 Cubic Feet of Water Used Monthly (1)	$6.85	$6.41	$4.10
Sewer Department			
Sewer Rates per 100 Cubic Feet of Water Used Monthly (1)	$13.67	$10.94	$7.00
Total Flow of Wastewater Treatment Plant	5,151	5,132	4,625
Average Daily Flow (millions of gallons per day)	14.10	14.10	12.70
Tons of Dry Sludge Removed	1,369	1,189	1,211

Source: City Records

(1) Based on 5/8" meter (base rate)

2013	2012	2011	2010	2009	2008	2007
842	927	1,060	2,259	931	1,146	892
$55,106,730	$16,070,557	$11,484,665	$26,426,795	$30,794,209	$14,812,745	$12,990,490
$290,930	$188,287	$146,647	$232,932	$162,116	$162,072	$136,065
0	0	1	0	0	0	1
1	0	1	0	0	1	0
1	0	2	0	0	1	3
2	1	2	0	1	1	0
0	7	5	0	0	7	4
0	4	6	0	2	2	0
0	5	4	0	0	2	8
0	6	2	0	1	1	0
$4.10	$4.10	$4.10	$4.10	$4.10	$4.10	$4.10
$7.00	$7.00	$7.00	$7.00	$7.00	$7.00	$7.00
4,696	4,401	5,865	3,764	3,791	4,300	4,174
12.90	12.01	16.10	10.30	10.42	11.79	11.42
1,210	1,272	1,017	1,246	1,441	1,491	1,650

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

Function/Program	2016	2015	2014
Security of Persons and Property-Police			
Stations	1	1	1
Vehicles	26	26	24
Security of Persons and Property-Fire			
Stations	3	3	3
Vehicles	15	15	15
Public Health			
Vehicles	3	2	2
Leisure Time Activities			
Number of Parks	20	20	20
Number of Piers/Pavilions/Plazas	3	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	42	50	50
Transportation			
Bridges	2	1	1
Streets (miles)	113.8	113.8	113.7
Vehicles	19	17	17
General Government-Other			
City Manager Vehicles	1	0	0
Mechanic Vehicles	4	4	4
Engineering Vehicles	3	3	3
Water			
Water Lines (miles)	135.88	134.88	134.88
Vehicles	14	14	12
Sewer			
Sewer Lines (miles)	165.92	164.44	164.15
Vehicles	13	15	16

Source: City Records

2013	2012	2011	2010	2009	2008	2007
1	1	1	1	1	1	1
22	27	26	26	27	27	25
3	3	3	3	3	3	3
15	16	15	15	15	16	15
2	3	3	3	3	3	3
20	20	20	20	20	20	20
4	4	4	4	4	4	4
1	1	1	1	1	1	1
1	1	1	1	1	1	1
17	17	17	17	17	17	17
1	1	1	1	1	1	1
46	46	46	46	34	34	34
1	1	1	1	1	1	1
113.7	113.7	113.7	113.7	113.7	113.7	113.7
17	29	29	29	29	29	29
0	5	6	6	6	6	6
4	4	4	4	4	4	4
3	10	10	10	10	10	10
134.88	134.88	134.88	134.88	134.82	134.69	134.66
11	18	18	18	16	16	16
163.69	163.69	163.69	163.69	163.69	163.49	162.52
14	20	20	20	19	19	19

City of Sandusky
Erie County, Ohio

Reports Issued Pursuant to
Government Auditing Standards
And Uniform Guidance

For the Year Ended
December 31, 2016

City of Sandusky
Erie County, Ohio
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December 31, 2016

June 24, 2017

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sandusky, Erie County, Ohio (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 24, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Rea & Associates, Inc.

Medina, Ohio

June 24, 2017

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

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Report on Compliance for Each Major Federal Program

We have audited the City of Sandusky's, Erie County, Ohio (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statues, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2016, and have issued our report thereon dated June 24, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Rea & Associates, Inc.

Medina, Ohio

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CITY OF SANDUSKY
ERIE COUNTY, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

FEDERAL GRANTOR ***Pass Through Grantor*** **Program Title**	**Pass Through Entity Number**	**Federal CFDA Number**	**Disbursements**	**Subrecipients**
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct				
Community Development Block Grant - Entitlement Grants	N/A	14.218	$ 994,692	$ 85,012
Passed Through Ohio Development Services Agency				
Community Housing Impact Preservation	A-C-15-2DM-2	14.239	143,112	0
Total Community Housing Impact Preservation			143,112	0
Total United States Department of Housing and Urban Development			**1,137,804**	**85,012**
UNITED STATES DEPARTMENT OF TRANSPORTATION				
Passed Through Ohio Department of Transportation				
Job Access - Reverse Commute Program	JARC-4022-087-151	20.516	33,445	0
Formula Grants for Rural Areas	RPTF-4081-036-161	20.509	702,049	0
	RPTM-0081-036-161	20.509	262,121	0
	OH-18-X036	20.509	1,473	0
Total Formula Grants for Rural Areas			965,643	0
Highway Planning and Construction	PID #79275	20.205	87,443	0
	PID #82672	20.205	17,884	0
	PID #90453	20.205	136,958	0
	PID #100018	20.205	28,320	0
	PID #95653	20.205	80,740	0
Total Highway Planning and Construction			351,345	0
Total United States Department of Transportation			**1,350,433**	**0**
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY				
Direct				
Great Lakes Program	N/A	66.469	15,648	0
Total United States Environmental Protection Agency			**15,648**	**0**
UNITED STATES DEPARTMENT OF JUSTICE				
Direct				
Bulletproof Vest Partnership	N/A	16.607	4,708	0
Total United States Department of Justice			**4,708**	**0**
UNITED STATES DEPARTMENT OF AGRICULTURE				
Direct				
Urban and Community Forestry Program	2015	10.675	649	0
	2016	10.675	11,826	0
Total United States Department of Agriculture			12,475	0
TOTAL FEDERAL AWARDS EXPENDITURES			**$ 2,521,068**	**$ 85,012**

The accompanying notes are an integral part of this Schedule

CITY OF SANDUSKY
ERIE COUNTY, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the City of Sandusky (City) under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C – LOANS OUTSTANDING

The City administers loan programs with funding received from the Department of Housing and Urban Development. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule of Expenditures of Federal Awards. Following are the loan balances outstanding that have continuing compliance requirements for these programs as of December 31, 2016.

Program Title	CFDA Number	Amounts Outstanding
Home Investment Partnership	14.239	$ 1,677,497
Community Development Block Grant	14.218	597,555

NOTE D – MATCHING REQUIREMENTS

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

CITY OF SANDUSKY
ERIE COUNTY, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
2 CFR §200.515
DECEMBER 31, 2016

1. SUMMARY OF AUDITOR'S RESULTS

(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other internal control deficiencies reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any internal control deficiencies reported for major programs which were not considered to be material?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unmodified
(d) (1) (vi)	Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a)?	No
(d) (1) (vii)	Major Programs (list): Formula Grants for Rural Access	 CFDA #20.509
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >$750,000 Type B: > all others
(d) (1) (ix)	Low Risk Auditee under 2 CFR 200.520	Yes

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

NONE

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

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Dave Yost • Auditor of State

CITY OF SANDUSKY

ERIE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 26, 2017

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