

City of Sandusky, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT *For the year ended December 31, 2018*



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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, 2018 through December 31, 2018. 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.

Keith Faber
Auditor of State
Columbus, Ohio

August 13, 2019

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Introductory

CITY OF SANDUSKY, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

For the Year Ended December 31, 2018

Prepared By:

Department of Finance

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CITY OF SANDUSKY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018

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

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June 20, 2019

To the City Commission and Citizens of Sandusky:

The Comprehensive Annual Financial Report of the City of Sandusky for the year ended December 31, 2018, 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, 2018. The Independent Auditor's Report is located at the front of the financial section of this report.

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

PROFILE OF THE CITY OF SANDUSKY

The City of Sandusky, located in Erie County, is a home rule municipal corporation founded in 1818 under the laws of the State of Ohio and, as such, operates under its own Charter adopted in 1914. The City may exercise all powers of home rule granted under Article XVIII, Section 3, of the Ohio Constitution not in conflict with applicable general laws of the State of Ohio. The City operates under the City Commission - City Manager form of government. The seven City Commissioners are elected at-large and serve four-year terms. The president of the City Commission serves as the Ex-Officio Mayor. The City Manager 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. Cedar Fair plans to break ground in the spring of 2019 on a five-story building in downtown Sandusky that will house a new degree program in resort and attraction management offered by Bowling Green State University. The first students are expected to enroll in the fall of 2020. This will be a \$14 million investment by Cedar Fair.

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 health care 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.

There are several indoor waterpark resorts located in the area that has made the Sandusky area a year round tourist destination, including Great Wolf Lodge, Castaway Bay, and the Kalahari Resort and Convention Center.

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 custodial funds, are required to be budgeted. The legal level of control has been established by the City Commission at the fund, department, and object level in all funds.

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

The City negotiates with three bargaining units: American Federation of State, County, and Municipal Employees Local No. 1519, the Fraternal Order of Police - Lodge No. 17, and the International Association of Fire Fighters - Local No. 327. Current agreements will expire on December 31, 2021.

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 12.4 percent in December 2009 to an estimated 6.2 percent in December 2018.

LONG-TERM FINANCIAL PLANNING

The City updated its Strategic Plan and adopted a Bicentennial Vision Plan in 2016. These plans guided City decisions as the City celebrated its bicentennial during 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. The strategy will result in growth and overall positive results in the City if maintained successfully.

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

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 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. 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. The 2017 season featured 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. Construction at the Hotel Breakers brings a new one hundred fifty-eight room hotel tower that opened in 2018. The new attraction for 2018 was another world record breaking roller coaster named "Steel Vengeance." This will be a steel and wood hybrid coaster that will break ten coaster records. The first drop measures out at two hundred feet and the ride reaches speeds of seventy-four miles per hour. It will also feature over twenty-seven seconds of airtime. Cedar Point announced that they were removing the "Dinosaurs Alive!" attraction in 2019 and adding "Forbidden Frontier on Adventure Island". This will be similar to an escape room experience but on a much larger scale.

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. In 2018, a groundbreaking was held for the new Indoor Sports Facility at the Cedar Point Center which will be constructed adjacent to the Sports Force Parks property. The 145,000 square foot sports complex will feature ten full-size basketball courts that convert to twenty full-size volleyball courts and a championship arena with retractable seating. This project will be a \$28 million investment by Cedar Point. Also, in 2018, it was announced that the Holiday Inn Express hotel will expand and that an additional five story building will be constructed that will include sixty-six additional rooms. This expansion project will be an investment of over \$6 million.

Firelands Regional Medical Center has completed several construction projects including a 600-space parking garage, Firelands Professional Center I, which houses the Cancer Center along with physician offices, Firelands Regional Medical Center's East Tower, which features the main entrance and lobby, and the renovation and relocation of its inpatient rehabilitation unit.

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 celebrated its Bicentennial in 2018 with a variety of community events including the Bicentennial Ball, a Tall Ships Festival, and a Founders' Weekend.

AWARDS AND ACKNOWLEDGEMENTS

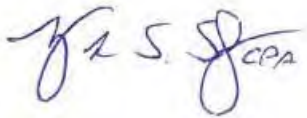
The Government Finance Officers Association of the United States and Canada (GFOA) awarded for the twenty-seventh time a Certificate of Achievement for Excellence in Financial Reporting to the City of Sandusky for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2017. 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,

A handwritten signature in blue ink, appearing to read "Hank S. Solowiej CPA". The signature is stylized with a large initial "H" and "S".

Hank S. Solowiej, CPA
Finance Director



Government Finance Officers Association

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Ohio**

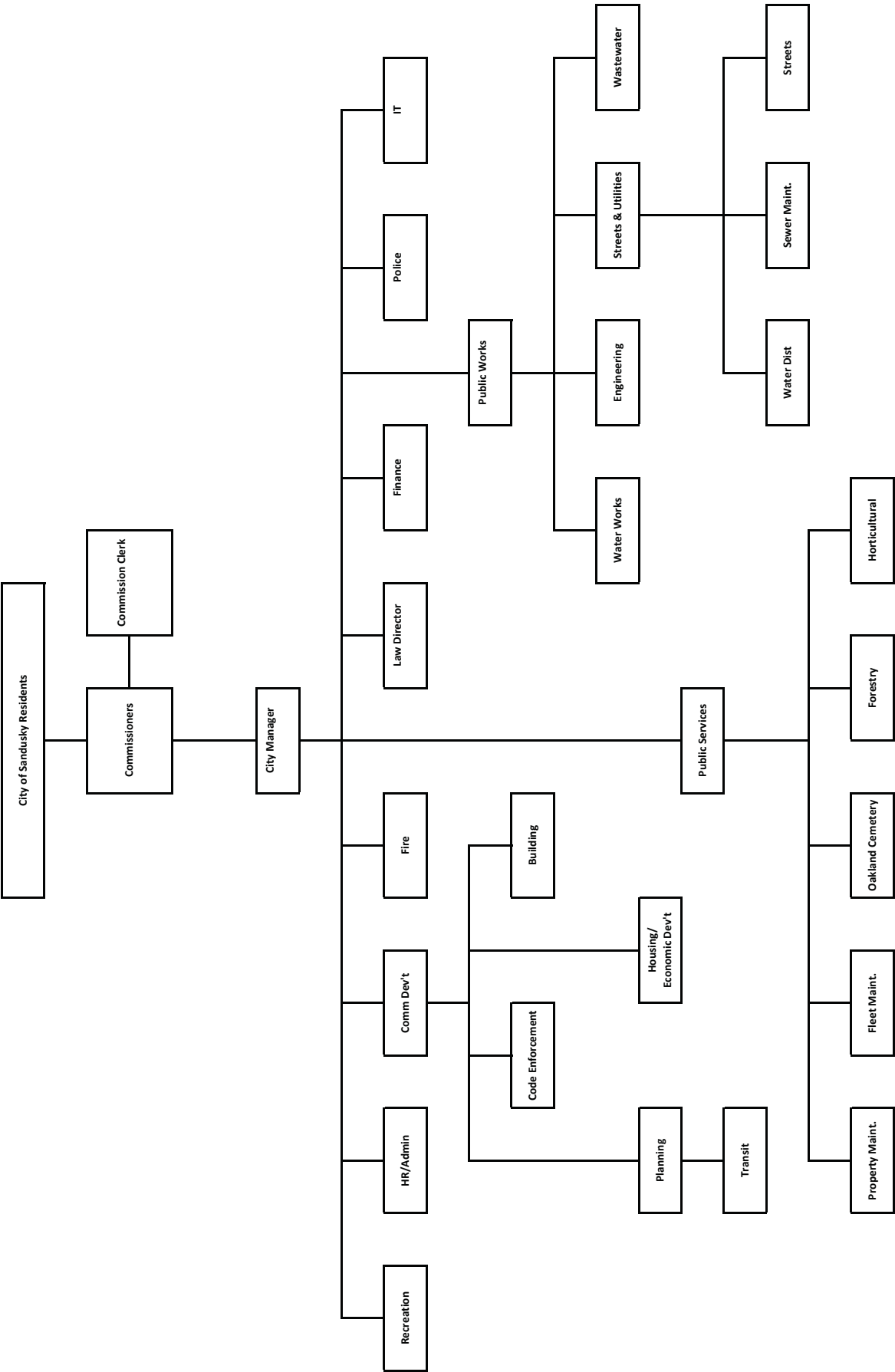
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrell

Executive Director/CEO

ORGANIZATIONAL CHART FOR CITY OF SANDUSKY, OHIO



CITY OF SANDUSKY, OHIO

ELECTED PUBLIC OFFICIALS
December 31, 2018

CITY COMMISSION

Dennis E. Murray, Jr.
President/Ex-Officio Mayor
Term Expires 12-31-21
First took office 01-01-14

Richard R. Brady
Vice-President
Term Expires 12-31-21
First took office 01-01-14

Naomi R. Twine
Term Expires 12-31-21
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, 2018

CITY MANAGER

Eric L. Wobser

CLERK OF COMMISSION

Kelly Kresser

FINANCE DIRECTOR *

Hank S. Solowiej, CPA

LAW DIRECTOR *

Trevor Hayberger

*Appointed by City Manager



Financial

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June 20, 2019

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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As described in Note 3, the City restated the net position balances to account for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* and restated beginning net position and fund balances for the implementation of GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Pension and Other Post-Employment Benefits Information as listed in the table of contents, to 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 relates 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 20, 2019 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 the effectiveness of the City's 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, 2018
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, 2018. The intent of this discussion and analysis is to look at the City's financial performance as a whole.

HIGHLIGHTS

Highlights for 2018 are as follows:

In total, the City's net position increased \$3,496,157, or 5 percent from the prior year. The increase for governmental activities was 2 percent; the increase for business-type activities was 6 percent as well.

The City's Water and Sewer enterprise funds had an operating income in 2018 indicating operating revenues are currently sufficient to cover operating expenses.

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 2018. 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.

CITY OF SANDUSKY
Management's Discussion and Analysis
For the Year Ended December 31, 2018
Unaudited

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.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the City's net position for 2018 and 2017.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
<u>Assets</u>						
Current and Other Assets	\$34,012,255	\$30,077,026	\$16,578,962	\$15,684,112	\$50,591,217	\$45,761,138
Net Pension Asset	36,528	0	32,395	0	68,923	0
Capital Assets, Net	43,603,854	43,606,391	91,584,677	91,286,778	135,188,531	134,893,169
Total Assets	<u>77,652,637</u>	<u>73,683,417</u>	<u>108,196,034</u>	<u>106,970,890</u>	<u>185,848,671</u>	<u>180,654,307</u>
<u>Deferred Outflows of Resources</u>						
Deferred Charge on Refunding Pension	253,452	334,771	0	0	253,452	334,771
OPEB	4,138,167	6,386,121	1,374,256	2,578,427	5,512,423	8,964,548
	2,076,473	80,104	336,468	42,046	2,412,941	122,150
Total Deferred Outflows of Resources	<u>6,468,092</u>	<u>6,800,996</u>	<u>1,710,724</u>	<u>2,620,473</u>	<u>8,178,816</u>	<u>9,421,469</u>
<u>Liabilities</u>						
Current and Other Liabilities	7,121,413	4,510,852	1,806,110	1,580,518	8,927,523	6,091,370
Long-Term Liabilities						
Pension	23,742,001	26,576,079	4,680,628	6,396,910	28,422,629	32,972,989
OPEB	20,573,756	17,618,805	3,129,174	2,756,201	23,702,930	20,375,006
Other Amounts	11,491,596	13,428,852	44,141,567	47,261,633	55,633,163	60,690,485
Total Liabilities	<u>62,928,766</u>	<u>62,134,588</u>	<u>53,757,479</u>	<u>57,995,262</u>	<u>116,686,245</u>	<u>120,129,850</u>
<u>Deferred Inflows of Resources</u>						
Pension	2,643,479	713,246	1,113,424	38,072	3,756,903	751,318
OPEB	683,281	0	233,102	0	916,383	0
Other Amounts	2,736,531	2,759,340	0	0	2,736,531	2,759,340
Total Deferred Inflows of Resources	<u>6,063,291</u>	<u>3,472,586</u>	<u>1,346,526</u>	<u>38,072</u>	<u>7,409,817</u>	<u>3,510,658</u>
<u>Net Position</u>						
Net Investment in Capital Assets	35,817,869	35,024,423	48,004,171	44,639,387	83,822,040	79,663,810
Restricted	13,054,388	11,870,117	0	0	13,054,388	11,870,117
Unrestricted (Deficit)	(33,743,585)	(32,017,301)	6,798,582	6,918,642	(26,945,003)	(25,098,659)
Total Net Position	<u>\$15,128,672</u>	<u>\$14,877,239</u>	<u>\$54,802,753</u>	<u>\$51,558,029</u>	<u>\$69,931,425</u>	<u>\$66,435,268</u>

The net pension liability (asset) reported by the City at December 31, 2018, is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions". For 2018, the City adopted GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). 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 OPEB, the net pension liability (asset), and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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GASB standards are national standards and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27) and postemployment benefits (GASB Statement No. 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension or net OPEB liability. GASB Statements No. 68 and No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and State law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statements No. 68 and No. 75 require the net pension liability (asset) and the net OPEB liability to equal the City's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 these liabilities. 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 Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contribution to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan 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 retirement system is responsible for the administration of the pension and OPEB plans.

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 or the net OPEB liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of these liabilities 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statements No. 68 and No. 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in the net pension liability (asset) and the net OPEB liability, respectively, not accounted for as deferred outflows/inflows.

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As a result of implementing GASB Statement No. 75, the City is reporting a net OPEB liability and deferred outflows/inflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from \$32,350,400 to \$14,877,239 for governmental activities and from \$54,272,184 to \$51,558,029 for business-type activities.

Pension/OPEB changes noted in the above table reflect a net decrease in deferred outflows and net increase in deferred inflows. These changes are affected by changes in benefits, contribution rates, return on investments, and actuarial assumptions. The decrease in the net pension liability and increase in the net OPEB liability represent the City's proportionate share of the unfunded benefits.

Aside from changes related to pension/OPEB, there was a substantial increase in current and other assets for governmental activities, primarily cash and cash equivalents. An increase in income tax revenue during the year as well as unspent note proceeds as of year end were the most significant factors creating this increase. The increase in current and other liabilities was primarily due to an increase in notes payable as the City issued notes during the year to partially retire notes previously issued but also to undertake several new projects. Given that these resources are restricted, there is also an increase reflected in restricted net position. The decrease in other long-term liabilities represents scheduled debt retirement.

For business-type activities, the increase in current and other assets was primarily due to an increase in cash and cash equivalents. There was an increase in sewer rates; the base rate increased from \$13.67 to \$14.36 and the usage rate increased from \$7.75 to \$8.14 per 100 cubic feet. The Sewer Fund has also been operating at a surplus for several years. The decrease in other long-term liabilities represents scheduled debt retirement.

Table 2 reflects the change in net position for 2018 and 2017.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for Services	\$5,321,781	\$6,080,506	\$19,128,084	\$18,669,889	\$24,449,865	\$24,750,395
Operating Grants, Contributions, and Interest	3,202,380	3,292,700	0	0	3,202,380	3,292,700
Capital Grants and Contributions	1,358,887	1,416,703	0	0	1,358,887	1,416,703
Total Program Revenues	9,883,048	10,789,909	19,128,084	18,669,889	29,011,132	29,459,798
General Revenues						
Property Taxes	2,180,491	2,157,630	0	0	2,180,491	2,157,630
Payment in Lieu of Taxes	574,675	611,812	0	0	574,675	611,812
Municipal Income Taxes	12,957,559	12,301,074	0	0	12,957,559	12,301,074
Other Local Taxes	5,687,420	5,576,879	0	0	5,687,420	5,576,879
Franchise Taxes	340,739	355,291	0	0	340,739	355,291
Grants and Entitlements not Restricted to Specific Programs	754,112	745,024	0	0	754,112	745,024
Interest	398,082	181,513	2,549	2,630	400,631	184,143
Other	1,735,814	1,527,073	766,243	341,723	2,502,057	1,868,796
Total General Revenues	24,628,892	23,456,296	768,792	344,353	25,397,684	23,800,649
Total Revenues	34,511,940	34,246,205	19,896,876	19,014,242	54,408,816	53,260,447

(continued)

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Table 2
Change in Net Position
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Program Expenses						
Security of Persons and Property						
Police	\$6,763,079	\$5,996,216	\$0	\$0	\$6,763,079	\$5,996,216
Fire	7,409,925	7,370,266	0	0	7,409,925	7,370,266
Other	254,937	257,495	0	0	254,937	257,495
Public Health	415,721	396,115	0	0	415,721	396,115
Leisure Time Activities	1,516,778	1,180,710	0	0	1,516,778	1,180,710
Community Environment	5,360,451	5,184,333	0	0	5,360,451	5,184,333
Transportation	5,364,033	6,750,268	0	0	5,364,033	6,750,268
General Government						
Municipal Court	1,281,692	1,358,390	0	0	1,281,692	1,358,390
Other	5,391,169	4,797,015	0	0	5,391,169	4,797,015
Interest and Fiscal Charges	502,722	542,276	0	0	502,722	542,276
Water	0	0	7,275,299	6,657,346	7,275,299	6,657,346
Sewer	0	0	9,376,853	8,494,172	9,376,853	8,494,172
Total Expenses	<u>34,260,507</u>	<u>33,833,084</u>	<u>16,652,152</u>	<u>15,151,518</u>	<u>50,912,659</u>	<u>48,984,602</u>
Increase (Decrease) in Net Position before Transfers	251,433	413,121	3,244,724	3,862,724	3,496,157	4,275,845
Transfers	<u>0</u>	<u>289,426</u>	<u>0</u>	<u>(289,426)</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in Net Position	251,433	702,547	3,244,724	3,573,298	3,496,157	4,275,845
Net Position Beginning of Year	14,877,239	n/a	51,558,029	n/a	66,435,268	n/a
Net Position End of Year	<u>\$15,128,672</u>	<u>\$14,877,239</u>	<u>\$54,802,753</u>	<u>\$51,558,029</u>	<u>\$69,931,425</u>	<u>\$66,435,268</u>

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB Statement No. 75 is not available. Therefore, 2017 program expenses still include OPEB expense of \$122,150 computed under GASB Statement No. 45. GASB Statement No. 45 required recognizing pension expense equal to contractually required contributions to the plan. Under GASB Statement No. 75, OPEB expense represents additional amounts earned adjusted by deferred outflows/inflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB Statement No. 75, the 2018 financial statements report OPEB expense of \$1,991,188. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed.

	Governmental Activities	Business-Type Activities	Total
Total 2018 Program Expenses Under GASB Statement No. 75	\$34,260,507	\$16,652,152	\$50,912,659
OPEB Expense Under GASB Statement No. 75	(1,677,721)	(313,467)	(1,991,188)
2018 Contractually Required Contribution	35,858	1,814	37,672
Adjusted 2018 Program Expenses	<u>32,618,644</u>	<u>16,340,499</u>	<u>48,959,143</u>
Total 2017 Program Expenses Under GASB Statement No. 45	<u>(33,833,084)</u>	<u>(15,151,518)</u>	<u>(48,984,602)</u>
Increase (Decrease) in Program Expenses Not Related to OPEB	<u>(\$1,214,440)</u>	<u>\$1,188,981</u>	<u>(\$25,459)</u>

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For governmental activities, the decrease in program revenues from the prior year was primarily due to a decrease in charges for services and related to special assessments charged for various improvements. The increase in general revenues was primarily due to an increase in income tax revenue as the economy continues to make modest improvement and an increase in interest on investments. After factoring out the effect of the implementation of GASB Statement No. 75, expenses for governmental activities decreased slightly with minor changes in several programs but none of those changes individually significant.

The City's business-type activities are largely funded through charges for services which increased a little over 2 percent based on a rate increase and on demand (usage). The increase in other revenue was due to a reimbursement from Erie County. The increase in expenses for the Water Fund was primarily interest expense on debt and the increase in expenses for the Sewer Fund was due to the replenishment of supplies and depreciation expense.

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	
	2018	2017	2018	2017
Security of Persons and Property				
Police	\$6,763,079	\$ 5,996,216	\$6,391,859	\$5,527,808
Fire	7,409,925	7,370,266	6,405,834	6,011,392
Other	254,937	257,495	254,937	257,495
Public Health	415,721	396,115	261,925	261,363
Leisure Time Activities	1,516,778	1,180,710	1,190,658	615,913
Community Environment	5,360,451	5,184,333	3,059,346	3,535,413
Transportation	5,364,033	6,750,268	1,468,644	1,722,679
General Government				
Municipal Court	1,281,692	1,358,390	(57,657)	118,925
Other	5,391,169	4,797,015	4,899,191	4,449,911
Interest and Fiscal Charges	502,722	542,276	502,722	542,276
Total Expenses	<u>\$34,260,507</u>	<u>\$33,833,084</u>	<u>\$24,377,459</u>	<u>\$23,043,175</u>

It should be noted that for all governmental activities, 71 percent of the costs for services in 2018 were provided for through general revenues (compared to 68 percent in 2017), that being primarily property taxes, municipal income taxes, tourism taxes, and State shared revenues.

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Although the dependence on general revenues is substantial, there are several programs which were supported through program revenues in 2018. 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 22 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 43 percent of its support through program revenues in 2018. 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.

For the Municipal Court, under Ohio Law, judges can establish restricted accounts to offset programs of the court. As such, there are various court related funds that provide for certain court activities. Revenues in excess of program costs 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.

There was little change in fund balance from the prior year for the General Fund. Both revenues and expenditures increased approximately 2 percent with no significant changes for either. The General Fund provided more resources to other funds to support their operations in 2018 (approximately \$400,000 more).

There was also very little change in fund balance in the Capital Projects Fund (only \$26,855 increase). The City did receive a little more in grant funding in 2018; however, this was offset by a decrease in other revenue (generally donations). There was also a decrease in expenditures in 2018 which fluctuate from year to year based on scheduled projects.

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.

For the Water Fund, there was a modest 2 percent increase in net position. Both revenues and expenses were very similar to the prior year. The only change of note was an increase in interest expense on debt.

For the Sewer Fund, there was an 8 percent increase in net position. There was a slight increase in charges for services revenue (rate increase and an increase in usage) and an increase in other revenue from a reimbursement from Erie County. There was also an increase in expenses, primarily the replenishment of supplies and an increase in annual depreciation.

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BUDGETARY HIGHLIGHTS

The City prepares an annual budget of revenues and expenditures/expenses for all funds of the City for use by City officials and department heads and such other budgetary documents as are required by State statute. The annual appropriations ordinance cannot be adopted prior to the second Monday in January of each year per City Charter. The City approves a temporary appropriations ordinance until the annual appropriations are approved. The City's most significant budgeted fund is the General Fund. For revenues, the City reduced the original budget during the year, primarily lowering the income tax revenue estimate. Changes from the final budget to actual revenues were not significant. For expenditures, the original budget was reduced to correspond to the lowering of revenue expectations. Changes from the final budget to actual expenditures were not significant.

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, 2018, was \$35,817,869 and \$48,004,171, respectively. The primary additions for governmental activities included acquiring land for future development, ongoing construction, a new police shooting range, floating docks, street resurfacing, and new trucks for the Street Department. Disposals were minimal. The primary additions for the business-type activities were ongoing construction, roof replacement, new pumps, an air conditioning unit, 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, 2018, the City had \$4,946,000 in bond anticipation notes payable from governmental activities. Notes were issued to retire notes previously issued as well as for new projects. The City also has a number of long-term obligations outstanding. These obligations included \$6,374,928 in general obligation bonds, \$410,000 in revenue bonds, \$1,738,654 in special assessment bonds payable from governmental activities resources and \$1,275,000 in general obligation revenue bonds, and \$42,144,494 in Ohio Water Development Authority (OWDA) loans payable from business-type activities.

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

In addition to the debt discussed above, the City's long-term obligations also includes the net pension/OPEB liability, compensated absences, and claims. For further information on the City's debt, refer to Notes 18 and 19 to the basic financial statements.

CURRENT ISSUES

The City has begun construction on both the Jackson Street Pier and the Shoreline Drive rehabilitation. These projects are a combined \$17 million investment in public infrastructure and green space along the waterfront in downtown Sandusky. Construction is expected to be completed in 2020. The City also celebrated a groundbreaking ceremony in April 2019 on a new Resort & Attraction Management Facility with Cedar Fair and Bowling Green State University. This higher education collaboration will be located in downtown Sandusky. The \$14 million project will include an academic facility, residential apartments, and retail space. Students are expected to begin enrolling in the fall of 2020.

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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, 2018

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$21,017,119	\$11,902,133	\$32,919,252
Cash and Cash Equivalents in Segregated Accounts	28,797	0	28,797
Accounts Receivable	384,513	2,113,289	2,497,802
Accrued Interest Receivable	27,075	0	27,075
Internal Balances	(1,097,189)	1,097,189	0
Due from Other Governments	1,231,291	403,469	1,634,760
Prepaid Items	119,520	41,940	161,460
Municipal Income Taxes Receivable	3,425,421	0	3,425,421
Other Local Taxes Receivable	54,157	0	54,157
Materials and Supplies Inventory	275,731	1,020,942	1,296,673
Property Taxes Receivable	2,367,986	0	2,367,986
Payment in Lieu of Taxes Receivable	557,718	0	557,718
Notes Receivable	3,557,301	0	3,557,301
Special Assessments Receivable	2,062,815	0	2,062,815
Net Pension Asset	36,528	32,395	68,923
Nondepreciable Capital Assets	10,509,356	2,404,940	12,914,296
Depreciable Capital Assets, Net	33,094,498	89,179,737	122,274,235
Total Assets	77,652,637	108,196,034	185,848,671
<u>Deferred Outflows of Resources</u>			
Deferred Charge on Refunding	253,452	0	253,452
Pension	4,138,167	1,374,256	5,512,423
OPEB	2,076,473	336,468	2,412,941
Total Deferred Outflows of Resources	6,468,092	1,710,724	8,178,816
<u>Liabilities</u>			
Accrued Wages Payable	571,079	215,338	786,417
Accounts Payable	728,444	313,982	1,042,426
Contracts Payable	302,988	209,536	512,524
Due to Other Governments	384,041	304,634	688,675
Retainage Payable	22,936	0	22,936
Unearned Revenue	103,640	0	103,640
Accrued Interest Payable	62,285	762,620	824,905
Notes Payable	4,946,000	0	4,946,000
Long-Term Liabilities			
Due Within One Year	2,816,335	3,502,723	6,319,058
Due in More Than One Year			
Net Pension Liability	23,742,001	4,680,628	28,422,629
Net OPEB Liability	20,573,756	3,129,174	23,702,930
Other Amounts Due in More Than One Year	8,675,261	40,638,844	49,314,105
Total Liabilities	62,928,766	53,757,479	116,686,245
<u>Deferred Inflows of Resources</u>			
Property Taxes	2,178,813	0	2,178,813
Payment in Lieu of Taxes	557,718	0	557,718
Pension	2,643,479	1,113,424	3,756,903
OPEB	683,281	233,102	916,383
Total Deferred Inflows of Resources	6,063,291	1,346,526	7,409,817

(continued)

City of Sandusky
Statement of Net Position
December 31, 2018
(continued)

	Governmental Activities	Business-Type Activities	Total
<u>Net Position</u>			
Net Investment in Capital Assets	\$35,817,869	\$48,004,171	\$83,822,040
Restricted for			
Capital Projects	4,523,316	0	4,523,316
Debt Service	1,802,361	0	1,802,361
Other Purposes			
Street Maintenance	787,491	0	787,491
State Grants	2,448,627	0	2,448,627
Federal Grants	1,323,980	0	1,323,980
Court Operations	740,313	0	740,313
Park Operations	233,461	0	233,461
Cemetery Operations	618,930	0	618,930
Other	575,909	0	575,909
Unrestricted (Deficit)	<u>(33,743,585)</u>	<u>6,798,582</u>	<u>(26,945,003)</u>
Total Net Position	<u>\$15,128,672</u>	<u>\$54,802,753</u>	<u>\$69,931,425</u>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Activities
For the Year Ended December 31, 2018

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental Activities</u>				
Security of Persons and Property				
Police	\$6,763,079	\$327,234	\$43,986	\$0
Fire	7,409,925	982,273	21,818	0
Other	254,937	0	0	0
Public Health	415,721	153,796	0	0
Leisure Time Activities	1,516,778	230,785	49,885	45,450
Community Environment	5,360,451	598,120	866,661	836,324
Transportation	5,364,033	1,198,246	2,220,030	477,113
General Government				
Municipal Court	1,281,692	1,339,349	0	0
Other	5,391,169	491,978	0	0
Interest and Fiscal Charges	502,722	0	0	0
Total Governmental Activities	34,260,507	5,321,781	3,202,380	1,358,887
<u>Business-Type Activities</u>				
Water	7,275,299	7,580,885	0	0
Sewer	9,376,853	11,547,199	0	0
Total Business-Type Activities	16,652,152	19,128,084	0	0
Total	\$50,912,659	\$24,449,865	\$3,202,380	\$1,358,887

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

Change in Net Position

Net Position Beginning of Year - Restated (Note 3)

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
(\$6,391,859)	\$0	(\$6,391,859)
(6,405,834)	0	(6,405,834)
(254,937)	0	(254,937)
(261,925)	0	(261,925)
(1,190,658)	0	(1,190,658)
(3,059,346)	0	(3,059,346)
(1,468,644)	0	(1,468,644)
57,657	0	57,657
(4,899,191)	0	(4,899,191)
(502,722)	0	(502,722)
(24,377,459)	0	(24,377,459)
0	305,586	305,586
0	2,170,346	2,170,346
0	2,475,932	2,475,932
(24,377,459)	2,475,932	(21,901,527)
1,517,753	0	1,517,753
249,472	0	249,472
413,266	0	413,266
574,675	0	574,675
11,566,210	0	11,566,210
772,972	0	772,972
618,377	0	618,377
5,687,420	0	5,687,420
340,739	0	340,739
754,112	0	754,112
398,082	2,549	400,631
1,735,814	766,243	2,502,057
24,628,892	768,792	25,397,684
251,433	3,244,724	3,496,157
14,877,239	51,558,029	66,435,268
\$15,128,672	\$54,802,753	\$69,931,425

City of Sandusky
Balance Sheet
Governmental Funds
December 31, 2018

	General	Capital Projects	Other Governmental	Total Governmental Funds
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$5,649,976	\$5,197,787	\$5,086,449	\$15,934,212
Cash and Cash Equivalents in Segregated Accounts	28,797	0	0	28,797
Accounts Receivable	300,336	0	80,390	380,726
Accrued Interest Receivable	23,706	0	3,369	27,075
Due from Other Governments	346,144	132,568	752,579	1,231,291
Prepaid Items	104,484	10	15,026	119,520
Municipal Income Taxes Receivable	3,040,061	0	385,360	3,425,421
Other Local Taxes Receivable	19,867	0	34,290	54,157
Materials and Supplies Inventory	97,699	0	178,032	275,731
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	123,013	0	0	123,013
Property Taxes Receivable	1,668,441	0	699,545	2,367,986
Payment in Lieu of Taxes Receivable	801	0	556,917	557,718
Notes Receivable	0	495,132	3,062,169	3,557,301
Special Assessments Receivable	0	0	2,062,815	2,062,815
Total Assets	<u>\$11,403,325</u>	<u>\$5,825,497</u>	<u>\$12,916,941</u>	<u>\$30,145,763</u>
<u>Liabilities</u>				
Accrued Wages Payable	\$530,282	\$338	\$40,459	\$571,079
Accounts Payable	138,555	253,860	336,029	728,444
Contracts Payable	5,909	282,524	14,555	302,988
Due to Other Governments	251,410	6,937	125,694	384,041
Retainage Payable	0	22,936	0	22,936
Unearned Revenue	0	0	103,640	103,640
Accrued Interest Payable	0	36,683	0	36,683
Notes Payable	0	4,946,000	0	4,946,000
Total Liabilities	<u>926,156</u>	<u>5,549,278</u>	<u>620,377</u>	<u>7,095,811</u>
<u>Deferred Inflows of Resources</u>				
Property Taxes	1,535,144	0	643,669	2,178,813
Payment in Lieu of Taxes	801	0	556,917	557,718
Unavailable Revenue	<u>2,760,674</u>	<u>79,619</u>	<u>3,014,397</u>	<u>5,854,690</u>
Total Deferred Inflows of Resources	<u>4,296,619</u>	<u>79,619</u>	<u>4,214,983</u>	<u>8,591,221</u>
<u>Fund Balance</u>				
Nonspendable	325,196	10	193,058	518,264
Restricted	0	196,590	7,969,950	8,166,540
Committed	0	0	56,390	56,390
Assigned	796,653	0	0	796,653
Unassigned (Deficit)	<u>5,058,701</u>	<u>0</u>	<u>(137,817)</u>	<u>4,920,884</u>
Total Fund Balance	<u>6,180,550</u>	<u>196,600</u>	<u>8,081,581</u>	<u>14,458,731</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$11,403,325</u>	<u>\$5,825,497</u>	<u>\$12,916,941</u>	<u>\$30,145,763</u>

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, 2018

Total Governmental Fund Balance		\$14,458,731
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.		43,603,854
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	266,451	
Accrued Interest Receivable	18,682	
Due from Other Governments	922,642	
Municipal Income Taxes Receivable	2,390,560	
Other Local Taxes Receivable	4,367	
Delinquent Property Taxes Receivable	189,173	
Special Assessments Receivable	<u>2,062,815</u>	
		5,854,690
An internal balance is recorded in governmental activities to reflect overpayments to the internal service fund by the business-type activities.		(1,097,189)
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.		(25,602)
Deferred outflows of resources include deferred charges on refundings which do not provide current financial resources and, therefore, are not reported in the funds.		253,452
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
General Obligation Bonds Payable	(6,374,928)	
Revenue Bonds Payable	(410,000)	
Special Assessment Bonds Payable	(1,738,654)	
Compensated Absences Payable	<u>(2,367,996)</u>	
		(10,891,578)
The net pension asset, net pension liability, and net OPEB liability are not due and payable in the current period; therefore, the asset, liability, and related deferred outflows/inflows are not reported in the governmental funds.		
Net Pension Asset	36,528	
Deferred Outflows - Pension	4,138,167	
Deferred Inflows - Pension	(2,643,479)	
Net Pension Liability	(23,742,001)	
Deferred Outflows - OPEB	2,076,473	
Deferred Inflows - OPEB	(683,281)	
Net OPEB Liability	<u>(20,573,756)</u>	
		(41,391,349)
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.		<u>4,363,663</u>
Net Position of Governmental Activities		<u><u>\$15,128,672</u></u>

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, 2018

	General	Capital Projects	Other Governmental	Total Governmental Funds
<u>Revenues</u>				
Property Taxes	\$1,519,483	\$0	\$666,052	\$2,185,535
Payment in Lieu of Taxes	2,417	0	572,258	574,675
Municipal Income Taxes	11,363,346	0	1,365,634	12,728,980
Other Local Taxes	5,683,053	0	449,000	6,132,053
Special Assessments	0	0	295,410	295,410
Charges for Services	1,013,656	695,711	736,786	2,446,153
Fees, Licenses, and Permits	878,114	128,416	516,898	1,523,428
Fines and Forfeitures	1,186,553	0	80,422	1,266,975
Intergovernmental	659,679	1,094,577	3,555,412	5,309,668
Interest	376,240	4,962	35,082	416,284
Other	813,616	390,219	680,495	1,884,330
Total Revenues	23,496,157	2,313,885	8,953,449	34,763,491
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	5,151,382	0	774,909	5,926,291
Fire	4,821,643	1,005,437	842,462	6,669,542
Other	254,937	0	0	254,937
Public Health	319,862	0	45,300	365,162
Leisure Time Activities	665,682	972,016	1,862	1,639,560
Community Environment	2,557,441	1,419,057	1,391,901	5,368,399
Transportation	1,037	236,282	4,016,789	4,254,108
General Government				
Municipal Court	1,023,818	22,126	0	1,045,944
Other	3,817,525	1,005,637	120,462	4,943,624
Other	0	0	107,248	107,248
Capital Outlay	0	646,488	0	646,488
Debt Service:				
Principal Retirement	0	8,299	2,090,441	2,098,740
Interest and Fiscal Charges	0	85,983	356,742	442,725
Total Expenditures	18,613,327	5,401,325	9,748,116	33,762,768
Excess of Revenues Over (Under) Expenditures	4,882,830	(3,087,440)	(794,667)	1,000,723
<u>Other Financing Sources (Uses)</u>				
Sale of Capital Assets	200	6,885	0	7,085
Transfers In	0	3,107,410	2,286,598	5,394,008
Transfers Out	(4,772,513)	0	(621,495)	(5,394,008)
Total Other Financing Sources (Uses)	(4,772,313)	3,114,295	1,665,103	7,085
Changes in Fund Balance	110,517	26,855	870,436	1,007,808
Fund Balance Beginning of Year - Restated (Note 3)	6,070,033	169,745	7,211,145	13,450,923
Fund Balance End of Year	\$6,180,550	\$196,600	\$8,081,581	\$14,458,731

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, 2018

Changes in Fund Balance - Total Governmental Funds \$1,007,808

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 - Nondepreciable Capital Assets	2,854,494	
Capital Outlay - Depreciable Capital Assets	1,020,831	
Depreciation	<u>(3,877,862)</u>	(2,537)

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

Proceeds from Sale of Capital Assets	(7,085)	
Gain on Disposal of Capital Assets	<u>7,085</u>	0

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

Delinquent Property Taxes	(5,044)	
Municipal Income Taxes	228,579	
Other Local Taxes	4,367	
Special Assessments	(243,304)	
Charges for Services	(74,748)	
Fees, Licenses, and Permits	(394)	
Intergovernmental	(163,014)	
Interest	(5,078)	
Other	<u>0</u>	(258,636)

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	1,499,867	
Revenue Bonds Payable	400,000	
Special Assessment Bonds Payable	190,574	
Capital Leases Payable	<u>8,299</u>	2,098,740

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	6,259	
Amortization of Premium	15,063	
Amortization of Deferred Charge on Refunding	<u>(81,319)</u>	(59,997)

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. (148,908)

(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, 2018
(continued)

Except for amounts reported as deferred outflows/inflows, changes in the net pension liability (asset) and net OPEB liability are reported as pension/OPEB expense on the statement of activities.

Pension	(\$3,420,915)	
OPEB	<u>(1,677,721)</u>	
		(5,098,636)

Contractually required contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows.

Pension	2,113,334	
OPEB	<u>35,858</u>	
		2,149,192

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.

564,407

Change in Net Position of Governmental Activities

\$251,433

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
<u>Revenues</u>				
Property Taxes	\$1,545,999	\$1,545,999	\$1,519,483	(\$26,516)
Payment in Lieu of Taxes	2,417	2,417	2,417	0
Municipal Income Taxes	12,000,000	11,514,589	11,524,727	10,138
Other Local Taxes	6,085,000	5,704,677	5,715,057	10,380
Charges for Services	1,024,722	956,271	996,801	40,530
Fees, Licenses, and Permits	892,800	850,194	877,864	27,670
Fines and Forfeitures	1,194,165	1,120,714	1,143,390	22,676
Intergovernmental	657,584	661,868	656,433	(5,435)
Interest	220,000	341,276	388,460	47,184
Other	424,166	230,802	243,904	13,102
Total Revenues	24,046,853	22,928,807	23,068,536	139,729
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	5,557,415	5,202,915	5,135,955	66,960
Fire	5,160,045	4,840,045	4,806,019	34,026
Other	265,000	254,000	253,477	523
Public Health	414,371	364,371	323,321	41,050
Leisure Time Activities	742,950	665,355	664,329	1,026
Community Environment	2,807,879	2,620,879	2,555,837	65,042
Transportation	1,000	1,000	882	118
General Government				
Municipal Court	1,044,865	1,025,865	1,022,487	3,378
Other	3,886,965	3,753,465	3,663,661	89,804
Total Expenditures	19,880,490	18,727,895	18,425,968	301,927
Excess of Revenues Over Expenditures	4,166,363	4,200,912	4,642,568	441,656
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	340,812	602,472	597,602	(4,870)
Sale of Capital Assets	0	200	200	0
Transfers Out	(4,530,088)	(4,772,599)	(4,772,513)	86
Total Other Financing Sources (Uses)	(4,189,276)	(4,169,927)	(4,174,711)	(4,784)
Changes in Fund Balance	(22,913)	30,985	467,857	436,872
Fund Balance Beginning of Year	5,343,361	5,343,361	5,343,361	0
Fund Balance End of Year	\$5,320,448	\$5,374,346	\$5,811,218	\$436,872

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Fund Net Position
Proprietary Funds
December 31, 2018

	Business-Type Activities		Total Enterprise Funds	Governmental Activity
	Water	Sewer		Internal Service
<u>Assets</u>				
<u>Current Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$5,396,337	\$6,505,796	\$11,902,133	\$4,959,894
Accounts Receivable	604,467	1,508,822	2,113,289	3,787
Due from Other Governments	163,477	239,992	403,469	0
Prepaid Items	20,882	21,058	41,940	0
Materials and Supplies Inventory	822,371	198,571	1,020,942	0
Total Current Assets	7,007,534	8,474,239	15,481,773	4,963,681
<u>Non-Current Assets</u>				
Net Pension Asset	15,853	16,542	32,395	0
Nondepreciable Capital Assets	483,738	1,921,202	2,404,940	0
Depreciable Capital Assets, Net	28,884,282	60,295,455	89,179,737	0
Total Non-Current Assets	29,383,873	62,233,199	91,617,072	0
Total Assets	36,391,407	70,707,438	107,098,845	4,963,681
<u>Deferred Outflows of Resources</u>				
Pension	654,001	739,253	1,393,254	0
OPEB	164,655	171,813	336,468	0
Total Deferred Outflows of Resources	818,656	911,066	1,729,722	0
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accrued Wages Payable	106,060	109,278	215,338	0
Accounts Payable	92,642	221,340	313,982	0
Contracts Payable	69,853	139,683	209,536	0
Due to Other Governments	31,703	272,931	304,634	0
Accrued Interest Payable	261,496	501,124	762,620	0
Claims Payable	0	0	0	339,537
General Obligation Revenue Bonds Payable	5,000	75,000	80,000	0
OWDA Loans Payable	1,265,423	1,996,991	3,262,414	0
Compensated Absences Payable	62,807	97,502	160,309	0
Total Current Liabilities	1,894,984	3,413,849	5,308,833	339,537
<u>Non-Current Liabilities</u>				
Claims Payable	0	0	0	260,481
General Obligation Revenue Bonds Payable	105,000	1,090,000	1,195,000	0
OWDA Loans Payable	13,503,413	25,378,667	38,882,080	0
Compensated Absences Payable	248,273	313,491	561,764	0
Net Pension Liability	2,290,520	2,390,108	4,680,628	0
Net OPEB Liability	1,531,298	1,597,876	3,129,174	0
Total Non-Current Liabilities	17,678,504	30,770,142	48,448,646	260,481
Total Liabilities	19,573,488	34,183,991	53,757,479	600,018
<u>Deferred Inflows of Resources</u>				
Pension	560,657	571,765	1,132,422	0
OPEB	114,071	119,031	233,102	0
Total Deferred Inflows of Resources	674,728	690,796	1,365,524	0

(continued)

City of Sandusky
Statement of Fund Net Position
Proprietary Funds
December 31, 2018
(continued)

	<u>Business-Type Activities</u>		<u>Total Enterprise Funds</u>	<u>Governmental Activity</u>
	<u>Water</u>	<u>Sewer</u>		<u>Internal Service</u>
<u>Net Position</u>				
Net Investment in Capital Assets	\$14,425,518	\$33,578,653	\$48,004,171	\$0
Unrestricted	<u>2,536,329</u>	<u>3,165,064</u>	<u>5,701,393</u>	<u>4,363,663</u>
Total Net Position	<u>\$16,961,847</u>	<u>\$36,743,717</u>	53,705,564	<u>\$4,363,663</u>

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.

1,097,189

Net Position of Business-Type Activities

\$54,802,753

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, 2018

	Business-Type Activities		Total Enterprise Funds	Governmental Activity
	Water	Sewer		Internal Service
<u>Operating Revenues</u>				
Charges for Services	\$7,580,885	\$11,547,199	\$19,128,084	\$4,392,634
Other	92,951	673,292	766,243	719,776
Total Operating Revenues	7,673,836	12,220,491	19,894,327	5,112,410
<u>Operating Expenses</u>				
Personal Services	3,454,851	3,799,360	7,254,211	0
Travel and Transportation	20,093	24,338	44,431	0
Contractual Services	1,034,297	1,719,610	2,753,907	0
Materials and Supplies	1,026,977	977,586	2,004,563	0
Claims	0	0	0	4,339,250
Depreciation	1,299,075	1,910,873	3,209,948	0
Other	2,942	1,236	4,178	0
Total Operating Expenses	6,838,235	8,433,003	15,271,238	4,339,250
Operating Income	835,601	3,787,488	4,623,089	773,160
<u>Non-Operating Revenues (Expenses)</u>				
Interest Revenue	636	1,913	2,549	0
Interest Expense	(537,265)	(1,052,402)	(1,589,667)	0
Total Non-Operating Revenues (Expenses)	(536,629)	(1,050,489)	(1,587,118)	0
Changes in Net Position	298,972	2,736,999	3,035,971	773,160
Net Position Beginning of Year - Restated (Note 3)	16,662,875	34,006,718		3,590,503
Net Position End of Year	\$16,961,847	\$36,743,717		\$4,363,663
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.			208,753	
Change in Net Position of Business-Type Activities			\$3,244,724	

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	<u>Business-Type Activities</u>			<u>Governmental Activity</u>
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>	<u>Internal Service</u>
Increases (Decreases) in Cash and Cash Equivalents				
<u>Cash Flows from Operating Activities</u>				
Cash Received from Customers	\$7,753,473	\$11,656,459	\$19,409,932	\$4,388,847
Cash Payments for Personal Services	(3,040,767)	(3,294,529)	(6,335,296)	0
Cash Payments for Contractual Services	(886,352)	(1,834,483)	(2,720,835)	(1,527)
Cash Payments to Vendors	(1,160,851)	(611,319)	(1,772,170)	0
Cash Received from Other Revenues	92,951	665,737	758,688	771,775
Cash Payments for Claims	0	0	0	(4,311,611)
Cash Payments for Other Expenses	(2,942)	(1,236)	(4,178)	0
Net Cash Provided by Operating Activities	<u>2,755,512</u>	<u>6,580,629</u>	<u>9,336,141</u>	<u>847,484</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Principal Paid on General Obligation Revenue Bonds	(5,000)	(70,000)	(75,000)	0
Principal Paid on OWDA Loans	(1,210,033)	(1,908,401)	(3,118,434)	0
Interest Paid on General Obligation Revenue Bonds	(3,508)	(37,668)	(41,176)	0
Interest Paid on OWDA Loans	(556,171)	(1,051,664)	(1,607,835)	0
Acquisition of Capital Assets	(917,216)	(2,429,619)	(3,346,835)	0
Net Cash Used for Capital and Related Financing Activities	<u>(2,691,928)</u>	<u>(5,497,352)</u>	<u>(8,189,280)</u>	<u>0</u>
<u>Cash Flows from Investing Activities</u>				
Interest	<u>636</u>	<u>1,913</u>	<u>2,549</u>	<u>0</u>
Net Increase in Cash and Cash Equivalents	<u>64,220</u>	<u>1,085,190</u>	<u>1,149,410</u>	<u>847,484</u>
Cash and Cash Equivalents Beginning of Year	<u>5,332,117</u>	<u>5,420,606</u>	<u>10,752,723</u>	<u>4,112,410</u>
Cash and Cash Equivalents End of Year	<u><u>\$5,396,337</u></u>	<u><u>\$6,505,796</u></u>	<u><u>\$11,902,133</u></u>	<u><u>\$4,959,894</u></u>

(continued)

City of Sandusky
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018
(continued)

	Business-Type Activities			Governmental Activity
	Water	Sewer	Total	Internal Service
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u>				
Operating Income	\$835,601	\$3,787,488	\$4,623,089	\$773,160
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</u>				
Depreciation	1,299,075	1,910,873	3,209,948	0
Changes in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(40,745)	101,371	60,626	48,212
Decrease in Due from Other Governments	213,333	334	213,667	0
Decrease in Prepaid Items	1,929	2,679	4,608	0
Decrease in Materials and Supplies Inventory	34,599	149,813	184,412	0
Increase in Net Pension Asset	(8,369)	(8,732)	(17,101)	0
Increase in Accrued Wages Payable	4,296	11,165	15,461	0
Increase in Accounts Payable	377	93,211	93,588	0
Increase (Decrease) in Contracts Payable	(1,903)	15,964	14,061	0
Increase (Decrease) in Due to Other Governments	(7,333)	8,147	814	(1,527)
Increase in Claims Payable	0	0	0	27,639
Increase in Compensated Absences Payable	17,988	55,380	73,368	0
Increase in Net Pension Liability	49,816	51,983	101,799	0
Decrease in Deferred Outflows - Pension	476,197	529,487	1,005,684	0
Decrease in Deferred Inflows - Pension	(271,860)	(287,676)	(559,536)	0
Increase in Net OPEB Liability	83,044	86,654	169,698	0
Decrease in Deferred Outflows - OPEB	97,985	102,246	200,231	0
Decrease in Deferred Inflows - OPEB	(28,518)	(29,758)	(58,276)	0
Net Cash Provided by Operating Activities	<u>\$2,755,512</u>	<u>\$6,580,629</u>	<u>\$9,336,141</u>	<u>\$847,484</u>

Non-Cash Capital Transactions

At December 31, 2018, the Water and Sewer enterprise funds had receivables related to the acquisition of capital assets, in the amount of \$163,477 and \$239,992, respectively.

At December 31, 2018, the Water and Sewer enterprise funds had outstanding payables related to the acquisition of capital assets, in the amount of \$63,666 and \$97,346, respectively.

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Fiduciary Net Position
Custodial Funds
For the Year Ended December 31, 2018

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$920,688
Special Assessments Receivable	<u>596,085</u>
Total Assets	1,516,773
<u>Liabilities</u>	
Due to Other Governments	<u>665,349</u>
<u>Net Position</u>	
Restricted for Individuals, Organizations, and Other Governments	<u><u>\$851,424</u></u>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended December 31, 2018

<u>Additions</u>	
Licenses, Permits, and Fees for Other Governments	\$11,120
Fines and Forfeitures for Other Governments	2,377,859
Special Assessments Collections for Other Governments	596,085
Amounts Held for Employees	92,558
Other	<u>388,470</u>
Total Additions	<u>3,466,092</u>
<u>Deductions</u>	
Distributions to the State of Ohio	10,526
Fines and Forfeitures Distributions to Other Governments	2,330,242
Special Assessments Collections to Other Governments	596,085
Distributions on Behalf of Employees	104,326
Distributions to Individuals	<u>546,038</u>
Total Deductions	<u>3,587,217</u>
Net Decrease in Fiduciary Net Position	(121,125)
Net Position Beginning of Year - Restated (Note 3)	<u>972,549</u>
Net Position End of Year	<u><u>\$851,424</u></u>

See Accompanying Notes to the Basic Financial Statements

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018

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 2018.

The City participates in the City of Sandusky, Ohio Energy Special Improvement District, a jointly governed organization. This organization is presented in Note 23 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

The City's basic financial statements consist of government-wide financial statements, including a statement of net 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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

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 (and other employee benefit) trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The City's fiduciary funds are custodial funds. Custodial funds are used to account for assets held by the City for fees and fines collected for the benefit of and distributed to other governments, special assessments held for a not-for-profit corporation, and for the distribution of employee payroll withholdings.

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 and fiduciary funds are accounted for 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 these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

For proprietary funds, 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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

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, are 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.

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met but for which revenue recognition criteria have not yet been met because these amounts have not yet been earned.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, pension, and OPEB. 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 and OPEB are reported on the government-wide and proprietary funds statement of net position and explained in Notes 15 and 16 to the basic financial statements.

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, pension, and OPEB. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2018, but which were levied to finance 2019 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 and OPEB are reported on the government-wide and proprietary funds statement of net position and explained in Notes 15 and 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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budgetary Process

All funds, except custodial 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. Budgetary information for the Fire Escrow special revenue fund is not reported because it is not included in the entity for which the appropriated budget is adopted.

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 final amended certificate of estimated resources requested by the City Commission prior to year end.

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 2018, 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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million requiring the excess amount to be transacted the following business day(s) but only to the \$100 million limit. All accounts of the participant will be 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 2018 was \$376,240, which includes \$318,139 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. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2018, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

H. Inventory

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

I. Restricted Assets

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

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

J. 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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

K. 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.

L. Interfund Activity

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.

Deferred inflows of resources and deferred outflows of resources from the change in proportionate share related to pension/OPEB items are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column on the government-wide statement of net position.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Compensated Absences

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

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

N. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. General obligation bonds, revenue bonds, special assessment bonds, capital leases, and claims are recognized as liabilities on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

O. 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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. 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.

Q. Fund Balance

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

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

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).

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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Fund balance is also assigned for the payment of future severance payments.

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.

R. 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.

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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Pension/Postemployment

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pension/OPEB, pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans, and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB 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/OPEB 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 PRINCIPLES AND RESTATEMENT OF NET POSITION

For 2018, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", Statement No. 84, "Fiduciary Activities", Statement No. 85, "Omnibus 2017", Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period", and related guidance from GASB Implementation Guide No. 2017-3, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).

For 2018, the City also implemented GASB Implementation Guide No. 2017-1. These changes were incorporated in the City's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources, and expenses/expenditures. The restatement for the implementation of GASB Statement No. 75, had the following effect on net position as previously reported at December 31, 2017.

	Water	Sewer	Internal Service
Net Position			
December 31, 2017	\$17,991,078	\$35,392,670	\$3,590,503
Net OPEB Liability	(1,348,779)	(1,407,422)	0
Deferred Outflows - Payments Subsequent to the Measurement Date	20,576	21,470	0
Restated Net Position			
December 31, 2017	<u>\$16,662,875</u>	<u>\$34,006,718</u>	<u>\$3,590,503</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION (continued)

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. The implementation of this statement had the following effect on fund balance as previously reported at December 31, 2017.

	General	Capital Projects	Other Governmental	Total
Fund Balance, December 31, 2017	\$6,070,033	\$169,745	\$7,145,605	\$13,385,383
GASB Statement No. 84	0	0	65,540	65,540
Restated Fund Balance, December 31, 2017	\$6,070,033	\$169,745	\$7,211,145	\$13,450,923

The implementation of GASB Statements No. 75 and 84 have the following effect on net position as previously reported.

	Governmental Activities	Business-Type Activities
Net Position December 31, 2017	\$32,350,400	\$54,272,184
Net OPEB Liability	(17,618,805)	(2,756,201)
Deferred Outflows - Payment Subsequent to Measurement Date	80,104	42,046
GASB Statement No. 84	65,540	0
Restated Net Position December 31, 2017	\$14,877,239	\$51,558,029

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred outflows/inflows of resources as the information needed to generate these restatements was not available.

In addition, due to the implementation of GASB Statement No. 84, the new classification of custodial funds is reporting a beginning net position of \$972,549.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION (continued)

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits (OPEB)). These changes were incorporated in the City's 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 89 establishes accounting requirements for interest costs incurred before the end of a construction period. These changes were incorporated in the City's 2018 financial statements; however, there was no effect of beginning net position/fund balance.

NOTE 4 - ACCOUNTABILITY

At December 31, 2018 the Public Transit, Fire Pension, and Police Pension special revenue funds had deficit fund balances, in the amount of \$44,374, \$48,284, and \$45,086, 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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

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

Changes in Fund Balance	
	General
GAAP Basis	\$110,517
<u>Increases (Decreases) Due To</u>	
Revenue Accruals:	
Accrued 2017, Received in Cash 2018	1,318,766
Accrued 2018, Not Yet Received in Cash	(1,102,737)
Expenditure Accruals:	
Accrued 2017, Paid in Cash 2018	(759,727)
Accrued 2018, Not Yet Paid in Cash	926,156
Cash Adjustments:	
Unrecorded Activity 2017	(85,253)
Unrecorded Activity 2018	38,229
Prepaid Items	13,281
Materials and Supplies Inventory	8,769
Excess of Revenues Over Expenditures for Nonbudgeted Activity	(144)
Budget Basis	\$467,857

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio (if training requirements have been met);
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed two hundred seventy days in an amount not to exceed 40 percent of the interim monies available for investment at any one time (if training requirements have been met).

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of settlement, 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. Payment for investments may be made only upon delivery of the securities representing the investments to the Finance Director or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2018, \$1,008,561 of the City's total bank balance of \$11,767,566 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Two of the City's financial institutions participate in the Ohio Pooled Collateral System (OPCS) and were approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured or by participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of December 31, 2018, 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 - Level 2 Inputs					
Negotiable Certificates of Deposit	\$3,735,180	\$2,104,966	\$239,882	\$1,143,677	\$246,655
Federal National Mortgage Association Notes	2,674,349	0	2,674,349	0	0
Federal Home Loan Bank Notes	1,175,760	0	0	1,175,760	0

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Measurement / Investment	Measurement Value	Less Than Six Months	Six Months to One Year	One Year To Two Years	More Than Two Years
Fair Value - Level 2 Inputs (continued)					
Federal Farm Credit Bank Notes	\$1,867,983	\$0	\$0	\$986,910	\$881,073
Federal Home Loan Mortgage Corporation Notes	1,120,540	0	0	1,120,540	0
Net Asset Value					
STAR Ohio	11,804,630	11,804,630	0	0	0
	<u>\$22,378,442</u>	<u>\$13,909,596</u>	<u>\$2,914,231</u>	<u>\$4,426,887</u>	<u>\$1,127,728</u>

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, 2018. 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, 2018, the weighted average maturity of investments with Star Ohio was 45 days.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

The City places no limit on the amount of its interim monies it may invest in a particular security 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	\$3,735,180	16.7%
Federal National Mortgage Association	2,674,349	12.0
Federal Home Loan Bank	1,175,760	5.3
Federal Farm Credit Bank	1,867,983	8.3
Federal Home Loan Mortgage Corporation	1,120,540	5.0

NOTE 7 - RECEIVABLES

Receivables at December 31, 2018, consisted of accounts (billings for user charged services); accrued interest; 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 \$3,350,126, will not be received within one year. Special assessments, in the amount of \$1,701,625, will not be received within one year. At December 31, 2018, the amount of delinquent special assessments was \$90,479.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	\$86,622
Local Government	200,627
Beer and Liquor Permits	34,775
Cigarette Tax	1,210
Charges for Services	22,910
Total General Fund	346,144
Capital Projects Fund	
Sandusky Bay Initiative	67,862
Sandusky Bay Strategic Restoration Initiative	11,757
Wayfinding and Signage Project	50,000
Charges for Services	2,949
Total Capital Projects Fund	132,568
Total Major Funds	478,712
	(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 7 - RECEIVABLES (continued)

	<u>Amount</u>
Governmental Activities (continued)	
Nonmajor Funds	
Street Maintenance Fund	
Gasoline Tax	\$371,066
Motor Vehicle License Tax	91,634
Total Street Maintenance Fund	<u>462,700</u>
State Highway Fund	
Gasoline Tax	30,087
Motor Vehicle License Tax	7,430
Total State Highway Fund	<u>37,517</u>
Public Transit Fund	
Ohio Transit Preservation Partnership	15,200
Rural Transit Grant	50,988
Charges for Services	28,624
Total Public Transit Fund	<u>94,812</u>
Fire Pension Fund	
Homestead and Rollback	7,120
Police Pension Fund	
Homestead and Rollback	7,120
Federal Grants Fund	
EPA Brownfield Grant	62,559
CDBG	58,680
Total Federal Grants Fund	<u>121,239</u>
General Bond Retirement Fund	
Homestead and Rollback	22,071
Total Nonmajor Funds	<u>752,579</u>
Total Governmental Activities	<u>\$1,231,291</u>
Business-Type Activities	
Water Fund	
Erie County	\$163,477
Sewer Fund	
Erie County	218,217
Charges for Services	21,775
Total Sewer Fund	<u>239,992</u>
Total Business-Type Activities	<u>\$403,469</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

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 2018, 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 2018 represent the collection of 2017 taxes. Real property taxes received in 2018 were levied after October 1, 2017, on the assessed values as of January 1, 2017, 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 2018 represent the collection of 2017 taxes. Public utility real and tangible personal property taxes received in 2018 became a lien on December 31, 2016, were levied after October 1, 2017, 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, 2018, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2018 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, 2018, was \$5.25 per \$1,000 of assessed value. The assessed values of real property and public utility property upon which 2018 property tax receipts were based are as follows:

<u>Category</u>	<u>Amount</u>
Real Property	\$439,938,320
Public Utility Personal Property	21,783,450
Total Assessed Value	<u>\$461,721,770</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

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 2018 follows:

	Balance January 1, 2018	New Loans	Reductions	Balance December 31, 2018
Special Revenue Funds				
State Grants				
Revolving Loans	\$555,198	\$3,000	\$105,337	\$452,861
Rehabilitation Revolving Loans	1,635,300	184,911	93,282	1,726,929
Micro-Enterprise Loans	7,500	0	0	7,500
Total State Grants	2,197,998	187,911	198,619	2,187,290
Federal Grants				
Rehabilitation Revolving Loans	1,050,634	0	5,000	1,045,634
Capital Projects				
Issue 8 Loans	613,136	0	118,004	495,132
	<u>\$3,861,768</u>	<u>\$187,911</u>	<u>\$321,623</u>	3,728,056
Less Allowance for Uncollectible Accounts				(170,755)
				<u>\$3,557,301</u>

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 12 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$7,176,046	\$749,273	\$0	\$7,925,319
Construction in Progress	2,195,872	2,105,221	(1,717,056)	2,584,037
Total Nondepreciable Capital Assets	9,371,918	2,854,494	(1,717,056)	10,509,356
Depreciable Capital Assets				
Buildings	16,844,917	36,814	0	16,881,731
Improvements Other Than Buildings	24,043,239	1,130,496	0	25,173,735
Streets	52,342,670	731,937	0	53,074,607
Bridges	229,802	0	0	229,802
Equipment	13,419,981	838,640	(80,860)	14,177,761
Total Depreciable Capital Assets	106,880,609	2,737,887	(80,860)	109,537,636
Less Accumulated Depreciation for				
Buildings	(11,760,595)	(573,625)	0	(12,334,220)
Improvements Other Than Buildings	(11,673,218)	(880,269)	0	(12,553,487)
Streets	(39,822,113)	(1,707,187)	0	(41,529,300)
Bridges	(114,900)	(4,596)	0	(119,496)
Equipment	(9,275,310)	(712,185)	80,860	(9,906,635)
Total Accumulated Depreciation	(72,646,136)	(3,877,862)	80,860	(76,443,138)
Total Depreciable Capital Assets, Net	34,234,473	(1,139,975)	0	33,094,498
Governmental Activities Capital Assets, Net	\$43,606,391	\$1,714,519	(\$1,717,056)	\$43,603,854
	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018
Business-Type Activities				
Nondepreciable Capital Assets				
Land	\$816,702	\$0	\$0	\$816,702
Construction in Progress	92,561	1,880,356	(384,679)	1,588,238
Total Nondepreciable Capital Assets	909,263	1,880,356	(384,679)	2,404,940

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 12 - CAPITAL ASSETS (continued)

	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018
Business-Type Activities (continued)				
Depreciable Capital Assets				
Buildings	\$64,427,995	\$439,504	\$0	\$64,867,499
Improvements Other Than Buildings	33,642,588	12,550	0	33,655,138
Utility Plant	9,986,791	19,399	0	10,006,190
Water and Sewer Lines	30,157,040	1,167,721	0	31,324,761
Equipment	3,971,085	372,996	(17,743)	4,326,338
Total Depreciable Capital Assets	<u>142,185,499</u>	<u>2,012,170</u>	<u>(17,743)</u>	<u>144,179,926</u>
Less Accumulated Depreciation for				
Buildings	(21,326,262)	(1,121,707)	0	(22,447,969)
Improvements Other Than Buildings	(11,857,588)	(1,037,050)	0	(12,894,638)
Utility Plant	(4,426,540)	(288,480)	0	(4,715,020)
Water and Sewer Lines	(11,948,935)	(522,239)	0	(12,471,174)
Equipment	(2,248,659)	(240,472)	17,743	(2,471,388)
Total Accumulated Depreciation	<u>(51,807,984)</u>	<u>(3,209,948)</u>	<u>17,743</u>	<u>(55,000,189)</u>
Total Depreciable Capital Assets, Net	<u>90,377,515</u>	<u>(1,197,778)</u>	<u>0</u>	<u>89,179,737</u>
Business-Type Activities Capital Assets, Net	<u>\$91,286,778</u>	<u>\$682,578</u>	<u>(\$384,679)</u>	<u>\$91,584,677</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property - Police	\$133,236
Security of Persons and Property - Fire	402,199
Public Health	17,180
Leisure Time Activities	165,744
Community Environment	207,140
Transportation	2,049,157
General Government - Municipal Court	11,977
General Government - Other	891,229
Total Depreciation Expense - Governmental Activities	<u>\$3,877,862</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2018, the City contracted for the following coverage:

Type of Coverage	Coverage
Property (building and contents)	\$137,447,880
Excess Liability	10,000,000
General Liability	3,000,000
Employee Benefit Liability	3,000,000
Law Enforcement Liability	2,000,000
Auto Liability	1,000,000
Public Official Liability	2,000,000

There has been no significant reduction in insurance coverage from 2017 and no insurance settlement has exceeded insurance coverage during the last three years.

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 during the last three years.

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, 2018, was estimated by a third party administrator at \$600,018. Of this amount, \$339,539 is expected to be paid within one year. The change in the claims liability for 2018 and 2017 was:

	Beginning Balance	Current Year Claims	Claims Payments	Ending Balance
2018	\$572,379	\$4,339,250	\$4,311,611	\$600,018
2017	546,539	4,150,830	4,124,990	572,379

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 14 - SIGNIFICANT CONTRACTUAL COMMITMENTS

The City has outstanding contracts for professional services. The following amounts remain on these contracts as of December 31, 2018:

<u>Contract</u>	<u>Remaining Commitment</u>
ABC Piping Co.	\$659,005
ADC LLC DBA Environmental Services	150,836
Arcadis US, Inc. of Toledo	5,463
Biohabitats, Inc.	146,583
Cash Services LLC	235,731
Civil and Environmental Consultants	44,804
DLZ of Ohio	397,681
Donleys, Inc.	7,865,993
Ed Burdue and Co.	43,636
Environmental Design Group	1,571,744
Environmental Rate Consultant	77,786
Foth Infrastructure	650,003
Johnson Controls	90,890
KE McCartney & Associates	82,445
Kokosing Industrial, Inc.	8,789,877
Mannik and Smith	91,920
Ohio Telecom	156,070
Osborn Engineering of Cleveland	424,369
Perram Electric, Inc.	173,912
Precision Paving	45,960
Richland Engineering	103,685
Trust for Public Land	54,654
United Survey, Inc.	193,192
WSP USA	161,199
Total	<u>\$22,217,438</u>

At year end, there were no significant encumbrances expected to be honored upon performance by the vendor in 2019.

Note 15 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability (Asset)/Net OPEB Liability

The net pension liability (asset) and the net OPEB liability reported on the statement of net position represent a liability to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions, between an employer and its employees, of salaries and benefits for employee services. Pensions/OPEB 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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

The net pension/OPEB liability (asset) represents the City's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) 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 these estimates 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 and OPEB.

GASB Statements No. 68 and No. 75 assume 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 pension contributions to date have come solely from the employer (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contribution to provide for OPEB benefits. In addition, health care plan enrollees pay a portion of the health care cost in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within thirty years. If the pension amortization period exceeds thirty years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

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

The remainder of this note includes the required pension disclosures. See Note 16 for the required OPEB disclosures.

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 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 combination cost-sharing multiple-employer defined benefit/defined contribution pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. 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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS' CAFR referenced above for additional information including requirements for reduced and unreduced benefits).

Group A Eligible to retire prior to January 7, 2013, or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013, or eligible to retire ten years after January 7, 2013	Group C Members not in other groups and members hired on or after January 7, 2013
<p style="text-align: center;">State and Local</p> <p>Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit</p> <p>Traditional Plan 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</p> <p>Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 years</p>	<p style="text-align: center;">State and Local</p> <p>Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit</p> <p>Traditional Plan 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</p> <p>Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 years</p>	<p style="text-align: center;">State and Local</p> <p>Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit</p> <p>Traditional Plan Formula: 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</p> <p>Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35 years</p>
<p style="text-align: center;">Public Safety</p> <p>Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit</p>	<p style="text-align: center;">Public Safety</p> <p>Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit</p>	<p style="text-align: center;">Public Safety</p> <p>Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit</p>
<p style="text-align: center;">Law Enforcement</p> <p>Age and Service Requirements: Age 52 with 15 years of service credit</p>	<p style="text-align: center;">Law Enforcement</p> <p>Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit</p>	<p style="text-align: center;">Law Enforcement</p> <p>Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit</p>
<p style="text-align: center;">Public Safety and Law Enforcement</p> <p>Traditional Plan 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</p>	<p style="text-align: center;">Public Safety and Law Enforcement</p> <p>Traditional Plan 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</p>	<p style="text-align: center;">Public Safety and Law Enforcement</p> <p>Traditional Plan 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</p>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

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 traditional plan 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. Members retiring under the combined plan receive a cost of living adjustment on the defined benefit portion of their pension benefit. 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.

Defined contribution plan benefits are established in the plan documents which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed plan participants must have attained the age of fifty-five, have money on deposit in the defined contribution plan, and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the member's contributions, vested employer contributions, and investment gains or losses resulting from the member's investment selections. Employer contributions and associated investment earnings vest over a five year period at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS account. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of the entire account balance net of taxes withheld, or a combination of these options.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 15 - 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
2018 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee *	10.0 %	**	***
2018 Actual Contribution Rates			
Employer			
Pension ****	14.0 %	18.1 %	18.1 %
Postemployment Health Care Benefits ****	0.0	0.0	0.0
Total Employer	14.0 %	18.1 %	18.1 %
Total Employee	10.0 %	12.0 %	13.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** 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.

**** These pension and employer health care rates are for the traditional and combined plans. The employer contribution rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

For 2018, the City's contractually required contribution was \$1,207,492 for the traditional plan, \$42,274 for the combined plan, and \$9,647 for the member-directed plan. Of these amounts, \$110,050 is reported as an intergovernmental payable for the traditional plan, \$3,857 for the combined plan, and \$880 for the member-directed plan.

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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

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.

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 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. (See the OPF CAFR referenced above for additional information including requirements for deferred retirement option plan provisions and reduced and unreduced benefits.)

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, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than fifteen years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3 percent or the percentage increase in the Consumer Price Index, if any, over the twelve month period ending on September 30 of the immediately preceding year rounded to the nearest one-tenth of one percent.

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

	<u>Police</u>	<u>Firefighters</u>
2018 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
2018 Actual Contribution Rates		
Employer		
Pension	19.00%	23.50%
Postemployment Health Care Benefits	.50	.50
Total Employer	<u>19.50%</u>	<u>24.00%</u>
Total Employee	<u>12.25%</u>	<u>12.25%</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution was \$1,436,671 for 2018. Of this amount, \$124,940 is reported as an intergovernmental payable.

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

The net pension liability (asset) for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net pension liability (asset) 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 Traditional Plan	OPERS Combined Plan	OPF	Total
Proportion of the Net Pension Liability/Asset				
Current Measurement Date	0.06348000%	0.05063000%	0.30083900%	
Prior Measurement Date	0.05993600%	0.04382500%	0.30569700%	
Change in Proportionate Share	0.00354400%	0.00680500%	0.00485800%	
Proportionate Share				
Net Pension Liability	\$9,958,782	\$0	\$18,463,847	\$28,422,629
Net Pension Asset	\$0	\$68,923	\$0	\$68,923
Pension Expense	\$2,551,150	(\$40,238)	\$2,013,952	\$4,524,864

Pension expense for the member-directed defined contribution plan was \$9,647 for 2018.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources.

	OPERS Traditional Plan	OPERS Combined Plan	OPF	Total
Deferred Outflows of Resources				
Difference Between Expected and Actual Experience	\$10,171	\$0	\$280,202	\$290,373
Changes of Assumptions	1,190,141	6,023	804,567	2,000,731
Changes in Proportion and Differences Between City Contributions and the Proportionate Share of Contributions	534,882	0	0	534,882
City Contributions Subsequent to the Measurement Date	1,207,492	42,274	1,436,671	2,686,437
Total Deferred Outflows of Resources	\$2,942,686	\$48,297	\$2,521,440	\$5,512,423
Deferred Inflows of Resources				
Difference Between Expected and Actual Experience	\$196,256	\$20,533	\$33,401	\$250,190
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,138,019	10,874	638,707	2,787,600
Changes in Proportion and Differences Between City Contributions and the Proportionate Share of Contributions	0	3,301	715,812	719,113
Total Deferred Inflows of Resources	\$2,334,275	\$34,708	\$1,387,920	\$3,756,903

\$2,686,437 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 or increase in the net pension asset in 2019. 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 Traditional Plan	OPERS Combined Plan	OPF	Total
Year Ending December 31,				
2019	\$1,233,936	(\$3,854)	\$276,273	\$1,506,355
2020	(13,003)	(4,151)	108,352	91,198
2021	(941,470)	(6,587)	(553,196)	(1,501,253)
2022	(878,544)	(6,329)	(332,444)	(1,217,317)
2023	0	(2,512)	159,089	156,577
Thereafter	0	(5,252)	38,775	33,523
Total	(\$599,081)	(28,685)	(\$303,151)	(\$930,917)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

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, 2017, 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, reflecting experience study results, prepared as of December 31, 2017, are presented below.

	<u>OPERS Traditional Plan</u>	<u>OPERS Combined Plan</u>
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013	3 percent simple	3 percent simple
Post-January 7, 2013	3 percent simple through 2018, then 2.15 percent simple	3 percent simple through 2018, then 2.15 percent simple
Investment Rate of Return	7.5 percent	7.5 percent
Actuarial Cost Method	individual entry age	individual entry age

Preretirement mortality rates were based on the RP-2014 Employees Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates for disabled retirees were based on the RP-2014 Disabled Mortality Table for males and females adjusted for mortality improvement back to the observation base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year were determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

During 2017, OPERS managed investments in three investment portfolios; the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the traditional plan, the defined benefit component of the combined plan, and the annuitized accounts of the member-directed plan. Within the Defined Benefit 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 annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82 percent for 2017.

The allocation of investment assets with the Defined Benefit 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 plans. The table below displays the board approved asset allocation policy for 2017 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 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other Investments	18.00	5.26
Total	100.00 %	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent for the traditional plan and the combined plan. 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 contractually required rates as actuarially determined. 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.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 7.5 percent as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current rate.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's Proportionate Share of the Net Pension Liability (Asset)			
OPERS Traditional Plan	\$17,684,258	\$9,958,782	\$3,518,062
OPERS Combined Plan	(\$37,466)	(\$68,923)	(\$90,628)

Changes between the Measurement Date and the Report Date

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net pension liability is not known.

Actuarial Assumptions - OPF

OPF's total pension liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, 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 the 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. Assumptions considered were withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI based COLA, investment returns, salary increases, and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2017, compared with January 1, 2016, are presented below.

	January 1, 2017	January 1, 2016
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	entry age normal	entry age normal
Investment Rate of Return	8 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of .5 percent	Inflation rate of 3.25 percent plus productivity increase rate of .5 percent
Cost of Living Adjustments	3 percent simple; 2.2 percent simple for increases based on lesser of the increase in CPI and 3 percent	3 percent simple; 2.6 percent simple for increases based on lesser of the increase in CPI and 3 percent

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

For the January 1, 2017, valuation, mortality for nondisabled participants was based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries were adjusted by 120 percent.

Age	Police	Fire
67 or less	77%	68%
68 - 77	105	87
78 and up	115	120

For the January 1, 2017, valuation, mortality for disabled retirees was based on the RP-2014 Disabled Mortality Table rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35%	35%
60 - 69	60	45
70 - 79	75	70
80 and up	100	90

For the January 1, 2016, valuation, rates of death were 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 for the five year period ended December 31, 2016; the prior experience study was completed December 31, 2011.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

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, 2017, are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equities	16.00	5.21
Non-U.S. Equities	16.00	5.40
Core Fixed Income*	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	120.00 %	

Note: assumptions are geometric

* levered 2x

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.

Discount Rate - For 2017, the total pension liability was calculated using the discount rate of 8 percent. The discount rate used for 2016 was 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 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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

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 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 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	\$25,595,735	\$18,463,847	\$12,647,142

NOTE 16 - POSTEMPLOYMENT BENEFITS

See Note 15 for a description of the net OPEB liability.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing multiple-employer defined benefit postemployment health care trust which funds multiple health care plans including medical coverage, prescription drug coverage, and deposits to a health reimbursement arrangement to qualifying benefit recipients of both the traditional and combined pension plans. This trust is also used to fund health care for member-directed plan participants in the form of a retiree medical account (RMA). At retirement or refund, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional and combined pension 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 Governmental Accounting Standards Board (GASB) Statement No. 75. See OPERS' CAFR referenced below for additional information.

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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

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. When funding is approved by the OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, 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.

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. The portion of the employer contribution allocated to health care for members of both the traditional and combined plans was 1 percent for calendar year 2017. As recommended by OPERS' actuary, the portion of the employer contribution allocated to health care beginning January 1, 2018, decreased to 0 percent for both plans.

The OPERS 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 employer contribution as a percentage of covered payroll deposited into the RMA for participants of the member-directed plan was 4 percent for 2018.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$3,859 for 2018. Of this amount, \$352 is reported as an intergovernmental payable.

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

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 a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OPF provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium reimbursement 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. 75.

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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

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. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OPF maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B premium reimbursements. A separate health care trust accrual account is maintained for health care benefits under an IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

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 2018, the portion of the employer contribution allocated to health care was .5 percent of covered payroll. The amount of the 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.

The City's contractually required contribution to OPF was \$33,813 for 2018. Of this amount, \$0 is reported as an intergovernmental payable.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

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

The net OPEB liability and the total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OPF's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share.

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Current Measurement Date	0.06131000%	0.30083900%	
Prior Measurement Date	0.05806000%	0.30569700%	
Change in Proportionate Share	<u>0.00325000%</u>	<u>0.00485800%</u>	
Proportionate Share of the Net OPEB Liability	\$6,657,813	\$17,045,117	\$23,702,930
OPEB Expense	\$666,951	\$1,324,237	\$1,991,188

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Deferred Outflows of Resources			
Difference Between Expected and Actual Experience	\$5,186	\$0	\$5,186
Changes of Assumptions	484,759	1,663,241	2,148,000
Changes in Proportion and Differences Between City Contributions and the Proportionate Share of Contributions	222,083	0	222,083
City Contributions Subsequent to the Measurement Date	<u>3,859</u>	<u>33,813</u>	<u>37,672</u>
Total Deferred Outflows of Resources	<u>\$715,887</u>	<u>\$1,697,054</u>	<u>\$2,412,941</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Deferred Inflows of Resources			
Difference Between Expected and Actual Experience	\$0	\$85,968	\$85,968
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	495,963	112,199	608,162
Changes in Proportion and Differences Between City Contributions and the Proportionate Share of Contributions	<u>0</u>	<u>222,253</u>	<u>222,253</u>
Total Deferred Inflows of Resources	<u>\$495,963</u>	<u>\$420,420</u>	<u>\$916,383</u>

\$37,672 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows.

	<u>OPERS</u>	<u>OPF</u>	<u>Total</u>
Year Ending December 31,			
2019	\$216,432	\$170,053	\$386,485
2020	216,432	170,053	386,485
2021	(92,809)	170,053	77,244
2022	(123,990)	170,053	46,063
2023	0	198,103	198,103
Thereafter	<u>0</u>	<u>364,506</u>	<u>364,506</u>
Total	<u>\$216,065</u>	<u>\$1,242,821</u>	<u>\$1,458,886</u>

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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74.

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current Measurement Date	3.85 percent
Prior Measurement Date	4.23 percent
Investment Rate of Return	6.5 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent initial 3.25 percent ultimate in 2028
Actuarial Cost Method	individual entry age

Preretirement mortality rates were based on the RP-2014 Employees Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Postretirement mortality rates for disabled retirees were based on the RP-2014 Disabled Mortality Table for males and females adjusted for mortality improvement back to the observation base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year were determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care 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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Health Care portfolio includes assets for health care expenses for the traditional plan, the combined plan, and the member-directed plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made and health care related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 15.2 percent for 2017.

The allocation of investment assets with the Health Care 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 continuing to offer a sustainable health care program for current and future retirees. OPERS primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the board approved asset allocation policy for 2017 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	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other Investments	17.00	5.39
Total	100.00 %	

Discount Rate - A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of twenty year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the expected rate of return on the health care investment portfolio of 6.5 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through 2034 and the municipal bond rate was applied to all health care costs after that date.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.85 percent) or one percentage point higher (4.85 percent) than the current rate.

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's Proportionate Share of the Net OPEB Liability	\$8,845,194	\$6,657,813	\$4,888,246

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using assumed trend rates and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1 percent lower or 1 percent higher than the current rate.

Retiree health care valuations use a health care cost trend assumption that changes over several years built into the assumption. The near term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.5 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not too distant future, the health plan cost trend will decrease to a level at or near wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$6,370,109	\$6,657,813	\$6,955,006

Changes between the Measurement Date and the Report Date

In October 2018, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.5 percent to 6 percent. This change will be effective for the 2018 valuation. The exact amount of the impact to the City's net OPEB liability is not known.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions - OPF

OPF's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled forward using generally accepted actuarial procedures. The total OPEB liability is determined by OPF's actuaries in accordance with GASB Statement No. 74 as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about the 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.

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 and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effect of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	entry age normal
Investment Rate of Return	8 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of .5 percent
Single Discount Rate:	
Current Measurement Date	3.24 percent
Prior Measurement Date	3.79 percent
Cost of Living Adjustments	3 percent simple; 2.2 percent simple for increases based on lesser of the increase in CPI and 3 percent

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

Mortality for nondisabled participants was based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries were adjusted by 120 percent.

Age	Police	Fire
67 or less	77%	68%
68 - 77	105	87
78 and up	115	120

Mortality for disabled retirees was based on the RP-2014 Disabled Mortality Table rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35%	35%
60 - 69	60	45
70 - 79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016; the prior experience study was completed December 31, 2011.

The OPF health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 15.

Discount Rate - The total OPEB liability was calculated using the discount rate of 3.24 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 percent. Based on those assumptions, the plan's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017, and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond Twenty Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to all projected costs through 2025 and the municipal bond rate was applied to all health care costs after that date.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate and, to illustrate the potential impact, the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent) or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's Proportionate Share of the Net Pension Liability	\$21,306,601	\$17,045,117	\$13,766,061

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per capita costs are assumed to change by the following percentages each year.

Year	Non-Medicare	Non-AARP	AARP	RX Drug	Medicare Part B
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current health care cost trend rates as outlined in the table above, a one percent decrease in the trend rates, and a one percent increase in the trend rates.

	1% Decrease	Current Rates	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$13,240,953	\$17,045,117	\$22,171,841

Changes Between the Measurement Date and the Report Date

In March 2018, the OPF Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend based health care model. A stipend funded by OPF will be placed in individual health reimbursement accounts that retirees will use to be reimbursed for health care expenses. The impact to the City's net OPEB liability is not known.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 17 - COMPENSATED ABSENCES

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

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

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

	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 18 - SHORT-TERM OBLIGATIONS

The City's short-term obligations activity for the year ended December 31, 2018, was as follows:

	Interest Rate	Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018
<u>Governmental Activities</u>					
<u>Bond Anticipation Notes</u>					
Capital Projects Funds					
2017 Various Improvement	2.25%	\$2,900,000	\$0	\$2,900,000	\$0
2018 Various Improvement	3.00	0	4,946,000	0	4,946,000
Total Bond Anticipation Notes		<u>\$2,900,000</u>	<u>\$4,946,000</u>	<u>\$2,900,000</u>	<u>\$4,946,000</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 18 - SHORT-TERM OBLIGATIONS (continued)

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 2017 various improvement notes were issued to partially retire notes previously issued to revitalize the Bayfront Urban Revitalization Area, to pay the cost of the Venice Road Grade Separation Project, and to acquire a ladder truck and street trucks.

The 2018 various improvement notes were issued to partially retire notes previously issued to revitalize the Bayfront Urban Revitalization Area, to pay the cost of the Venice Road Grade Separation Project, to acquire a ladder truck and street trucks, for costs associated with the relocation of City Hall, and for costs of various improvements for the Landing Park Project.

At December 31, 2018, the total amount of various improvement notes outstanding was \$4,946,000, of which \$3,196,606 has been expended. Of the \$4,946,000, \$1,200,000 was not capitalized.

NOTE 19 - LONG-TERM OBLIGATIONS

The City's long-term obligations activity for the year ended December 31, 2018, was as follows:

	Interest Rate	Restated Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2001 Various Purpose	3.00-5.05%	\$60,000	\$0	\$15,000	\$45,000	\$15,000
2011 Library Improvement Refunding	2.00-4.25	2,225,000	0	340,000	1,885,000	345,000
Bond Premium		65,463	0	10,003	55,460	0
2014 Various Purpose Refunding	3.05	100,000	0	10,000	90,000	10,000
2015 City Complex Refunding	1.35-3.00	2,320,000	0	740,000	1,580,000	770,000
2015 Police Pension Refunding	1.35-3.00	272,829	0	29,843	242,986	27,711
2015 Fire Pension Refunding	1.35-3.00	367,171	0	40,157	327,014	37,289
2015 Various Purpose Refunding	1.35-3.00	2,474,335	0	324,867	2,149,468	329,867
Total General Obligation Bonds		7,884,798	0	1,509,870	6,374,928	1,534,867
Revenue Bonds						
2013 Urban Renewal	2.55	810,000	0	400,000	410,000	410,000
Special Assessment Bonds with Government Commitment						
Special Assessment Bonds	3.00-6.00	1,859,546	0	190,574	1,668,972	163,573
2008 Bond Premium		74,742	0	5,060	69,682	0
Total Special Assessment Bonds		1,934,288	0	195,634	1,738,654	163,573

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Restated Balance January 1, 2018	Additions	Reductions	Balance December 31, 2018	Due Within One Year
<u>Governmental Activities</u> (continued)						
Other Long-Term Obligations						
Net Pension Liability						
Ohio Public Employees Retirement System		\$7,213,536	\$0	\$1,935,382	\$5,278,154	\$0
Ohio Police and Fire Pension		19,362,543	0	898,696	18,463,847	0
Total Net Pension Liability		26,576,079	0	2,834,078	23,742,001	0
Net OPEB Liability						
Ohio Public Employees Retirement System		3,108,056	420,583	0	3,528,639	0
Ohio Police and Fire Pension		14,510,749	2,534,368	0	17,045,117	0
Total Net OPEB Liability		17,618,805	2,954,951	0	20,573,756	0
Capital Leases		8,299	0	8,299	0	0
Compensated Absences		2,219,088	220,230	71,322	2,367,996	368,358
Claims Payable		572,379	27,639	0	600,018	339,537
Total Other Long-Term Obligations		46,994,650	3,202,820	2,913,699	47,283,771	707,895
Total Governmental Activities		\$57,623,736	\$3,202,820	\$5,019,203	\$55,807,353	\$2,816,335
<u>Business-Type Activities</u>						
General Obligation Revenue Bonds						
2014 Various Purpose Refunding	3.05%	\$115,000	\$0	\$5,000	\$110,000	\$5,000
2014 Various Purpose Refunding	3.05	1,235,000	0	70,000	1,165,000	75,000
Total General Obligation Revenue Bonds		1,350,000	0	75,000	1,275,000	80,000
OWDA Loans						
Water	4.60-5.20	15,978,869	0	1,210,033	14,768,836	1,265,423
Sewer	4.27-6.39	29,284,059	0	1,908,401	27,375,658	1,996,991
Total OWDA Loans		45,262,928	0	3,118,434	42,144,494	3,262,414
Other Long-Term Obligations						
Net Pension Liability						
Ohio Public Employees Retirement System		6,396,910	0	1,716,282	4,680,628	0
Net OPEB Liability						
Ohio Public Employees Retirement System		2,756,201	372,973	0	3,129,174	0
Compensated Absences		648,705	106,721	33,353	722,073	160,309
Total Other Long-Term Obligations		9,801,816	479,694	1,749,635	8,531,875	160,309
Total Business-Type Activities		\$56,414,744	\$479,694	\$4,943,069	\$51,951,369	\$3,502,723

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

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.

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.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

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.

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/OPEB Liability

There is no repayment schedule for the net pension/OPEB 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/OPEB liability, see Notes 15 and 16 to the basic financial statements.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

Capital Leases Payable

Capital lease obligations were paid from the fund that maintains custody of the related asset. The lease was fully retired during 2018.

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.

Claims Payable

Claims will be paid from the internal service fund.

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 to the extent resources are available. 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.

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, 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 \$56,309,044. Principal and interest paid for the current year and net revenues were \$1,766,204 and \$2,134,676 from the Water enterprise fund and \$2,960,065 and \$5,698,361 for the Sewer enterprise fund. The OWDA loans are payable through 2047.

The City's legal debt margin was \$37,371,217 at December 31, 2018.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire governmental activities general long-term obligations outstanding at December 31, 2018, were as follows:

Year	General Obligation Bonds		Revenue Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$1,534,867	\$169,213	\$410,000	\$10,455	\$163,573	\$93,820
2020	1,607,301	138,631	0	0	142,700	85,410
2021	812,300	104,229	0	0	147,699	78,261
2022	695,000	78,891	0	0	145,000	70,712
2023	715,000	54,522	0	0	160,000	62,362
2024-2028	955,000	57,322	0	0	910,000	164,100
	<u>\$6,319,468</u>	<u>\$602,808</u>	<u>\$410,000</u>	<u>\$10,455</u>	<u>\$1,668,972</u>	<u>\$554,665</u>

Principal and interest requirements to retire the long-term obligations outstanding at December 31, 2018, from the enterprise funds were as follows:

Year	2014 Various Purpose Refunding		OWDA Loans	
	Principal	Interest	Principal	Interest
2019	\$80,000	\$38,888	\$3,262,414	\$1,488,387
2020	85,000	36,447	3,413,400	1,362,911
2021	90,000	33,855	3,571,734	1,231,401
2022	95,000	31,110	3,546,891	1,093,551
2023	100,000	28,213	3,515,564	960,609
2024-2028	565,000	92,414	7,837,513	3,487,273
2029-2033	260,000	12,048	5,458,923	2,515,391
2034-2038	0	0	6,314,220	1,525,251
2039-2043	0	0	4,282,546	442,790
2044-2047	0	0	941,289	56,986
	<u>\$1,275,000</u>	<u>\$272,975</u>	<u>\$42,144,494</u>	<u>\$14,164,550</u>

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at December 31, 2018, consisted of the following issues:

Long-Term Obligations	Term	Percent	Original Issue	Outstanding 12/31/18
General Obligation Bonds				
2001 Various Purpose	2001-2026	3.00-5.05%	\$6,037,200	\$45,000
2011 Library Improvement Refunding	2011-2023	2.00-4.25	4,090,000	1,885,000
2014 Various Purpose Refunding	2014-2030	3.05	370,000	90,000
2015 City Complex Refunding	2015-2026	1.35-3.00	3,675,000	1,580,000
2015 Police Pension Refunding	2015-2026	1.35-3.00	330,383	242,986
2015 Fire Pension Refunding	2015-2026	1.35-3.00	444,617	327,014
2015 Various Purpose Refunding	2015-2026	1.35-3.00	3,099,069	2,149,468
			<u>18,046,269</u>	<u>6,319,468</u>
Revenue Bonds				
2013 Urban Renewal	2013-2019	2.55	<u>2,680,000</u>	<u>410,000</u>
Special Assessment Bonds				
1999 Winnebago	1999-2019	5.50	81,000	3,500
1999 Wilbert	1999-2019	5.50	143,000	5,500
1999 Streetscape	1999-2019	5.50	329,000	16,000
2008 Cold Creek	2008-2028	4.00-6.00	2,425,000	1,515,000
2009 Monroe Street	2009-2019	4.50	84,400	8,440
2015 Remington Refunding	2015-2026	3.00	35,931	20,532
2015 Seneca Refunding	2015-2026	3.00	28,000	24,000
2015 Huntington Refunding	2015-2026	3.00	92,000	76,000
			<u>3,218,331</u>	<u>1,668,972</u>
Water				
2014 Various Purpose Refunding	2014-2030	3.05%	140,000	110,000
Sewer				
2014 Various Purpose Refunding	2014-2030	3.05	1,490,000	1,165,000
			<u>1,630,000</u>	<u>1,275,000</u>
			<u>\$25,574,600</u>	<u>\$9,673,440</u>
				(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 19 - LONG-TERM OBLIGATIONS (continued)

<u>Long-Term Obligations</u>	<u>Term</u>	<u>Percent</u>	<u>Original Issue</u>	<u>Outstanding 12/31/18</u>
OWDA Loans				
Water				
2003 Water Plant Improvements	2004-2024	5.20%	\$19,993,686	\$3,672,543
2005 WTP Electrical Improvements	2005-2026	4.60	8,628,362	3,949,279
2011 Chemical Improvements	2011-2042	4.45	5,797,022	5,438,967
2016 WTP PAC Feed System	2018-2037	0.00	639,862	1,708,047
			35,058,932	14,768,836
Sewer				
1998 Ultraviolet Treatment	2001-2026	5.56	2,110,930	953,971
1999 Sewer Rehabilitation	2001-2025	6.13	350,878	155,263
2000 Sewer Rehabilitation	2001-2026	6.39	713,436	310,980
2000 CSO Flow Monitors	2001-2026	6.39	306,536	152,947
2000 Sludge Digestion System	2001-2026	6.03	1,409,888	567,395
2001 Cedar Point Pump Station	2002-2022	5.05	4,393,697	1,135,941
2001 Final Settling Tank Improv	2002-2022	5.05	383,484	74,948
2002 WWTP Expansion	2003-2024	4.65	26,286,934	5,700,027
2007 WWTP Phase II Design	2008-2041	4.27	13,438,130	11,574,048
2015 East End Sewer Improv	2015-2047	2.65	4,873,920	5,028,541
2016WWTP Grit Tank Improv	2018-2037	2.21	1,627,610	1,721,597
			55,895,443	27,375,658
			\$90,954,375	\$42,144,494

NOTE 20 - OPERATING LEASE

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

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

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 20 - OPERATING LEASE (continued)

For 2018, the City received payments, in the amount of \$30,000. Future annual lease payments to be received are as follows:

Year	Annual Lease Payment
2019	\$30,000
2020	30,000
2021	30,000
2022	30,000
2023	30,000
2024	30,000
Total minimum future rentals	<u>\$180,000</u>

Beginning in 2000, Sandusky Bay Investment Company, Limited is required to pay additional rents to the City if net income is reported for that year. The additional rent will be 2 percent of gross income. The City received \$22,486 in additional rent in 2018.

NOTE 21 - 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:			
Prepaid Items	\$104,484	\$10	\$15,026
Materials and Supplies			
Inventory	97,699	0	178,032
Unclaimed Monies	123,013	0	0
Total Nonspendable	<u>325,196</u>	<u>10</u>	<u>193,058</u>
Restricted for:			
Capital Improvements	0	196,590	345,512
Cemetery Operations	0	0	618,825
Court Computerization	0	0	205,684
Debt Retirement	0	0	1,227,804
Drug and Alcohol Treatment/ Enforcement	0	0	142,589
Economic Development and Rehabilitation	0	0	4,169,780

(continued)

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 21 - FUND BALANCE (continued)

Fund Balance	General	Capital Projects	Other Governmental Funds
Restricted for (continued)			
Electronic Monitoring	\$0	\$0	\$17,185
Police and Fire Operations	0	0	313,867
Probation	0	0	452,725
Recreation	0	0	269,291
Street Construction and Maintenance	0	0	206,688
Total Restricted	0	196,590	7,969,950
Committed for:			
Capital Improvements	0	0	56,390
Assigned for:			
Parks and Recreation	5,919	0	0
Future Severance Payments	790,734	0	0
Total Assigned	796,653	0	0
Unassigned (Deficit)	5,058,701	0	(137,817)
Total Fund Balance	\$6,180,550	\$196,600	\$8,081,581

NOTE 22 - INTERNAL BALANCES AND TRANSFERS

The City uses an internal proportionate share to allocate its net pension/OPEB liability (asset) and corresponding deferred outflows/inflows of resources and pension expense to its various funds. This allocation creates a change in internal proportionate share. The effects of the internal proportionate share are eliminated from the deferred outflows/inflows of resources in the governmental activities and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the government-wide statement of net position thus allowing the total column to present the change in proportionate share for the City as a whole.

Eliminations made in the business-type activities column include a deferred outflow of resources for the Water enterprise fund and a deferred inflow of resources for the Sewer enterprise fund, in the amount of \$18,998.

City of Sandusky
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(continued)

NOTE 22 - INTERNAL BALANCES AND TRANSFERS (continued)

During 2018, the General Fund made transfers to other governmental funds, in the amount of \$400,000, to move receipts as debt payments became due and, in the amount of \$1,880,098, to subsidize various activities in other funds, and to the Capital Projects Fund, in the amount of \$2,492,415, to fund various capital projects activities. Other governmental funds made transfers to other governmental funds, in the amount of \$6,500, to subsidize various activities in other funds, and to the Capital Projects Fund to fund various capital projects activities, in the amount of \$614,995.

NOTE 23 - JOINTLY GOVERNED ORGANIZATION

The City participates in the City of Sandusky, Ohio Energy Special Improvement District (ESID). ESID is a 501(c)(3) not-for-profit corporation established under Chapter 1710 of the Ohio Revised Code. The ESID was created to encourage property owners to undertake special energy improvement projects. The ESID is governed by a five member board of directors consisting of the City Manager (or their designee), one member appointed by the City Commission, and the remaining three directors elected by the members. Financial information can be obtained from the City of Sandusky, Ohio Energy Special Improvement District, 247 Columbus Avenue Suite 126, Sandusky, Ohio 44870.

NOTE 24 - CONTINGENT LIABILITIES

A. Litigation

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

B. Federal and State Grants

For the period January 1, 2018, to December 31, 2018, 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 Five Years (1)

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.06348000%	0.05993600%	0.05657000%	0.05413300%	0.05413300%
City's Proportionate Share of the Net Pension Liability	\$9,958,782	\$13,610,446	\$9,798,637	\$6,529,045	\$6,381,575
City's Covered Payroll	\$8,386,808	\$7,748,042	\$7,040,636	\$6,636,717	\$6,315,003
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	118.74%	175.66%	139.17%	98.38%	101.05%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	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.

See Accompanying Notes to the Required Supplementary Information

City of Sandusky
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Asset
Ohio Public Employees Retirement System - Combined
2018 (1)

	<u>2018</u>
City's Proportion of the Net Pension Asset	0.05063000%
City's Proportionate Share of the Net Pension Asset	\$68,923
City's Covered Payroll	\$207,354
City's Proportionate Share of the Net Pension Asset as a Percentage of Covered Payroll	-33.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	137.28%

(1) Amounts for the combined plan are not presented prior to 2018 as the City's participation in this plan was considered immaterial in previous years.

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

See Accompanying Notes to the Required Supplementary Information

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 Five Years (1)

	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.300839000%	0.305697000%	0.308624000%	0.032333090%	0.032333090%
City's Proportionate Share of the Net Pension Liability	\$18,463,847	\$19,362,543	\$19,853,999	\$16,749,889	\$15,747,229
City's Covered Payroll	\$6,537,953	\$6,782,513	\$6,160,041	\$6,350,923	\$6,220,489
City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	282.41%	285.48%	322.30%	263.74%	253.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.91%	68.36%	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.

See Accompanying Notes to the Required Supplementary Information

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

	2018	2017
City's Proportion of the Net OPEB Liability	0.06131000%	0.05806000%
City's Proportionate Share of the Net OPEB Liability	\$6,657,813	\$5,864,257
City's Covered Payroll	\$8,682,112	\$8,022,809
City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	76.68%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.04%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 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.

See Accompanying Notes to the Required Supplementary Information

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

	2018	2017
City's Proportion of the Net OPEB Liability	0.30083900%	0.30569700%
City's Proportionate Share of the Net OPEB Liability	\$17,045,117	\$14,510,749
City's Covered Payroll	\$6,537,953	\$6,782,513
City's Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	260.71%	213.94%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	14.13%	15.96%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 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.

See Accompanying Notes to the Required Supplementary Information



City of Sandusky
Required Supplementary Information
Schedule of the City's Contributions
Ohio Public Employees Retirement System
Last Six Years (1)

	2018	2017	2016	2015	2014	2013
Net Pension Liability - Traditional Plan						
Contractually Required Contribution	\$1,207,492	\$1,090,285	\$929,765	\$844,876	\$796,406	\$820,950
Contributions in Relation to the Contractually Required Contribution	<u>(1,207,492)</u>	<u>(1,090,285)</u>	<u>(929,765)</u>	<u>(844,876)</u>	<u>(796,406)</u>	<u>(820,950)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll	\$8,624,943	\$8,386,808	\$7,748,042	\$7,040,636	\$6,636,717	\$6,315,003
Contributions as a Percentage of Covered Payroll	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%
Net Pension Liability - Combined Plan						
Contractually Required Contribution	\$42,274	\$26,956	\$20,471	\$19,141	\$22,734	\$27,514
Contributions in Relation to the Contractually Required Contribution	<u>(42,274)</u>	<u>(26,956)</u>	<u>(20,471)</u>	<u>(19,141)</u>	<u>(22,734)</u>	<u>(27,514)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's Covered Payroll	\$301,957	\$207,354	\$170,592	\$159,508	\$189,450	\$211,646
Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>12.00%</u>	<u>13.00%</u>
Net Pension Liability - OPEB Plan (2)						
Contractually Required Contribution	\$3,859	\$89,460	\$162,540			
Contributions in Relation to the Contractually Required Contribution	<u>(3,859)</u>	<u>(89,460)</u>	<u>(162,540)</u>			
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>			
City's Covered Payroll (3)	\$9,023,375	\$8,682,112	\$8,022,809			
OPEB Contributions as a Percentage of Covered Payroll	<u>0.04%</u>	<u>1.03%</u>	<u>2.03%</u>			

(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.

(2) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

(3) The OPEB plan includes the members from the traditional plan, the combined plan, and the member-directed plan. The member-directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See Accompanying Notes to the Required Supplementary Information

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net Pension Liability				
Contractually Required Contribution	\$1,436,671	\$1,391,412	\$1,439,873	\$1,312,384
Contributions in Relation to the Contractually Required Contribution	<u>(1,436,671)</u>	<u>(1,391,412)</u>	<u>(1,439,873)</u>	<u>(1,312,384)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City Covered Payroll (1)	\$6,762,547	\$6,537,953	\$6,782,513	\$6,160,041
Contributions as a Percentage of Covered Payroll	21.24%	21.28%	21.23%	21.30%
Net OPEB Liability				
Contractually Required Contribution	\$33,813	\$32,690	\$33,913	\$30,800
Contributions in Relation to the Contractually Required Contribution	<u>(33,813)</u>	<u>(32,690)</u>	<u>(33,913)</u>	<u>(30,800)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%

(1) The City's Covered payroll is the same for pension and OPEB

See Accompanying Notes to the Required Supplementary Information

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$1,353,119	\$1,133,780	\$953,465	\$945,225	\$981,158	\$1,047,793
<u>(1,353,119)</u>	<u>(1,133,780)</u>	<u>(953,465)</u>	<u>(945,225)</u>	<u>(981,158)</u>	<u>(1,047,793)</u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
\$6,350,923	\$6,220,489	\$6,309,717	\$6,328,318	\$6,556,016	\$7,033,516
21.31%	18.23%	15.11%	14.94%	14.97%	14.90%
\$31,755	\$224,975	\$425,906	\$427,162	\$442,531	\$474,763
<u>(31,755)</u>	<u>(224,975)</u>	<u>(425,906)</u>	<u>(427,162)</u>	<u>(442,531)</u>	<u>(474,763)</u>
<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
0.50%	3.62%	6.75%	6.75%	6.75%	6.75%

City of Sandusky
Notes to Required Supplementary Information
For the Year Ended December 31, 2018

Changes in Assumptions - OPERS

Amounts reported for 2017 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2016 and prior are presented below.

	2017	2016 and Prior
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA: Pre-January 7, 2013	3 percent simple	3 percent simple
Post-January 7, 2013	3 percent simple through 2018, then 2.15 percent simple	3 percent simple through 2018, then 2.8 percent simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	individual entry age	individual entry age

Amounts reported 2017 use mortality rates based on the RP-2014 Healthy Annuitant Mortality Table. For males, healthy annuitant mortality tables were used adjusted for mortality improvements back to the observation period base of 2006 and then established the base year as 2015. For females, healthy annuitant mortality tables were used adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality Table adjusted for mortality improvements back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables were determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates 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.

City of Sandusky
Notes to Required Supplementary Information
For the Year Ended December 31, 2018

Changes in Assumptions - OPF Pension

Amounts reported for 2018 incorporate changes in assumptions used by OPF in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in 2017 and prior are presented below.

	2018	2017 and Prior
Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017	January 1, 2016, with actuarial liabilities rolled forward to December 31, 2016
Actuarial Cost Method	entry age normal	entry age normal
Investment Rate of Return	8 percent	8.25 percent
Projected Salary Increases	3.75 percent to 10.5 percent	4.25 percent to 11 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of .5 percent	Inflation rate of 3.25 percent plus productivity increase rate of .5 percent
Cost of Living Adjustments	3 percent simple; 2.2 percent simple for increases based on lesser of the increase in CPI and 3 percent	3 percent simple; 2.6 percent simple for increases based on lesser of the increase in CPI and 3 percent

Amounts reported for 2018 use valuation, mortality for nondisabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77%	68%
68 - 77	105	87
78 and up	115	120

Amounts reported for 2018 use valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35%	35%
60 - 69	60	45
70 - 79	75	70
80 and up	100	90

City of Sandusky
Notes to Required Supplementary Information
For the Year Ended December 31, 2018

Amounts reported for 2017 and prior use valuation, rates of death were based on the RP2000 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.

Changes in Assumptions - OPERS OPEB

For 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

Changes in Assumptions - OPF OPEB

For 2018, the single discount rate changed from 3.79 percent to 3.24 percent.

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, from charges to users of the public transit system, and from transfers. 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. Eppler 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.

Battery Park Maintenance

To account for an annual deposit made by the Sandusky Bay Investment Company, per the lease agreement of the Battery Park area, restricted for maintenance and repairs of the facilities. Any funds remaining at the end of the lease shall be used by the City for structural repairs and maintenance of Battery Park.

Fire Escrow Fund

To account for insurance proceeds for structures destroyed by fires restricted to assure that the property is appropriately remediated. When remediated, the insurance proceeds are released to the property owner. Failure by the property owner to properly remediate the property, the proceeds will be used by the City to remediate the property. This fund is not included in the entity for which the appropriated budget is adopted; therefore, no budgetary statement is presented.

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.

Special Assesment 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, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$3,112,839	\$1,163,125	\$810,485	\$5,086,449
Accounts Receivable	11,868	0	68,522	80,390
Accrued Interest Receivable	3,369	0	0	3,369
Due from Other Governments	730,508	22,071	0	752,579
Prepaid Items	14,812	0	214	15,026
Municipal Income Taxes Receivable	0	214,089	171,271	385,360
Other Local Taxes Receivable	34,290	0	0	34,290
Materials and Supplies Inventory	178,032	0	0	178,032
Property Taxes Receivable	274,262	425,283	0	699,545
Payment in Lieu of Taxes Receivable	140	556,777	0	556,917
Notes Receivable	3,062,169	0	0	3,062,169
Special Assessments Receivable	0	2,062,815	0	2,062,815
Total Assets	<u>\$7,422,289</u>	<u>\$4,444,160</u>	<u>\$1,050,492</u>	<u>\$12,916,941</u>
<u>Liabilities</u>				
Accrued Wages Payable	\$32,123	\$0	\$8,336	\$40,459
Accounts Payable	330,495	0	5,534	336,029
Contracts Payable	13,605	0	950	14,555
Due to Other Governments	121,298	0	4,396	125,694
Unearned Revenue	103,640	0	0	103,640
Total Liabilities	<u>601,161</u>	<u>0</u>	<u>19,216</u>	<u>620,377</u>
<u>Deferred Inflows of Resources</u>				
Property Taxes	252,350	391,319	0	643,669
Payment in Lieu of Taxes	140	556,777	0	556,917
Unavailable Revenue	558,730	2,268,260	187,407	3,014,397
Total Deferred Inflows of Resources	<u>811,220</u>	<u>3,216,356</u>	<u>187,407</u>	<u>4,214,983</u>
<u>Fund Balance</u>				
Nonspendable	192,844	0	214	193,058
Restricted	5,954,881	1,227,804	787,265	7,969,950
Committed	0	0	56,390	56,390
Unassigned (Deficit)	(137,817)	0	0	(137,817)
Total Fund Balance	<u>6,009,908</u>	<u>1,227,804</u>	<u>843,869</u>	<u>8,081,581</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$7,422,289</u>	<u>\$4,444,160</u>	<u>\$1,050,492</u>	<u>\$12,916,941</u>

City of Sandusky
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018

	Street Maintenance	State Highway	Public Transit	Fire Pension	Police Pension
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$66,092	\$93,347	\$172,543	\$12,370	\$4,414
Accounts Receivable	0	0	11,868	0	0
Accrued Interest Receivable	83	0	0	0	0
Due from Other Governments	462,700	37,517	94,812	7,120	7,120
Prepaid Items	14,582	45	73	0	0
Other Local Taxes Receivable	34,290	0	0	0	0
Materials and Supplies Inventory	177,910	0	0	0	0
Property Taxes Receivable	0	0	0	137,131	137,131
Payment in Lieu of Taxes Receivable	0	0	0	70	70
Notes Receivable	0	0	0	0	0
Total Assets	<u>\$755,657</u>	<u>\$130,909</u>	<u>\$279,296</u>	<u>\$156,691</u>	<u>\$148,735</u>
<u>Liabilities</u>					
Accrued Wages Payable	\$27,645	\$0	\$3,971	\$0	\$0
Accounts Payable	28,911	0	292,821	0	0
Contracts Payable	0	0	0	0	0
Due to Other Governments	8,849	45	1,082	60,654	49,500
Unearned Revenue	0	0	0	0	0
Total Liabilities	<u>65,405</u>	<u>45</u>	<u>297,874</u>	<u>60,654</u>	<u>49,500</u>
<u>Deferred Inflows of Resources</u>					
Property Taxes	0	0	0	126,175	126,175
Payment in Lieu of Taxes	0	0	0	70	70
Unavailable Revenue	390,249	31,642	25,796	18,076	18,076
Total Deferred Inflows of Resources	<u>390,249</u>	<u>31,642</u>	<u>25,796</u>	<u>144,321</u>	<u>144,321</u>
<u>Fund Balance</u>					
Nonspendable	192,492	45	73	0	0
Restricted	107,511	99,177	0	0	0
Unassigned (Deficit)	0	0	(44,447)	(48,284)	(45,086)
Total Fund Balance (Deficit)	<u>300,003</u>	<u>99,222</u>	<u>(44,374)</u>	<u>(48,284)</u>	<u>(45,086)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$755,657</u>	<u>\$130,909</u>	<u>\$279,296</u>	<u>\$156,691</u>	<u>\$148,735</u>

State Grants	Federal Grants	Indigent Drivers Alcohol	Enforcement and Education	Court Computerization	Indigent Telephone	Municipal Probation	General Trust
\$433,754	\$170,342	\$133,874	\$13,930	\$205,902	\$17,185	\$411,472	\$346,192
0	0	0	0	0	0	0	0
0	3,133	0	0	0	0	0	0
0	121,239	0	0	0	0	0	0
0	0	0	0	0	0	47	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	0	0	0
2,016,535	1,045,634	0	0	0	0	0	0
<u>\$2,450,289</u>	<u>\$1,340,430</u>	<u>\$133,874</u>	<u>\$13,930</u>	<u>\$205,902</u>	<u>\$17,185</u>	<u>\$411,519</u>	<u>\$346,192</u>
\$0	\$0	\$0	\$0	\$169	\$0	\$338	\$0
1,465	2,083	5,215	0	0	0	0	0
0	13,605	0	0	0	0	0	0
197	762	0	0	49	0	100	0
0	0	0	0	0	0	0	0
<u>1,662</u>	<u>16,450</u>	<u>5,215</u>	<u>0</u>	<u>218</u>	<u>0</u>	<u>438</u>	<u>0</u>
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	74,891	0	0	0	0	0	0
<u>0</u>	<u>74,891</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	82	0	0	0	0	47	0
2,448,627	1,249,007	128,659	13,930	205,684	17,185	411,034	346,192
0	0	0	0	0	0	0	0
<u>2,448,627</u>	<u>1,249,089</u>	<u>128,659</u>	<u>13,930</u>	<u>205,684</u>	<u>17,185</u>	<u>411,081</u>	<u>346,192</u>
<u>\$2,450,289</u>	<u>\$1,340,430</u>	<u>\$133,874</u>	<u>\$13,930</u>	<u>\$205,902</u>	<u>\$17,185</u>	<u>\$411,519</u>	<u>\$346,192</u>

(continued)

City of Sandusky
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2018
(continued)

	Park Donations	Cemetery Donations	Battery Park Maintenance	Fire Escrow	Total
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$233,461	\$618,732	\$75,589	\$103,640	\$3,112,839
Accounts Receivable	0	0	0	0	11,868
Accrued Interest Receivable	0	153	0	0	3,369
Due from Other Governments	0	0	0	0	730,508
Prepaid Items	0	65	0	0	14,812
Other Local Taxes Receivable	0	0	0	0	34,290
Materials and Supplies Inventory	0	40	0	0	178,032
Property Taxes Receivable	0	0	0	0	274,262
Payment in Lieu of Taxes Receivable	0	0	0	0	140
Notes Receivable	0	0	0	0	3,062,169
Total Assets	<u>\$233,461</u>	<u>\$618,990</u>	<u>\$75,589</u>	<u>\$103,640</u>	<u>\$7,422,289</u>
<u>Liabilities</u>					
Accrued Wages Payable	\$0	\$0	\$0	\$0	\$32,123
Accounts Payable	0	0	0	0	330,495
Contracts Payable	0	0	0	0	13,605
Due to Other Governments	0	60	0	0	121,298
Unearned Revenue	0	0	0	103,640	103,640
Total Liabilities	<u>0</u>	<u>60</u>	<u>0</u>	<u>103,640</u>	<u>601,161</u>
<u>Deferred Inflows of Resources</u>					
Property Taxes	0	0	0	0	252,350
Payment in Lieu of Taxes	0	0	0	0	140
Unavailable Revenue	0	0	0	0	558,730
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>811,220</u>
<u>Fund Balance</u>					
Nonspendable	0	105	0	0	192,844
Restricted	233,461	618,825	75,589	0	5,954,881
Unassigned (Deficit)	0	0	0	0	(137,817)
Total Fund Balance (Deficit)	<u>233,461</u>	<u>618,930</u>	<u>75,589</u>	<u>0</u>	<u>6,009,908</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$233,461</u>	<u>\$618,990</u>	<u>\$75,589</u>	<u>\$103,640</u>	<u>\$7,422,289</u>

City of Sandusky
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2018

	General Bond Retirement	Urban Renewal Debt Retirement	Special Assessment Bond Retirement	Total
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$91,220	\$1,019,546	\$52,359	\$1,163,125
Due from Other Governments	22,071	0	0	22,071
Municipal Income Taxes Receivable	214,089	0	0	214,089
Property Taxes Receivable	425,283	0	0	425,283
Payment in Lieu of Taxes Receivable	220	556,557	0	556,777
Special Assessments Receivable	0	0	2,062,815	2,062,815
Total Assets	<u>\$752,883</u>	<u>\$1,576,103</u>	<u>\$2,115,174</u>	<u>\$4,444,160</u>
<u>Deferred Inflows of Resources</u>				
Property Taxes	\$391,319	\$0	\$0	\$391,319
Payment in Lieu of Taxes	220	556,557	0	556,777
Unavailable Revenue	205,445	0	2,062,815	2,268,260
Total Deferred Inflows of Resources	596,984	556,557	2,062,815	3,216,356
<u>Fund Balance</u>				
Restricted	<u>155,899</u>	<u>1,019,546</u>	<u>52,359</u>	<u>1,227,804</u>
Total Deferred Inflows of Resources and Fund Balance	<u>\$752,883</u>	<u>\$1,576,103</u>	<u>\$2,115,174</u>	<u>\$4,444,160</u>

City of Sandusky
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2018

	Real Estate Development	Capital Improvement	Redevelopment Tax Increment	Various Improvement	Total
<u>Assets</u>					
Equity in Pooled Cash and Cash Equivalents	\$348,679	\$4,647	\$45,632	\$411,527	\$810,485
Accounts Receivable	0	0	0	68,522	68,522
Prepaid Items	0	0	0	214	214
Municipal Income Taxes Receivable	0	171,271	0	0	171,271
Total Assets	<u>\$348,679</u>	<u>\$175,918</u>	<u>\$45,632</u>	<u>\$480,263</u>	<u>\$1,050,492</u>
<u>Liabilities</u>					
Accrued Wages Payable	\$0	\$0	\$0	\$8,336	\$8,336
Accounts Payable	150	0	0	5,384	5,534
Contracts Payable	950	0	0	0	950
Due to Other Governments	2,067	0	0	2,329	4,396
Total Liabilities	<u>3,167</u>	<u>0</u>	<u>0</u>	<u>16,049</u>	<u>19,216</u>
<u>Deferred Inflows of Resources</u>					
Unavailable Revenue	0	119,528	0	67,879	187,407
<u>Fund Balance</u>					
Nonspendable	0	0	0	214	214
Restricted	345,512	0	45,632	396,121	787,265
Committed	0	56,390	0	0	56,390
Total Fund Balance	<u>345,512</u>	<u>56,390</u>	<u>45,632</u>	<u>396,335</u>	<u>843,869</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$348,679</u>	<u>\$175,918</u>	<u>\$45,632</u>	<u>\$480,263</u>	<u>\$1,050,492</u>

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2018

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<u>Revenues</u>				
Property Taxes	\$249,756	\$416,296	\$0	\$666,052
Payment in Lieu of Taxes	422	571,836	0	572,258
Municipal Income Taxes	0	758,686	606,948	1,365,634
Other Local Taxes	449,000	0	0	449,000
Special Assessments	0	295,410	0	295,410
Charges for Services	674,443	0	62,343	736,786
Fees, Licenses, and Permits	120,521	0	396,377	516,898
Fines and Forfeitures	80,422	0	0	80,422
Intergovernmental	3,450,282	105,130	0	3,555,412
Interest	26,954	0	8,128	35,082
Other	211,922	0	468,573	680,495
Total Revenues	5,263,722	2,147,358	1,542,369	8,953,449
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	774,909	0	0	774,909
Fire	842,462	0	0	842,462
Public Health	45,300	0	0	45,300
Leisure Time Activities	1,862	0	0	1,862
Community Environment	1,084,933	0	306,968	1,391,901
Transportation	4,016,789	0	0	4,016,789
General Government				
Other	0	0	120,462	120,462
Other	107,248	0	0	107,248
Debt Service:				
Principal Retirement	70,000	2,020,441	0	2,090,441
Interest and Fiscal Charges	16,161	340,581	0	356,742
Total Expenditures	6,959,664	2,361,022	427,430	9,748,116
Excess of Revenues Over (Under) Expenditures	(1,695,942)	(213,664)	1,114,939	(794,667)
<u>Other Financing Sources (Uses)</u>				
Transfers In	1,886,598	400,000	0	2,286,598
Transfers Out	(6,500)	0	(614,995)	(621,495)
Total Other Financing Sources (Uses)	1,880,098	400,000	(614,995)	1,665,103
Changes in Fund Balance	184,156	186,336	499,944	870,436
Fund Balance Beginning of Year	5,825,752	1,041,468	343,925	7,211,145
Fund Balance End of Year	\$6,009,908	\$1,227,804	\$843,869	\$8,081,581

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018

	Street Maintenance	State Highway	Public Transit	Fire Pension	Police Pension
<u>Revenues</u>					
Property Taxes	\$0	\$0	\$0	\$124,878	\$124,878
Payment in Lieu of Taxes	0	0	0	211	211
Other Local Taxes	449,000	0	0	0	0
Charges for Services	20	0	639,117	0	0
Fees, Licenses, and Permits	0	0	0	0	0
Fines and Forfeitures	0	0	0	0	0
Intergovernmental	944,973	76,620	1,438,025	14,554	14,554
Interest	733	479	0	0	0
Other	51,698	858	43,850	0	0
Total Revenues	1,446,424	77,957	2,120,992	139,643	139,643
<u>Expenditures</u>					
Current:					
Security of Persons and Property					
Police	0	0	0	0	663,798
Fire	0	0	0	832,843	0
Public Health	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Environment	0	0	0	0	0
Transportation	1,386,462	83,077	2,547,250	0	0
Other	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	0	40,157	29,843
Interest and Fiscal Charges	0	0	0	9,271	6,890
Total Expenditures	1,386,462	83,077	2,547,250	882,271	700,531
Excess of Revenues Over (Under) Expenditures	59,962	(5,120)	(426,258)	(742,628)	(560,888)
<u>Other Financing Sources (Uses)</u>					
Transfers In	0	0	420,696	740,685	560,884
Transfers Out	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	420,696	740,685	560,884
Changes in Fund Balance	59,962	(5,120)	(5,562)	(1,943)	(4)
Fund Balance (Deficit) Beginning of Year	240,041	104,342	(38,812)	(46,341)	(45,082)
Fund Balance (Deficit) End of Year	<u>\$300,003</u>	<u>\$99,222</u>	<u>(\$44,374)</u>	<u>(\$48,284)</u>	<u>(\$45,086)</u>

State Grants	Federal Grants	Indigent Drivers Alcohol	Enforcement and Education	Court Computerization	Indigent Telephone	Municipal Probation	General Trust
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	29,349	0	0	0	91,172	0
0	0	0	7,829	30,848	0	0	41,745
61,881	878,586	0	0	0	0	0	21,089
5,437	3,812	0	0	0	0	0	0
24,981	584	0	0	0	0	1,614	50,585
92,299	882,982	29,349	7,829	30,848	0	92,786	113,419
24,995	5,220	0	0	0	0	0	80,896
0	9,570	0	0	0	0	0	49
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	1,862
234,057	843,393	0	0	0	0	0	7,483
0	0	0	0	0	0	0	0
0	0	69,028	0	25,811	0	12,409	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
259,052	858,183	69,028	0	25,811	0	12,409	90,290
(166,753)	24,799	(39,679)	7,829	5,037	0	80,377	23,129
0	164,333	0	0	0	0	0	0
(6,500)	0	0	0	0	0	0	0
(6,500)	164,333	0	0	0	0	0	0
(173,253)	189,132	(39,679)	7,829	5,037	0	80,377	23,129
2,621,880	1,059,957	168,338	6,101	200,647	17,185	330,704	323,063
\$2,448,627	\$1,249,089	\$128,659	\$13,930	\$205,684	\$17,185	\$411,081	\$346,192

(continued)

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018
(continued)

	Park Donations	Cemetery Donations	Battery Park Maintenance	Total
<u>Revenues</u>				
Property Taxes	\$0	\$0	\$0	\$249,756
Payment in Lieu of Taxes	0	0	0	422
Other Local Taxes	0	0	0	449,000
Charges for Services	8,825	26,481	0	674,443
Fees, Licenses, and Permits	0	0	0	120,521
Fines and Forfeitures	0	0	0	80,422
Intergovernmental	0	0	0	3,450,282
Interest	3,413	13,031	49	26,954
Other	1,028	26,724	10,000	211,922
Total Revenues	13,266	66,236	10,049	5,263,722
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	0	0	0	774,909
Fire	0	0	0	842,462
Public Health	0	45,300	0	45,300
Leisure Time Activities	0	0	0	1,862
Community Environment	0	0	0	1,084,933
Transportation	0	0	0	4,016,789
Other	0	0	0	107,248
Debt Service:				
Principal Retirement	0	0	0	70,000
Interest and Fiscal Charges	0	0	0	16,161
Total Expenditures	0	45,300	0	6,959,664
Excess of Revenues Over (Under) Expenditures	13,266	20,936	10,049	(1,695,942)
<u>Other Financing Sources (Uses)</u>				
Transfers In	0	0	0	1,886,598
Transfers In	0	0	0	(6,500)
Total Other Financing Sources (Uses)	0	0	0	1,880,098
Changes in Fund Balance	13,266	20,936	10,049	184,156
Fund Balance (Deficit) Beginning of Year	220,195	597,994	65,540	5,825,752
Fund Balance (Deficit) End of Year	<u>\$233,461</u>	<u>\$618,930</u>	<u>\$75,589</u>	<u>\$6,009,908</u>

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Debt Service Funds
For the Year Ended December 31, 2018

	General Bond Retirement	Urban Renewal Debt Retirement	Special Assessment Bond Retirement	Total
<u>Revenues</u>				
Property Taxes	\$416,296	\$0	\$0	\$416,296
Payment in Lieu of Taxes	666	571,170	0	571,836
Municipal Income Taxes	758,686	0	0	758,686
Special Assessments	0	0	295,410	295,410
Intergovernmental	48,515	56,615	0	105,130
Total Revenues	1,224,163	627,785	295,410	2,147,358
<u>Expenditures</u>				
Debt Service:				
Principal Retirement	1,429,867	400,000	190,574	2,020,441
Interest and Fiscal Charges	206,185	31,137	103,259	340,581
Total Expenditures	1,636,052	431,137	293,833	2,361,022
Excess of Revenues Over (Under) Expenditures	(411,889)	196,648	1,577	(213,664)
<u>Other Financing Sources</u>				
Transfers In	400,000	0	0	400,000
Changes in Fund Balance	(11,889)	196,648	1,577	186,336
Fund Balance Beginning of Year	167,788	822,898	50,782	1,041,468
Fund Balance End of Year	\$155,899	\$1,019,546	\$52,359	\$1,227,804

City of Sandusky
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2018

	Real Estate Development	Capital Improvement	Redevelopment Tax Increment	Various Improvement	Total
<u>Revenues</u>					
Municipal Income Taxes	\$0	\$606,948	\$0	\$0	\$606,948
Charges for Services	0	0	0	62,343	62,343
Fees, Licenses, and Permits	0	0	0	396,377	396,377
Interest	0	0	0	8,128	8,128
Other	465,974	0	0	2,599	468,573
Total Revenues	465,974	606,948	0	469,447	1,542,369
<u>Expenditures</u>					
Current:					
Community Environment	0	0	0	306,968	306,968
General Government					
Other	120,462	0	0	0	120,462
Total Expenditures	120,462	0	0	306,968	427,430
Excess of Revenues Over Expenditures	345,512	606,948	0	162,479	1,114,939
<u>Other Financing Uses</u>					
Transfers Out	0	(614,995)	0	0	(614,995)
Changes in Fund Balance	345,512	(8,047)	0	162,479	499,944
Fund Balance Beginning of Year	0	64,437	45,632	233,856	343,925
Fund Balance End of Year	\$345,512	\$56,390	\$45,632	\$396,335	\$843,869

City of Sandusky
Combining Statements - Custodial Funds

Custodial Funds

Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. These funds do not account for the City's own source revenue. The following is a description of the City's custodial funds.

State Patrol Transfer

To account for fines and costs remitted to the municipal court pending disposition to the Erie County Law Library and other municipalities.

Sandusky Municipal Court

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

Energy Special Improvement District

To account for special assessments levied and paid to the Toledo-Lucas County Port Authority for the special energy improvement project.

BSF Assessment

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

Vacant/Foreclosed Bond Deposits

To account for maintenance bonds held on behalf of property owners of foreclosed properties and buildings.

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 until disposition by the court.

Section 125 Plan

To account for employee payroll deductions for the benefit of City employees.

Payroll

To account for employee payroll withholdings for the benefit of City employees.

City of Sandusky
Combining Statement of Fiduciary Net Position
Custodial Funds
December 31, 2018

	State Patrol Transfer	Sandusky Municipal Court	BSF Assessment	Energy Special Improvement District
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$17,137	\$124,477	\$2,599	\$0
Special Assessments Receivable	<u>0</u>	<u>0</u>	<u>0</u>	<u>596,085</u>
Total Assets	17,137	124,477	2,599	596,085
<u>Liabilities</u>				
Due to Other Governments	<u>0</u>	<u>0</u>	<u>0</u>	<u>596,085</u>
<u>Net Position</u>				
Restricted for Individuals, Organizations, and Other Governments	<u>\$17,137</u>	<u>\$124,477</u>	<u>\$2,599</u>	<u>\$0</u>

Vacant/Foreclosed Bond Deposits	Police Temporary Deposit	Section 125 Plan	Payroll	Total
\$697,383	\$601	\$9,227	\$69,264	\$920,688
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>596,085</u>
697,383	601	9,227	69,264	1,516,773
<u>0</u>	<u>0</u>	<u>0</u>	<u>69,264</u>	<u>665,349</u>
<u>\$697,383</u>	<u>\$601</u>	<u>\$9,227</u>	<u>\$0</u>	<u>\$851,424</u>

City of Sandusky
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended December 31, 2018

	State Patrol Transfer	Sandusky Municipal Court	BSF Assessment	Energy Special Improvement District
<u>Additions</u>				
Licenses, Permits, and Fees for Other Governments	\$0	\$0	\$11,120	\$0
Fines and Forfeitures for Other Governments	34,572	2,343,287	0	0
Special Assessments Collections for Other Governments	0	0	0	596,085
Amounts Held for Employees	0	0	0	0
Other	0	0	0	0
Total Additions	34,572	2,343,287	11,120	596,085
<u>Deductions</u>				
Distributions to the State of Ohio	0	0	10,526	0
Fines and Forfeitures Distributions to Other Governments	29,600	2,300,642	0	0
Special Assessments Collections to Other Governments	0	0	0	596,085
Distributions on Behalf of Employees	0	0	0	0
Distributions to Individuals	0	0	0	0
Total Deductions	29,600	2,300,642	10,526	596,085
Net Increase (Decrease) in Fiduciary Net Position	4,972	42,645	594	0
Net Position Beginning of Year	12,165	81,832	2,005	0
Net Position End of Year	\$17,137	\$124,477	\$2,599	\$0

Vacant/Foreclosed Bond Deposits	Police Temporary Deposit	Section 125 Plan	Total
\$0	\$0	\$0	\$11,120
0	0	0	2,377,859
0	0	0	596,085
0	0	92,558	92,558
377,625	10,845	0	388,470
377,625	10,845	92,558	3,466,092
0	0	0	10,526
0	0	0	2,330,242
0	0	0	596,085
0	0	104,326	104,326
535,195	10,843	0	546,038
535,195	10,843	104,326	3,587,217
(157,570)	2	(11,768)	(121,125)
854,953	599	20,995	972,549
\$697,383	\$601	\$9,227	\$851,424



**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, 2018

	Original	Budget	Actual	Variance with Final Budget Over (Under)
<u>Revenues</u>				
Property Taxes	\$1,545,999	\$1,545,999	\$1,519,483	(\$26,516)
Payment in Lieu of Taxes	2,417	2,417	2,417	0
Municipal Income Taxes	12,000,000	11,514,589	11,524,727	10,138
Other Local Taxes	6,085,000	5,704,677	5,715,057	10,380
Charges for Services	1,024,722	956,271	996,801	40,530
Fees, Licenses, and Permits	892,800	850,194	877,864	27,670
Fines and Forfeitures	1,194,165	1,120,714	1,143,390	22,676
Intergovernmental	657,584	661,868	656,433	(5,435)
Interest	220,000	341,276	388,460	47,184
Other	424,166	230,802	243,904	13,102
Total Revenues	24,046,853	22,928,807	23,068,536	139,729
<u>Expenditures</u>				
Current:				
Security of Persons and Property-Police				
Police Patrol				
Personal Services	4,679,043	4,429,043	4,378,533	50,510
Other	342,245	292,245	290,589	1,656
Total Police Patrol	5,021,288	4,721,288	4,669,122	52,166
Police Records				
Personal Services	163,026	163,026	157,341	5,685
Other	205,216	193,216	191,746	1,470
Total Police Records	368,242	356,242	349,087	7,155
Police Reserves				
Personal Services	164,385	124,385	117,593	6,792
Other	3,500	1,000	153	847
Total Police Reserves	167,885	125,385	117,746	7,639
Total Security of Persons and Property-Police	5,557,415	5,202,915	5,135,955	66,960
Security of Persons and Property-Fire				
Fire Suppression				
Personal Services	4,763,745	4,513,745	4,490,494	23,251
Other	396,300	326,300	315,525	10,775
Total Security of Persons and Property-Fire	5,160,045	4,840,045	4,806,019	34,026
Security of Persons and Property-Other				
Street Lighting				
Other	265,000	254,000	253,477	523

(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, 2018
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Public Health				
Oakland Cemetery				
Personal Services	\$352,806	\$302,806	\$268,762	\$34,044
Other	61,565	61,565	54,559	7,006
Total Public Health	414,371	364,371	323,321	41,050
Leisure Time Activities				
Aquatic Center				
Other	2,300	5,191	5,191	0
Mills Creek Golf Course				
Personal Services	102,000	102,000	100,974	1,026
Other	117,900	117,014	117,014	0
Total Mills Creek Golf Course	219,900	219,014	217,988	1,026
Recreation				
Personal Services	337,000	274,833	274,833	0
Other	135,050	131,436	131,436	0
Total Recreation	472,050	406,269	406,269	0
Paper District Marina				
Other	23,700	19,257	19,257	0
Boat Launch Ramp				
Other	25,000	15,624	15,624	0
Total Leisure Time Activities	742,950	665,355	664,329	1,026
Community Environment				
Community Development Planning				
Personal Services	910,800	890,800	872,927	17,873
Other	123,225	104,225	88,896	15,329
Total Community Development Planning	1,034,025	995,025	961,823	33,202
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, 2018
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Community Development Building Division				
Personal Services	\$243,427	\$234,427	\$232,066	\$2,361
Other	63,000	64,000	61,215	2,785
Total Community Development Building Division	306,427	298,427	293,281	5,146
Horticulture Services				
Personal Services	1,105,552	955,552	932,477	23,075
Other	331,875	341,875	338,256	3,619
Total Horticulture Services	1,437,427	1,297,427	1,270,733	26,694
Total Community Environment	2,807,879	2,620,879	2,555,837	65,042
Transportation				
Jackson Street Pier				
Other	1,000	1,000	882	118
General Government-Municipal Court				
Court-Criminal				
Personal Services	992,865	972,865	969,543	3,322
Other	52,000	53,000	52,944	56
Total General Government-Municipal Court	1,044,865	1,025,865	1,022,487	3,378
General Government-Other				
City Manager				
Personal Services	137,994	137,994	135,735	2,259
Other	18,000	13,000	11,445	1,555
Total City Manager	155,994	150,994	147,180	3,814
Personnel Labor Relations				
Personal Services	225,018	148,018	144,452	3,566
Other	25,725	12,725	7,418	5,307
Total Personnel Labor Relations	250,743	160,743	151,870	8,873
Finance				
Personal Services	124,742	117,742	104,806	12,936
Other	22,155	9,155	5,917	3,238
Total Finance	146,897	126,897	110,723	16,174
Income Tax				
Personal Services	71,581	69,581	68,611	970
Other	391,650	408,650	406,200	2,450
Total Income Tax	463,231	478,231	474,811	3,420

(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, 2018
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Data Processing				
Personal Services	\$151,208	\$156,208	\$154,671	\$1,537
Other	244,650	110,651	108,546	2,105
Total Data Processing	395,858	266,859	263,217	3,642
Law Director				
Personal Services	303,869	273,869	266,121	7,748
Other	41,219	21,219	11,698	9,521
Total Law Director	345,088	295,088	277,819	17,269
City Commission				
Personal Services	26,609	26,609	26,572	37
Other	4,455	10,455	10,097	358
Total City Commission	31,064	37,064	36,669	395
City Commission Clerk				
Personal Services	45,989	41,989	40,962	1,027
Other	1,440	1,440	1,012	428
Total City Commission Clerk	47,429	43,429	41,974	1,455
Municipal Buildings and Lands				
Personal Services	315,611	303,611	297,924	5,687
Other	289,435	254,435	251,526	2,909
Total Municipal Buildings and Lands	605,046	558,046	549,450	8,596
Engineering				
Personal Services	336,833	311,833	304,689	7,144
Other	46,800	38,800	36,997	1,803
Total Engineering	383,633	350,633	341,686	8,947
Mechanic				
Personal Services	244,162	244,162	235,856	8,306
Other	109,620	108,120	105,111	3,009
Total Mechanic	353,782	352,282	340,967	11,315
Unclaimed Funds				
Other	500	500	50	450
Administrative Support				
Other	707,700	932,699	927,245	5,454
Total General Government-Other	3,886,965	3,753,465	3,663,661	89,804

(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, 2018
(continued)

	Original	Budget	Actual	Variance with Final Budget Over (Under)
Total Expenditures	19,880,490	18,727,895	18,425,968	301,927
Excess of Revenues Over Expenditures	4,166,363	4,200,912	4,642,568	441,656
<u>Other Financing Sources (Uses)</u>				
Other Financing Sources	340,812	602,472	597,602	(4,870)
Sale of Capital Assets	0	200	200	0
Transfers Out	(4,530,088)	(4,772,599)	(4,772,513)	86
Total Other Financing Sources (Uses)	(4,189,276)	(4,169,927)	(4,174,711)	(4,784)
Changes in Fund Balance	(22,913)	30,985	467,857	436,872
Fund Balance Beginning of Year	5,343,361	5,343,361	5,343,361	0
Fund Balance End of Year	<u>\$5,320,448</u>	<u>\$5,374,346</u>	<u>\$5,811,218</u>	<u>\$436,872</u>

City of Sandusky
Capital Projects Capital Projects Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$634,296	\$693,218	\$58,922
Intergovernmental	1,056,577	1,056,577	0
Fees, Licenses, and Permits	114,475	123,103	8,628
Interest	4,962	4,962	0
Other	345,416	414,707	69,291
Total Revenues	2,155,726	2,292,567	136,841
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Fire			
EMS			
Personal Services	70,000	69,080	920
Other	1,088,438	1,088,345	93
Total Security of Persons and Property-Fire	1,158,438	1,157,425	1,013
Leisure Time Activities			
Sandusky Fishing Stations			
Other	700,000	697,026	2,974
Public Art			
Other	42,500	39,925	2,575
Schade/Mylander Plaza			
Other	5,000	4,000	1,000
Shoreline Drive Walkway			
Other	205,000	82,658	122,342
Pedestrian/Bike Path			
Other	75,000	70,667	4,333
Recreation Improvement			
Other	82,924	82,924	0
Total Leisure Time Activities	1,110,424	977,200	133,224
Community Environment			
City Wide Economic Development			
Other	406,000	396,551	9,449
Community Development			
Other	323,000	322,160	840
Neighborhood Development			
Other	560,000	549,727	10,273
West Battery Launch			
Other	70,000	63,781	6,219
Total Community Environment	1,359,000	1,332,219	26,781

(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, 2018
(continued)

	Budget	Actual	Variance Over (Under)
Transportation			
Streets			
Other	\$268,316	\$175,689	\$92,627
CP U Pav/SRTS			
Other	35,000	28,370	6,630
Organization 6201			
Other	29,177	20,923	8,254
Organization 6203			
Other	20,000	17,073	2,927
Westend Grade Separation			
Other	3,000	357	2,643
Total Transportation	355,493	242,412	113,081
General Government-Municipal Court			
Municipal Court			
Personal Services	25,000	10,298	14,702
Other	50,000	15,484	34,516
Total General Government-Municipal Court	75,000	25,782	49,218
General Government-Other			
City Hall Relocation			
Other	110,000	107,374	2,626
Court Renovation			
Other	16,000	15,484	516
Paper District			
Other	10,000	2,141	7,859
Engineering			
Other	646,000	645,306	694
Total General Government-Other	782,000	770,305	11,695
Capital Outlay	681,512	648,656	32,856
Debt Service:			
Principal Retirement	2,900,062	2,900,000	62
Interest and Fiscal Charges	75,125	65,250	9,875
Total Debt Service	2,975,187	2,965,250	9,937
Total Expenditures	8,497,054	8,119,249	377,805

(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, 2018
(continued)

	Budget	Actual	Variance Over (Under)
Excess of Revenues Under Expenditures	(\$6,341,328)	(\$5,826,682)	\$514,646
<u>Other Financing Sources</u>			
Other Financing Sources	88,703	88,703	0
Sale of Capital Assets	6,885	6,885	0
Bond Anticipation Notes Issued	4,946,000	4,946,000	0
Transfers In	2,957,238	3,107,410	150,172
Total Other Financing Sources	7,998,826	8,148,998	150,172
Changes in Fund Balance	1,657,498	2,322,316	664,818
Fund Balance Beginning of Year	2,869,807	2,869,807	0
Fund Balance End of Year	\$4,527,305	\$5,192,123	\$664,818

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, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$7,700,457	\$7,756,015	\$55,558
Interest	636	636	0
Other	91,273	92,951	1,678
Total Revenues	7,792,366	7,849,602	57,236
<u>Expenses</u>			
Personal Services			
Water Office	160,033	149,033	11,000
Waterworks Filtration	1,306,792	1,275,877	30,915
Waterworks Distribution	924,378	880,561	43,817
Administrative Support	750,000	735,261	14,739
Total Personal Services	3,141,203	3,040,732	100,471
Travel and Transportation			
Water Office	1,025	763	262
Waterworks Filtration	7,000	6,944	56
Waterworks Distribution	9,500	6,790	2,710
Administrative Support	6,500	5,706	794
Total Travel and Transportation	24,025	20,203	3,822
Contractual Services			
Water Office	32,963	32,963	0
Waterworks Filtration	529,123	529,123	0
Waterworks Distribution	167,106	157,098	10,008
Other	83,847	83,847	0
Administrative Support	204,000	173,283	30,717
Total Contractual Services	1,017,039	976,314	40,725
Materials and Supplies			
Water Office	8,207	5,847	2,360
Waterworks Filtration	603,636	594,158	9,478
Waterworks Distribution	377,609	363,204	14,405
Administrative Support	30,000	27,422	2,578
Total Materials and Supplies	1,019,452	990,631	28,821
Other			
Water Office	250	199	51
Administrative Support	7,000	2,743	4,257
Total Other	7,250	2,942	4,308

(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, 2018
(continued)

	Budget	Actual	Variance Over (Under)
Capital Outlay			
Waterworks Filtration	\$70,000	\$67,374	\$2,626
Waterworks Distribution	10,000	7,799	2,201
Other	898,153	892,469	5,684
Administrative Support	10,000	9,599	401
Total Capital Outlay	988,153	977,241	10,912
Debt Service:			
Principal Retirement	1,215,734	1,215,033	701
Interest Expense	559,679	559,679	0
Total Debt Service	1,775,413	1,774,712	701
Total Expenses	7,972,535	7,782,775	189,760
Changes in Fund Balance	(180,169)	66,827	246,996
Fund Balance Beginning of Year	5,331,949	5,331,949	0
Fund Balance End of Year	<u>\$5,151,780</u>	<u>\$5,398,776</u>	<u>\$246,996</u>

City of Sandusky
Sewer Enterprise Fund

Schedule of Revenues, Expenses,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$11,505,793	\$11,662,526	\$156,733
Interest	1,913	1,913	0
Other	632,436	665,737	33,301
Total Revenues	12,140,142	12,330,176	190,034
<u>Expenses</u>			
Personal Services			
Sewer Office	161,033	149,613	11,420
Water Pollution Control	1,521,084	1,502,287	18,797
Sewer Maintenance	929,324	907,916	21,408
Administrative Support	750,000	734,678	15,322
Total Personal Services	3,361,441	3,294,494	66,947
Travel and Transportation			
Sewer Office	858	858	0
Water Pollution Control	14,895	13,839	1,056
Sewer Maintenance	6,000	2,781	3,219
Storm Sewer	1,192	1,192	0
Administrative Support	6,400	5,668	732
Total Travel and Transportation	29,345	24,338	5,007
Contractual Services			
Sewer Office	33,861	33,861	0
Water Pollution Control	901,230	901,230	0
Sewer Maintenance	650,902	617,358	33,544
Storm Sewer	69,740	65,738	4,002
Administrative Support	225,780	216,266	9,514
Total Contractual Services	1,881,513	1,834,453	47,060
Materials and Supplies			
Sewer Office	7,927	5,847	2,080
Water Pollution Control	410,940	392,648	18,292
Sewer Maintenance	342,669	336,518	6,151
Storm Sewer	44,069	44,069	0
Administrative Support	30,000	27,336	2,664
Total Materials and Supplies	835,605	806,418	29,187
Other			
Sewer Office	200	200	0
Administrative Support	1,100	1,036	64
Total Other	1,300	1,236	64

(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, 2018
(continued)

	Budget	Actual	Variance Over (Under)
Capital Outlay			
Water Pollution Control	\$300,000	\$296,139	\$3,861
Sewer Maintenance	1,938,429	1,876,224	62,205
Administrative Support	38,220	37,819	401
Total Capital Outlay	2,276,649	2,210,182	66,467
Debt Service:			
Principal Retirement	1,978,401	1,978,401	0
Interest Expense	1,089,332	1,089,332	0
Total Debt Service	3,067,733	3,067,733	0
Total Expenses	11,453,586	11,238,854	214,732
Changes in Fund Balance	686,556	1,091,322	404,766
Fund Balance Beginning of Year	5,420,235	5,420,235	0
Fund Balance End of Year	<u>\$6,106,791</u>	<u>\$6,511,557</u>	<u>\$404,766</u>

City of Sandusky
Street Maintenance Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Other Local Taxes	\$449,300	\$449,300	\$0
Charges for Services	20	20	0
Intergovernmental	899,365	937,916	38,551
Interest	585	701	116
Other	5,923	5,923	0
Total Revenues	1,355,193	1,393,860	38,667
<u>Expenditures</u>			
Current:			
Transportation			
Public Works			
Personal Services	685,120	682,093	3,027
Other	396,800	393,486	3,314
Total Public Works	1,081,920	1,075,579	6,341
Traffic and Electrical Maintenance			
Personal Services	109,516	106,772	2,744
Other	151,230	148,401	2,829
Total Traffic and Electrical Maintenance	260,746	255,173	5,573
Street Cleaning, Snow, and Ice Removal			
Other	109,992	109,992	0
Total Expenditures	1,452,658	1,440,744	11,914
Excess of Revenues Under Expenditures	(97,465)	(46,884)	50,581
<u>Other Financing Sources</u>			
Other Financing Sources	46,874	46,974	100
Changes in Fund Balance	(50,591)	90	50,681
Fund Balance Beginning of Year	66,002	66,002	0
Fund Balance End of Year	\$15,411	\$66,092	\$50,681

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, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$72,943	\$76,047	\$3,104
Interest	349	479	130
Total Revenues	<u>73,292</u>	<u>76,526</u>	<u>3,234</u>
<u>Expenditures</u>			
Current:			
Transportation			
State Highway Maintenance and Repair			
Personal Services	49,000	43,523	5,477
Other	41,000	39,687	1,313
Total Expenditures	<u>90,000</u>	<u>83,210</u>	<u>6,790</u>
Excess of Revenues Under Expenditures	(16,708)	(6,684)	10,024
<u>Other Financing Sources</u>			
Other Financing Sources	858	858	0
Changes in Fund Balance	(15,850)	(5,826)	10,024
Fund Balance Beginning of Year	<u>99,173</u>	<u>99,173</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$83,323</u></u>	<u><u>\$93,347</u></u>	<u><u>\$10,024</u></u>

City of Sandusky
Public Transit Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$586,843	\$606,175	\$19,332
Intergovernmental	1,495,982	1,495,982	0
Total Revenues	2,082,825	2,102,157	19,332
<u>Expenditures</u>			
Current:			
Transportation			
Public Transit System			
Other	52,455	52,455	0
Total Public Transit System	52,455	52,455	0
Rural Transit System			
Personal Services	128,942	111,281	17,661
Other	2,242,347	2,238,437	3,910
Total Rural Transit System	2,371,289	2,349,718	21,571
Total Expenditures	2,423,744	2,402,173	21,571
Excess of Revenues Under Expenditures	(340,919)	(300,016)	40,903
<u>Other Financing Sources</u>			
Other Financing Sources	41,482	43,850	2,368
Transfers In	420,696	420,696	0
Total Other Financing Sources	462,178	464,546	2,368
Changes in Fund Balance	121,259	164,530	43,271
Fund Balance Beginning of Year	8,013	8,013	0
Fund Balance End of Year	\$129,272	\$172,543	\$43,271

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, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$124,098	\$124,878	\$780
Payment in Lieu of Taxes	211	211	0
Intergovernmental	13,780	14,554	774
Total Revenues	138,089	139,643	1,554
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Fire			
Fire Pension			
Personal Services	828,442	827,616	826
Other	3,000	2,405	595
Total Security of Persons and Property-Fire	831,442	830,021	1,421
Debt Service:			
Principal Retirement	40,157	40,157	0
Interest and Fiscal Charges	9,271	9,271	0
Total Debt Service	49,428	49,428	0
Total Expenditures	880,870	879,449	1,421
Excess of Revenues Under Expenditures	(742,781)	(739,806)	2,975
<u>Other Financing Sources</u>			
Transfers In	741,781	740,685	(1,096)
Changes in Fund Balance	(1,000)	879	1,879
Fund Balance Beginning of Year	11,491	11,491	0
Fund Balance End of Year	\$10,491	\$12,370	\$1,879

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, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$124,098	\$124,878	\$780
Payment in Lieu of Taxes	211	211	0
Intergovernmental	13,780	14,554	774
Total Revenues	138,089	139,643	1,554
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police Pension			
Personal Services	661,560	660,952	608
Other	2,999	2,362	637
Total Security of Persons and Property-Police	664,559	663,314	1,245
Debt Service:			
Principal Retirement	29,843	29,843	0
Interest and Fiscal Charges	6,890	6,890	0
Total Debt Service	36,733	36,733	0
Total Expenditures	701,292	700,047	1,245
Excess of Revenues Under Expenditures	(563,203)	(560,404)	2,799
<u>Other Financing Sources</u>			
Transfers In	562,204	560,884	(1,320)
Changes in Fund Balance	(999)	480	1,479
Fund Balance Beginning of Year	3,934	3,934	0
Fund Balance End of Year	\$2,935	\$4,414	\$1,479

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, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$61,881	\$61,881	\$0
Interest	5,080	5,437	357
Other	103,058	105,337	2,279
Total Revenues	170,019	172,655	2,636
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police			
Other	24,995	24,995	0
Community Environment			
Landbank			
Other	11,298	11,298	0
Other	1,106	1,106	0
Revolving Loan Economic Development			
Other	300,000	299,843	157
Underground Storage Tank Removal Grant			
Other	30,900	30,817	83
Total Community Environment	343,304	343,064	240
Total Expenditures	368,299	368,059	240
Excess of Revenues Under Expenditures	(198,280)	(195,404)	2,876
<u>Other Financing Sources</u>			
Other Financing Sources	24,981	24,981	0
Changes in Fund Balance	(173,299)	(170,423)	2,876
Fund Balance Beginning of Year	604,177	604,177	0
Fund Balance End of Year	\$430,878	\$433,754	\$2,876

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, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Intergovernmental	\$690,587	\$829,632	\$139,045
Interest	1,495	1,495	0
Total Revenues	692,082	831,127	139,045
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police Bulletproof Vest			
Other	5,220	5,220	0
Security of Persons and Property-Fire			
EMS			
Other	9,570	9,570	0
Community Environment			
EPA Asmt Petroleum			
Other	27,700	27,676	24
EPA Asmt Hazardous Waste			
Other	69,600	69,530	70
HUD CDBG 09MC390034			
Personal Services	220,000	207,619	12,381
Other	549,699	543,399	6,300
Total HUD CDBG 09MC390034	769,699	751,018	18,681
Total Community Environment	866,999	848,224	18,775
Total Expenditures	881,789	863,014	18,775
Excess of Revenues Under Expenditures	(189,707)	(31,887)	157,820
<u>Other Financing Sources</u>			
Other Financing Sources	7,084	7,084	0
Transfers In	157,833	157,833	0
Total Other Financing Sources	164,917	164,917	0
Changes in Fund Balance	(24,790)	133,030	157,820
Fund Balance Beginning of Year	41,257	41,257	0
Fund Balance End of Year	\$16,467	\$174,287	\$157,820

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, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fees, Licenses, and Permits	\$27,500	\$28,589	\$1,089
<u>Expenditures</u>			
Current:			
Other			
Indigent Drivers Alcohol Treatment			
Personal Services	69,000	67,183	1,817
Changes in Fund Balance	(41,500)	(38,594)	2,906
Fund Balance Beginning of Year	171,207	171,207	0
Fund Balance End of Year	<u>\$129,707</u>	<u>\$132,613</u>	<u>\$2,906</u>

City of Sandusky
Enforcement and Education Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$3,000	\$6,891	\$3,891
<u>Expenditures</u>	<u>0</u>	<u>0</u>	<u>0</u>
Changes in Fund Balance	3,000	6,891	3,891
Fund Balance Beginning of Year	<u>6,101</u>	<u>6,101</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$9,101</u></u>	<u><u>\$12,992</u></u>	<u><u>\$3,891</u></u>

City of Sandusky
Court Computerization Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$26,000	\$29,901	\$3,901
<u>Expenditures</u>			
Current:			
Other			
Court Computerization			
Personal Services	10,000	5,149	4,851
Other	25,000	20,658	4,342
Total Expenditures	35,000	25,807	9,193
Changes in Fund Balance	(9,000)	4,094	13,094
Fund Balance Beginning of Year	200,861	200,861	0
Fund Balance End of Year	\$191,861	\$204,955	\$13,094

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, 2018

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

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, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fees, Licenses, and Permits	\$78,000	\$85,988	\$7,988
<u>Expenditures</u>			
Current:			
Other			
Municipal Probation			
Personal Services	15,000	11,002	3,998
Other	6,000	1,486	4,514
Total Expenditures	21,000	12,488	8,512
Excess of Revenues Over Expenditures	57,000	73,500	16,500
<u>Other Financing Sources</u>			
Other Financing Sources	500	1,614	1,114
Changes in Fund Balance	57,500	75,114	17,614
Fund Balance Beginning of Year	331,174	331,174	0
Fund Balance End of Year	\$388,674	\$406,288	\$17,614

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, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Fines and Forfeitures	\$42,285	\$42,285	\$0
Intergovernmental	21,089	21,089	0
Other	50,585	50,585	0
Total Revenues	113,959	113,959	0
<u>Expenditures</u>			
Current:			
Security of Persons and Property-Police			
Police Patrol			
Other	6,000	1,869	4,131
Contraband Trust			
Other	55,000	46,572	8,428
Fed Forfeiture			
Other	33,000	32,455	545
Total Security of Persons and Property- Police	94,000	80,896	13,104
Security of Persons and Property-Fire			
Fire Suppression			
Other	2,000	49	1,951
Leisure Time Activities			
Friends of the Greenhouse			
Other	1,000	965	35
Skate Park			
Other	1,000	956	44
Total Leisure Time Activities	2,000	1,921	79
Community Environment			
Park Trust			
Personal Services	8,500	7,483	1,017
Total Expenditures	106,500	90,349	16,151
Changes in Fund Balance	7,459	23,610	16,151
Fund Balance Beginning of Year	322,582	322,582	0
Fund Balance End of Year	\$330,041	\$346,192	\$16,151

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, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$9,172	\$9,295	\$123
Interest	3,413	3,413	0
Other	1,028	1,028	0
Total Revenues	13,613	13,736	123
<u>Expenditures</u>	0	0	0
Changes in Fund Balance	13,613	13,736	123
Fund Balance Beginning of Year	219,725	219,725	0
Fund Balance End of Year	<u>\$233,338</u>	<u>\$233,461</u>	<u>\$123</u>

City of Sandusky
Cemetery Donations Special Revenue Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$25,299	\$26,481	\$1,182
Interest	11,743	12,936	1,193
Other	5,380	5,380	0
Total Revenues	<u>42,422</u>	<u>44,797</u>	<u>2,375</u>
<u>Expenditures</u>			
Current:			
Public Health			
Oakland Cemetery			
Personal Services	50,000	40,647	9,353
Garden Mausoleum			
Other	5,000	4,034	966
Special Care			
Other	1,000	512	488
Memorial Paintings			
Other	1,000	192	808
Ridgeview Columbarium			
Other	1,000	0	1,000
Total Expenditures	<u>58,000</u>	<u>45,385</u>	<u>12,615</u>
Excess of Revenues			
Under Expenditures	(15,578)	(588)	14,990
<u>Other Financing Sources</u>			
Other Financing Sources	20,964	21,344	380
Changes in Fund Balance	5,386	20,756	15,370
Fund Balance Beginning of Year	<u>598,066</u>	<u>598,066</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$603,452</u></u>	<u><u>\$618,822</u></u>	<u><u>\$15,370</u></u>

City of Sandusky
Battery Park 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, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Interest	\$0	\$49	\$49
Other	0	10,000	10,000
Total Revenues	0	10,049	10,049
<u>Expenditures</u>	0	0	0
Changes in Fund Balance	0	10,049	10,049
Fund Balance Beginning of Year	65,540	65,540	0
Fund Balance End of Year	<u>\$65,540</u>	<u>\$75,589</u>	<u>\$10,049</u>

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, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Property Taxes	\$411,117	\$416,296	\$5,179
Payment in Lieu of Taxes	666	666	0
Municipal Income Taxes	770,051	770,051	0
Intergovernmental	48,515	48,515	0
Total Revenues	<u>1,230,349</u>	<u>1,235,528</u>	<u>5,179</u>
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	1,429,867	1,429,867	0
Interest and Fiscal Charges	208,353	206,185	2,168
Total Expenditures	<u>1,638,220</u>	<u>1,636,052</u>	<u>2,168</u>
Excess of Revenues Under Expenditures	(407,871)	(400,524)	7,347
<u>Other Financing Sources</u>			
Transfers In	<u>403,873</u>	<u>400,000</u>	<u>(3,873)</u>
Changes in Fund Balance	(3,998)	(524)	3,474
Fund Balance Beginning of Year	<u>91,744</u>	<u>91,744</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$87,746</u></u>	<u><u>\$91,220</u></u>	<u><u>\$3,474</u></u>

City of Sandusky
Urban Renewal Debt Retirement Debt Service Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Payment in Lieu of Taxes	\$571,170	\$571,170	\$0
Intergovernmental	56,615	56,615	0
Total Revenues	627,785	627,785	0
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	400,000	400,000	0
Interest and Fiscal Charges	31,655	31,137	518
Total Expenditures	431,655	431,137	518
Changes in Fund Balance	196,130	196,648	518
Fund Balance Beginning of Year	822,898	822,898	0
Fund Balance End of Year	\$1,019,028	\$1,019,546	\$518

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, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Special Assessments	\$295,333	\$295,410	\$77
<u>Expenditures</u>			
Debt Service:			
Principal Retirement	190,574	190,574	0
Interest and Fiscal Charges	103,759	103,259	500
Total Expenditures	294,333	293,833	500
Changes in Fund Balance	1,000	1,577	577
Fund Balance Beginning of Year	50,782	50,782	0
Fund Balance End of Year	<u>\$51,782</u>	<u>\$52,359</u>	<u>\$577</u>

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, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Other	\$465,000	\$465,974	\$974
<u>Expenditures</u>			
Current:			
General Government-Other			
Real Estate Development			
Other	117,295	117,295	0
Changes in Fund Balance	347,705	348,679	974
Fund Balance Beginning of Year	0	0	0
Fund Balance End of Year	<u>\$347,705</u>	<u>\$348,679</u>	<u>\$974</u>

City of Sandusky
Capital Improvement Capital Projects Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Municipal Income Taxes	\$615,000	\$616,040	\$1,040
<u>Expenditures</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	615,000	616,040	1,040
<u>Other Financing Uses</u>			
Transfers Out	<u>(615,035)</u>	<u>(614,995)</u>	<u>40</u>
Changes in Fund Balance	(35)	1,045	1,080
Fund Balance Beginning of Year	<u>3,602</u>	<u>3,602</u>	<u>0</u>
Fund Balance End of Year	<u><u>\$3,567</u></u>	<u><u>\$4,647</u></u>	<u><u>\$1,080</u></u>

City of Sandusky
Redevelopment Tax Increment Capital Projects Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>	\$0	\$0	\$0
<u>Expenditures</u>	0	0	0
Changes in Fund Balance	0	0	0
Fund Balance Beginning of Year	45,632	45,632	0
Fund Balance End of Year	<u>\$45,632</u>	<u>\$45,632</u>	<u>\$0</u>

City of Sandusky
Various Improvement Capital Projects Fund

Schedule of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
For the Year Ended December 31, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$63,590	\$64,523	\$933
Fees, Licenses, and Permits	386,183	395,779	9,596
Interest	8,128	8,128	0
Total Revenues	457,901	468,430	10,529
<u>Expenditures</u>			
Current:			
Community Environment			
Remove Unsafe Buildings			
Other	1,500	664	836
Nuisance Removal			
Other	20,000	18,803	1,197
Rental Registration Fee			
Personal Services	250,000	248,139	1,861
Other	16,700	15,141	1,559
Total Rental Registration Fee	266,700	263,280	3,420
Inspection Fee			
Other	19,000	17,659	1,341
Administration Fee			
Other	5,500	4,415	1,085
Total Expenditures	312,700	304,821	7,879
Excess of Revenues Over Expenditures	145,201	163,609	18,408
<u>Other Financing Sources</u>			
Other Financing Sources	2,100	2,599	499
Changes in Fund Balance	147,301	166,208	18,907
Fund Balance Beginning of Year	245,364	245,364	0
Fund Balance End of Year	\$392,665	\$411,572	\$18,907

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, 2018

	Budget	Actual	Variance Over (Under)
<u>Revenues</u>			
Charges for Services	\$4,388,847	\$4,388,847	\$0
Miscellaneous	761,152	771,875	10,723
Total Revenues	5,149,999	5,160,722	10,723
<u>Expenses</u>			
Contractual Services	1,527	1,527	0
Claims	4,311,611	4,311,611	0
Total Expenses	4,313,138	4,313,138	0
Changes in Fund Balance	836,861	847,584	10,723
Fund Balance Beginning of Year	4,112,310	4,112,310	0
Fund Balance End of Year	\$4,949,171	\$4,959,894	\$10,723



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.

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Financial Trends.....	S-2
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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

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

Debt Capacity.....	S-46
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These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information.....	S-56
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information	S-60
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These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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

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

	2018	2017	2016	2015
Governmental Activities				
Net Investment in Capital Assets	\$35,817,869	\$35,024,423	\$33,978,149	\$35,774,016
Restricted for				
Capital Projects	4,523,316	3,605,069	5,199,629	3,812,217
Debt Service	1,802,361	1,654,047	370,057	1,076,680
Other Purposes	6,728,711	6,611,001	6,537,687	5,471,527
Unrestricted (Deficit)	<u>(33,743,585)</u>	<u>(32,017,301)</u>	<u>(14,437,669)</u>	<u>(16,426,206)</u>
Total Governmental Activities Net Position	<u>15,128,672</u>	<u>14,877,239</u>	<u>31,647,853</u>	<u>29,708,234</u>
Business-Type Activities				
Net Investment in Capital Assets	48,004,171	44,639,387	43,448,277	42,898,225
Unrestricted	<u>6,798,582</u>	<u>6,918,642</u>	<u>7,250,609</u>	<u>5,792,850</u>
Total Business-Type Activities Net Position	<u>54,802,753</u>	<u>51,558,029</u>	<u>50,698,886</u>	<u>48,691,075</u>
Primary Government				
Net Investment in Capital Assets	83,822,040	79,663,810	77,426,426	78,672,241
Restricted	13,054,388	11,870,117	12,107,373	10,360,424
Unrestricted (Deficit)	<u>(26,945,003)</u>	<u>(25,098,659)</u>	<u>(7,187,060)</u>	<u>(10,633,356)</u>
Total Primary Government Net Position	<u>\$69,931,425</u>	<u>\$66,435,268</u>	<u>\$82,346,739</u>	<u>\$78,399,309</u>

Note: The City reported the impact of GASB Statement No. 68 beginning in 2014 and the impact of GASB Statement No. 75 beginning in 2017.

2014	2013	2012	2011	2010	2009
\$32,986,487	\$34,031,522	\$35,252,903	\$35,126,166	\$38,122,520	\$34,869,732
3,332,213	4,280,873	3,806,228	3,492,887	2,920,974	3,218,958
1,745,871	2,162,193	1,949,698	1,918,564	1,902,993	2,439,729
5,700,728	5,920,558	5,556,594	6,061,253	6,005,182	6,367,187
(17,681,479)	(139,214)	(712,642)	(1,573,210)	(2,681,773)	(2,812,918)
<u>26,083,820</u>	<u>46,255,932</u>	<u>45,852,781</u>	<u>45,025,660</u>	<u>46,269,896</u>	<u>44,082,688</u>
41,477,719	40,066,785	39,713,895	39,918,374	39,941,052	35,050,194
7,673,382	13,462,237	14,630,323	15,278,595	16,854,414	18,611,306
<u>49,151,101</u>	<u>53,529,022</u>	<u>54,344,218</u>	<u>55,196,969</u>	<u>56,795,466</u>	<u>53,661,500</u>
74,464,206	74,098,307	74,966,798	75,044,540	78,063,572	69,919,926
10,778,812	12,363,624	11,312,520	11,472,704	10,829,149	12,025,874
(10,008,097)	13,323,023	13,917,681	13,705,385	14,172,641	15,798,388
<u>\$75,234,921</u>	<u>\$99,784,954</u>	<u>\$100,196,999</u>	<u>\$100,222,629</u>	<u>\$103,065,362</u>	<u>\$97,744,188</u>

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

	2018	2017	2016	2015
<u>Expenses</u>				
Governmental Activities				
Security of Persons and Property				
Police	\$6,763,079	\$5,996,216	\$6,180,846	\$5,668,020
Fire	7,409,925	7,370,266	6,765,752	6,368,780
Other	254,937	257,495	271,686	267,254
Public Health	415,721	396,115	309,402	315,232
Leisure Time Activities	1,516,778	1,180,710	575,513	639,183
Community Environment	5,360,451	5,184,333	4,109,633	2,968,488
Transportation	5,364,033	6,750,268	9,168,882	6,192,685
General Government				
Municipal Court	1,281,692	1,358,390	1,014,168	982,558
Other	5,391,169	4,797,015	4,136,866	4,031,549
Interest and Fiscal Charges	502,722	542,276	569,634	886,182
Total Governmental Activities Expenses	34,260,507	33,833,084	33,102,382	28,319,931
Business-Type Activities				
Water	7,275,299	6,657,346	6,328,824	5,657,845
Sewer	9,376,853	8,494,172	7,848,395	7,509,197
Total Business-Type Activities Expenses	16,652,152	15,151,518	14,177,219	13,167,042
Total Primary Government Expenses	50,912,659	48,984,602	47,279,601	41,486,973
<u>Program Revenues</u>				
Governmental Activities				
Charges for Services				
Security of Persons and Property				
Police	327,234	380,770	471,085	313,471
Fire	982,273	1,099,349	1,066,497	943,899
Public Health	153,796	134,752	140,165	133,488
Leisure Time Activities	230,785	289,112	271,849	275,402
Community Environment	598,120	311,765	512,667	151,613
Transportation	1,198,246	2,310,463	1,087,071	1,153,575
General Government				
Municipal Court	1,339,349	1,207,191	1,313,939	1,113,257
Other	491,978	347,104	315,526	228,268
Total Charges for Services	5,321,781	6,080,506	5,178,799	4,312,973
Operating Grants, Contributions, and Interest	3,202,380	3,292,700	3,273,258	2,947,200
Capital Grants and Contributions	1,358,887	1,416,703	1,619,021	3,262,302
Total Governmental Activities Program Revenues	9,883,048	10,789,909	10,071,078	10,522,475
Business-Type Activities				
Charges for Services				
Water	7,580,885	7,558,764	6,515,822	5,327,914
Sewer	11,547,199	11,111,125	9,397,518	7,218,429
Total Charges for Services	19,128,084	18,669,889	15,913,340	12,546,343
Capital Grants and Contributions	0	0	19,257	14,000
Total Business-Type Activities Program Revenues	19,128,084	18,669,889	15,932,597	12,560,343
Total Primary Government Program Revenues	29,011,132	29,459,798	26,003,675	23,082,818

2014	2013	2012	2011	2010	2009
\$5,347,693	\$5,032,468	\$5,032,700	\$5,402,963	\$5,516,364	\$5,669,764
5,940,342	5,953,841	5,905,825	5,527,949	5,515,869	5,862,556
271,810	252,367	244,688	252,562	249,581	258,171
308,648	318,872	306,388	283,560	329,948	315,947
542,957	614,010	216,767	508,712	460,013	816,417
4,315,542	2,538,486	2,476,125	2,893,502	3,331,774	4,228,845
6,107,625	4,848,791	4,470,255	4,445,226	4,239,588	4,205,229
1,057,957	1,013,065	1,033,017	1,023,043	970,915	933,795
3,452,889	3,372,415	3,617,806	3,497,520	3,456,520	3,870,955
844,566	965,397	1,295,714	1,005,849	1,252,643	1,495,442
28,190,029	24,909,712	24,599,285	24,840,886	25,323,215	27,657,121
5,976,511	5,561,209	5,368,961	5,359,486	4,511,328	5,101,130
7,193,792	6,726,105	6,334,406	8,341,844	6,895,098	6,337,377
13,170,303	12,287,314	11,703,367	13,701,330	11,406,426	11,438,507
41,360,332	37,197,026	36,302,652	38,542,216	36,729,641	39,095,628
332,809	354,756	399,331	353,733	321,561	342,426
773,862	756,733	754,046	988,659	827,407	721,402
108,974	116,853	84,027	108,618	107,057	122,323
276,929	257,010	269,160	217,068	234,894	233,214
182,696	19,156	86,007	215,830	236,362	417,210
1,081,882	982,640	913,441	1,019,259	844,608	882,613
1,091,134	1,134,702	1,215,434	1,070,168	1,160,818	1,184,632
246,887	328,020	186,445	247,215	267,011	178,236
4,095,173	3,949,870	3,907,891	4,220,550	3,999,718	4,082,056
3,789,724	3,144,597	3,711,215	3,742,313	4,514,002	3,531,046
1,512,023	722,483	500,093	1,074,582	1,509,594	2,010,876
9,396,920	7,816,950	8,119,199	9,037,445	10,023,314	9,623,978
5,313,083	5,259,240	5,267,773	5,224,179	5,055,459	5,361,036
5,667,134	5,587,673	5,485,453	6,730,491	6,176,303	5,881,665
10,980,217	10,846,913	10,753,226	11,954,670	11,231,762	11,242,701
113,852	275,377	271,057	148,225	4,108,459	12,273,563
11,094,069	11,122,290	11,024,283	12,102,895	15,340,221	23,516,264
20,490,989	18,939,240	19,143,482	21,140,340	25,363,535	33,140,242

(continued)

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

	2018	2017	2016	2015
<u>Net (Expense) Revenue</u>				
Governmental Activities	(\$24,377,459)	(\$23,043,175)	(\$23,031,304)	(\$17,797,456)
Business-Type Activities	2,475,932	3,518,371	1,755,378	(606,699)
Total Primary Government Net Expense	(21,901,527)	(19,524,804)	(21,275,926)	(18,404,155)
<u>General Revenues and Other Changes in Net Position</u>				
Governmental Activities				
Property Taxes Levied for General Purposes	1,517,753	1,500,070	1,480,791	1,537,824
Property Taxes Levied for Police and Fire Pension	249,472	246,576	243,434	252,790
Property Taxes Levied for Debt Service	413,266	410,984	405,691	421,325
Payment in Lieu of Taxes	574,675	611,812	557,852	565,102
Municipal Income Taxes Levied for General Purposes	11,566,210	10,989,407	11,716,187	9,939,811
Municipal Income Taxes Levied for Debt Service	772,972	728,704	780,974	659,492
Municipal Income Taxes Levied for Capital Projects	618,377	582,963	624,778	527,591
Other Local Taxes	5,687,420	5,576,879	5,775,150	4,950,083
Franchise Taxes	340,739	355,291	371,093	394,181
Grants and Entitlements not Restricted to Specific Programs	754,112	745,024	759,353	798,901
Interest	398,082	181,513	128,006	182,148
Other	1,735,814	1,527,073	2,103,291	1,166,975
Transfers	0	289,426	24,323	25,647
Special Item - Asset Donated to Developer	0	0	0	0
Total Governmental Activities	24,628,892	23,745,722	24,970,923	21,421,870
Business-Type Activities				
Interest	2,549	2,630	2,022	1,215
Other	766,243	341,723	274,734	171,105
Transfers	0	(289,426)	(24,323)	(25,647)
Total Business-Type Activities	768,792	54,927	252,433	146,673
Total Primary Government	25,397,684	23,800,649	25,223,356	21,568,543
<u>Changes in Net Position</u>				
Governmental Activities	251,433	702,547	1,939,619	3,624,414
Business-Type Activities	3,244,724	3,573,298	2,007,811	(460,026)
Total Primary Government	\$3,496,157	\$4,275,845	\$3,947,430	\$3,164,388

Note: Expenses are first impacted by the implementation of GASB Statement No. 68 beginning in 2015 and GASB Statement No. 75 beginning in 2018.

2014	2013	2012	2011	2010	2009
(\$18,793,109)	(\$17,092,762)	(\$16,480,086)	(\$15,803,441)	(\$15,299,901)	(\$18,033,143)
(2,076,234)	(1,165,024)	(679,084)	(1,598,435)	3,933,795	12,077,757
(20,869,343)	(18,257,786)	(17,159,170)	(17,401,876)	(11,366,106)	(5,955,386)
1,400,699	1,444,024	1,570,731	1,582,982	1,670,722	1,568,338
230,208	237,368	258,206	260,218	274,602	257,807
383,742	395,613	430,340	433,693	452,224	423,572
569,888	591,483	541,236	554,005	546,140	1,030
6,521,944	7,413,615	7,121,861	6,473,159	6,092,961	5,609,577
430,773	494,203	472,199	422,949	404,895	355,717
344,619	395,361	377,758	338,360	313,797	283,887
3,878,441	4,122,098	3,735,461	3,835,778	3,823,682	3,530,345
387,086	379,067	373,856	350,146	321,254	304,588
806,031	1,120,835	1,425,985	1,343,834	1,774,328	1,808,763
239,432	(3,698)	161,743	303,999	241,382	559,857
900,535	782,475	556,285	1,112,606	987,687	967,843
(285,706)	123,469	281,546	161,158	1,097,027	(451,084)
0	0	0	(2,613,682)	0	0
15,807,692	17,495,913	17,307,207	14,559,205	18,000,701	15,220,240
948	607	1,532	1,380	1,328	1,086
204,243	472,690	106,347	159,716	295,870	248,367
285,706	(123,469)	(281,546)	(161,158)	(1,097,027)	451,084
490,897	349,828	(173,667)	(62)	(799,829)	700,537
16,298,589	17,845,741	17,133,540	14,559,143	17,200,872	15,920,777
(2,985,417)	403,151	827,121	(1,244,236)	2,700,800	(2,812,903)
(1,585,337)	(815,196)	(852,751)	(1,598,497)	3,133,966	12,778,294
(\$4,570,754)	(\$412,045)	(\$25,630)	(\$2,842,733)	\$5,834,766	\$9,965,391

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

	2018	2017	2016	2015
General Fund				
Nonspendable	\$325,196	\$341,720	\$220,944	\$212,012
Restricted	0	0	0	0
Assigned	796,653	484,708	325,642	146,885
Unassigned	<u>5,058,701</u>	<u>5,243,605</u>	<u>5,091,348</u>	<u>4,562,646</u>
Total General Fund	<u>6,180,550</u>	<u>6,070,033</u>	<u>5,637,934</u>	<u>4,921,543</u>
All Other Governmental Funds				
Nonspendable	\$193,068	\$152,111	\$137,304	\$163,996
Restricted	8,166,540	7,294,677	8,275,192	6,599,702
Committed	56,390	64,437	62,410	87,151
Unassigned (Deficit)	<u>(137,817)</u>	<u>(130,335)</u>	<u>(200,928)</u>	<u>(243,329)</u>
Total All Other Governmental Funds	<u>8,278,181</u>	<u>7,380,890</u>	<u>8,273,978</u>	<u>6,607,520</u>
Total Governmental Funds	<u><u>\$14,458,731</u></u>	<u><u>\$13,450,923</u></u>	<u><u>\$13,911,912</u></u>	<u><u>\$11,529,063</u></u>

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

2014	2013	2012	2011	2010	2009
\$217,967	\$221,127	\$237,393	\$227,348	\$146,670	\$19,590
0	0	0	0	93,120	86,561
129,626	365,022	100,273	281,308	133,224	26,956
3,953,112	3,943,022	3,953,717	3,598,766	3,272,103	2,897,549
4,300,705	4,529,171	4,291,383	4,107,422	3,645,117	3,030,656
\$132,158	\$254,806	\$122,143	\$91,871	\$85,551	\$2,259,561
5,340,354	5,634,163	5,117,809	5,308,988	5,639,796	1,798,115
59,800	55,783	61,240	42,338	43,585	38,443
(314,737)	(157,449)	(3,310,167)	(4,310,201)	(4,345,598)	(333,517)
5,217,575	5,787,303	1,991,025	1,132,996	1,423,334	3,762,602
\$9,518,280	\$10,316,474	\$6,282,408	\$5,240,418	\$5,068,451	\$6,793,258

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

	2018	2017	2016	2015
<u>Revenues</u>				
Property Taxes	\$2,185,535	\$2,181,279	\$2,162,354	\$2,179,144
Payment in Lieu of Taxes	574,675	611,812	557,852	565,102
Municipal Income Taxes	12,728,980	12,601,782	12,129,066	11,159,835
Other Local Taxes	6,132,053	6,019,747	6,214,372	5,391,794
Special Assessments	295,410	314,214	1,209,242	1,194,518
Charges for Services	2,446,153	2,457,699	2,414,694	2,408,821
Fees, Licenses, and Permits	1,523,428	1,203,220	1,345,243	923,474
Fines and Forfeitures	1,266,975	1,145,903	1,393,235	1,085,410
Intergovernmental	5,309,668	5,143,061	5,359,868	7,232,856
Interest	416,284	189,883	149,715	198,328
Other	1,884,330	1,734,169	2,240,524	1,075,204
Total Revenues	34,763,491	33,602,769	35,176,165	33,414,486
<u>Expenditures</u>				
Current:				
Security of Persons and Property				
Police	5,926,291	5,827,286	5,754,747	5,447,833
Fire	6,669,542	6,788,655	6,068,768	5,816,249
Other	254,937	257,495	271,686	267,254
Public Health	365,162	348,265	328,937	292,412
Leisure Time Activities	1,639,560	1,116,125	464,583	520,098
Community Environment	5,368,399	4,813,221	3,911,191	2,776,759
Transportation	4,254,108	4,460,176	4,716,823	4,702,816
General Government				
Municipal Court	1,045,944	1,075,569	1,003,382	984,633
Other	4,943,624	4,234,648	3,398,846	3,245,649
Other	107,248	260,282	176,294	152,549
Capital Outlay	646,488	2,626,928	4,134,785	4,174,274
Debt Service:				
Principal Retirement	2,098,740	2,115,337	2,110,185	2,098,519
Interest and Fiscal Charges	442,725	488,384	518,537	907,334
Issuance Costs	0	0	0	0
Total Expenditures	33,762,768	34,412,371	32,858,764	31,386,379
Excess of Revenues Over (Under) Expenditures	1,000,723	(809,602)	2,317,401	2,028,107
<u>Other Financing Sources (Uses)</u>				
General Obligation Bonds Issued	0	0	0	7,549,069
Special Assessment Bonds Issued	0	0	0	180,931
Revenue Bonds Issued	0	0	0	0
Premium on General Obligation Bonds Issued	0	0	0	205,835
Premium on Special Assessment Bonds Issued	0	0	0	5,682
Payment to Refunded Bond Escrow Agent	0	0	0	(7,730,000)
Sale of Capital Assets	7,085	59,187	16,230	45,512
Inception of Capital Lease	0	0	24,895	0
Transfers In	5,394,008	5,309,815	5,446,133	4,717,900
Transfers Out	(5,394,008)	(5,020,389)	(5,421,810)	(4,992,253)
Total Other Financing Sources (Uses)	7,085	348,613	65,448	(17,324)
Changes in Fund Balance	\$1,007,808	(\$460,989)	\$2,382,849	\$2,010,783
Debt Service as a Percentage of Noncapital Expenditures	8.50%	8.34%	8.45%	11.21%

2014	2013	2012	2011	2010	2009
\$2,165,483	\$2,156,325	\$2,266,548	\$2,290,106	\$2,265,450	\$2,296,321
569,888	591,483	541,236	554,005	546,140	509,041
7,815,510	7,961,439	7,679,283	7,240,793	6,716,022	7,035,145
4,319,159	4,542,872	4,176,906	4,287,830	4,289,953	3,954,181
790,084	225,647	263,281	329,360	312,486	363,594
2,179,994	1,873,124	1,751,080	1,408,172	1,566,291	1,625,516
994,644	1,050,523	977,026	940,663	951,838	860,515
992,340	1,072,425	1,129,197	1,027,377	1,089,255	1,175,414
5,982,009	4,853,612	5,802,086	5,717,042	7,606,331	6,725,011
259,189	(1,431)	184,401	341,790	322,815	626,662
1,145,250	973,777	944,060	1,225,758	1,253,526	1,011,487
27,213,550	25,299,796	25,715,104	25,362,896	26,920,107	26,182,887
5,225,064	4,918,939	5,066,185	5,498,666	5,440,140	5,524,466
5,603,879	5,478,660	5,512,695	5,522,370	5,263,815	5,369,175
271,810	252,367	244,688	252,562	249,581	258,171
282,640	291,026	310,763	271,130	353,288	289,282
445,443	490,240	455,973	385,373	340,606	375,479
3,671,076	2,288,489	3,060,559	2,704,414	3,464,442	4,711,509
4,712,716	3,277,176	3,178,728	3,110,557	3,864,900	2,810,287
1,077,058	1,016,432	981,662	1,038,040	957,168	924,136
2,618,712	2,566,204	2,829,493	2,863,831	2,795,838	3,179,119
181,625	88,357	128,727	92,756	68,108	112,205
1,164,442	547,247	803,610	1,635,471	4,507,569	3,404,107
2,423,334	1,959,320	1,500,472	5,455,694	1,213,401	1,118,512
812,248	930,235	896,912	1,001,860	1,241,563	1,472,318
0	0	0	115,335	0	0
28,490,047	24,104,692	24,970,467	29,948,059	29,760,419	29,548,766
(1,276,497)	1,195,104	744,637	(4,585,163)	(2,840,312)	(3,365,879)
370,000	0	0	4,090,000	0	0
45,000	0	0	0	0	84,400
0	2,680,000	0	0	0	0
0	0	0	120,335	0	0
0	0	0	0	0	0
0	0	0	0	0	0
6,361	35,493	1,161	385,637	18,478	30,806
0	0	0	0	0	0
2,913,091	3,414,520	3,257,469	4,961,338	4,664,279	2,769,241
(2,856,149)	(3,291,051)	(2,961,277)	(4,800,180)	(3,567,252)	(2,584,152)
478,303	2,838,962	297,353	4,757,130	1,115,505	300,295
(\$798,194)	\$4,034,066	\$1,041,990	\$171,967	(\$1,724,807)	(\$3,065,584)
11.70%	12.33%	10.61%	23.43%	10.35%	9.82%

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

Year	Real Property			Public Utility Personal Property	
	Assessed Value		Estimated Actual Value	Assessed Value	Estimated Actual Value
	Residential/ Agricultural	Commercial/ Industrial/ Public Utility			
2018	\$299,814,860	\$140,123,460	\$1,256,966,628	\$21,783,450	\$24,753,920
2017	299,623,060	140,052,250	1,256,215,171	20,622,650	23,434,830
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

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. 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 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		Percentage of Total Assessed Value to Total Estimated Actual Value	Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$0	\$0	\$461,721,770	\$1,281,720,548	36.02%	\$5.25
0	0	460,297,960	1,279,650,001	35.97	5.25
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

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

Year	2018	2017	2016	2015
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	9.0000	9.1000	9.1000	8.9000
Sandusky City School District	57.9562	85.0650	80.5250	82.0250

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.

2014	2013	2012	2011	2010	2009
\$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
80.5250	80.5250	75.4100	75.4000	75.4000	75.3500



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
2018	\$3,041,904	\$2,855,607	93.88%	\$226,275	\$148,469	\$3,004,076	98.76%
2017	3,068,593	2,901,384	94.55	235,814	131,207	3,032,591	98.83
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

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	2018		
		Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Cedar Fair	Theme Park	\$39,083,590	1	8.45%
Ohio Edison Company	Utility	12,752,090	2	2.76
Norfolk & Western Railway	Railroad	5,477,480	3	1.19
American Transmissions Systems	Manufacturing	4,686,680	4	1.02
Columbia Gas	Utility	4,344,680	5	0.94
Firelands Regional Health System	Hospital	4,063,080	6	0.88
S & S Realty	Realty	2,790,050	7	0.60
Sandusky One LLC	Realty	2,241,120	8	0.49
Key Real Estate LTD	Realty	2,150,110	9	0.47
Myers Industries, Inc.	Manufacturing/Assembly	2,055,720	10	0.45
CNL Income Sandusky Marina	Port Facilities			
Sandusky Limited	Port Facilities			
	Total	79,644,600		17.25
	All Other Taxpayers	382,077,170		82.75
	Total Assessed Valuation	\$461,721,770		100.00%

Source: Erie County Auditor

2009		
Total Assessed Valuation	Rank	Percentage of Total Assessed Valuation
\$41,625,140	1	8.49%
8,956,610	2	1.83
4,131,590	4	0.84
1,659,850	10	0.34
4,324,400	3	0.88
3,602,900	5	0.74
2,170,020	8	0.45
2,306,800	7	0.47
2,494,360	6	0.51
1,835,400	9	0.37
73,107,070		14.92
417,028,980		85.08
<u>\$490,136,050</u>		<u>100.00%</u>

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

2018				
Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
\$100,001 and higher	423	7.05%	\$75,950,350	29.73%
\$75,001 - \$100,000	376	6.26	32,359,428	12.67
\$50,001 - \$75,000	814	13.56	49,647,669	19.43
\$25,001 - \$50,000	1,855	30.91	67,651,763	26.48
\$25,000 and lower	2,534	42.22	29,866,384	11.69
Total	6,002	100.00%	\$255,475,594	100.00%

2017				
Income Level	Number of Taxpayers	Percentage of Total	Income	Percentage of Total
\$100,001 and higher	391	6.92%	\$71,312,726	29.66%
\$75,001 - \$100,000	391	6.92	33,533,855	13.95
\$50,001 - \$75,000	713	12.62	43,799,646	18.22
\$25,001 - \$50,000	1,775	31.42	64,185,632	26.70
\$25,000 and lower	2,379	42.12	27,583,994	11.47
Total	5,649	100.00%	\$240,415,853	100.00%

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%

(continued)

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

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%

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%

(continued)

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

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%

Source: Regional Income Tax Agency (RITA)

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

Type of Customer	2018			2017		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	540,405	\$2,184,973	\$2,102,777	521,631	\$2,060,669	\$2,064,447
Commercial	728,184	2,437,005	2,146,846	625,974	2,042,976	2,006,568
Industrial	49,625	165,928	157,503	43,829	141,808	147,642
Municipal	55,576	0	0	56,106	0	0
Total	<u>1,373,790</u>	<u>\$4,787,906</u>	<u>\$4,407,126</u>	<u>1,247,540</u>	<u>\$4,245,453</u>	<u>\$4,218,657</u>
Monthly Base Rate		\$7.06			\$7.06	
Rate per 100 Cubic Feet		\$3.27			\$3.27	

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	2016			2015		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	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	<u>1,248,922</u>	<u>\$3,942,380</u>	<u>\$3,868,890</u>	<u>1,279,508</u>	<u>\$3,002,133</u>	<u>\$2,961,872</u>
Monthly Base Rate		\$6.85			\$6.41	
Rate per 100 Cubic Feet		\$3.18			\$2.97	

2014			2013		
Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
596,980	\$1,374,780	\$1,333,595	551,320	\$1,317,439	\$1,329,853
593,452	1,158,914	1,158,064	510,084	1,158,926	1,150,794
30,094	58,537	59,083	31,712	60,598	59,041
62,110	0	0	72,120	0	0
1,282,636	\$2,592,231	\$2,550,742	1,165,236	\$2,536,963	\$2,539,688
	\$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	2012			2011		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	548,757	\$1,414,656	\$1,387,655	615,721	\$1,439,777	\$1,400,365
Commercial	507,931	1,299,733	1,163,057	521,961	1,190,109	1,179,737
Industrial	28,074	57,888	56,826	31,093	59,055	57,115
Municipal	57,723	0	0	52,242	0	0
Total	<u>1,142,485</u>	<u>\$2,772,277</u>	<u>\$2,607,538</u>	<u>1,221,017</u>	<u>\$2,688,941</u>	<u>\$2,637,217</u>
Monthly Base Rate		\$4.10			\$4.10	
Rate per 100 Cubic Feet		\$1.90			\$1.90	

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

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

Type of Customer	2018			2017		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	532,238	\$5,064,423	\$4,801,074	512,049	\$4,658,701	\$4,585,865
Commercial	625,743	5,362,251	4,734,925	529,248	4,351,923	4,222,673
Industrial	47,751	425,777	396,341	41,721	355,815	360,092
Municipal	54,696	0	0	55,296	0	0
Total	<u>1,260,428</u>	<u>\$10,852,451</u>	<u>\$9,932,340</u>	<u>1,138,314</u>	<u>\$9,366,439</u>	<u>\$9,168,630</u>
Monthly Base Rate		\$14.36			\$13.67	
Rate per 100 Cubic Feet		\$8.14			\$7.75	

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.

2016			2015		
Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
543,712	\$3,933,676	\$3,771,197	564,242	\$3,069,817	\$2,851,418
499,593	3,301,521	3,260,717	516,644	2,608,735	2,502,094
43,321	295,258	281,684	31,889	167,902	156,509
66,957	0	0	72,950	0	0
1,153,583	\$7,530,455	\$7,313,598	1,185,725	\$5,846,454	\$5,510,021
	\$10.94			\$8.75	
	\$6.20			\$4.96	

(continued)

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

Type of Customer	2014			2013		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	585,393	\$2,668,905	\$2,542,241	551,320	\$2,531,256	\$2,532,349
Commercial	505,059	2,085,709	2,065,514	510,084	2,110,759	2,073,429
Industrial	30,591	128,868	128,962	31,712	133,237	130,017
Municipal	60,792	0	0	72,120	0	0
Total	<u>1,181,835</u>	<u>\$4,883,482</u>	<u>\$4,736,717</u>	<u>1,165,236</u>	<u>\$4,775,252</u>	<u>\$4,735,795</u>
Monthly Base Rate		\$7.00			\$7.00	
Rate per 100 Cubic Feet		\$3.97			\$3.97	

2012			2011		
Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
548,757	\$2,601,336	\$2,645,519	615,721	\$2,785,808	\$2,657,644
507,931	2,106,498	2,095,062	521,961	2,144,778	2,105,590
28,074	122,333	126,372	31,093	130,625	126,327
57,723	0	0	52,242	0	0
1,142,485	\$4,830,167	\$4,866,953	1,221,017	\$5,061,211	\$4,889,561
	\$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	2010			2009		
	Consumption (CCF)	Billings	Payments	Consumption (CCF)	Billings	Payments
Residential	602,857	\$2,734,948	\$2,689,269	607,578	\$2,754,445	\$2,773,222
Commercial	488,715	2,014,088	2,125,726	501,882	2,066,859	2,052,461
Industrial	25,519	108,864	101,797	23,337	100,270	99,459
Municipal	56,694	0	0	37,754	0	0
Total	<u>1,173,785</u>	<u>\$4,857,900</u>	<u>\$4,916,792</u>	<u>1,170,551</u>	<u>\$4,921,574</u>	<u>\$4,925,142</u>
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	2018	
	Water Revenue	
	Amount	Percentage
Cedar Fair	\$1,166,415	26.46%
Firelands Regional Health System	128,229	2.91
Sandusky Associates, LLC	63,156	1.43
U. S. Tsubaki, Inc.	43,863	1.00
Tofts Dairy	38,958	0.88
Radisson Harbour Inn	29,802	0.68
Sandusky Foundry Machine	25,224	0.57
Okamoto Sandusky Manufacturing	24,603	0.56
Sandusky Board of Education	21,954	0.50
MHD Corporation	20,581	0.47
Total	1,562,785	35.46
Balance from Other Customers	2,844,341	64.54
Total Water Revenue	<u>\$4,407,126</u>	<u>100.00%</u>

Customer	2017	
	Water Revenue	
	Amount	Percentage
Cedar Fair	\$970,978	23.02%
Firelands Regional Health System	124,064	2.94
Sandusky Associates, LLC	62,372	1.48
U. S. Tsubaki, Inc.	39,794	0.94
Tofts Dairy	37,886	0.90
A & L Metal Processing	22,304	0.53
Sandusky Board of Education	21,986	0.52
MHD Corporation	21,954	0.52
Radisson Harbour Inn	21,668	0.51
Okamoto Sandusky Manufacturing	21,127	0.50
Total	1,344,133	31.86
Balance from Other Customers	2,874,524	68.14
Total Water Revenue	<u>\$4,218,657</u>	<u>100.00%</u>

(continued)

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

Customer	2016	
	Water Revenue	
	Amount	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	<u>\$3,868,890</u>	<u>100.00%</u>

Customer	2015	
	Water Revenue	
	Amount	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	<u>\$2,961,872</u>	<u>100.00%</u>

(continued)

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

Customer	2014	
	Water Revenue	
	Amount	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	<u>\$2,550,742</u>	<u>100.00%</u>

Customer	2013	
	Water Revenue	
	Amount	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	<u>\$2,539,688</u>	<u>100.00%</u>

(continued)

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

Customer	2012	
	Water Revenue	
	Amount	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	<u>\$2,607,538</u>	<u>100.00%</u>

Customer	2011	
	Water Revenue	
	Amount	Percentage
Cedar Fair	\$507,358	19.24%
Firelands Regional Health System	58,166	2.22
Sandusky Associates, LLC	32,516	1.23
U. S. Tsubaki, Inc.	31,946	1.21
Sandusky Board of Education	19,976	0.76
MHD Corporation	15,587	0.59
Sandusky Foundry	11,619	0.44
Greentree Inn	9,982	0.38
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	<u>\$2,637,217</u>	<u>100.00%</u>

(continued)

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

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

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

Source: City Utility Department

City of Sandusky
Principal Sewer Customers
Last Ten Years

Customer	2018	
	Sewer Revenue	
	Amount	Percentage
Cedar Fair	\$2,340,991	23.58%
Firelands Regional Health System	312,997	3.15
Sandusky Associates, LLC	160,046	1.61
Tofts Dairy	79,852	0.80
Radisson Harbour Inn	75,554	0.76
Okamoto Sandusky Manufacturing	67,882	0.68
Sandusky Foundry Machine	65,622	0.66
MHD Corporation	52,014	0.52
A & L Metal Processing	51,948	0.52
Sandusky Board of Education	51,296	0.52
Total	3,258,202	32.80
Balance from Other Customers	6,674,138	67.20
Total Sewer Revenue	<u>\$9,932,340</u>	<u>100.00%</u>

Customer	2017	
	Sewer Revenue	
	Amount	Percentage
Cedar Fair	\$1,493,791	16.30%
Firelands Regional Health System	217,987	2.38
Sandusky Associates, LLC	128,583	1.40
Tofts Dairy	63,927	0.70
Okamoto Sandusky Manufacturing	57,828	0.63
A & L Metal Processing	42,599	0.46
MHD Corporation	41,004	0.45
Sandusky Board of Education	33,165	0.36
North Coast Property Management	32,483	0.35
Radisson Harbour Inn	31,439	0.34
Total	2,142,806	23.37
Balance from Other Customers	7,025,824	76.63
Total Sewer Revenue	<u>\$9,168,630</u>	<u>100.00%</u>

(continued)

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

Customer	2016	
	Sewer Revenue	
	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	<u>\$7,313,598</u>	<u>100.00%</u>

Customer	2015	
	Sewer Revenue	
	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	<u>\$5,510,021</u>	<u>100.00%</u>

(continued)

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

Customer	2014	
	Sewer Revenue	
	Amount	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	<u>\$4,736,717</u>	<u>100.00%</u>

Customer	2013	
	Sewer Revenue	
	Amount	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	<u>\$4,735,795</u>	<u>100.00%</u>

(continued)

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

Customer	2012	
	Sewer Revenue	
	Amount	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	<u>\$4,866,953</u>	<u>100.00%</u>

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

(continued)

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

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

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

Source: City Utility Department

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

Year	Water		Sewer		Total	
	Residential	Commercial	Residential	Commercial	Residential	Commercial
2018	8,382	1,030	8,340	1,004	16,722	2,034
2017	8,316	1,035	8,280	1,012	16,596	2,047
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

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
2018	3,602,715,200	2,828,658,972	940,660,864	173,732,596	21.49%	7,025,804,000
2017	3,500,746,100	2,806,477,070	940,989,236	139,969,270	19.83	5,997,373,000
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

Source: City Utility Department

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

Year	Governmental Activities				
	General Obligation Bonds	Revenue Bonds	Special Assessment Bonds	Loans Payable	Capital Leases
2018	\$6,374,928	\$410,000	\$1,738,654	\$0	\$0
2017	7,884,798	810,000	1,934,288	0	8,299
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

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)
\$1,275,000	\$42,144,494	\$0	\$51,943,076	\$2,013.84	9.11%
1,350,000	45,262,928	0	57,250,313	2,219.61	10.67
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

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
2018	25,793	\$1,281,720,548	\$7,649,928	\$296.59	0.60%
2017	25,793	1,279,650,001	9,234,798	358.04	0.72
2016	25,793	1,278,726,298	10,739,227	416.36	0.84
2015	25,793	1,281,548,246	12,213,509	473.52	0.95
2014	25,793	1,285,455,130	13,718,290	531.86	1.07
2013	25,793	1,288,762,889	15,031,635	582.78	1.17
2012	25,793	1,361,052,402	16,326,886	633.00	1.20
2011	25,793	1,370,828,506	17,557,418	680.70	1.28
2010	25,793	1,121,432,882	17,837,086	691.55	1.59
2009	27,844	1,377,868,880	18,742,202	673.11	1.36

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, 2018

	Debt Outstanding	Percent Applicable to City of Sandusky (1)	Amount Applicable to City of Sandusky
City of Sandusky			
2001 Various Purpose	\$45,000	100.00%	\$45,000
2011 Library Refunding	1,940,460	100.00	1,940,460
2014 Various Purpose Refunding	90,000	100.00	90,000
2015 City Complex Refunding	1,580,000	100.00	1,580,000
2015 Police Pension Bonds Refunding	242,986	100.00	242,986
2015 Fire Pension Bonds Refunding	327,014	100.00	327,014
2015 Various Purpose Bonds Refunding	2,149,468	100.00	2,149,468
2013 Urban Renewal	410,000	100.00	410,000
Special Assessment Bonds	1,738,654	100.00	1,738,654
Total City of Sandusky	8,523,582		8,523,582
Erie County	12,049,720	22.20	2,675,038
Sandusky City School District	32,830,000	100.00	32,830,000
Total Overlapping	44,879,720		35,505,038
Total	\$53,403,302		\$44,028,620

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 2018 collection year.

City of Sandusky
Computation of Legal Debt Margin
Last Ten Years

	2018	2017	2016
Total Assessed Valuation	<u>\$461,721,770</u>	<u>\$460,297,960</u>	<u>\$458,789,000</u>
Overall Debt Limitation - 10.5 Percent of Assessed Valuation	48,480,786	48,331,286	48,172,845
Gross Indebtedness	56,763,934	60,001,809	63,739,824
Less Debt Outside Limitation			
Revenue Bonds	410,000	810,000	1,200,000
Special Assessment Bonds	1,668,972	1,859,546	2,046,119
General Obligation Revenue Bonds	1,275,000	1,350,000	1,425,000
OWDA Loans	<u>42,144,494</u>	<u>45,262,928</u>	<u>46,379,503</u>
Net Indebtedness	11,265,468	10,719,335	12,689,202
Less Fund Balance in Debt Service Fund	<u>155,899</u>	<u>167,788</u>	<u>152,986</u>
Net Debt Within 10.5 Percent Limitation	<u>11,109,569</u>	<u>10,551,547</u>	<u>12,536,216</u>
Legal Debt Margin Within 10.5 Percent Limitation	<u>\$37,371,217</u>	<u>\$37,779,739</u>	<u>\$35,636,629</u>
Legal Debt Margin as a Percentage of the Overall Debt Limitation	77.08%	78.17%	73.98%
Unvoted Debt Limitation - 5.5 Percent of Assessed Valuation	\$25,394,697	\$25,316,388	\$25,233,395
Gross Indebtedness	56,763,934	60,001,809	63,739,824
Less Debt Outside Limitation			
Revenue Bonds	410,000	810,000	1,200,000
Special Assessment Bonds	1,668,972	1,859,546	2,046,119
General Obligation Revenue Bonds	1,275,000	1,350,000	1,425,000
OWDA Loans	<u>42,144,494</u>	<u>45,262,928</u>	<u>46,379,503</u>
Net Indebtedness	11,265,468	10,719,335	12,689,202
Less Fund Balance in Debt Service Fund	<u>155,899</u>	<u>167,788</u>	<u>152,986</u>
Net Debt Within 5.5 Percent Limitation	<u>11,109,569</u>	<u>10,551,547</u>	<u>12,536,216</u>
Legal Debt Margin Within 5.5 Percent Limitation	<u>\$14,285,128</u>	<u>\$14,764,841</u>	<u>\$12,697,179</u>
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	56.25%	58.32%	50.32%

Source: City Records

2015	2014	2013	2012	2011	2010	2009
<u>\$459,278,000</u>	<u>\$460,060,000</u>	<u>\$460,233,000</u>	<u>\$484,811,000</u>	<u>\$487,852,000</u>	<u>\$400,482,525</u>	<u>\$490,136,050</u>
48,224,190	48,306,300	48,324,465	50,905,155	51,224,460	42,050,665	51,464,285
60,044,560	64,847,881	69,424,886	73,103,099	73,755,127	71,437,371	69,034,270
1,580,000	1,950,000	2,310,000	0	0	0	0
2,272,092	2,539,063	2,810,036	3,086,009	3,384,549	3,706,088	4,060,063
1,500,000	1,570,000	1,565,000	1,625,000	1,729,000	1,906,000	2,083,000
<u>41,713,399</u>	<u>44,107,382</u>	<u>46,436,047</u>	<u>48,063,420</u>	<u>46,725,607</u>	<u>43,537,012</u>	<u>40,693,071</u>
12,979,069	14,681,436	16,303,803	20,328,670	21,915,971	22,288,271	22,198,136
<u>129,875</u>	<u>45,366</u>	<u>57,130</u>	<u>29,134</u>	<u>32,753</u>	<u>82,687</u>	<u>173,295</u>
<u>12,849,194</u>	<u>14,636,070</u>	<u>16,246,673</u>	<u>20,299,536</u>	<u>21,883,218</u>	<u>22,205,584</u>	<u>22,024,841</u>
<u>\$35,374,996</u>	<u>\$33,670,230</u>	<u>\$32,077,792</u>	<u>\$30,605,619</u>	<u>\$29,341,242</u>	<u>\$19,845,081</u>	<u>\$29,439,444</u>
73.36%	69.70%	66.38%	60.12%	57.28%	47.19%	57.20%
\$25,260,290	\$25,303,300	\$25,312,815	\$26,664,605	\$26,831,860	\$22,026,539	\$26,957,483
60,044,560	64,847,881	69,424,886	73,103,099	73,755,127	71,437,371	69,034,270
1,580,000	1,950,000	2,310,000	0	0	0	0
2,272,092	2,539,063	2,810,036	3,086,009	3,384,549	3,706,088	4,060,063
1,500,000	1,570,000	1,565,000	1,625,000	1,729,000	1,906,000	2,083,000
<u>41,713,399</u>	<u>44,107,382</u>	<u>46,436,047</u>	<u>48,063,420</u>	<u>46,725,607</u>	<u>43,537,012</u>	<u>40,693,071</u>
12,979,069	14,681,436	16,303,803	20,328,670	21,915,971	22,288,271	22,198,136
<u>129,875</u>	<u>45,366</u>	<u>57,130</u>	<u>29,134</u>	<u>32,753</u>	<u>82,687</u>	<u>173,295</u>
<u>12,849,194</u>	<u>14,636,070</u>	<u>16,246,673</u>	<u>20,299,536</u>	<u>21,883,218</u>	<u>22,205,584</u>	<u>22,024,841</u>
<u>\$12,411,096</u>	<u>\$10,667,230</u>	<u>\$9,066,142</u>	<u>\$6,365,069</u>	<u>\$4,948,642</u>	<u>(\$179,045)</u>	<u>\$4,932,642</u>
49.13%	42.16%	35.82%	23.87%	18.44%	(0.81%)	18.30%



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

Year	Payment in Lieu of Taxes Revenue (1)	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2018	\$571,170	\$400,000	\$31,137	\$431,137	1.32
2017	575,201	390,000	40,470	430,470	1.34
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	
2018	\$7,673,836	\$6,838,235	\$835,601	\$5,000	\$3,508	\$8,508	98.21
2017	7,608,677	6,625,048	983,629	5,000	3,660	8,660	113.58
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

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	
2018	\$12,220,491	\$8,433,003	\$3,787,488	\$70,000	\$37,668	\$107,668	35.18
2017	11,359,516	7,705,045	3,654,471	70,000	39,803	109,803	33.28
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

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)
2018	25,793	\$569,947,921	\$22,097	13,455	11,052
2017	25,793	536,313,849	20,793	13,600	11,264
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

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

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

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

Persons Per Household (1)	Owner Occupied Units (1)	Median Family Income (1)	Unemployment Rate (2)
2.25	5,856	\$42,495	6.2%
2.12	5,854	41,296	6.9
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

City of Sandusky
Principal Employers
Current Year and Nine Years Ago

Employer	Type of Business	2018		
		Number of Employees	Rank	Percentage of Total Employment
Magnum Management Corp.	Entertainment	6,052	1	48.37%
Firelands Regional Health System	Hospital	2,999	2	23.97
Sandusky Board of Education	Education	762	3	6.09
Erie County	Government	704	4	5.63
Providence Care Center	Nursing Home	353	5	2.82
City of Sandusky	Government	268	6	2.14
John Bean Technology Corp.	Manufacturing	244	7	1.95
Lewco, Inc.	Manufacturing	223	8	1.78
Stein Hospice Service	Hospice	211	9	1.69
Civista Bank	Bank	184	10	1.47
Delphi Automotive System	Automotive			
Stein Hospice Service	Hospice			
Ford Motor Company	Automotive			
FMC Food Tech	Service			
Cedar Fair	Entertainment			
	Total	<u>12,000</u>		<u>95.91%</u>
	Total City Employment	<u>12,512</u>		

Source: Regional Income Tax Agency (RITA)

2009		
Number of Employees	Rank	Percentage of Total Employment
5,547	1	47.01%
1,988	2	16.85
850	3	7.20
621	4	5.26
254	8	2.15
294	6	2.49
500	5	4.24
260	7	2.20
250	9	2.12
114	10	0.97
<u>10,678</u>		<u>90.49%</u>
<u>11,800</u>		

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

Function/Program	2018	2017	2016
Security of Persons and Property-Police			
Police Patrol	48.0	48.0	47.0
Police Records	2.0	2.0	2.0
Police Reserve	4.5	4.5	4.0
Security of Persons and Property-Fire			
Fire Suppression	48.0	48.0	48.0
Public Health			
Oakland Cemetery	3.0	3.5	2.5
Leisure Time Activities			
Golf Course	0.0	0.0	0.0
Recreation	3.5	2.0	1.0
Pavillion	0.0	0.0	0.0
Community Environment			
Community Development	17.0	17.0	16.0
Building	5.0	0.0	0.0
Horticultural Services	10.5	11.5	10.5
Transportation			
Streets	11.0	10.0	11.5
Traffic and Electrical Maintenance	2.0	2.0	2.0
General Government-Municipal Court			
Court-Criminal	16.0	16.5	17.0
General Government-Other			
City Manager	3.0	3.0	3.0
Personnel Labor Relations	5.0	6.0	4.0
Finance	3.0	3.0	3.0
Law Director	3.5	4.5	4.5
City Commission	8.0	8.0	8.0
Municipal Buildings and Lands	5.0	5.5	4.0
Engineering	7.0	7.0	11.5
Fleet	5.0	5.0	5.0
Basic Utility Services			
Water/Sewer Office	4.0	4.0	4.0
Waterworks Filtration	15.0	15.0	14.0
Waterworks Distribution	10.5	10.5	10.0
Water Pollution Control	18.0	17.0	17.0
Sewer Maintenance	11.0	11.0	9.0
Total	<u>268.5</u>	<u>264.5</u>	<u>258.5</u>

Source: City Records

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

2015	2014	2013	2012	2011	2010	2009
47.0	45.0	45.0	45.0	47.0	45.0	52.0
2.0	1.0	1.0	1.0	4.5	6.0	10.0
3.0	0.0	4.0	4.0	2.0	0.0	0.0
48.0	48.0	53.0	53.0	54.0	48.0	54.0
2.5	2.0	2.5	2.5	2.5	2.5	3.5
0.5	0.0	0.0	0.5	0.0	0.0	0.0
1.5	1.0	1.0	1.0	2.0	1.0	1.0
0.0	0.0	0.0	0.0	0.0	0.0	0.5
10.0	6.0	7.0	6.0	6.0	6.0	5.0
0.0	0.0	0.0	0.0	0.0	0.0	0.0
9.0	7.0	7.5	8.0	8.5	8.5	8.0
11.5	11.0	10.5	10.5	9.5	9.5	10.0
1.0	2.0	2.0	2.0	2.0	3.0	3.0
17.0	14.0	17.0	17.5	17.0	18.0	18.0
2.0	1.0	1.0	1.0	1.5	0.0	0.0
4.0	2.0	3.0	3.0	4.0	4.0	4.5
3.0	3.0	3.0	3.0	2.0	3.0	4.0
5.5	4.0	4.5	4.5	4.5	4.5	4.0
8.0	8.0	8.0	8.0	8.0	8.0	8.0
4.0	2.0	2.5	3.5	3.5	4.5	4.0
10.0	8.0	8.0	7.0	7.0	7.0	10.0
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	3.0
13.0	13.0	12.0	13.0	13.0	13.0	12.0
10.0	9.0	9.0	8.0	8.0	8.5	9.0
15.0	15.0	15.0	17.0	18.0	18.0	18.0
10.0	9.0	9.0	9.0	8.0	9.0	9.0
244.5	218.0	232.5	235.0	239.5	234.0	254.5

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

Function/Program	2018	2017	2016
Security of Persons and Property-Police			
Number of Calls for Service	34,430	28,957	28,533
Number of Traffic Citations and Arrests	2,314	2,642	3,174
Number of Parking Tickets Issued	495	612	757
Accident Severity Breakdown			
Fatalities	1	0	1
Injury	114	167	122
Property Damage	533	487	475
Number of Criminal Arrests	4,198	4,030	4,135
Number of DUI Arrests	185	240	223
Square Miles Served	14.9	14.9	14.9
Original Department Operating Budget (General Fund)	\$5,557,415	\$5,509,581	\$5,328,569
Security of Persons and Property-Fire			
Number of EMS Calls	4,837	5,014	4,771
Number of Fire Calls	1,456	1,533	1,539
Net Ambulance Billing Collections	\$1,012,586	\$980,106	\$999,773
EMS Response Time (in seconds)	181	186	189
Fire Reponse Time (in seconds)	367	239	241
Number of Times Mutual Aid Given	30	62	35
Number of Times Mutual Aid Received	29	36	32
Square Miles Served	14.9	14.9	14.9
Number of Stations	3	3	3
Original Department Operating Budget (General Fund)	\$5,160,045	\$4,983,891	\$4,688,936
Public Health			
Cemetery Burials	136	151	154
Cemetery Cremations	50	47	47
Cemetery Sale of Lots	136	117	82
Cemetery Charges for Services Receipts	\$127,480	\$120,544	\$117,474
Leisure Time Activities			
Recreation			
Boat Ramp Receipts	\$0	\$0	\$5,150
Golf Course Receipts	\$161,363	\$183,747	\$172,769
Recreation Receipts	\$62,011	\$59,479	\$62,676
Sandusky Bay Pavilion Receipts	\$0	\$750	\$0
Paper District Marina Receipts	\$37,200	\$9,000	\$36,667
Reimbursements/Donations	\$11,250	\$2,145	\$1,317
Golf Course-Daily Pay Rounds	5,771	13,915	6,870
Golf Course-Daily Pass Rounds	5,177	6,685	5,076
Golf Course-Annual Pass Sales	85	130	106
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	11	6	20
Paper District Marina-3-Hour Docks	2,749	3,015	2,757
Paper District Marina-Overnight Boat	410	497	420
Paper District Marina-Weekly Boat	0	0	0
Paper District Marina-Jetski Day	0	0	0
Paper District Marina-Jetski Overnight	3	4	6
Paper District Marina-Jetski 10-Day	0	0	0
Paper District Marina-Seasonal Dock (Boat)	22	20	22
Paper District Marina-Seasonal Dock (Jetski)	8	8	8

2015	2014	2013	2012	2011	2010	2009
34,386	25,192	43,330	36,934	37,071	19,471	28,288
2,050	2,785	4,281	3,922	3,452	3,072	4,319
426	349	396	445	557	611	1,069
1	0	0	2	0	0	0
120	125	100	127	138	101	120
539	568	514	577	574	603	511
4,256	6,026	6,391	6,094	5,881	6,505	5,771
173	255	237	184	185	241	241
14.9	14.9	14.9	14.9	14.9	14.9	14.9
\$5,042,948	\$4,665,990	\$4,727,118	\$4,951,507	\$4,686,741	\$4,673,083	\$5,404,496
4,962	4,904	4,542	4,495	4,312	3,914	3,858
1,241	1,059	897	855	791	838	1,177
\$907,778	\$850,165	\$780,893	\$864,791	\$622,476	\$767,177	\$626,958
101	186	175	178	191	184	178
237	255	226	251	288	285	247
31	29	32	23	26	21	18
33	23	23	17	29	23	16
14.9	14.9	14.9	14.9	14.9	14.9	14.9
3	3	3	3	3	3	3
\$4,666,999	\$4,508,719	\$4,294,596	\$4,176,776	\$4,105,936	\$4,392,888	\$4,900,965
124	138	138	108	128	110	95
35	38	48	34	34	33	42
93	62	75	74	66	65	69
\$106,665	\$90,118	\$96,550	\$74,340	\$90,515	\$86,562	\$100,113
\$300	\$0	\$28,763	\$21,369	\$938	\$201	\$845
\$188,674	\$183,990	\$162,553	\$204,010	\$211,717	\$214,839	\$207,048
\$42,286	\$46,700	\$40,456	\$30,954	\$30,958	\$23,786	\$27,820
\$1,000	\$790	\$10,540	\$0	\$5,000	\$500	\$17,515
\$50,848	\$44,738	\$36,975	\$21,369	\$6,033	\$0	\$0
\$1,211	\$3,048	\$3,483	\$3,262	\$760	\$650	\$669
7,638	7,707	7,150	9,801	6,935	9,610	9,517
5,489	6,487	5,983	6,952	6,880	6,588	9,484
102	110	113	120	119	124	132
0	0	2,932	2,501	0	n/a	n/a
0	0	80	65	0	n/a	n/a
19	22	19	12	14	12	14
1,795	1,811	1,722	722	186	0	0
255	299	334	109	89	0	0
0	0	0	0	11	0	0
14	15	38	17	39	0	0
5	0	6	0	2	0	0
2	0	0	0	2	0	0
10	6	1	0	0	0	0
8	8	5	0	0	0	0

(continued)

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

Function/Program	2018	2017	2016
Horticulture Services			
Trees Planted	65	99	110
Trees Removed	134	55	136
Trees Trimmed	166	88	150
Stumps Removed	107	6	50
Loads of Wood and Chips to Residents	20	25	25
Number of Regularly Scheduled Work Hours Related to			
Trees Planted	260	276	276
Trees Removed	804	456	624
Trees Trimmed	249	110	40
Stumps Removed	642	633	360
Storm Cleanup	220	100	100
Plant Propagation	1,700	1,300	1,200
Plant Installation	1,300	1,000	1,000
Landscape Maintenance	2,750	2,200	2,000
Fountain and Irrigation Maintenance	2,750	350	400
Playground Equipment Maintenance	2,620	316	316
Nursery Maintenance	0	0	0
Baseball Field Maintenance	610	610	610
Public Restroom Maintenance	700	700	700
Holiday Decorations	800	700	206
Christmas Tree Pickup	150	225	225
Transportation			
Cost of Salt Purchased	\$94,549	\$37,946	\$34,652
Number of Regularly Scheduled Work Hours Related to Snow Removal	220	205	491
Sign Department Hours	2,355	2,128	2,414
Guardrail Repair Hours	76	80	10
Street Improvements-Asphalt Overlay (linear feet)	6,100	1,863	1,942
Pavement Marking Hours	0	208	1,072
Cold Patch Hours	1,486	936	1,187
Street Sweeping Hours	839	1,456	1,376
General Government-Court			
Municipal Court			
Number of Civil Cases	3,006	2,839	2,865
Number of Criminal Cases	9,919	10,179	10,401
General Government-Other			
Finance			
Agency Ratings-Moody's Financial Services	Aa3	Aa3	Aa3
Income Tax			
Number of Individual Returns	16,073	16,305	15,619
Number of Business Returns	3,538	3,104	3,195
Number of Business Withholding Accounts	18,595	17,046	15,626
Amount of Interest and Penalties Collected	121,670	128,529	120,705
Tax Revenue	\$12,957,559	\$12,301,074	\$13,121,939
City Commission			
Number of Ordinances Passed	248	234	236
Number of Resolutions Passed	55	59	73

2015	2014	2013	2012	2011	2010	2009
40	58	56	65	52	25	20
129	136	113	153	143	118	108
102	235	250	232	223	478	265
62	136	98	177	132	114	75
30	132	132	135	128	132	176
0	135	143	244	18	166	222
0	818	827	688	939	854	1,036
0	427	476	375	430	622	216
32	137	149	144	119	185	230
350	336	297	491	220	179	288
1,060	1,172	1,112	1,350	1,055	931	1,857
700	565	499	731	465	300	573
1,500	1,575	1,521	1,945	1,260	1,357	2,060
200	143	164	174	92	226	130
225	103	102	120	87	99	117
0	327	371	16	593	503	75
400	117	106	125	120	73	342
680	295	289	286	309	271	258
224	793	732	715	931	551	856
40	87	81	122	57	64	16
\$9,847	\$45,472	\$50,460	\$25,307	\$60,650	\$63,648	\$7,095
0	996	1,110	694	1,185	1,452	1,398
2,180	1,561	1,600	1,503	1,581	1,716	2,251
48	3	8	0	0	24	16
4,084	896	1,241	1,331	115	2,278	2,740
256	555	654	520	492	950	841
2,512	1,090	1,245	839	1,185	1,711	1,330
1,160	1,502	1,484	1,425	1,598	1,429	1,453
2,383	2,375	2,622	2,749	2,502	2,727	3,166
10,519	11,716	12,843	11,597	9,879	10,295	13,156
Aa3	Aa3	Aa3	Aa3	Aa3	Aa3	A2
14,938	15,827	13,682	15,306	15,050	10,091	6,982
3,019	3,382	2,927	2,748	2,460	1,846	2,070
13,979	14,381	14,168	13,387	12,168	9,767	8,550
115,775	\$149,107	\$97,234	\$100,984	\$122,404	\$98,699	\$148,491
\$11,126,894	\$7,297,336	\$8,303,179	\$7,971,818	\$7,234,468	\$6,811,653	\$6,249,181
201	160	146	141	143	162	131
57	54	50	39	52	44	33

(continued)

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

Function/Program	2018	2017	2016
Municipal Buildings and Lands			
Number of Construction Permits Issued (building, electric, plumbing)	917	929	900
Estimated Value of Construction	\$14,551,131	\$24,530,634	\$16,932,873
Amount of Revenue Generated from Building Department	\$383,056	\$242,967	\$218,303
Civil Service			
Number of Police Entry Tests Administered	1	1	0
Number of Fire Entry Tests Administered	0	1	0
Number of Police Promotional Tests Administered	1	1	0
Number of Fire Promotional Tests Administered	0	1	0
Number of Hires of Police Officers from Certified Lists	4	5	2
Number of Hires of Fire/Medics from Certified Lists	0	0	2
Number of Promotions from Police Certified Lists	1	2	0
Number of Promotions from Fire Certified Lists	0	0	0
Water Department			
Water Base Rate (1)	\$7.06	\$7.06	\$6.85
Sewer Department			
Sewer Base Rate (1)	\$14.36	\$13.67	\$10.94
Total Flow of Wastewater Treatment Plant	7,026	5,997	5,151
Average Daily Flow (millions of gallons per day)	19.25	16.43	14.10
Tons of Dry Sludge Removed	1,413	1,141	1,369

Source: City Records

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

2015	2014	2013	2012	2011	2010	2009
803	772	842	927	1,060	2,259	931
\$8,096,977	\$15,478,633	\$55,106,730	\$16,070,557	\$11,484,665	\$26,426,795	\$30,794,209
\$192,458	\$170,621	\$290,930	\$188,287	\$146,647	\$232,932	\$162,116
1	0	0	0	1	0	0
1	0	1	0	1	0	0
0	0	1	0	2	0	0
1	0	2	1	2	0	1
4	0	0	7	5	0	0
3	0	0	4	6	0	2
2	2	0	5	4	0	0
2	4	0	6	2	0	1
\$6.41	\$4.10	\$4.10	\$4.10	\$4.10	\$4.10	\$4.10
\$8.75	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00	\$7.00
5,132	4,625	4,696	4,401	5,865	3,764	3,791
14.10	12.70	12.90	12.01	16.10	10.30	10.42
1,189	1,211	1,210	1,272	1,017	1,246	1,441

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

Function/Program	2018	2017	2016
Security of Persons and Property-Police			
Stations	1	1	1
Vehicles	23	24	26
Security of Persons and Property-Fire			
Stations	3	3	3
Vehicles	14	15	15
Public Health			
Vehicles	3	3	3
Leisure Time Activities			
Number of Parks	22	22	20
Number of Piers/Pavilions/Plazas	7	7	3
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	50	55	42
Transportation			
Bridges	2	2	2
Streets (miles)	113.8	113.8	113.8
Vehicles	20	19	19
General Government-Other			
City Manager Vehicles	1	1	1
Mechanic Vehicles	4	5	4
Engineering Vehicles	6	3	3
Water			
Water Lines (miles)	135.88	135.88	135.88
Vehicles	16	14	14
Sewer			
Sewer Lines (miles)	165.92	165.92	165.92
Vehicles	17	16	13

Source: City Records

2015	2014	2013	2012	2011	2010	2009
1 26	1 24	1 22	1 27	1 26	1 26	1 27
3 15	3 15	3 15	3 16	3 15	3 15	3 15
2	2	2	3	3	3	3
20 4 1 1 17 1	20 4 1 1 17 1	20 4 1 1 17 1	20 4 1 1 17 1	20 4 1 1 17 1	20 4 1 1 17 1	20 4 1 1 17 1
50	50	46	46	46	46	34
1 113.8 17	1 113.7 17	1 113.7 17	1 113.7 29	1 113.7 29	1 113.7 29	1 113.7 29
0 4 3	0 4 3	0 4 3	5 4 10	6 4 10	6 4 10	6 4 10
134.88 14	134.88 12	134.88 11	134.88 18	134.88 18	134.88 18	134.82 16
164.44 15	164.15 16	163.69 14	163.69 20	163.69 20	163.69 20	163.69 19

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Rea & associates *a brighter way*

City of Sandusky

Erie County, Ohio

*Reports Issued Pursuant to
Government Auditing Standards
And Uniform Guidance*

For the Year Ended
December 31, 2018

City of Sandusky
Erie County, Ohio
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December 31, 2018

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June 20, 2019

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, 2018, 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 20, 2019, in which we noted the City restated beginning net position balances to account for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* and restated net position and fund balances for the implementation of GASB Statement No. 84, *Fiduciary Activities*.

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 are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Rea & Associates, Inc.

Medina, Ohio

June 20, 2019

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, 2018. 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 statutes, 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, 2018.

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 the 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 20, 2019, which contained unmodified opinions on those financial statements, wherein we noted the City restated beginning net position balances to account for the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions* and restated net position and fund balances for the implementation of GASB Statement No. 84, *Fiduciary Activities*. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 basic 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 basic 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 basic 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 basic financial statements as a whole.

Hea & 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, 2018

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements	Subrecipients
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Direct</i>				
Community Development Block Grant - Entitlement Grants	N/A	14.218	\$ 751,018	\$ 56,033
Total United States Department of Housing and Urban Development			751,018	56,033
UNITED STATES DEPARTMENT OF TRANSPORTATION				
<i>Passed Through Ohio Department of Transportation</i>				
Highway Planning and Construction Cluster	PID #103737 PID #100018 OH-85-X002	20.205	28,370 871 15,728	0 0 0
Total Highway Planning and Construction Cluster			44,969	0
Formula Grants for Rural Areas	RPTF-4081-050-171 RPTM-0081-050-171 RPTF-4081-050-181 RPTM-0081-050-181	20.509	71,587 31,222 773,828 197,684	0 0 0 0
Total Formula Grants for Rural Areas			1,074,321	0
Bus and Bus Facilities Formula Program	OH-2017-052	20.526	112,728	0
FY 2015 TIGER	OH-2016-036-00	20.933	36,727	0
Total United States Department of Transportation			1,268,745	0
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY				
<i>Direct</i>				
Brownfields Assessment and Cleanup Cooperative Agreements	N/A	66.818	97,207	0
Total United States Environmental Protection Agency			97,207	0
UNITED STATES DEPARTMENT OF JUSTICE				
<i>Direct</i>				
Bulletproof Vest Partnership	N/A	16.607	5,220	0
Total United States Department of Justice			5,220	0
UNITED STATES DEPARTMENT OF HOMELAND SECURITY				
<i>Direct</i>				
Assistance to Firefighters Grant	N/A	97.044	7,211	0
Total United States Department of Homeland Security			7,211	0
UNITED STATES DEPARTMENT OF COMMERCE				
<i>Passed Through Ohio Department of Natural Resources</i>				
Coastal Zone Management Administration	NA16NOS4190094	11.419	33,192	0
Total United States Department of Commerce			33,192	0
TOTAL FEDERAL AWARDS EXPENDITURES			\$ 2,162,593	\$ 56,033

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, 2018**

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, 2018. 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.

NOTE C – INDIRECT COST RATE

The City has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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, 2018**

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 significant deficiencies reported at the financial statement level (GAGAS)?	None reported
(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 significant deficiencies in internal control reported for major federal programs?	None reported
(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): Community Development Block Grant – Entitlement	CFDA #14.218
(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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OHIO AUDITOR OF STATE KEITH FABER



CITY OF SANDUSKY

ERIE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 27, 2019