

***CITY OF PERRYSBURG, OHIO***

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**BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2003**

*Prepared by:*  
**David D. Creps**  
**Director of Finance**





**Auditor of State  
Betty Montgomery**

City Council  
City of Perrysburg  
201 West Indiana Ave.  
Perrysburg, OH 43551

We have reviewed the *Independent Auditor's Report* of the City of Perrysburg, Wood County, prepared by Gilmore, Jason & Mahler, LTD, for the audit period January 1, 2003 through December 31, 2003. 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 Perrysburg is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

April 3, 2006

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**CITY OF PERRYSBURG, OHIO**

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# GILMORE, JASION & MAHLER, LTD

## Independent Auditor's Report

Members of Council and Mayor  
City of Perrysburg  
201 W Indiana Ave  
Perrysburg, OH 43551

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 Perrysburg, Wood County, Ohio, (the "City"), as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Kevin M. Gilmore, CPA, CVA

Adele M. Jasion, CPA

Andrew L. Mahler,  
CPA, CVA, CFFA

J. Stephen Schult, CPA

Philip J. Newlove, CPA

Linda J. Hillstrom, CPA

Debra S. Gossman, CPA

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Perrysburg, Wood County, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2005 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As described in Note 2, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, as amended and interpreted, as of December 31, 2003.

The management's discussion and analysis and the respective budgetary comparison for the general fund on pages 3 through 11 and page 58 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Gilmore, Jason & Mahler, Ltd.

*Gilmore, Jason & Mahler, LTD*

November 9, 2005



# CITY OF PERRYSBURG, OHIO

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*Management's Discussion and Analysis  
For the Year Ended December 31, 2003*

*Unaudited*

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The discussion and analysis of the City of Perrysburg's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2003. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

## FINANCIAL HIGHLIGHTS

### Key financial highlights for 2003 are as follows:

- ❑ In total, net assets increased \$6,071,254. Net assets of governmental activities increased \$3.2 million, which represents a 6.9% increase from 2002. Net assets of business-type activities increased \$2.8 million or 9.7% from 2002.
- ❑ General revenues accounted for \$14 million in revenue or 51% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 49% of total revenues of \$27,455,229 million.
- ❑ The City had \$15.6 million in expenses related to governmental activities; only \$4.9 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$13.9 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$13.5 million in revenues and \$10 million in expenditures. The general fund's fund balance declined \$1,351,985 to \$3,741,046 million.
- ❑ Net assets for enterprise funds increased by \$2,825,595. This increase is primarily the result of the realization of \$1.8 million in contributed capital from various developments, and the continued reduction of the OWDA loans (\$424,000 principal reduction) as well as the reduction in the balance of short term notes.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts – *management's discussion and analysis* and the *basic financial statements*. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

# CITY OF PERRYSBURG, OHIO

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*Management's Discussion and Analysis  
For the Year Ended December 31, 2003*

*Unaudited*

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## **Government-wide Statements**

The government-wide statements report information about the City as a whole using accepting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net-assets (the difference between the City's assets and liabilities) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's streets and continued growth within the City.

The government-wide financial statements of the City are divided into two categories:

- Governmental Activities – Most of the City's programs and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.
- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water, sewer, parking meter and utility collection services are reported as business-type activities.

## **Fund Financial Statements**

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

## CITY OF PERRYSBURG, OHIO

**Management's Discussion and Analysis  
For the Year Ended December 31, 2003**

**Unaudited**

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets.

### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

This is the first year for government-wide financial statements using the full accrual basis of accounting, therefore a comparison with prior year's information is not available. A comparative analysis will be provided in future years when prior year's information is available.

	Governmental Activities	Business-type Activities	Total
	2003	2003	2003
Current and other assets	\$17,368,453	\$5,019,172	\$22,387,625
Capital assets, Net	55,427,270	47,385,627	102,812,897
Total assets	72,795,723	52,404,799	125,200,522
Long-term debt outstanding	733,303	8,749,660	9,482,963
Other liabilities	22,539,423	11,726,091	34,265,514
Total liabilities	23,272,726	20,475,751	43,748,477
Net assets			
Invested in capital assets, net of related debt	47,342,970	27,304,077	74,647,047
Restricted	2,631,293	0	2,631,293
Unrestricted	(451,266)	4,624,971	4,173,705
Total net assets	\$49,522,997	\$31,929,048	\$81,452,045

## CITY OF PERRYSBURG, OHIO

**Management's Discussion and Analysis  
For the Year Ended December 31, 2003**

**Unaudited**

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2003:

	Governmental Activities	Business-type Activities	Total
	2003	2003	2003
Revenues			
Program revenues:			
Charges for Services and Sales	\$1,811,485	\$8,525,044	\$10,336,529
Operating Grants and Contributions	959,668	0	959,668
Capital Grants and Contributions	2,219,075	0	2,219,075
General revenues:			
Property Taxes	2,726,469	0	2,726,469
Income Taxes	8,990,438	0	8,990,438
Shared Revenues	1,652,333	0	1,652,333
Investment Earnings	207,782	4,010	211,792
Miscellaneous	358,925	0	358,925
Operating Transfers In (Out)	(90,000)	90,000	0
Total revenues	18,836,175	8,619,054	27,455,229
Program Expenses			
Security of Persons and Property	5,589,175	0	5,589,175
Public Health and Welfare Services	26,847	0	26,847
Leisure Time Activities	1,166,972	0	1,166,972
Community Development	729,970	0	729,970
Basic Utility Service	987,555	0	987,555
Transportation	3,275,169	0	3,275,169
General Government	3,557,924	0	3,557,924
Debt Service:			
Interest and Fiscal Charges	254,327	0	254,327
Sewer	0	3,455,589	3,455,589
Water	0	2,340,447	2,340,447
Total expenses	15,587,939	5,796,036	21,383,975
Total Change in Net Assets	3,248,236	2,823,018	6,071,254
Beginning Net Assets	46,274,761	29,106,030	75,380,791
Ending Net Assets	\$49,522,997	\$31,929,048	\$81,452,045

### **Governmental Activities**

Net assets of the City's governmental activities increased by \$3,248,236. Although income tax collections were essentially flat in 2003, the City was able to pay for all new projects using cash on hand, and did not incur any new debt.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. In general, the overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

## CITY OF PERRYSBURG, OHIO

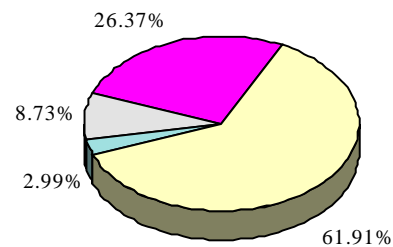
**Management's Discussion and Analysis  
For the Year Ended December 31, 2003**

**Unaudited**

The City also receives an income tax, which is based on 1.5% of all salaries, wages, commissions and other compensation earned from residents living within the City and from nonresidents for work done or services performed or rendered in the City.

Property taxes and income taxes made up 14.4% and 47.51% respectively of revenues for governmental activities for the City in fiscal year 2003. The City's reliance upon tax revenues is demonstrated by the following graph indicating 61.91% of total revenues from general tax revenues:

Revenue Sources	2003	Percent of Total
General Shared Revenues	\$1,652,333	8.73%
Program Revenues	4,990,228	26.37%
General Tax Revenues	11,716,907	61.91%
General Other	566,707	2.99%
Total Revenue	<u>\$18,926,175</u>	<u>100.00%</u>



### Business-Type Activities

Net assets of the business-type activities increased by \$2,823,018. This increase was the result of several factors. Revenues for 2003 increased modestly, while expenditures were reduced. Utility rates are increased annually based on a five-year rate study, incorporating current and future operational and capital needs. Additionally, as a result of an agreement signed in April, the City will in 2004, recoup approximately 700 water customers which were lost to the Northwest Water and Sewer District in 1999. Debt balances were again reduced, without the addition of any new debt.

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$(6,739,270), which is a decrease from last year's balance of \$(4,183,149). The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2003 and 2002:

	Fund Balance December 31, 2003	Fund Balance December 31, 2002	Increase (Decrease)
General	\$3,741,046	\$5,093,031	(\$1,351,985)
Capital Improvements	(6,795,565)	(4,875,188)	(1,920,377)
Way Library	(5,721,191)	(6,372,579)	651,388
Other Governmental	2,036,440	1,971,587	64,853
Total	<u>(\$6,739,270)</u>	<u>(\$4,183,149)</u>	<u>(\$2,556,121)</u>

## CITY OF PERRYSBURG, OHIO

***Management's Discussion and Analysis  
For the Year Ended December 31, 2003***

***Unaudited***

General Fund – The City's General Fund balance decrease is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2003 Revenues	2002 Revenues	Increase (Decrease)
Taxes	\$9,939,154	\$9,484,887	\$454,267
Intergovernmental Revenue	1,641,881	1,933,739	(291,858)
Charges for Services	453,563	499,768	(46,205)
Fines, Licenses and Permits	978,177	920,666	57,511
Investment Earnings	155,282	295,479	(140,197)
Special Assessments	181,528	170,009	11,519
All Other Revenue	118,205	111,785	6,420
Total	\$13,467,790	\$13,416,333	\$51,457

General Fund revenues in 2003 increased slightly compared to revenues in fiscal year 2002. This increase represents the net effect of several factors. Weak Income Tax collections were aided by a 6.5% growth in Property Tax revenues. The reduction in Intergovernmental Revenues is a result of cuts made by the State to the Local Government Fund. The reduction in Investment Earnings is a result of the overall economy, and lower rates of return on investments.

	2003 Expenditures	2002 Expenditures	Increase (Decrease)
Security of Persons and Property	\$4,657,357	\$4,370,073	\$287,284
Public Health and Welfare Services	26,847	25,467	1,380
Leisure Time Activities	1,049,267	1,008,738	40,529
Community Environment	430,091	427,558	2,533
Transportation	881,205	910,146	(28,941)
General Government	2,958,153	2,692,963	265,190
Debt Service:			
Interest and Fiscal Charges	1,647	3,126	(1,479)
Total	\$10,004,567	\$9,438,071	\$566,496

General Fund expenditures increased by \$566,496 or 6.0% from the prior year mostly due to increases in salary and wages, retirement contributions, and health insurance premiums for the City's employees. The City of Perrysburg has done its best to maintain the current level of services without adding additional staff.

## CITY OF PERRYSBURG, OHIO

**Management's Discussion and Analysis  
For the Year Ended December 31, 2003**

**Unaudited**

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2003 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$13.9 million did not significantly change over the original budget estimates of \$13.6 million. The General Fund had an adequate fund balance to cover expenditures.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At the end of fiscal 2003 the City had \$102,812,897 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$55,427,270 was related to governmental activities and \$47,385,627 to the business-type activities. The following table shows fiscal year 2003 and 2002 balances:

	Governmental Activities		Increase (Decrease)
	2003	2002	
Land	\$9,534,711	\$9,489,749	\$44,962
Buildings	6,917,485	6,917,485	0
Improvements Other Than Buildings	3,684,071	3,645,637	38,434
Infrastructure	37,180,095	34,389,667	2,790,428
Machinery and Equipment	7,316,031	7,518,535	(202,504)
Construction in Progress	4,172,796	264,215	3,908,581
Less: Accumulated Depreciation	(13,377,919)	(12,833,044)	(544,875)
Totals	\$55,427,270	\$49,392,244	\$6,035,026

	Business-Type Activities		Increase (Decrease)
	2003	2002	
Land	\$322,158	\$322,158	\$0
Buildings	7,752,713	7,752,713	0
Improvements Other Than Buildings	42,112,503	36,696,715	5,415,788
Machinery and Equipment	11,439,957	11,430,925	9,032
Construction in Progress	1,028,363	3,114,145	(2,085,782)
Less: Accumulated Depreciation	(15,270,067)	(13,931,754)	(1,338,313)
Totals	\$47,385,627	\$45,384,902	\$2,000,725

## **CITY OF PERRYSBURG, OHIO**

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***Management's Discussion and Analysis  
For the Year Ended December 31, 2003***

***Unaudited***

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The primary increases occurred in infrastructure and construction in progress. The increase in infrastructure is the result of several roadway projects within the City, some of which were done by the City, and others representing roadways which were dedicated to the City by developers. The increase in Construction in Progress represents the status of the new Police Station.

As of December 31, 2003, the City has contractual commitments of \$4,474,633 for various projects. The majority of this commitment is tied to the Police Station project, which will total approximately \$7,800,000 when completed. Additional information on the City's capital assets can be found in Note 10.

### ***Debt***

The following table summarizes the City's debt outstanding as of December 31, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Governmental Activities:		
General Obligation Notes	\$17,826,000	\$12,789,000
Compensated Absences	<u>733,303</u>	<u>624,210</u>
Total Governmental Activities	18,559,303	13,413,210
Business-Type Activities:		
General Obligation Notes	11,400,000	11,505,000
OWDA Loans Payable	8,633,550	9,042,914
Compensated Absences	<u>116,110</u>	<u>85,730</u>
Total Business-Type Activities	<u>20,149,660</u>	<u>20,633,644</u>
Totals	<u><u>\$38,708,963</u></u>	<u><u>\$34,046,854</u></u>

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which Perrysburg lies, is limited to ten mills. At December 31, 2003, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 14.

### **ECONOMIC FACTORS**

The City of Perrysburg has taken a conservative approach to budgeting for the past several years. Throughout the recent economic downturn, the City has been able to maintain its current level of services, without any significant budgetary changes. Revenues for 2004 are budgeted at a modest (2.9%) increase over 2003 actual figures. This reflects an overall trend in the economy, which appears to have bottomed in 2003 and shows signs of recovery.

The City increased its debt load in 2003 because we took advantage of a favorable bidding climate to undertake some large projects, saving significant tax dollars, compared to normal costs. To this extent, the City is now focused on reducing the current debt, and as such, will eliminate many of the General Fund items in the near future.



## **CITY OF PERRYSBURG, OHIO**

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***Management's Discussion and Analysis  
For the Year Ended December 31, 2003***

***Unaudited***

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General Fund expenditures are budgeted at 8.9% higher than 2003 actual figures. However, given the conservative nature of the budgetary process, this number does not reflect an actual increase. Compared to the 2003 Appropriations Budget, General Fund expenditures are budgeted at a 6.4% decrease. More than a statement on economic trends, this decrease is actually a reflection on the beginning General Fund balance which was reduced at the end of 2003, compared to the prior year. This fluctuation can be due to various factors, including projects or purchases which may not have been completed prior to year end.

Perrysburg continues to be a growing, vital community. With the annexation of the Owens Illinois property in 2000, and the subsequent development of the Town Center at Levis Commons, the City has already realized a significant increase in income tax revenue, with prospects for additional growth in the near future. The City Administration and City Council continue to pursue other economic development possibilities, with an ultimate goal of reaching an optimal balance on a commercial/industrial/residential tax base.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Finance Department by calling 419-872-8030 or writing to City of Perrysburg Finance Department, 201 West Indiana Avenue, Perrysburg, Ohio 43551.

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**CITY OF PERRYSBURG, OHIO**

**Statement of Net Assets**  
**December 31, 2003**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 8,389,557	\$ 2,985,118	\$ 11,374,675
Investments	1,836,518	504,956	2,341,474
Receivables:			
Taxes	3,833,159	0	3,833,159
Accounts	69,936	1,761,373	1,831,309
Intergovernmental	1,509,286	0	1,509,286
Special Assessments	223,301	124,962	348,263
Loans	739,708	0	739,708
Internal Balances	504,921	(504,921)	0
Inventory of Supplies at Cost	21,531	110,357	131,888
Prepaid Items	30,429	37,327	67,756
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	210,107	0	210,107
Capital Assets, Net	55,427,270	47,385,627	102,812,897
<b>Total Assets</b>	<b>72,795,723</b>	<b>52,404,799</b>	<b>125,200,522</b>
<b>Liabilities:</b>			
Accounts Payable	1,422,005	138,515	1,560,520
Accrued Wages and Benefits	614,917	75,931	690,848
Intergovernmental Payable	0	44,395	44,395
Retainage Payable	28,484	0	28,484
Deferred Revenue	2,544,114	0	2,544,114
Accrued Interest Payable	103,903	67,250	171,153
General Obligation Notes Payable	17,826,000	11,400,000	29,226,000
Long-Term Liabilities:			
Due Within One Year	189,554	468,143	657,697
Due in More Than One Year	543,749	8,281,517	8,825,266
<b>Total Liabilities</b>	<b>23,272,726</b>	<b>20,475,751</b>	<b>43,748,477</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	47,342,970	27,304,077	74,647,047
Restricted For:			
Debt Service	12,669	0	12,669
Other Purposes	2,618,624	0	2,618,624
Unrestricted (Deficit)	(451,266)	4,624,971	4,173,705
<b>Total Net Assets</b>	<b>\$ 49,522,997</b>	<b>\$ 31,929,048</b>	<b>\$ 81,452,045</b>

See accompanying notes to the basic financial statements

## CITY OF PERRYSBURG, OHIO

### *Statement of Activities* *For the Year Ended December 31, 2003*

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Current:				
Security of Persons and Property	\$ 5,589,175	\$ 135,386	\$ 27,496	\$ 140,348
Public Health and Welfare Services	26,847	0	0	0
Leisure Time Activities	1,166,972	288,673	0	22,500
Community Development	729,970	219,527	16,945	51,209
Basic Utility Services	987,555	68,492	0	0
Transportation	3,275,169	7,286	915,227	2,005,018
General Government	3,557,924	1,092,121	0	0
Interest and Fiscal Charges	254,327	0	0	0
<b>Total Governmental Activities</b>	<b>15,587,939</b>	<b>1,811,485</b>	<b>959,668</b>	<b>2,219,075</b>
<b>Business-Type Activities:</b>				
Sewer	3,455,589	5,415,974	0	0
Water	2,340,447	3,109,070	0	0
<b>Total Business-Type Activities</b>	<b>5,796,036</b>	<b>8,525,044</b>	<b>0</b>	<b>0</b>
<b>Totals</b>	<b>\$ 21,383,975</b>	<b>\$ 10,336,529</b>	<b>\$ 959,668</b>	<b>\$ 2,219,075</b>

#### **General Revenues**

Property Taxes  
Municipal Income Taxes  
Grants and Entitlements not Restricted to Specific Programs  
Investment Earnings  
Miscellaneous  
Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

**CITY OF PERRYSBURG, OHIO**

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Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (5,285,945)	\$ 0	\$ (5,285,945)
(26,847)	0	(26,847)
(855,799)	0	(855,799)
(442,289)	0	(442,289)
(919,063)	0	(919,063)
(347,638)	0	(347,638)
(2,465,803)	0	(2,465,803)
(254,327)	0	(254,327)
<u>(10,597,711)</u>	<u>0</u>	<u>(10,597,711)</u>
0	1,960,385	1,960,385
0	768,623	768,623
0	2,729,008	2,729,008
<u>(10,597,711)</u>	<u>2,729,008</u>	<u>(7,868,703)</u>
2,726,469	0	2,726,469
8,990,438	0	8,990,438
1,652,333	0	1,652,333
207,782	4,010	211,792
358,925	0	358,925
<u>(90,000)</u>	<u>90,000</u>	<u>0</u>
<u>13,845,947</u>	<u>94,010</u>	<u>13,939,957</u>
3,248,236	2,823,018	6,071,254
<u>46,274,761</u>	<u>29,106,030</u>	<u>75,380,791</u>
<u>\$ 49,522,997</u>	<u>\$ 31,929,048</u>	<u>\$ 81,452,045</u>

## CITY OF PERRYSBURG, OHIO

### *Balance Sheet Governmental Funds December 31, 2003*

	General	Capital Improvements	Way Library	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 1,432,320	\$ 5,402,779	\$ 39,061	\$ 1,488,592	\$ 8,362,752
Investments	1,497,928	0	42,590	287,044	1,827,562
Receivables:					
Taxes	2,080,280	0	748,584	1,004,295	3,833,159
Accounts	68,913	0	0	0	68,913
Intergovernmental	1,034,080	0	43,989	431,217	1,509,286
Special Assessments	147,476	23,653	0	52,172	223,301
Loans	0	0	0	739,708	739,708
Interfund Loans Receivable	0	500,000	0	0	500,000
Inventory of Supplies, at Cost	0	0	0	12,297	12,297
Prepaid Items	28,596	0	0	1,140	29,736
Restricted Assets:					
Cash and Cash Equivalents with Fiscal Agent	5,877	22,607	0	181,623	210,107
<b>Total Assets</b>	<b>\$ 6,295,470</b>	<b>\$ 5,949,039</b>	<b>\$ 874,224</b>	<b>\$ 4,198,088</b>	<b>\$ 17,316,821</b>
<b>Liabilities:</b>					
Accounts Payable	149,891	964,063	6,754	290,301	1,411,009
Accrued Wages and Benefits Payable	375,557	0	0	171,506	547,063
Retainage Payable	5,877	22,607	0	0	28,484
Deferred Revenue	1,966,838	23,653	792,573	1,356,568	4,139,632
Accrued Interest Payable	261	89,281	11,088	3,273	103,903
General Obligation Notes Payable	56,000	11,645,000	5,785,000	340,000	17,826,000
<b>Total Liabilities</b>	<b>2,554,424</b>	<b>12,744,604</b>	<b>6,595,415</b>	<b>2,161,648</b>	<b>24,056,091</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	197,875	3,595,916	0	82,254	3,876,045
Reserved for Prepaid Items	28,596	0	0	1,140	29,736
Reserved for Supplies Inventory	0	0	0	12,297	12,297
Reserved for Debt Service	0	0	0	787	787
Reserved for Loans Receivable	0	0	0	739,708	739,708
Undesignated/Unreserved in:					
General Fund	3,514,575	0	0	0	3,514,575
Special Revenue Funds	0	0	0	1,438,202	1,438,202
Capital Projects Funds	0	(10,391,481)	(5,721,191)	(237,948)	(16,350,620)
<b>Total Fund Balances</b>	<b>3,741,046</b>	<b>(6,795,565)</b>	<b>(5,721,191)</b>	<b>2,036,440</b>	<b>(6,739,270)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,295,470</b>	<b>\$ 5,949,039</b>	<b>\$ 874,224</b>	<b>\$ 4,198,088</b>	<b>\$ 17,316,821</b>

See accompanying notes to the basic financial statements

**CITY OF PERRYSBURG, OHIO**

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***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2003***

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<b>Total Governmental Fund Balances</b>	(\$6,739,270)
<b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	55,427,270
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	1,595,518
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(27,218)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(733,303)</u>
<b><i>Net Assets of Governmental Funds</i></b>	<b><u>\$ 49,522,997</u></b>

See accompanying notes to the basic financial statements

## CITY OF PERRYSBURG, OHIO

### Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2003

	General	Capital Improvements	Way Library	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property Taxes	\$ 882,472	\$ 0	\$ 785,184	\$ 1,030,800	\$ 2,698,456
Municipal Income Tax	9,056,682	0	0	0	9,056,682
Intergovernmental Revenues	1,641,881	125,000	0	938,422	2,705,303
Charges for Services	453,563	0	0	68,152	521,715
Licenses and Permits	227,329	0	0	83,551	310,880
Investment Earnings	155,282	0	6,942	45,558	207,782
Special Assessments	181,528	23,707	0	48,861	254,096
Fines and Forfeitures	750,848	0	0	233,554	984,402
All Other Revenue	118,205	154,887	0	175,395	448,487
<b>Total Revenue</b>	<b>13,467,790</b>	<b>303,594</b>	<b>792,126</b>	<b>2,624,293</b>	<b>17,187,803</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	4,657,357	0	0	617,593	5,274,950
Public Health and Welfare Services	26,847	0	0	0	26,847
Leisure Time Activities	1,049,267	0	0	0	1,049,267
Community Development	430,091	0	0	320,416	750,507
Basic Utility Services	0	0	0	931,846	931,846
Transportation	881,205	0	0	677,817	1,559,022
General Government	2,958,153	0	14,955	237,867	3,210,975
Capital Outlay	0	6,447,180	0	58,289	6,505,469
Debt Service:					
Interest & Fiscal Charges	1,647	196,791	125,783	7,994	332,215
<b>Total Expenditures</b>	<b>10,004,567</b>	<b>6,643,971</b>	<b>140,738</b>	<b>2,851,822</b>	<b>19,641,098</b>
Excess (Deficiency) of Revenues Over Expenditures	3,463,223	(6,340,377)	651,388	(227,529)	(2,453,295)
<b>Other Financing Sources (Uses):</b>					
Transfers In	63,792	4,420,000	0	339,110	4,822,902
Transfers Out	(4,879,000)	0	0	(33,902)	(4,912,902)
<b>Total Other Financing Sources (Uses)</b>	<b>(4,815,208)</b>	<b>4,420,000</b>	<b>0</b>	<b>305,208</b>	<b>(90,000)</b>
Net Change in Fund Balances	(1,351,985)	(1,920,377)	651,388	77,679	(2,543,295)
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>5,093,031</b>	<b>(4,875,188)</b>	<b>(6,372,579)</b>	<b>1,971,587</b>	<b>(4,183,149)</b>
Decrease in Inventory Reserve	0	0	0	(12,826)	(12,826)
<b>Fund Balances (Deficit) End of Year</b>	<b>\$ 3,741,046</b>	<b>\$ (6,795,565)</b>	<b>\$ (5,721,191)</b>	<b>\$ 2,036,440</b>	<b>\$ (6,739,270)</b>

See accompanying notes to the basic financial statements



## **CITY OF PERRYSBURG, OHIO**

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***Reconciliation Of The Statement Of Revenues, Expenditures  
And Changes In Fund Balances Of Governmental Funds  
To The Statement Of Activities  
For The Fiscal Year Ended December 31, 2003***

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**Net Change in Fund Balances - Total Governmental Funds** \$ (2,543,295)

***Amounts reported for governmental activities in the statement of activities are different because***

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 4,307,701

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals and donations) is to increase net assets. 1,727,325

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (109,378)

Some expenses reported in the statement of activities, such as compensated absences and intergovernmental payable which represents contractually required pension contributions, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (121,919)

The internal service funds are used by management to charge the costs of services to individual funds is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. (12,198)

***Change in Net Assets of Governmental Activities*** \$ 3,248,236

See accompanying notes to the basic financial statements

## CITY OF PERRYSBURG, OHIO

### Statement of Net Assets Proprietary Funds December 31, 2003

	Business-Type Activities Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	Sewer	Water	Parking Meter	Utility Collection		
<b>Assets:</b>						
<i>Current Assets:</i>						
Cash and Cash Equivalents	\$ 2,490,734	\$ 453,189	\$ 0	\$ 41,195	\$ 2,985,118	\$ 26,805
Investments	0	504,956	0	0	504,956	8,956
<i>Receivables:</i>						
Accounts	930,135	831,238	0	0	1,761,373	1,023
Special Assessments	115,272	9,690	0	0	124,962	0
Inventory of Supplies at Cost	4,575	105,782	0	0	110,357	9,234
Prepaid Items	4,264	33,063	0	0	37,327	693
<i>Total Current Assets</i>	<u>3,544,980</u>	<u>1,937,918</u>	<u>0</u>	<u>41,195</u>	<u>5,524,093</u>	<u>46,711</u>
<i>Non Current Assets:</i>						
Capital Assets, Net	32,141,076	15,196,551	48,000	0	47,385,627	0
<b>Total Assets</b>	<u>35,686,056</u>	<u>17,134,469</u>	<u>48,000</u>	<u>41,195</u>	<u>52,909,720</u>	<u>46,711</u>
<b>Liabilities:</b>						
<i>Current Liabilities:</i>						
Accounts Payable	76,252	62,263	0	0	138,515	10,996
Accrued Wages and Benefits	45,328	30,603	0	0	75,931	67,854
Intergovernmental Payable	0	0	0	44,395	44,395	0
Interfund Loans Payable	0	500,000	0	0	500,000	0
OWDA Loans - Current	440,202	0	0	0	440,202	0
<i>Total Current Liabilities</i>	<u>561,782</u>	<u>592,866</u>	<u>0</u>	<u>44,395</u>	<u>1,199,043</u>	<u>78,850</u>
<i>Long Term Liabilities:</i>						
Compensated Absences Payable	56,732	59,378	0	0	116,110	0
Accrued Interest Payable	53,244	14,006	0	0	67,250	0
General Obligation Notes Payable	7,115,000	4,285,000	0	0	11,400,000	0
OWDA Loans Payable	8,193,348	0	0	0	8,193,348	0
<b>Total Liabilities</b>	<u>15,980,106</u>	<u>4,951,250</u>	<u>0</u>	<u>44,395</u>	<u>20,975,751</u>	<u>78,850</u>
<b>Net Assets:</b>						
Invested in Capital Assets, Net of Related Debt	16,392,526	10,911,551	48,000	0	27,352,077	0
Unrestricted	3,313,424	1,271,668	0	(3,200)	4,581,892	(32,139)
<b>Total Net Assets</b>	<u>\$ 19,705,950</u>	<u>\$ 12,183,219</u>	<u>\$ 48,000</u>	<u>\$ (3,200)</u>	<u>31,933,969</u>	<u>\$ (32,139)</u>
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.					(4,921)	
Net Assets of Business-type Activities					<u>\$ 31,929,048</u>	

See accompanying notes to the basic financial statements

## CITY OF PERRYSBURG, OHIO

### Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds For the Year Ended December 31, 2003

	Business-Type Activities Enterprise Funds					Governmental Activities - Internal Service Funds
	Sewer	Water	Parking Meter	Utility Collection	Total	
	\$	\$	\$	\$	\$	
<b>Operating Revenues:</b>						
Charges for Services	\$ 4,097,809	\$ 2,647,966	\$ 0	\$ 0	\$ 6,745,775	\$ 1,129,848
<b>Total Operating Revenues</b>	<b>4,097,809</b>	<b>2,647,966</b>	<b>0</b>	<b>0</b>	<b>6,745,775</b>	<b>1,129,848</b>
<b>Operating Expenses:</b>						
Personal Services	844,313	528,212	0	0	1,372,525	998,600
Contractual Services	734,750	1,227,793	0	0	1,962,543	2,481
Materials and Supplies	141,832	55,059	0	0	196,891	143,798
Depreciation	912,713	440,123	0	0	1,352,836	0
<b>Total Operating Expenses</b>	<b>2,633,608</b>	<b>2,251,187</b>	<b>0</b>	<b>0</b>	<b>4,884,795</b>	<b>1,144,879</b>
Operating Income (Loss)	1,464,201	396,779	0	0	1,860,980	(15,031)
<b>Nonoperating Revenue (Expenses):</b>						
Investment Earnings	0	4,010	0	0	4,010	256
Interest Expense	(820,318)	(88,346)	0	0	(908,664)	0
Capital Contributions	1,318,165	461,104	0	0	1,779,269	0
<b>Total Nonoperating Revenues (Expenses)</b>	<b>497,847</b>	<b>376,768</b>	<b>0</b>	<b>0</b>	<b>874,615</b>	<b>256</b>
Income (Loss) Before Transfers	1,962,048	773,547	0	0	2,735,595	(14,775)
Transfers:						
Transfers In	90,000	0	0	0	90,000	0
<b>Total Transfers</b>	<b>90,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>90,000</b>	<b>0</b>
Change in Net Assets	2,052,048	773,547	0	0	2,825,595	(14,775)
Net Assets Beginning of Year	17,653,902	11,409,672	48,000	(3,200)	29,108,374	(17,364)
Net Assets End of Year	<u>\$ 19,705,950</u>	<u>\$ 12,183,219</u>	<u>\$ 48,000</u>	<u>\$ (3,200)</u>	<u>31,933,969</u>	<u>\$ (32,139)</u>
Change in Net Assets - Total Enterprise Funds					2,825,595	
Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.					(2,577)	
Change in Net Assets - Business-type Activities					<u>\$ 2,823,018</u>	

See accompanying notes to the basic financial statements

## CITY OF PERRYSBURG, OHIO

### Statement of Cash Flows Proprietary Funds For the Year Ended December 31, 2003

	Business-Type Activities - Enterprise Funds		
	Sewer	Water	Utility Collection
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$3,655,721	\$2,504,277	\$0
Cash Payments for Goods and Services	(891,411)	(1,277,985)	0
Cash Payments to Employees	(830,783)	(524,386)	0
Net Cash Provided (Used) by Operating Activities	<u>1,933,527</u>	<u>701,906</u>	<u>0</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers In from Other Funds	90,000	0	0
Advances In from Other Funds	0	500,000	0
Net Cash Provided by Noncapital Financing Activities	<u>90,000</u>	<u>500,000</u>	<u>0</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Receipts of Special Assessments	236,777	0	0
Proceeds from Sale of Bond Anticipation Notes	7,115,000	4,285,000	0
Acquisition and Construction of Assets	(136,491)	(1,470,538)	0
Principal Paid on Bond Anticipation Notes	(7,205,000)	(4,300,000)	0
Principal Paid on Ohio Water Development Authority Loans	(409,364)	0	0
Interest Paid on All Debt	(841,161)	(92,719)	0
Net Cash Used for Capital and Related Financing Activities	<u>(1,240,239)</u>	<u>(1,578,257)</u>	<u>0</u>
<b>Cash Flows from Investing Activities:</b>			
Receipts of Interest	0	400	0
Sale of Investments	0	25,692	0
Net Cash Provided by Investing Activities	<u>0</u>	<u>26,092</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	783,288	(350,259)	0
Cash and Cash Equivalents at Beginning of Year	<u>1,707,446</u>	<u>803,448</u>	<u>41,195</u>
Cash and Cash Equivalents at End of Year	<u><u>\$2,490,734</u></u>	<u><u>\$453,189</u></u>	<u><u>\$41,195</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>			
<b>Provided (Used) by Operating Activities:</b>			
Operating Income (Loss)	\$1,464,201	\$396,779	\$0
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	912,713	440,123	0
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(231,026)	(142,211)	0
Increase in Special Assessments Receivable	(214,988)	(4,487)	0
Decrease (Increase) in Inventory	(2,075)	17,521	0
Increase in Prepaid Items	(2,371)	(24,384)	0
Increase (Decrease) in Accounts Payable	(10,876)	(6,840)	0
Increase in Accrued Wages and Benefits	8,746	4,229	0
Increase in Compensated Absences	9,203	21,176	0
Total Adjustments	<u>443,387</u>	<u>134,996</u>	<u>0</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$1,933,527</u></u>	<u><u>\$701,906</u></u>	<u><u>\$0</u></u>

#### Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2003, the Water Fund had outstanding liabilities of \$31,065 for the purchase of certain capital assets.  
During 2003 the fair value of investments increased by \$21,112 and \$186 in the Water and Employees Health and Welfare Funds respectively.  
In addition, the Water and Sewer Funds received \$461,104 and \$1,318,165, respectively, of capital contributions from private sources.

See accompanying notes to the basic financial statements

**CITY OF PERRYSBURG, OHIO**

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Totals	Governmental Activities Internal Service Funds
\$6,159,998	\$1,128,825
(2,169,396)	(141,637)
(1,355,169)	(989,490)
2,635,433	(2,302)
90,000	0
500,000	0
590,000	0
236,777	0
11,400,000	0
(1,607,029)	0
(11,505,000)	0
(409,364)	0
(933,880)	0
(2,818,496)	0
400	391
25,692	566
26,092	957
433,029	(1,345)
2,552,089	28,150
\$2,985,118	\$26,805
\$1,860,980	(\$15,031)
1,352,836	0
(373,237)	(1,023)
(219,475)	0
15,446	(883)
(26,755)	(96)
(17,716)	1,247
12,975	13,484
30,379	0
578,383	12,729
\$2,635,433	(\$2,302)

**CITY OF PERRYSBURG, OHIO**

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**Statement of Net Assets**  
**Fiduciary Funds**  
**December 31, 2003**

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	Private Purpose Trust	
	Unclaimed Monies Fund	Agency
<b>Assets:</b>		
Cash and Cash Equivalents	\$ 46,443	\$ 117,247
Receivables:		
Intergovernmental	0	8,280
<b>Total Assets</b>	<u>46,443</u>	<u>125,527</u>
<b>Liabilities:</b>		
Intergovernmental Payable	0	78,111
Due to Others	0	47,416
<b>Total Liabilities</b>	<u>0</u>	<u>125,527</u>
<b>Net Assets:</b>		
Unrestricted	<u>46,443</u>	<u>0</u>
<b>Total Net Assets</b>	<u><u>\$ 46,443</u></u>	<u><u>\$ 0</u></u>

See accompanying notes to the basic financial statements

**CITY OF PERRYSBURG, OHIO**

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**Statement of Changes in Net Assets**  
**Fiduciary Fund**  
**For the Year Ended December 31, 2003**

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	<u>Private Purpose Trust</u> <u>Unclaimed Monies Fund</u>
<b>Additions:</b>	
Contributions:	
Private Donations	\$ 5,322
Total Additions	<u>5,322</u>
<b>Deductions:</b>	<u>0</u>
Change in Net Assets	5,322
Net Assets at Beginning of Year	<u>41,121</u>
Net Assets End of Year	<u>\$ 46,443</u>

See accompanying notes to the basic financial statements

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2003***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Perrysburg, Ohio (the "City") is a body corporate and politic established under the laws of the State of Ohio. The City operates under its own Charter. The current Charter, which provides for a Mayor/Council form of government, was adopted in 1960 and has been amended several times, most recently in 1995.

##### **A. Reporting Entity**

The accompanying basic financial statements of the City present the financial position of the various fund type, the results of operations of the various fund types and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2003 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, "The Financial Reporting Entity," in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, account groups, agencies, boards and commissions that are part of the primary government, which includes the following services: public safety, highways and streets, water, sanitation, health and social services, culture-recreation, public improvements, planning and zoning and general administrative services. In addition, the City maintains water, sewer and parking meter operations, which are reported as enterprise funds.

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies.

##### **B. Basis of Presentation - Fund Accounting**

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/ expenses. The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:



## ***CITY OF PERRYSBURG, OHIO***

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2003*

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **B. Basis of Presentation - Fund Accounting** (Continued)

###### *Governmental Funds*

Funds through which most governmental functions are typically financed are the governmental funds. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except that accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's major governmental funds:

General Fund - This fund is used to account for all financial resources except those 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 and the limitations of the City Charter.

Capital Improvements Fund - This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Way Library Fund - This fund is used to manage the debt issued by the City on behalf of the Library.

###### *Proprietary Funds*

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds are:

Water Fund - This fund is used to account for the operation of the City's water service.

Sewer Fund - This fund is used to account for the operation of the City's sanitary sewer service.

Parking Meter Fund - This fund is used to account for the operation of the City's parking lots.

Utility Collection Fund - This fund is used to account for money collected through utility billing on behalf of other entities.

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2003***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **B. Basis of Presentation - Fund Accounting (Continued)**

###### ***Fiduciary Funds***

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations or other governments and therefore not available to support the City's own programs. The City's only trust fund is a private purpose trust that accounts for unclaimed monies. The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operation. These funds operate on an accrual basis of accounting.

##### **C. Basis of Presentation – Financial Statements**

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

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental 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 and grants and contributions that are restricted to meeting the operational or capital requirements of 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 business segment or governmental function is self-financing or draws from the general revenues of the City.

**Fund Financial Statements** – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2003***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **C. Basis of Presentation – Financial Statements (Continued)**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

##### **D. Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the City is 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. 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 specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenues considered susceptible to accrual at year end include income taxes withheld by employers, interest on investments, and state levied locally shared taxes (including motor vehicle license fees, and local government assistance). Other revenues, including licenses, permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues are recorded as revenue when received in cash because generally these revenues are not measurable until received.

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2003***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **D. Basis of Accounting** (Continued)

Property taxes measurable as of December 31, 2003 but which are not intended to finance 2003 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 6.

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," the City follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and expenses recognized when incurred.

##### **E. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by ordinance of the City Council.

##### **1. Tax Budget**

By July 15, the Mayor submits an annual tax budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

# CITY OF PERRYSBURG, OHIO

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## *Notes to the Basic Financial Statements For the Year Ended December 31, 2003*

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **E. Budgetary Process** (Continued)

##### 2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2003.

##### 3. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council. During 2003, several supplemental appropriations were necessary to budget for unanticipated expenditures. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual—General Fund" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

##### 4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying basic financial statements.

**CITY OF PERRYSBURG, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

5. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

6. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund:

Net Change In Fund Balance	General Fund
GAAP Basis (as reported)	(\$1,351,985)
Increase (Decrease):	
Accrued Revenues at December 31, 2003 received during 2004	(1,425,086)
Accrued Revenues at December 31, 2002 received during 2003	1,413,482
Accrued Expenditures at December 31, 2003 paid during 2004	531,586
Accrued Expenditures at December 31, 2002 paid during 2003	(422,586)
2002 Prepays for 2003	45,081
2003 Prepays for 2004	(28,596)
Fund Debt:	
Note Issuance	56,000
Note Retirement	(84,000)
Cash With Fiscal Agent 2002	3,968
Cash With Fiscal Agent 2003	(5,877)
Outstanding Encumbrances	(207,962)
Budget Basis	(\$1,475,975)

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2003***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **F. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits. The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 5, "Cash, Cash Equivalents and Investments."

For purposes of the combined statement of cash flows and for the presentation on the statement of net assets, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

##### **G. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon the fund's cash balance at the date of investment. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City records all its investments at fair value except for nonparticipating investment contracts (repurchase agreements), which are reported at cost. See Note 5, "Cash, Cash Equivalents and Investments."

##### **H. Inventory**

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used.

##### **I. Capital Assets and Depreciation**

Capital assets are defined by the City as assets with an initial, individual cost of more than \$700 for business-type activities and \$1,000 for governmental activities.

###### **1. Property, Plant and Equipment - Governmental Activities**

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements.

# **CITY OF PERRYSBURG, OHIO**

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2003***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **I. Capital Assets and Depreciation** (Continued)

##### **2. Property, Plant and Equipment – Business Type Activities**

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Assets and in the respective funds.

##### **3. Depreciation**

All capital assets are depreciated, excluding land. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives (in years)</u>
Buildings	30 - 40
Improvements other than Buildings	50
Infrastructure	10-50
Machinery, Equipment, Furniture and Fixtures	5 - 15



**CITY OF PERRYSBURG, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Long-Term Obligations**

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
Ohio Water Development Authority Loans	Sewer Fund
Compensated Absences	General Fund
	Income Tax Fund
	Litter Control Fund
	Water Fund
	Sewer Fund

**K. Compensated Absences**

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement is accrued to the extent that it is considered probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees expected to become eligible to receive such payments in the future.

For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." In the government wide statement of net assets, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2003***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **L. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

##### **M. Pensions**

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

##### **N. Interfund Activity**

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.

##### **O. Reservations of Fund Balance**

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for inventories of supplies and materials, prepaid items, debt service, loans receivable and encumbered amounts, which have not been accrued at year end.

##### **P. Estimates**

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

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2003***

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **Q. Restricted Assets**

Cash with fiscal agent amounts are classified as restricted assets on the balance sheet because these funds are being held for specified purposes.

##### **R. Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. 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 treatment and distribution, wastewater collection and treatment, maintenance of storm water collection systems and collection of solid waste refuse. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

##### **S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2003.

#### **NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE**

##### **A. Changes in Accounting Principles**

For fiscal year 2003, the City has implemented GASB Statement No. 34, “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*”; GASB Statement No. 37, “*Basic Financial Statements for State and Local Governments: Omnibus*”; GASB Statement No. 38, “*Certain Financial Statement Note Disclosures*”; and GASB Interpretation No. 6, “*Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statement.*” At December 31, 2001, there was no effect on fund balance as a result of implementing GASB Statements 36, 37 and 38, or Interpretation No. 6.

GASB 34 creates new basic financial statements for reporting on the City’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

**CITY OF PERRYSBURG, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

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**NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE (Continued)**

**A. Changes in Accounting Principles (Continued)**

The government-wide financial statements split the City's programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at December 31, 2002, caused by the conversion to the accrual basis of accounting.

**B. Restatement of Fund Balance**

The changes to the beginning retained earnings/fund balance, as well as the transition from fund balance to net assets of the governmental activities are as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>
Fund Balance December 31, 2002	(\$4,219,675)	\$13,749,192
Adjustments:		
Reclassified fund from Expendable Trust Fund to Special Revenue Funds	36,526	0
Restate Capital Assets	<u>0</u>	<u>12,601</u>
Total Prior Period Adjustments	<u>36,526</u>	<u>12,601</u>
GASB 34 Adjustments:		
Capital Assets	49,392,244	0
Contributed Capital	0	15,346,581
Internal Service Fund	(15,020)	(2,344)
Long-Term Liabilities	(624,210)	0
Long-Term (Deferred) Assets	<u>1,704,896</u>	<u>0</u>
Net Assets, December 31, 2002	<u>\$46,274,761</u>	<u>\$29,106,030</u>

# CITY OF PERRYSBURG, OHIO

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## *Notes to the Basic Financial Statements For the Year Ended December 31, 2003*

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### NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

#### **A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets of governmental funds as reported in the government-wide statement of net assets. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

*Other long-term assets not available to pay for current-period expenditures:*

Delinquent Income Tax Revenue	\$403,167
Delinquent Property Tax Revenue	42,985
Shared Revenues	927,706
Special Assessment Revenue	221,660
	<u>\$1,595,518</u>

*Long-Term liabilities not reported in the funds:*

Compensated Absences Payable	(\$733,303)
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#### **B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government – wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

*Amount by which depreciation exceeded capital outlay in the current period:*

Capital Outlay	\$5,317,605
Depreciation Expense	<u>(1,009,904)</u>
	\$4,307,701

*Governmental revenues not reported in the funds:*

Decrease in Delinquent Income Tax Revenue	(\$66,244)
Increase in Delinquent Property Tax	28,013
Decrease in Shared Revenue	(40,870)
Decrease in Special Assessment Revenue	<u>(30,277)</u>
	(\$109,378)

*Expenses not requiring the use of current financial resources:*

Increase in Compensated Absences Payable	(\$109,093)
Decrease in supplies inventory	<u>(12,826)</u>
	(\$121,919)

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2003***

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#### **NOTE 4 - COMPLIANCE AND ACCOUNTABILITY**

##### **A. Fund Deficits**

***Fund Deficits*** - The fund deficits at December 31, 2003 of \$10,044 in the Garbage and Refuse Fund and \$1,196 in the Litter Control Fund (special revenue funds) were created by the recognition of expenditures on the modified accrual basis which are greater than expenditures on a budgetary basis. The accumulated deficits at December 31, 2003 of \$3,200 in the Utility Collection Fund (enterprise fund) and \$50,012 in the Employee Health and Welfare Fund (internal service fund) arise from the recognition of expenses on the accrual basis of accounting which are greater than expenses on the cash basis of accounting. The fund deficits at December 31, 2003 of \$5,721,191 in the Way Library Fund, \$237,299 in the Park Land Acquisition and Development Fund and \$6,795,565 in the Capital Improvements Fund (capital projects funds) arise from the recording of general obligation notes payable within the individual funds. Deficits do not exist under the budgetary/cash basis of accounting. The general fund provides transfers when cash is required, not when accruals occur.

##### **B. Fiscal Officer Certification**

The City made purchases during the year without proper certification from the fiscal officer in charge. The City is working to remedy this situation in the future.

#### **NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the City into three categories:

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

## ***CITY OF PERRYSBURG, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2003***

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#### **NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "*Deposits With Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements*," collateral held in single financial institution collateral pools with securities being held by the pledging financial institution's agent in the pool's name are classified as Category 3.

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2003***

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#### **NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

The GASB has established risk categories for deposits and investments as follows:

*Deposits:*

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

*Investments:*

- Category 1 Insured or registered, with securities held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

#### **A. Deposits**

At year end the carrying amount of the City's deposits was \$11,738,472 and the bank balance was \$12,105,909. The Federal Deposit Insurance Corporation (FDIC) covered \$300,000 of the bank balance. All remaining deposits were classified as Category 3.

#### **B. Investments**

The City's investments at December 31, 2003 are summarized below:

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Category 3</u>	<u>Fair Value</u>
U.S. Government Securities	N/A	\$2,341,474	\$2,341,474
Series H Bonds	10,000	N/A	10,000
Total Categorized Investments	<u>\$10,000</u>	<u>\$2,341,474</u>	<u>\$2,351,474</u>



# **CITY OF PERRYSBURG, OHIO**

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## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2003***

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### **NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

#### **C. Reconciliation of Cash, Cash Equivalents and Investments**

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	Cash and Cash <u>Equivalents *</u>	<u>Investments</u>
Per Financial Statements	\$11,748,472	\$2,341,474
Investments:		
Series H Bonds	<u>(10,000)</u>	<u>10,000</u>
Per GASB Statement No. 3	<u>\$11,738,472</u>	<u>\$2,351,474</u>

\* Includes Cash with Fiscal Agent

### **NOTE 6 - TAXES**

#### **A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2003 were levied after October 1, 2002 on assessed values as of January 1, 2002, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed during 2000 and the last equalization adjustment was completed in 2003. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually: the first payment is due April 30; the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property described previously.

## ***CITY OF PERRYSBURG, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2003***

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#### **NOTE 6 - TAXES (Continued)**

##### **A. Property Taxes** (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Perrysburg. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2003 was \$6.60 per \$1,000 of assessed value. The assessed value upon which the 2003 receipts were based was \$465,773,826. This amount constitutes \$433,581,180 in real property assessed value, \$5,246,900 in public utility assessed value and \$26,945,746 in tangible personal property assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .660% (6.60 mills) of assessed value.

##### **B. Income Tax**

The City levies a tax of 1.5% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 50% of the tax paid to another municipality to a maximum of 50% of the total amount assessed.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

#### **NOTE 7 - RECEIVABLES**

Receivables at December 31, 2003 consisted of taxes, loans, special assessments, accounts receivable and intergovernmental receivables.

**CITY OF PERRYSBURG, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**NOTE 8 - TRANSFERS**

Following is a summary of transfers in and out for all funds for 2003:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Activities:		
General Fund	\$63,792	\$4,879,000
Capital Improvements Fund	4,420,000	0
Other Governmental Funds	339,110	33,902
Total Governmental Transfers	<u>4,822,902</u>	<u>4,912,902</u>
Business Type Activities:		
Sewer Fund	90,000	0
Totals	<u>\$4,912,902</u>	<u>\$4,912,902</u>

**NOTE 9 - INTERFUND RECEIVABLES AND PAYABLES**

The following is a summary of interfund balances as of December 31, 2003:

	<u>Interfund Loan Receivable</u>	<u>Interfund Loan Payable</u>
Governmental Activities:		
Capital Improvements Fund	\$500,000	\$0
Business-Type Activities:		
Water Fund	0	500,000
Totals	<u>\$500,000</u>	<u>\$500,000</u>

**CITY OF PERRYSBURG, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

**NOTE 10 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in general capital assets at December 31, 2003:

<i>Historical Cost:</i>	Restated			
Class	December 31, 2002	Additions	Deletions	December 31, 2003
<i>Capital assets not being depreciated:</i>				
Land	\$9,489,749	\$44,962	\$0	\$9,534,711
Construction in Progress	264,215	3,933,241	(24,660)	4,172,796
<i>Capital assets being depreciated:</i>				
Buildings	6,917,485	0	0	6,917,485
Improvements Other than Buildings	3,645,637	91,920	(53,486)	3,684,071
Infrastructure	34,389,667	2,806,167	(15,739)	37,180,095
Machinery and Equipment	7,518,535	289,065	(491,569)	7,316,031
Total Cost	<u>\$62,225,288</u>	<u>\$7,165,355</u>	<u>(\$585,454)</u>	<u>\$68,805,189</u>
<i>Accumulated Depreciation:</i>	Restated			
Class	December 31, 2002	Additions	Deletions	December 31, 2003
Buildings	(\$1,989,867)	(\$171,451)	\$0	(\$2,161,318)
Improvements Other than Buildings	(285,578)	(72,377)	43,450	(314,505)
Infrastructure	(6,980,772)	(321,949)	14,308	(7,288,413)
Machinery and Equipment	(3,576,827)	(444,127)	407,271	(3,613,683)
Total Depreciation	<u>(\$12,833,044)</u>	<u>(\$1,009,904) *</u>	<u>\$465,029</u>	<u>(\$13,377,919)</u>
 <i>Net Value:</i>	 <u>\$49,392,244</u>			 <u>\$55,427,270</u>

\* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$167,543
Leisure Time Activities	99,393
Community Development	15,908
Basic Utility Services	26,166
Transportation	390,480
General Government	310,414
Total Depreciation Expense	<u>\$1,009,904</u>

**CITY OF PERRYSBURG, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

**NOTE 10 - CAPITAL ASSETS (Continued)**

**B. Business-Type Activities Capital Assets**

Summary by category at December 31, 2003:

**Historical Cost:**

Class	December 31, 2002	Additions	Deletions	December 31, 2003
<i>Capital assets not being depreciated:</i>				
Land	\$322,158	\$0	\$0	\$322,158
Construction in Progress	3,114,145	780,700	(2,866,482)	1,028,363
<i>Capital assets being depreciated:</i>				
Buildings	7,752,713	0	0	7,752,713
Improvements Other than Buildings	36,696,715	5,415,788	0	42,112,503
Machinery and Equipment	11,430,925	26,957	(17,925)	11,439,957
Total Cost	<u>\$59,316,656</u>	<u>\$6,223,445</u>	<u>(\$2,884,407)</u>	<u>\$62,655,694</u>
 <i>Accumulated Depreciation:</i>				
Class	Restated December 31, 2002	Additions	Deletions	December 31, 2003
Buildings	(\$2,426,155)	(\$187,088)	\$0	(\$2,613,243)
Improvements Other than Buildings	(7,127,482)	(776,476)	0	(7,903,958)
Machinery and Equipment	(4,378,117)	(389,272)	14,523	(4,752,866)
Total Depreciation	<u>(\$13,931,754)</u>	<u>(\$1,352,836)</u>	<u>\$14,523</u>	<u>(\$15,270,067)</u>
<i>Net Value:</i>	<u>\$45,384,902</u>			<u>\$47,385,627</u>

**NOTE 11 – DEFINED BENEFIT PENSION PLANS**

All of the City’s full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

**A. Ohio Public Employees Retirement System (the “Ohio PERS”)**

The following information was provided by the Ohio PERS to assist the City in complying with GASB Statement No. 27, “Accounting for Pensions by State and Local Government Employers.”

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by the Ohio PERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions

## ***CITY OF PERRYSBURG, OHIO***

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2003***

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#### **NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)**

##### **A. Ohio Public Employees Retirement System (the “Ohio PERS”) (Continued)**

plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2003, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2003 employer contribution rate for local government employer units was 13.55%, of covered payroll, 8.55% to fund the pension and 5.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2003, 2002 and 2001 were \$530,668, \$568,538 and \$533,981, respectively, which were equal to the required contributions for each year.

The Ohio PERS provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2003 employer contribution rate (identified above) that was used to fund health care for the year 2003 was 5.0% of covered payroll which amounted to \$195,816.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System's latest actuarial review performed as of December 31, 2002. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2003***

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#### **NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)**

##### **A. Ohio Public Employees Retirement System (the “Ohio PERS”) (Continued)**

approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2002 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 364,881. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2002 is \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$18.7 billion and \$8.7 billion, respectively.

##### **B. Ohio Police and Fire Pension Fund (the “OP&F Fund”)**

All City full-time police officers and full-time firefighters participate in the OP&F Fund, a cost-sharing multiple-employer defined benefit pension plan. The OP&F Fund provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the OP&F Fund. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2003, 2002 and 2001 were \$323,229, \$309,333 and \$289,500 for police and \$288,157, \$278,297 and \$252,236 for firefighters, respectively, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The health care coverage provided by the OP&F Fund is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2003***

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#### **NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)**

##### **B. Ohio Police and Fire Pension Fund (the “OP&F Fund”) (Continued)**

The portion of the 2003 covered payroll that was used to fund postemployment health care benefits was \$128,463 representing 7.75% of covered payroll for police and \$93,051 representing 7.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2002, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,527 for police and 10,396 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2002 were \$141,028,006, which was net of member contributions of \$12,623,875.

#### **NOTE 12 - COMPENSATED ABSENCES**

Employees are eligible for vacation at varying rates depending on their years of service to the City. Any vacation earned during the year must be taken during the subsequent year. Unless requested by the City, no employee will receive vacation pay in lieu of vacation time off with pay.

Sick leave is accrued by all employees at the rate of .0577 hours for each hour worked for a total of 120 hours in an employee's anniversary year. A percentage of accrued sick leave time is liquidated in cash upon normal retirement under the appropriate State of Ohio retirement system after ten years of credited service, or upon death, or upon termination of employment other than for disciplinary reasons after fifteen years of service with the City. The rate of cash compensation for sick leave payout varies within specified limits under collective bargaining agreements or under law. Generally, employees may receive 50% of their sick leave accrued prior to September 14, 1976 and 25% of their sick leave accrued after September 14, 1976 after meeting the minimum service time requirement. Cash compensation for sick leave is paid at the employee's full rate of pay at the time of termination or retirement.

At December 31, 2003, the City's accumulated, unpaid compensated absences amounted to \$849,413, of which \$733,303 is recorded as a liability of the Governmental Activities and \$116,110 is recorded as a liability of the Business-Type Activities.



**CITY OF PERRYSBURG, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

**NOTE 13 - NOTES PAYABLE**

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. The maximum maturity for notes anticipating general obligation bonds payable from special assessments is five years. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to, and payable no later than, those principal maturities required if the bonds had been issued at the expiration of the initial five year period.

	Balance December 31, 2002	Issued (Retired)	Balance December 31, 2003
General Fund:			
2.25% Fire Station Improvement	\$84,000	(\$84,000)	\$0
1.75% Fire Station Improvement	0	56,000	56,000
Total General Fund	<u>84,000</u>	<u>(28,000)</u>	<u>56,000</u>
Capital Projects Funds:			
2.25% Municipal Court Building	1,900,000	(1,900,000)	0
1.50% - 1.75% Municipal Court Building	0	500,000	500,000
2.05% Library Building	6,435,000	(6,435,000)	0
1.50% Library Building	0	5,785,000	5,785,000
2.25% O-I Levis Commons	2,275,000	(2,275,000)	0
1.50% O-I Levis Commons	0	1,600,000	1,600,000
2.25% Eckel Junction	700,000	(700,000)	0
1.50% Eckel Junction	0	655,000	655,000
2.55% Rivercrest Park Land	295,000	(295,000)	0
1.65% Rivercrest Park Land	0	240,000	240,000
2.55% Municipal Park	150,000	(150,000)	0
1.65% Municipal Park	0	100,000	100,000
2.55% Police Station	500,000	(500,000)	0
1.50% - 1.65% Police Station	0	7,940,000	7,940,000
2.05% West Boundary Improvements	450,000	(450,000)	0
1.75% West Boundary Improvements	0	425,000	425,000
1.65% SR25/Roachton Road	0	525,000	525,000
Total Capital Projects Funds	<u>12,705,000</u>	<u>5,065,000</u>	<u>17,770,000</u>

(Continued)

**CITY OF PERRYSBURG, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

**NOTE 13 - NOTES PAYABLE (Continued)**

	Balance December 31, 2002	Issued (Retired)	Balance December 31, 2003
Enterprise Funds:			
2.05% Route 795 Water Line	630,000	(630,000)	0
1.75% Route 795 Water Line	0	580,000	580,000
2.25% Water System Improvement	745,000	(745,000)	0
1.50% Water System Improvement	0	690,000	690,000
2.25% Sewer System Improvement	2,400,000	(2,400,000)	0
1.50% Sewer System Improvement	0	2,675,000	2,675,000
2.65% Miscellaneous Water System Improvements	895,000	(895,000)	0
1.50% Miscellaneous Water System Improvements	0	820,000	820,000
2.05% Miscellaneous Sewer System Improvements	185,000	(185,000)	0
1.75% Miscellaneous Water System Improvements	0	110,000	110,000
2.05% Miscellaneous Sewer System Improvements	500,000	(500,000)	0
2.05% Kohl F.M.	325,000	(325,000)	0
1.75% Kohl F.M.	0	300,000	300,000
2.05% 5 Pt./Fort Meigs Waterline Improvements	735,000	(735,000)	0
1.50% 5 Pt./Fort Meigs Waterline Improvements	0	690,000	690,000
2.25% South Boundary Pump Station	510,000	(510,000)	0
1.50% South Boundary Pump Station	0	150,000	150,000
2.05% W.S. Bound Waterline	600,000	(600,000)	0
1.75% W.S. Bound Waterline	0	570,000	570,000
1.50 - 1.75% W.S. Reserve	0	675,000	675,000
2.25% Route 795 Pump Station	560,000	(560,000)	0
1.50% Route 795 Pump Station	0	525,000	525,000
2.55% SR25/5PT. Road	1,550,000	(1,550,000)	0
1.65% SR25/5PT. Road	0	1,470,000	1,470,000
2.55% Simmons Road Sewer	1,550,000	(1,550,000)	0
1.65% Simmons Road Sewer	0	1,470,000	1,470,000
1.65% River's Edge Sewer	0	645,000	645,000
2.05% W. Boundry Sewer/Ford Road	320,000	(320,000)	0
1.75% W. Boundry Sewer/Ford Road	0	30,000	30,000
Total Enterprise Funds	11,505,000	(105,000)	11,400,000
Total Notes Payable	\$24,294,000	\$4,932,000	\$29,226,000

## CITY OF PERRYSBURG, OHIO

### *Notes to the Basic Financial Statements For the Year Ended December 31, 2003*

#### NOTE 14 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2003 was as follows:

	Balance December 31, 2002	Additions	(Reductions)	Balance December 31, 2003	Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$624,210	\$733,303	(\$624,210)	\$733,303	\$189,554
Total Governmental Activities Long-Term Debt	<u>\$624,210</u>	<u>\$733,303</u>	<u>(\$624,210)</u>	<u>\$733,303</u>	<u>\$189,554</u>
	Balance December 31, 2002	Additions	(Reductions)	Balance December 31, 2003	Amount Due Within One Year
<b>Business-Type Activities:</b>					
Ohio Water Development Authority (O.W.D.A.) Loans:					
7.51% Waste Water Treatment Plant 1990	\$8,224,449	\$0	(\$372,904)	\$7,851,545	\$400,909
7.77% Sewer Separation 1991	818,465	0	(36,460)	782,005	39,293
Total O.W.D.A. Loans	9,042,914	0	(409,364)	8,633,550	440,202
Compensated Absences	\$85,731	\$116,110	(\$85,731)	\$116,110	\$27,941
Total Business-Type Long-Term Debt	<u>\$9,128,645</u>	<u>\$116,110</u>	<u>(\$495,095)</u>	<u>\$8,749,660</u>	<u>\$468,143</u>

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2003 follows:

Years	OWDA Loans	
	Principal	Interest
2004	\$440,201	\$650,413
2005	473,362	617,252
2006	509,022	581,592
2007	547,368	543,246
2008	588,603	502,011
2009-2013	3,678,850	1,774,218
2014-2016	2,396,144	330,391
Totals	<u>\$8,633,550</u>	<u>\$4,999,123</u>

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2003***

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#### **NOTE 15- INSURANCE AND 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. In 1989, the City joined the Ohio Government Risk Management Plan (the "OGRMP"), a public entity risk plan formed under Section 2744.081 of the Ohio Revised Code that operates as a common risk management and insurance program for 585 member political subdivisions. The City pays an annual premium to the OGRMP for its general insurance coverage. The agreement for formation of the OGRMP provides that the organization will be self-sustaining through member premiums and will reinsure all claims in excess of a member's deductible through commercial insurance and reinsurance companies.

The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

The City also pays unemployment claims to the State of Ohio as incurred.

The City maintains a self-funded health insurance program with claims processed by Administrative Service Consultants – Findlay on behalf of the City. A separate Self Insurance Fund (an internal service fund) was created in 1980 to account for and finance the health insurance program. As an integral part of the health insurance program, a reinsurance policy has been purchased covering claims in excess of \$35,000 per individual per year up to a maximum of \$1,000,000 per individual per lifetime. Settled claims have not exceeded the commercial coverage limits in any of the past five fiscal years.

All funds of the City from which employee salaries are paid participate in the health insurance program and make payments to the Self Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. Total contributions to the program during the year were \$878,994. The claims liability of \$67,854 reported in the Self Insurance Fund at December 31, 2003 is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," as amended by GASB Statement No. 30 "Risk Management Omnibus," which requires that a liability for 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 if the amount of the loss can be reasonably estimated. Changes in the Fund's claims liability amount in fiscal 2002 and 2003 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2002	\$43,747	\$953,733	(\$943,110)	\$54,370
2003	54,370	1,002,974	(989,490)	67,854

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2003***

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#### **NOTE 16- CONSTRUCTION COMMITMENTS**

As of December 31, 2003 the City had the following commitments with respect to various construction projects:

<u>Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
2002 Resurfacing	\$3,146	2004
2003 Resurfacing	377,911	2004
Pavement Marking	8,894	2004
East Boundary Pumpstation	375,820	2004
W.S. Boundary Reservoir	83,259	2004
Carronade Drive	29,384	2004
Bike Path	326,736	2004
Police Station	3,269,483	2004
Total	<u><u>\$4,474,633</u></u>	

#### **NOTE 17- CONTINGENCIES**

The City is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's 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.

#### **NOTE 18 RELATED ORGANIZATION**

Perrysburg Public Library (Library) - The Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Perrysburg City Council. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the City for operational subsidies. Although the City does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Perrysburg Public Library, Clerk/Treasurer, 101 East Indiana Avenue, Perrysburg, Ohio 43551.

*CITY OF PERRYSBURG, OHIO*

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*REQUIRED SUPPLEMENTAL INFORMATION*

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## CITY OF PERRYSBURG, OHIO

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Year Ended December 31, 2003***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 861,500	\$ 881,500	\$ 882,472	\$ 972
Municipal Income Tax	9,200,000	9,219,900	9,072,798	(147,102)
Intergovernmental Revenue	1,581,596	1,669,096	1,567,904	(101,192)
Charges for Services	457,500	579,600	487,740	(91,860)
Licenses and Permits	206,150	228,150	220,779	(7,371)
Investment Earnings	300,000	200,000	194,309	(5,691)
Speical Assessments	170,000	182,000	181,528	(472)
Fines and Forfeitures	726,750	828,950	758,657	(70,293)
All Other Revenues	118,200	135,800	89,999	(45,801)
Total Revenues	<u>13,621,696</u>	<u>13,924,996</u>	<u>13,456,186</u>	<u>(468,810)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	5,226,934	5,316,477	4,812,733	503,744
Public Health and Welfare Services	27,100	27,100	26,847	253
Leisure Time Activities	1,162,341	1,185,296	1,049,964	135,332
Community Development	517,393	534,679	407,592	127,087
Transportation	925,893	944,252	867,208	77,044
General Government	3,230,525	3,257,422	2,922,719	334,703
Total Expenditures	<u>11,090,186</u>	<u>11,265,226</u>	<u>10,087,063</u>	<u>1,178,163</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,531,510	2,659,770	3,369,123	709,353
<b>Other Financing Sources (Uses):</b>				
Transfers In	40,000	40,000	33,902	(6,098)
Transfers Out	(5,929,000)	(5,929,000)	(4,879,000)	1,050,000
Total Other Financing Sources (Uses):	<u>(5,889,000)</u>	<u>(5,889,000)</u>	<u>(4,845,098)</u>	<u>1,043,902</u>
Net Change In Fund Balance	(3,357,490)	(3,229,230)	(1,475,975)	1,753,255
Fund Balance at Beginning of Year	3,955,600	3,955,600	3,955,600	0
Prior Year Encumbrances	181,486	181,486	181,486	0
Fund Balance at End of Year	<u>\$ 779,596</u>	<u>\$ 907,856</u>	<u>\$ 2,661,111</u>	<u>\$ 1,753,255</u>

***CITY OF PERRYSBURG, OHIO***

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***I*ND*EP*ENDENT *A*UDITOR'S *R*EP*ORT***

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***INTERNAL CONTROL***



**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***

City of Perrysburg  
Wood County  
201 W. Indiana Ave  
Perrysburg, Ohio 43551

To the Mayor and Members of City Council

We have audited the financial statements of City of Perrysburg (the City) as of and for the year ended December 31, 2003, and have issued our report thereon dated November 9, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standard* and which is described in the accompanying schedule of findings and responses as item (2003-001).

Kevin M. Gilmore, CPA, CVA

Adele M. Jasion, CPA

Andrew L. Mahler,  
CPA, CVA, CFFA

J. Stephen Schult, CPA

Philip J. Newlove, CPA

Linda J. Hillstrom, CPA

Debra S. Gossman, CPA

This report is intended solely for the information and use of the Members of City Council, the Mayor and is not intended to be and should not be used by anyone other than these specified parties.

*Dilmore, Jason ; Muller, LTD*

November 9, 2005

**CITY OF PERRYSBURG  
WOOD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003**

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

**FINDING NUMBER 2003-001**

**Noncompliance**

Ohio Revised Code 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

This section also provides two exceptions to the above requirements:

- A. If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the subdivision may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate (a then and now certificate), if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars (\$3,000 as of April 7, 2003), the fiscal officer may authorize it to be paid without the affirmation of the subdivision.

We recommend the City certify the availability of funds prior to expenditures being made. Where prior certification is not feasible, we encourage the City to utilize then and now certificates or blanket certificates.

**CITY OF PERRYSBURG  
 SCHEDULE OF STATUS OF PRIOR YEAR (2002)  
 AUDIT FINDINGS**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected,; Significantly Different Corrective Action Taken; or Finding No Longer Valid
2002-001	Ohio Revised Code Sec. 5705.41(D) Failure to certify transactions.	No	Not corrected. Repeated as Finding #2003-001



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**CITY OF PERRYSBURG**

**WOOD 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  
APRIL 13, 2006**