



Dave Yost • Auditor of State

**CITY OF PERRYSBURG
WOOD COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Perrysburg
Wood County
201 West Indiana Avenue
Perrysburg, Ohio 43551

To the Members of Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Perrysburg, Wood County, Ohio (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about the financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we considered internal control relevant to the City's preparation and fair presentation of the financial statements in order to design appropriate audit procedures, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business-type activities, each major fund, and the aggregate remaining und information of the City of Perrysburg, Wood County, Ohio , as of and for the year ended as of December 31, 2014, and the respective changes in financial position and, where applicable its cash flows, thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis and required budgetary comparison schedule*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiring to management about the methods of preparing the information, and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report September 17, 2015, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

September 17, 2015

CITY OF PERRYSBURG, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2014

Unaudited

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, 2014. 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 2014 are as follows:

- ❑ In total, net position increased \$10,645,292. Net position of governmental activities increased \$5.9 million, which represents a 5.9% increase from 2013. Net position of business-type activities increased \$4.7 million or 7.6% from 2013.
- ❑ General revenues accounted for \$20.8 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 \$41,174,540.
- ❑ The City had \$20.2 million in expenses related to governmental activities; only \$6.4 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$19.8 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$21 million in revenues and \$16.1 million in expenditures. The general fund's fund balance decreased \$1,369,627 to \$8,976,824.
- ❑ Net position for enterprise funds increased by \$4,699,942. Much of the increase can be attributed to the significant expenditures relating to the construction of two Water Towers as well as the ongoing Wastewater Treatment Plant improvement project and the Combined Sewer Separation projects. The City of Perrysburg continues to experience steady growth, and is committed to keeping pace with the infrastructure needs of the steadily growing community.

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

*Management's Discussion and Analysis
For the Year Ended December 31, 2014*

Unaudited

Government-wide Statements

The government-wide statements report information about the City as a whole using accepted methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources. 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 position and how they have changed. Net-position (the difference between the City's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position 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 Position 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, 2014**

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 Position.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net position between December 31, 2014 and 2013:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$20,772,391	\$20,851,005	\$16,149,540	\$15,832,538	\$36,921,931	\$36,683,543
Capital assets, Net	91,171,357	86,181,681	75,886,617	64,423,153	167,057,974	150,604,834
Total assets	111,943,748	107,032,686	92,036,157	80,255,691	203,979,905	187,288,377
Long-term debt outstanding	1,258,869	1,260,874	19,916,810	14,073,652	21,175,679	15,334,526
Other liabilities	1,130,569	2,025,614	5,595,780	4,337,108	6,726,349	6,362,722
Total liabilities	2,389,438	3,286,488	25,512,590	18,410,760	27,902,028	21,697,248
Deferred Inflows of Resources:						
Property Tax Levy for Next Fiscal Year	2,774,849	2,933,393	0	0	2,774,849	2,933,393
Net position						
Net Investment in Capital Assets	91,171,357	85,681,681	52,430,052	46,612,013	143,601,409	132,293,694
Restricted	4,465,181	3,641,531	0	0	4,465,181	3,641,531
Unrestricted	11,142,923	11,489,593	14,093,515	15,232,918	25,236,438	26,722,511
Total net assets	\$106,779,461	\$100,812,805	\$66,523,567	\$61,844,931	\$173,303,028	\$162,657,736

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CITY OF PERRYSBURG, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2014

Unaudited

Changes in Net position – The following table shows the changes in net position for the fiscal year 2014 and 2013:

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues:						
Charges for Services and Sales	\$2,228,181	\$2,062,043	\$13,131,105	\$12,257,663	\$15,359,286	\$14,319,706
Operating Grants and Contributions	2,621,039	1,342,897	0	0	2,621,039	1,342,897
Capital Grants and Contributions	1,510,178	1,988,098	816,812	97,188	2,326,990	2,085,286
Total Program Revenues	<u>6,359,398</u>	<u>5,393,038</u>	<u>13,947,917</u>	<u>12,354,851</u>	<u>20,307,315</u>	<u>17,747,889</u>
General revenues:						
Property Taxes	3,179,913	2,712,783	0	0	3,179,913	2,712,783
Income Taxes	16,423,742	15,420,125	0	0	16,423,742	15,420,125
Intergovernmental Revenues, Unrestricted	908,262	1,953,478	0	0	908,262	1,953,478
Investment Earnings	56,635	93,464	0	0	56,635	93,464
Miscellaneous	298,673	273,523	0	0	298,673	273,523
Total General Revenues	<u>20,867,225</u>	<u>20,453,373</u>	<u>0</u>	<u>0</u>	<u>20,867,225</u>	<u>20,453,373</u>
Total Revenues	<u>27,226,623</u>	<u>25,846,411</u>	<u>13,947,917</u>	<u>12,354,851</u>	<u>41,174,540</u>	<u>38,201,262</u>
Program Expenses:						
Security of Persons and Property	9,331,336	9,128,909	0	0	9,331,336	9,128,909
Public Health and Welfare Services	29,095	28,431	0	0	29,095	28,431
Leisure Time Activities	1,556,884	1,477,092	0	0	1,556,884	1,477,092
Community Development	678,028	738,918	0	0	678,028	738,918
Basic Utility Service	1,245,764	2,486,776	0	0	1,245,764	2,486,776
Transportation	2,044,081	4,203,542	0	0	2,044,081	4,203,542
General Government	5,301,974	5,441,490	0	0	5,301,974	5,441,490
Interest and Fiscal Charges	5,520	20,270	0	0	5,520	20,270
Sewer	0	0	5,024,877	3,724,273	5,024,877	3,724,273
Water	0	0	5,311,689	3,814,974	5,311,689	3,814,974
Utility Collection	0	0	0	8,002	0	8,002
Total Expenses	<u>20,192,682</u>	<u>23,525,428</u>	<u>10,336,566</u>	<u>7,547,249</u>	<u>30,529,248</u>	<u>31,072,677</u>
Change in Net Position before Transfers	7,033,941	2,320,983	3,611,351	4,807,602	10,645,292	7,128,585
Transfers	(1,067,285)	(213,689)	1,067,285	213,689	0	0
Total Change in Net Position	5,966,656	2,107,294	4,678,636	5,021,291	10,645,292	7,128,585
Beginning Net Position	<u>100,812,805</u>	<u>98,705,511</u>	<u>61,844,931</u>	<u>56,823,640</u>	<u>162,657,736</u>	<u>155,529,151</u>
Ending Net Position	<u>\$106,779,461</u>	<u>\$100,812,805</u>	<u>\$66,523,567</u>	<u>\$61,844,931</u>	<u>\$173,303,028</u>	<u>\$162,657,736</u>

Governmental Activities

Net position of the City's governmental activities increased by \$5,966,656, which represents an increase of 5.9% compared to 2013. The increase was greater than that from 2012 to 2013. Much of this increase can be attributed to an increase in income tax collections and the increase in operating grants and contributions. The largest increase in revenues came from the operating grants and contributions for the year.

CITY OF PERRYSBURG, OHIO

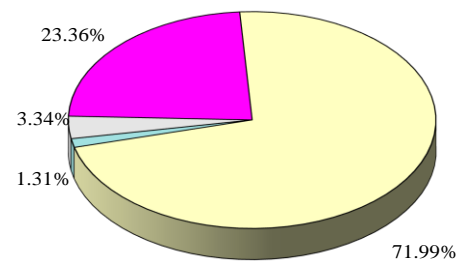
**Management's Discussion and Analysis
For the Year Ended December 31, 2014**

Unaudited

The City 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 11.7% and 60.29% respectively of revenues for governmental activities for the City in fiscal year 2014. The City's reliance upon tax revenues is demonstrated by the following graph indicating 71.99% of total revenues from general tax revenues:

Revenue Sources	2014	Percent of Total
Intergovernmental Revenues, Unrestricted	\$908,262	3.34%
Program Revenues	6,359,398	23.36%
General Tax Revenues	19,603,655	71.99%
General Other	355,308	1.31%
Total Revenue	<u>\$27,226,623</u>	<u>100.00%</u>



Business-Type Activities

Net position of the business-type activities increased by \$4,678,636. This increase can be attributed to an increased cash balance and an increase in capital assets during 2014. Several major infrastructure projects continued during 2014, including the Wastewater Treatment Plant, the Cherry Street Sewer Separation and Water Tower construction projects.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$15,618,941, which is an increase from last year's balance of \$14,332,098. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2014 and 2013:

	Fund Balance December 31, 2014	Fund Balance December 31, 2013	Increase (Decrease)
General	\$8,976,824	\$10,346,451	(\$1,369,627)
Capital Improvements	2,519,360	944,884	1,574,476
Other Governmental	4,122,757	3,040,763	1,081,994
Total	<u>\$15,618,941</u>	<u>\$14,332,098</u>	<u>\$1,286,843</u>

CITY OF PERRYSBURG, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2014***

Unaudited

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

	2014 Revenues	2013 Revenues	Increase (Decrease)
Taxes	\$17,409,723	\$16,355,722	\$1,054,001
Intergovernmental Revenue	1,215,732	1,344,768	(129,036)
Charges for Services	927,673	915,410	12,263
Fines, Licenses and Permits	1,007,332	920,934	86,398
Investment Earnings	60,563	32,716	27,847
Special Assessments	188,976	172,244	16,732
All Other Revenue	324,347	262,901	61,446
Total	\$21,134,346	\$20,004,695	\$1,129,651

General Fund revenues in 2014 increased approximately 5.6% compared to revenues in fiscal year 2013. This increase is primarily the result of increased income tax revenues. Intergovernmental revenues showed an overall decrease with local government fund distributions down compared with 2013.

	2014 Expenditures	2013 Expenditures	Increase (Decrease)
Security of Persons and Property	\$7,948,193	\$7,568,567	\$379,626
Public Health and Welfare Services	29,095	28,431	664
Leisure Time Activities	1,450,614	1,345,935	104,679
Community Development	412,324	355,925	56,399
Transportation	1,706,672	1,489,609	217,063
General Government	4,510,067	4,723,337	(213,270)
Total	\$16,056,965	\$15,511,804	\$545,161

General Fund expenditures increased by \$545,161 or 3.5% from the prior year. The City's income tax collections continued a pattern of steady growth in 2014, and the General Fund expenditures reflect this growth. It is important to note that revenue increases (5.6%) outpaced general fund expenditure increases, (3.5%) as the City works diligently to keep its costs under control. This is shown in the growth of the cash balances included in the Statement of Net Position. Employee costs continue to be held near 60% of total revenues for General Fund activities.

CITY OF PERRYSBURG, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2014***

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 2014 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$20.7 million increased by \$2,000,000 from the original budget estimates of \$18.7 million as a result of income tax revenues exceeding budgetary expectations by \$1.7 million. The City continues with a conservative approach to budgeting. Cuts to Local Government Funds and Estate Tax revenues have been factored into the overall budget. The City has taken a very cautious approach to the creation of new positions. Since 2009, some positions have been added and some have been eliminated, with the net effect being that the City has about the same number of employees.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2014 the City had \$167,057,974 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$91,171,357 was related to governmental activities and \$75,886,617 to the business-type activities. The following table shows fiscal year 2014 and 2013 balances:

	Governmental Activities		Increase (Decrease)
	2014	2013	
Land	\$10,449,238	\$10,449,238	\$0
Construction in Progress	5,364,212	3,872,618	1,491,594
Buildings	18,313,791	18,313,791	0
Improvements Other Than Buildings	7,261,896	7,278,687	(16,791)
Machinery and Equipment	13,941,344	13,079,243	862,101
Infrastructure	68,011,659	62,894,706	5,116,953
Less: Accumulated Depreciation	(32,170,783)	(29,706,602)	(2,464,181)
Totals	<u>\$91,171,357</u>	<u>\$86,181,681</u>	<u>\$4,989,676</u>

CITY OF PERRYSBURG, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2014**

Unaudited

	Business-Type Activities		Increase (Decrease)
	2014	2013	
Land	\$273,383	\$273,383	\$0
Construction in Progress	26,633,018	14,174,731	12,458,287
Buildings	11,808,483	11,808,483	0
Improvements Other Than Buildings	56,057,476	55,527,753	529,723
Machinery and Equipment	13,429,761	13,375,471	54,290
Less: Accumulated Depreciation	(32,315,504)	(30,736,668)	(1,578,836)
Totals	\$75,886,617	\$64,423,153	\$11,463,464

The primary increase in the business-type capital assets occurred in construction in progress as a result of the on-going progress of several water and sewer projects including the waste water treatment plant expansion, the construction of two 1,000,000 gallon water towers and the Cherry Street sewer separation project. Much of the increase in Governmental Activities type capital assets is related to donated infrastructure to the City from subdivisions during 2014. 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, 2014 and 2013:

	2014	2013
Governmental Activities:		
General Obligation Notes	\$0	\$500,000
Compensated Absences	1,258,869	1,260,874
Total Governmental Activities	1,258,869	1,760,874
Business-Type Activities:		
General Obligation Notes	3,655,000	3,870,000
OWDA Loans Payable	8,811,565	2,396,140
General Obligation Bonds	10,990,000	11,545,000
Compensated Absences	115,245	132,512
Total Business-Type Activities	23,571,810	17,943,652
Totals	\$24,830,679	\$19,704,526

CITY OF PERRYSBURG, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2014***

Unaudited

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, 2014, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 15.

ECONOMIC FACTORS

The City of Perrysburg has taken a conservative approach to budgeting for the past several years. Throughout the economic downturn of 2007-2008, the City was able to maintain its current level of services, without any significant budgetary changes. Income tax collections have shown a trend of steady growth for the past 20 years. Income tax collections increased by 6% over 2013. These figures reflect a continued trend by the City of Perrysburg to fare relatively better than the lagging regional economy. Perrysburg continues to be a thriving community, experiencing growth in both residential and commercial construction. The City continues to be vigilant in containing its operational costs. The City was able to eliminate all of its General Fund debt in 2011. With the growth that the City has experienced, and the corresponding services required to support that growth, the City has been able to maintain personnel costs near a goal of 59% of total revenues.

The City of Perrysburg has continued to reduce the balance of all its debt. The City has achieved its goal of eliminating all General Fund debt, and to establish a reserve balance account to strengthen the City's financial position going forward. The City began funding the Reserve Balance Fund in 2012 and continued funding into 2013. The City put a hold on the funding of the Reserve Balance Fund during 2014 in order to pay for roadway resurfacing. It plans on resuming the funding for the Reserve Balance in 2015. Perrysburg continues to be a growing, vital community. Utilizing annexation and economic development tools, the City has been able to shift much of its tax burden away from residents and over to business/commercial taxpayers. The City continues to experience significant growth in both the commercial and residential sectors. It is the City's goal to achieve a balance between the types of taxpayers who support City services, and the City has made great strides to this extent. The City has also realized significant income tax collections from non-resident companies whose employees live in the City. Through mandatory filing and courtesy withholdings, the City has been able to share in the successes of companies, which would otherwise have no effect on the City. In this way, the City has been able to take advantage of the successes of the region, and not just within the City boundaries.

The financial outlook for the City remains strong. With a renewed focus on economic development, several potential projects are on the horizon. The City is currently in the process of upgrading its water and sewer facilities to provide required services for this growth. Given all of these factors, the City of Perrysburg is well-positioned to deal with continued growth.

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 Position
December 31, 2014

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 3,987,149	\$ 8,476,797	\$ 12,463,946
Cash and Cash Equivalents with Fiscal Agent	0	23,006	23,006
Investments	8,581,881	4,350,985	12,932,866
Receivables:			
Taxes	4,851,223	0	4,851,223
Accounts	198,683	2,272,874	2,471,557
Intergovernmental	1,784,206	445,498	2,229,704
Interest	42,061	0	42,061
Special Assessments	236,046	197,970	434,016
Loans	113,095	0	113,095
Internal Balances	14,817	(14,817)	0
Inventory of Supplies at Cost	91,162	342,292	433,454
Prepaid Items	135,896	40,118	176,014
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	736,172	0	736,172
Capital Assets:			
Capital Assets Not Being Depreciated	15,813,450	26,906,401	42,719,851
Capital Assets Being Depreciated, Net	75,357,907	48,980,216	124,338,123
Total Assets	111,943,748	92,036,157	203,979,905
Liabilities:			
Accounts Payable	305,490	1,708,109	2,013,599
Accrued Wages and Benefits	825,079	88,892	913,971
Intergovernmental Payable	0	65,592	65,592
Retainage Payable	0	23,006	23,006
Accrued Interest Payable	0	40,364	40,364
General Obligation Notes Payable	0	3,655,000	3,655,000
Long-Term Liabilities:			
Due Within One Year	422,206	1,595,870	2,018,076
Due in More Than One Year	836,663	18,320,940	19,157,603
Total Liabilities	2,389,438	25,512,590	27,902,028
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	2,774,849	0	2,774,849
Net Position:			
Net Investment in Capital Assets	91,171,357	52,430,052	143,601,409
Restricted For:			
Other Purposes	4,465,181	0	4,465,181
Unrestricted	11,142,923	14,093,515	25,236,438
Total Net Position	\$ 106,779,461	\$ 66,523,567	\$ 173,303,028

See accompanying notes to the basic financial statements

CITY OF PERRYSBURG, OHIO

Statement of Activities
For the Year Ended December 31, 2014

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
Security of Persons and Property	\$ 9,331,336	\$ 440,633	\$ 692,560	\$ 172,285
Public Health and Welfare Services	29,095	0	0	0
Leisure Time Activities	1,556,884	228,445	10,000	0
Community Development	678,028	215,253	0	50,848
Basic Utility Services	1,245,764	107,719	3,000	0
Transportation	2,044,081	29,016	1,915,479	1,287,045
General Government	5,301,974	1,207,115	0	0
Interest and Fiscal Charges	5,520	0	0	0
Total Governmental Activities	20,192,682	2,228,181	2,621,039	1,510,178
Business-Type Activities:				
Sewer	5,024,877	8,178,343	0	383,033
Water	5,311,689	4,952,762	0	433,779
Total Business-Type Activities	10,336,566	13,131,105	0	816,812
Totals	\$ 30,529,248	\$ 15,359,286	\$ 2,621,039	\$ 2,326,990

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 Position

Net Position Beginning of Year
Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF PERRYSBURG, OHIO

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (8,025,858)	\$ 0	\$ (8,025,858)
(29,095)	0	(29,095)
(1,318,439)	0	(1,318,439)
(411,927)	0	(411,927)
(1,135,045)	0	(1,135,045)
1,187,459	0	1,187,459
(4,094,859)	0	(4,094,859)
(5,520)	0	(5,520)
(13,833,284)	0	(13,833,284)
0	3,536,499	3,536,499
0	74,852	74,852
0	3,611,351	3,611,351
(13,833,284)	3,611,351	(10,221,933)
3,179,913	0	3,179,913
16,423,742	0	16,423,742
908,262	0	908,262
56,635	0	56,635
298,673	0	298,673
(1,067,285)	1,067,285	0
19,799,940	1,067,285	20,867,225
5,966,656	4,678,636	10,645,292
100,812,805	61,844,931	162,657,736
\$ 106,779,461	\$ 66,523,567	\$ 173,303,028

CITY OF PERRYSBURG, OHIO

**Balance Sheet
Governmental Funds
December 31, 2014**

	General	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 1,679,022	\$ 587,012	\$ 1,712,906	\$ 3,978,940
Investments	5,233,529	1,963,309	1,372,882	8,569,720
Receivables:				
Taxes	3,052,425	0	1,798,798	4,851,223
Accounts	195,998	0	2,685	198,683
Intergovernmental	1,008,365	0	775,841	1,784,206
Interest	42,061	0	0	42,061
Special Assessments	181,750	0	54,296	236,046
Loans	0	0	113,095	113,095
Inventory of Supplies, at Cost	0	0	91,162	91,162
Prepaid Items	124,446	0	11,450	135,896
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	0	0	736,172	736,172
Total Assets	\$ 11,517,596	\$ 2,550,321	\$ 6,669,287	\$ 20,737,204
Liabilities:				
Accounts Payable	216,332	30,961	58,197	305,490
Accrued Wages and Benefits Payable	595,556	0	95,068	690,624
Total Liabilities	811,888	30,961	153,265	996,114
Deferred Inflows of Resources:				
Unavailable Amounts	737,667	0	609,633	1,347,300
Property Tax for Next Fiscal Year	991,217	0	1,783,632	2,774,849
Total Deferred Inflows of Resources	1,728,884	0	2,393,265	4,122,149
Fund Balances:				
Nonspendable	124,446	0	102,612	227,058
Restricted	0	0	3,798,998	3,798,998
Committed	0	2,519,360	160,822	2,680,182
Assigned	3,975,841	0	82,543	4,058,384
Unassigned	4,876,537	0	(22,218)	4,854,319
Total Fund Balances	8,976,824	2,519,360	4,122,757	15,618,941
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 11,517,596	\$ 2,550,321	\$ 6,669,287	\$ 20,737,204

See accompanying notes to the basic financial statements

CITY OF PERRYSBURG, OHIO

Reconciliation Of Total Governmental Fund Balances To Net Position Of Governmental Activities December 31, 2014

Total Governmental Fund Balances	\$15,618,941
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	91,171,357
Other long-term assets are not available to pay for current- period expenditures and therefore are unavailable in the funds.	1,347,300
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 position.	(99,268)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,258,869)</u>
<i>Net Position of Governmental Funds</i>	<u><u>\$ 106,779,461</u></u>
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, 2014

	General	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 979,467	\$ 0	\$ 2,240,562	\$ 3,220,029
Municipal Income Tax	16,430,256	0	0	16,430,256
Intergovernmental Revenues	1,215,732	160,977	2,029,179	3,405,888
Charges for Services	927,673	0	106,099	1,033,772
Licenses and Permits	212,485	0	43,409	255,894
Investment Earnings	60,563	0	6,037	66,600
Special Assessments	188,976	0	111,292	300,268
Fines and Forfeitures	794,847	0	188,545	983,392
All Other Revenue	324,347	926,751	38,447	1,289,545
Total Revenue	21,134,346	1,087,728	4,763,570	26,985,644
Expenditures:				
Current:				
Security of Persons and Property	7,948,193	0	947,211	8,895,404
Public Health and Welfare Services	29,095	0	0	29,095
Leisure Time Activities	1,450,614	0	0	1,450,614
Community Development	412,324	0	238,070	650,394
Basic Utility Services	0	0	1,127,797	1,127,797
Transportation	1,706,672	0	1,236,965	2,943,637
General Government	4,510,067	0	395,729	4,905,796
Capital Outlay	0	4,553,232	108,760	4,661,992
Debt Service:				
Interest & Fiscal Charges	0	20	5,500	5,520
Total Expenditures	16,056,965	4,553,252	4,060,032	24,670,249
Excess (Deficiency) of Revenues				
Over Expenditures	5,077,381	(3,465,524)	703,538	2,315,395

CITY OF PERRYSBURG, OHIO

	General	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses):				
Transfers In	240,277	5,040,000	580,000	5,860,277
Transfers Out	(6,687,285)	0	(240,277)	(6,927,562)
Total Other Financing Sources (Uses)	<u>(6,447,008)</u>	<u>5,040,000</u>	<u>339,723</u>	<u>(1,067,285)</u>
Net Change in Fund Balances	(1,369,627)	1,574,476	1,043,261	1,248,110
Fund Balances at Beginning of Year	10,346,451	944,884	3,040,763	14,332,098
Increase in Inventory Reserve	0	0	38,733	38,733
Fund Balances End of Year	<u>\$ 8,976,824</u>	<u>\$ 2,519,360</u>	<u>\$ 4,122,757</u>	<u>\$ 15,618,941</u>

See accompanying notes to the basic financial statements

CITY OF PERRYSBURG, OHIO

Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities For The Year Ended December 31, 2014

Net Change in Fund Balances - Total Governmental Funds	\$ 1,248,110
 <i>Amounts reported for governmental activities in the statement of activities are different because</i>	
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.	4,643,942
The net effect of various miscellaneous transactions involving capital assets (i.e. disposals and donations) is to increase net position.	345,734
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(119,316)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(9,948)
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.	(141,866)
<i>Change in Net Position of Governmental Activities</i>	<u><u>\$ 5,966,656</u></u>

See accompanying notes to the basic financial statements

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CITY OF PERRYSBURG, OHIO

Statement of Net Position Proprietary Funds December 31, 2014

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Other Enterprise
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 7,121,501	\$ 1,300,906	\$ 54,390
Cash and Cash Equivalents with Fiscal Agent	23,006	0	0
Investments	0	4,350,985	0
Receivables:			
Accounts	1,241,145	1,031,729	0
Intergovernmental	275,000	170,498	0
Special Assessments	185,674	12,296	0
Inventory of Supplies at Cost	20,446	321,846	0
Prepaid Items	13,999	26,119	0
<i>Total Current Assets</i>	<u>8,880,771</u>	<u>7,214,379</u>	<u>54,390</u>
<i>Non Current Assets:</i>			
Capital Assets, Net	59,843,269	16,043,348	0
Total Assets	<u>68,724,040</u>	<u>23,257,727</u>	<u>54,390</u>
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	765,485	942,624	0
Accrued Wages and Benefits	65,534	23,358	0
Intergovernmental Payable	0	0	65,592
Retainage Payable	23,006	0	0
Accrued Interest Payable	34,272	6,092	0
General Obligation Notes Payable	0	3,655,000	0
Compensated Absences Payable - Current	38,750	13,462	0
General Obligation Bonds - Current	565,000	0	0
OWDA Loans - Current	978,658	0	0
<i>Total Current Liabilities</i>	<u>2,470,705</u>	<u>4,640,536</u>	<u>65,592</u>
<i>Long Term Liabilities:</i>			
Compensated Absences Payable	47,531	15,502	0
General Obligation Bonds Payable	10,425,000	0	0
OWDA Loans Payable	7,832,907	0	0
Total Liabilities	<u>20,776,143</u>	<u>4,656,038</u>	<u>65,592</u>
Net Position:			
Net Invested in Capital Assets	40,041,704	12,388,348	0
Unrestricted	7,906,193	6,213,341	(11,202)
Total Net Position	<u>\$ 47,947,897</u>	<u>\$ 18,601,689</u>	<u>\$ (11,202)</u>

Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.
Net Position of Business-type Activities

See accompanying notes to the basic financial statements

CITY OF PERRYSBURG, OHIO

<u>Total</u>	<u>Internal Service Funds</u>
\$ 8,476,797	\$ 8,209
23,006	0
4,350,985	12,161
2,272,874	0
445,498	0
197,970	0
342,292	0
40,118	0
<u>16,149,540</u>	<u>20,370</u>
<u>75,886,617</u>	<u>0</u>
<u>92,036,157</u>	<u>20,370</u>
1,708,109	0
88,892	134,455
65,592	0
23,006	0
40,364	0
3,655,000	0
52,212	0
565,000	0
978,658	0
<u>7,176,833</u>	<u>134,455</u>
63,033	0
10,425,000	0
7,832,907	0
<u>25,497,773</u>	<u>134,455</u>
52,430,052	0
14,108,332	(114,085)
<u>66,538,384</u>	<u>\$ (114,085)</u>
(14,817)	
<u>\$ 66,523,567</u>	

CITY OF PERRYSBURG, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2014**

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Other Enterprise
Operating Revenues:			
Charges for Services	\$ 7,497,863	\$ 4,952,762	\$ 0
Other Operating Revenue	680,480	0	0
Total Operating Revenues	8,178,343	4,952,762	0
Operating Expenses:			
Personal Services	1,462,144	490,944	0
Contractual Services	1,583,897	4,068,640	0
Materials and Supplies	285,003	161,886	0
Depreciation	1,066,968	537,202	0
Total Operating Expenses	4,398,012	5,258,672	0
Operating Income (Loss)	3,780,331	(305,910)	0
Nonoperating Revenue (Expenses):			
Investment Earnings	0	0	0
Interest Expense	(611,056)	(47,520)	0
Total Nonoperating Revenues (Expenses)	(611,056)	(47,520)	0
Income (Loss) Before Transfers and Contributions	3,169,275	(353,430)	0
Transfers In	1,067,285	0	0
Capital Contributions	383,033	433,779	0
Total Transfers and Contributions	1,450,318	433,779	0
Change in Net Position	4,619,593	80,349	0
Net Position Beginning of Year	43,328,304	18,521,340	(11,202)
Net Position End of Year	\$ 47,947,897	\$ 18,601,689	\$ (11,202)

Change in Net Position - Total Enterprise Funds

Adjustment to reflect the consolidation of internal service fund activities related to the enterprise funds.

Change in Net Position - Business-type Activities

See accompanying notes to the basic financial statements

CITY OF PERRYSBURG, OHIO

<u>Total</u>	<u>Internal Service Funds</u>
\$ 12,450,625	\$ 1,856,023
680,480	0
13,131,105	1,856,023
1,953,088	1,957,782
5,652,537	10,123
446,889	52,000
1,604,170	0
9,656,684	2,019,905
3,474,421	(163,882)
0	710
(658,576)	0
(658,576)	710
2,815,845	(163,172)
1,067,285	0
816,812	0
1,884,097	0
4,699,942	(163,172)
61,838,442	49,087
66,538,384	\$ (114,085)
4,699,942	
(21,306)	
\$ 4,678,636	

CITY OF PERRYSBURG, OHIO

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Utility Collection
Cash Flows from Operating Activities:			
Cash Received from Customers	\$8,193,889	\$4,965,708	\$841,894
Cash Payments for Goods and Services	(1,843,518)	(4,250,506)	(848,610)
Cash Payments to Employees	(1,455,819)	(518,016)	0
Net Cash Provided (Used) for Operating Activities	4,894,552	197,186	(6,716)
Cash Flows from Noncapital Financing Activities:			
Transfers In from Other Funds	1,067,285	0	0
Net Cash Provided by Noncapital Financing Activities	1,067,285	0	0
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Assets	(11,128,497)	(268,091)	0
Capital Contributions	0	185,470	0
General Obligation Notes Issued	0	3,655,000	0
OWDA Loans Issued	7,325,519	0	0
Principal Paid on General Obligation Notes	0	(3,870,000)	0
Principal Paid on General Obligation Bonds	(555,000)	0	0
Principal Paid on Ohio Water Development Authority Loans	(910,094)	0	0
Interest Paid on All Debt	(613,507)	(47,878)	0
Net Cash Used for Capital and Related Financing Activities	(5,881,579)	(345,499)	0
Cash Flows from Investing Activities:			
Receipts of Interest	0	0	0
Sale of Investments	0	0	0
Purchase of Investments	0	(58,954)	0
Net Cash Provided (Used) for Investing Activities	0	(58,954)	0
Net Increase (Decrease) in Cash and Cash Equivalents	80,258	(207,267)	(6,716)
Cash and Cash Equivalents at Beginning of Year	7,064,249	1,508,173	61,106
Cash and Cash Equivalents at End of Year	\$7,144,507	\$1,300,906	\$54,390

CITY OF PERRYSBURG, OHIO

	Governmental Activities
Totals	Internal Service Funds
\$14,001,491	\$2,006,327
(6,942,634)	(62,123)
(1,973,835)	(2,052,777)
5,085,022	(108,573)
1,067,285	0
1,067,285	0
(11,396,588)	0
185,470	0
3,655,000	0
7,325,519	0
(3,870,000)	0
(555,000)	0
(910,094)	0
(661,385)	0
(6,227,078)	0
0	710
0	82,210
(58,954)	0
(58,954)	82,920
(133,725)	(25,653)
8,633,528	33,862
\$8,499,803	\$8,209

(Continued)

CITY OF PERRYSBURG, OHIO

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2014

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Utility Collection
Reconciliation of Operating Income (Loss) to Net Cash			
<u>Provided (Used) for Operating Activities:</u>			
Operating Income (Loss)	\$3,780,331	(\$305,910)	\$0
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided (Used) for Operating Activities:			
Depreciation Expense	1,066,968	537,202	0
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	5,637	4,239	0
Decrease in Special Assessments Receivable	7,714	1,667	0
Decrease in Inventory	15,924	28,896	0
Increase in Prepaid Items	(2,769)	(14,072)	0
Increase (Decrease) in Accounts Payable	13,854	(28,026)	(8,002)
Increase in Intergovernmental Payables	0	0	1,286
Increase (Decrease) in Accrued Wages and Benefits	2,642	(5,292)	0
Increase (Decrease) in Compensated Absences	4,251	(21,518)	0
Total Adjustments	1,114,221	503,096	(6,716)
Net Cash Provided (Used) for Operating Activities	\$4,894,552	\$197,186	(\$6,716)

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2014, the Sewer and Water Funds had outstanding liabilities of \$681,847 and \$845,853, respectively, for the purchase of certain capital assets.

During 2014, the Sewer and Water Funds received \$108,033 and \$77,811, respectively, of capital contributions from other sources.

See accompanying notes to the basic financial statements

CITY OF PERRYSBURG, OHIO

Totals	Governmental Activities Internal Service Funds
\$3,474,421	(\$163,882)
1,604,170	0
9,876	0
9,381	0
44,820	0
(16,841)	0
(22,174)	0
1,286	0
(2,650)	55,309
(17,267)	0
<u>1,610,601</u>	<u>55,309</u>
<u>\$5,085,022</u>	<u>(\$108,573)</u>

CITY OF PERRYSBURG, OHIO

**Statement of Net Position
Fiduciary Funds
December 31, 2014**

	Private Purpose Trust	
	Unclaimed Monies Fund	Agency
Assets:		
Cash and Cash Equivalents	\$ 78,295	\$ 99,127
Receivables:		
Taxes	0	159,995
Intergovernmental	0	14,959
Special Assessments	0	5,482,474
Total Assets	<u>78,295</u>	<u>5,756,555</u>
Liabilities:		
Intergovernmental Payable	0	228,349
Due to Others	0	5,528,206
Total Liabilities	<u>0</u>	<u>5,756,555</u>
Net Position:		
Unrestricted	<u>78,295</u>	<u>0</u>
Total Net Position	<u>\$ 78,295</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

CITY OF PERRYSBURG, OHIO

***Statement of Changes in Net Position
Fiduciary Fund
For the Year Ended December 31, 2014***

	Private Purpose Trust <hr/> Unclaimed Monies Fund <hr/>
Additions:	
Contributions:	
Private Donations	\$ 5,325
Total Additions	<hr/> 5,325
Deductions:	
Total Deductions	<hr/> 0
Change in Net Position	5,325
Net Position at Beginning of Year	<hr/> 72,970
Net Position End of Year	<hr/> <hr/> \$ 78,295

See accompanying notes to the basic financial statements

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

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 2008.

A. Reporting Entity

The accompanying basic financial statements of the City present the financial position of the various fund types and, 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, 2014 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 GASB Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 61 "*The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34*," 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, 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 utility collections 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

Governmental Funds - Governmental funds are those funds through which most governmental functions are typically financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities and deferred inflows of resources (except those 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).

Proprietary Funds

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

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.

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Internal Service Funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City has two internal service funds, the Employees Health and Welfare Fund, which is used to account for monies received from city departments to cover the cost of health care for employees of the City's departments and the Postage Meter Fund, which is used to account for postage used by the various City departments.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. 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 a full accrual basis of accounting. The City has six agency funds. These funds are used to account for monies received by the City in situations where the City's role is purely custodial in nature. The six funds are the Municipal Court Fund, which accounts for monies that flow through the municipal court office, the Right of Way Repairs Fund, which accounts for funds deposited by anyone doing excavation work in a City right-of-way, the State Highway Patrol Transfer Fund, which accounts for funds related to fines levied by the State Highway Patrol and used for the County Law Library, the Municipal Public Improvement TIF Fund, which is used to account for TIF funds collected and shared by the developer, Perrysburg Schools and the Penta County Vocational Schools, the JT Cemetery RE Tax Fund, which is used to account for funds collected on behalf of the Union Cemetery and the Levis Commons/Preston Place Fund, which is used to collect special assessments for a third party.

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The internal service funds are eliminated to avoid “doubling up” revenues and expenses; however, the interfund services provided and used are not eliminated in the process of consolidation.

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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.

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 deferred outflows of resources and current liabilities and deferred inflows of resources, 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 deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Special assessment installments, which are measurable, but not available at December 31, are recorded as deferred inflow of resources – unavailable amount. Property taxes measurable as of December 31, 2014, but which are not intended to finance 2014 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflow of resources as further described in Note 7.

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

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deferred Inflows/Outflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditures) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for delinquent property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

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 6, "Cash, Cash Equivalents and Investments."

For purposes of the combined statement of cash flows and for the presentation on the statement of net position, 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 6, "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 \$5,000.

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 Position, but they are not reported in the Fund Financial Statements. All infrastructure acquired prior to the implementation of GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", has been reported.

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

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 Position 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:

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

CITY OF PERRYSBURG, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

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>
General Obligation Bond	Sewer Fund
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 has matured and 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 position, "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

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflow of resources. Net investment 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 of improvement of those assets. Net position is 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 position is available.

M. Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority. For the City, these constraints consist of ordinances and resolutions passed by City Council. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (ordinance, resolution) it employed previously to commit those amounts.

Assigned – Assigned fund balance consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balances (Continued)

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) resources as they are needed.

N. Pensions

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

O. 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.

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. In addition, interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements. Only transfers between governmental activities and business-type activities are reported on the statement of activities.

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.

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.

CITY OF PERRYSBURG, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2014.

NOTE 2 - 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 position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position of governmental funds as reported in the government-wide statement of net position. 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	\$124,490
Delinquent Property Tax Revenue	22,337
Shared Revenues	922,366
Interest Revenues	42,061
Special Assessment Revenue	236,046
	<u>\$1,347,300</u>

Long-Term liabilities not reported in the funds:

Compensated Absences Payable	(\$1,258,869)
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CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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 position 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 capital outlay exceeded depreciation in the current period:

Capital Outlay	\$7,234,619
Depreciation Expense	(2,590,677)
	<hr/>
	\$4,643,942

Governmental revenues not reported in the funds:

Decrease in Delinquent Income Tax Revenue	(\$6,514)
Decrease in Delinquent Property Tax	(40,116)
Increase in Shared Revenue	12,120
Decrease in Interest Revenue	(9,965)
Decrease in Special Assessment Revenue	(74,841)
	<hr/>
	(\$119,316)

Expenses not requiring the use of current financial resources:

Increase in Compensated Absences Payable	(\$48,681)
Increase in supplies inventory	38,733
	<hr/>
	(\$9,948)

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The accumulated deficits at December 31, 2014 of \$11,202 in the Utility Collection Fund (enterprise fund), \$118,658 in the Employees' Health and Welfare Fund (internal service fund), \$5,402 in the Garbage and Refuse Fund and \$6,745 in the Police Pension Fund (special revenue funds), arise from the recognition of expenses on the accrual basis of accounting which are greater than expenses on the cash basis of accounting. Deficits do not exist under the budgetary/cash basis of accounting. The general fund provides transfers when cash is required, not when accruals occur.

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 4 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Supplies Inventory	\$0	\$0	\$91,162	\$91,162
Prepaid Items	124,446	0	11,450	135,896
Total Nonspendable	<u>124,446</u>	<u>0</u>	<u>102,612</u>	<u>227,058</u>
Restricted:				
Hotel/Motel Tax	0	0	35,157	35,157
Street Construction and Maintenance	0	0	1,061,387	1,061,387
State Highway Improvements	0	0	57,620	57,620
Motor Vehicle License Tax	0	0	787,581	787,581
Street Trees	0	0	92,108	92,108
Public Transportation	0	0	149,651	149,651
Municipal Court Computer	0	0	341,236	341,236
Municipal Court Probation Services	0	0	8,246	8,246
CDBG Revolving Loan	0	0	849,267	849,267
Defendants Trust	0	0	36,749	36,749
DUI Indigent Drivers Alcohol Treatment	0	0	215,043	215,043
Indigent Drivers	0	0	139,674	139,674
Litter Control	0	0	25,279	25,279
Total Restricted	<u>0</u>	<u>0</u>	<u>3,798,998</u>	<u>3,798,998</u>
Committed:				
Capital Improvements	0	2,519,360	0	2,519,360
Parkland Acquisition and Development	0	0	71,944	71,944
Way Library	0	0	88,878	88,878
Total Committed	<u>0</u>	<u>2,519,360</u>	<u>160,822</u>	<u>2,680,182</u>
Assigned	3,975,841	0	82,543	4,058,384
Unassigned	4,876,537	0	(22,218)	4,854,319
Total Fund Balances	<u>\$8,976,824</u>	<u>\$2,519,360</u>	<u>\$4,122,757</u>	<u>\$15,618,941</u>

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 5 – CHANGE IN ACCOUNTING PRINCIPLE

For 2014 the City implemented GASB Statement No. 69, “*Government Combinations and Disposals of Government Operations,*” and GASB Statement No. 70, “*Accounting and Financial Reporting for Nonexchange Financial Guarantees*”.

Statement No. 69 establishes accounting and financial reporting standards for mergers, acquisitions, and transfers of operations (i.e., government combinations). This statement also provides guidance on how to determine the gain or loss on a disposal of government operations.

Statement No. 70 establishes accounting and financial reporting standards for situations where a state or local government , as guarantor, agrees to indemnify a third-party obligation holder under specific conditions.

The implementation of these GASB Statements had no impact on beginning of year fund balance/net position.

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CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 6 - 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.

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).

CITY OF PERRYSBURG, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's policy is to place deposits with major local banks. All deposits, except for deposits held by fiscal and escrow agents or trustees, are collateralized with eligible securities. 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. Collateral permitted by Chapter 135 of the ORC is limited to obligations of the United States and its agencies, bonds of any state, and bonds and other obligations of any country, municipal corporation or other legally constituted authority of the State of Ohio, or any instrumentality of such county, municipal corporation or other authority. Such collateral, as permitted by Chapter 135 of the ORC is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at a Federal Reserve Bank in the name of the City.

At year end the carrying amount of the City's deposits was \$6,181,496 and the bank balance was \$8,377,300. The Federal Deposit Insurance Corporation (FDIC) covered \$645,361 of the bank balance and \$7,731,939 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	\$7,731,939
Total Balance	\$7,731,939

B. Investments

The City's investments at December 31, 2014 are summarized below:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment</u>	
			<u>less than 1</u>	<u>Maturities (in Years) 1-3</u>
Negotiable CD's	\$6,021,281	N/A	\$6,021,281	\$0
FNMA	3,061,451	AAA ¹ / Aaa ²	502,903	2,558,548
FHLMC	250,088	AAA ¹ / Aaa ²	0	250,088
FHLB	527,263	AAA ¹ / Aaa ²	0	527,263
Freddie MAC	1,306,630	AAA ¹ / Aaa ²	0	1,306,630
U.S. Treasury Notes	8,985,203	N/A	7,219,050	1,766,153
Total Investments	\$20,151,916		\$13,743,234	\$6,408,682

¹ Standard & Poor's

² Moody's Investor Service

CITY OF PERRYSBURG, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments (Continued)

Interest Rate Risk – The City’s investment policy limits security purchases to those that mature within five years of settlement date with an average weighted maturity not to exceed two years.

Credit Risk – The City’s investments in FNMA, FHLMC, FHLB and Freddie MAC securities were rated AAA and Aaa by Standard & Poor’s and Moody’s Investor Services.

Custodial Credit Risk – The City’s investments in Negotiable CD’s, FNMA, FHLMC, FHLB, Freddie MAC and U.S. Treasury Notes securities in the amounts of \$6,021,281, \$3,061,451, \$250,088, \$527,263, \$1,306,630 and \$8,985,203, respectively, are uninsured and unregistered with securities held by the counterparty's trust department or agent in the City's name.

Concentration of Credit Risk – The City places no limit on the amount the City may invest in one issuer.

C. Reconciliation of Cash, Cash Equivalents and Investments

A reconciliation between classifications of cash and investments on the financial statements and classifications per items A and B of this note are as follows:

	Cash and Cash Equivalents *	Investments
Per Financial Statements	\$13,400,546	\$12,932,866
US Treasury Investment	(7,219,050)	7,219,050
Per Footnote Section A	<u>\$6,181,496</u>	<u>\$20,151,916</u>

* Includes Cash with Fiscal Agent of \$759,178.

NOTE 7 - 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 2014 were levied after October 1, 2013 on assessed values as of January 1, 2013, 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 2011 and the last equalization adjustment was completed in 2008. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder payable by June 20.

CITY OF PERRYSBURG, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 7 - TAXES (Continued)

A. Property Taxes (Continued)

Public utility real 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.

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, 2014 was \$5.65 per \$1,000 of assessed value. The assessed value upon which the 2014 receipts were based was \$582,868,530. This amount constitutes \$578,876,830 in real property assessed value and \$3,991,700 in public utility 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 .565% (5.65 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 8 - RECEIVABLES

Receivables at December 31, 2014 consisted of taxes, loans, special assessments, accounts receivable and intergovernmental receivables.

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2014:

Transfers Out:	Transfers In:				Total
	General Fund	Capital Improvements Fund	Other Governmental Funds	Sewer Fund	
General Fund	\$0	\$5,040,000	\$580,000	\$1,067,285	\$6,687,285
Other Governmental Funds	240,277	0	0	0	240,277
	\$240,277	\$5,040,000	\$580,000	\$1,067,285	\$6,927,562

CITY OF PERRYSBURG, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 9 – TRANSFERS (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in general capital assets at December 31, 2014:

Historical Cost:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
<i>Capital assets not being depreciated:</i>				
Land	\$10,449,238	\$0	\$0	\$10,449,238
Construction in Progress	3,872,618	1,491,594	0	5,364,212
Subtotal	14,321,856	1,491,594	0	15,813,450
<i>Capital assets being depreciated:</i>				
Buildings	18,313,791	0	0	18,313,791
Improvements Other than Buildings	7,278,687	0	(16,791)	7,261,896
Machinery and Equipment	13,079,243	936,416	(74,315)	13,941,344
Infrastructure	62,894,706	5,166,903	(49,950)	68,011,659
Subtotal	101,566,427	6,103,319	(141,056)	107,528,690
Total Cost	<u>\$115,888,283</u>	<u>\$7,594,913</u>	<u>(\$141,056)</u>	<u>\$123,342,140</u>

Accumulated Depreciation:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
Buildings	(\$5,571,827)	(\$363,026)	\$0	(\$5,934,853)
Improvements Other than Buildings	(1,502,689)	(133,336)	7,556	(1,628,469)
Machinery and Equipment	(8,224,313)	(806,677)	73,533	(8,957,457)
Infrastructure	(14,407,773)	(1,287,638)	45,407	(15,650,004)
Total Depreciation	<u>(\$29,706,602)</u>	<u>(\$2,590,677) *</u>	<u>\$126,496</u>	<u>(\$32,170,783)</u>
<i>Net Value:</i>	<u>\$86,181,681</u>			<u>\$91,171,357</u>

CITY OF PERRYSBURG, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 10 - CAPITAL ASSETS (Continued)

A. Governmental Activities Capital Assets (Continued)

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$494,300
Leisure Time Activities	114,370
Community Development	15,886
Basic Utility Services	122,064
Transportation	1,479,462
General Government	<u>364,595</u>
Total Depreciation Expense	<u><u>\$2,590,677</u></u>

B. Business-Type Activities Capital Assets

Summary by category at December 31, 2014:

Historical Cost:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
<i>Capital assets not being depreciated:</i>				
Land	\$273,383	\$0	\$0	\$273,383
Construction in Progress	14,174,731	12,458,287	0	26,633,018
Subtotal	14,448,114	12,458,287	0	26,906,401
<i>Capital assets being depreciated:</i>				
Buildings	11,808,483	0	0	11,808,483
Improvements Other than Buildings	55,527,753	529,723	0	56,057,476
Machinery and Equipment	13,375,471	79,624	(25,334)	13,429,761
Subtotal	80,711,707	609,347	(25,334)	81,295,720
Total Cost	<u>\$95,159,821</u>	<u>\$13,067,634</u>	<u>(\$25,334)</u>	<u>\$108,202,121</u>

Accumulated Depreciation:

Class	December 31, 2013	Additions	Deletions	December 31, 2014
Buildings	(\$4,477,651)	(\$185,157)	\$0	(\$4,662,808)
Improvements Other than Buildings	(17,314,643)	(999,271)	0	(18,313,914)
Machinery and Equipment	(8,944,374)	(419,742)	25,334	(9,338,782)
Total Depreciation	<u>(\$30,736,668)</u>	<u>(\$1,604,170)</u>	<u>\$25,334</u>	<u>(\$32,315,504)</u>
Net Value:	<u>\$64,423,153</u>			<u>\$75,886,617</u>

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

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 ("OPERS")

The following information was provided by OPERS 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 OPERS: 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 plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution 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.

OPERS 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, including postemployment health care 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 OPERS. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2014, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2014 employer contribution rate for local government employer units was 14.00% of covered payroll, which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional and Combined Plans was 12.0% for calendar year 2014. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City's contributions for pension obligations to OPERS for the years ending December 31, 2014, 2013, and 2012 were \$889,738, \$871,354 and \$866,896, respectively, which were equal to the required contributions for each year.

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

All City full-time police officers and full-time firefighters participate in OP&F, a cost-sharing multiple-employer defined benefit pension plan. OP&F 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 ORC. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164, by calling (614) 228-2975, or by visiting www.op-f.org.

From January 1, 2014 through July 1, 2014, plan members were required to contribute 10.75% of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members were required to contribute 11.5% of their annual covered salary. Throughout 2014, employers were required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2014, 19.0% of annual covered salary for police and 23.5% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City’s contributions for pension obligations to the OP&F Fund for the years ending December 31, 2014, 2013, and 2012 were \$441,289, \$441,865 and \$444,026 for police officers and \$481,698, \$470,976 and \$451,048 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System (“OPERS”)

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying member of both the Traditional Pension and the Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. OPERS’ eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)

A. Ohio Public Employees Retirement System (“OPERS”) (Continued)

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 2.0% for calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to healthcare remains at 2% for both plans, as recommended by the OPERS actuary. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2014, 2013, and 2012 were \$127,105, \$62,240 and \$247,685, respectively, which were equal to the required contributions for each year.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

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

Plan Description – The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)

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

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC.

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F’s website at www.op-f.org.

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2014, the portion of employer contributions allocated to health care was 0.5% of covered payroll for both police officers and firefighters. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2014, 2013, and 2012 were \$11,315, \$85,427 and \$153,701 for police and \$10,035, \$73,982 and \$126,857 for firefighters, respectively, which were equal to the required contributions for each year.

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 13 - 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, up to 720 hours, 25% of their sick leave accrued after September 14, 1976, up to 1,000 hours and 50% of their sick leave thereafter, 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, 2014, the City's accumulated, unpaid compensated absences amounted to \$1,374,114, of which \$1,258,869 is recorded as a liability of the Governmental Activities and \$115,245 is recorded as a liability of the Business-Type Activities.

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CITY OF PERRYSBURG, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2014***

NOTE 14 - 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, 2013	Issued	(Retired)	Balance December 31, 2014
Capital Projects Funds:				
1.00% Library Building	\$500,000	\$0	(\$500,000)	\$0
Enterprise Funds:				
1.00% Elevated Water Tower	3,870,000	0	(3,870,000)	0
1.00% Elevated Water Tower	0	3,655,000	0	3,655,000
Total Enterprise Funds	3,870,000	3,655,000	(3,870,000)	3,655,000
Total Notes Payable	\$4,370,000	\$3,655,000	(\$4,370,000)	\$3,655,000

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CITY OF PERRYSBURG, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 15 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2014 was as follows:

	Balance December 31, 2013	Additions	(Reductions)	Balance December 31, 2014	Due Within One Year
Governmental Activities:					
Compensated Absences	\$1,260,874	\$1,258,869	(\$1,260,874)	\$1,258,869	\$422,206
Total Governmental Activities Long-Term Debt	<u>\$1,260,874</u>	<u>\$1,258,869</u>	<u>(\$1,260,874)</u>	<u>\$1,258,869</u>	<u>\$422,206</u>
	Balance December 31, 2013	Additions	(Reductions)	Balance December 31, 2014	Due Within One Year
Business-Type Activities:					
Ohio Water Development Authority (O.W.D.A.) Loans:					
7.51% Waste Water Treatment Plant 1990	\$2,177,172	\$0	(\$827,053)	\$1,350,119	\$889,165
7.77% Sewer Separation 1991	218,968	0	(83,041)	135,927	89,493
3.37% Waste Water Treatment Plant 2014	0	7,325,519	0	7,325,519	0
Total O.W.D.A. Loans	<u>2,396,140</u>	<u>7,325,519</u>	<u>(910,094)</u>	<u>8,811,565</u>	<u>978,658</u>
General Obligation Bonds:					
3.98% Various Purpose Sewer 2010	11,545,000	0	(555,000)	10,990,000	565,000
Compensated Absences	\$132,512	\$115,245	(\$132,512)	\$115,245	\$52,212
Total Business-Type Long-Term Debt	<u>\$14,073,652</u>	<u>\$7,440,764</u>	<u>(\$1,597,606)</u>	<u>\$19,916,810</u>	<u>\$1,595,870</u>

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2014 follows:

Years	OWDA Loans		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2015	\$978,658	\$111,956	\$565,000	\$426,802
2016	507,388	37,915	580,000	411,266
2017	0	0	600,000	393,866
2018	0	0	620,000	374,366
2019	0	0	640,000	352,666
2020-2024	0	0	3,595,000	1,366,730
2025-2029	0	0	4,390,000	576,138
Totals	<u>\$1,486,046</u>	<u>\$149,871</u>	<u>\$10,990,000</u>	<u>\$3,901,834</u>

The City has been approved for various Ohio Water Development Authority (OWDA) loans. Because not all of these projects are complete and the final value of all of the loans are indeterminate, only the amortization of closed loans are presented above.

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2014

NOTE 16 - 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 Ogden Benefits Administration – Hudson 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 \$1,790,028. The claims liability of \$134,455 reported in the Self Insurance Fund at December 31, 2014 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 2013 and 2014 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>
2013	\$138,931	\$1,751,841	(\$1,811,626)	\$79,146
2014	79,146	2,013,091	(1,957,782)	134,455

CITY OF PERRYSBURG, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2014**

NOTE 17 - CONSTRUCTION COMMITMENTS

As of December 31, 2014 the City had the following commitments with respect to various construction projects:

Project	Remaining Construction Commitment	Expected Date of Completion
Fire Station # 2 Plans	\$159,210	2015
Elevated Water Tanks	13,933	2015
Hydro Pillars	871,570	2015
Various Road Projects	3,711,202	2015
Fire Hydrant Repair	6,050	2015
Other Equipment	48,756	2015
WWTP Phase 3	4,776,805	2015
Ditch Cleaning	3,880	2015
Sewer Cleaning	311,241	2015
Maintenance Police and Fire Equipment	14,173	2015
Floor Cleaning	1,445	2015
Mobile Communication Tower	43,700	2015
Planting of Trees	11,357	2015
Carpet Installation Administration Office	4,440	2015
Firefighting Gear	9,395	2015
Total	<u>\$9,987,157</u>	

NOTE 18 - 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 19 - 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

REQUIRED SUPPLEMENTAL INFORMATION

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, 2014**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 1,120,000	\$ 1,000,000	\$ 979,467	\$ (20,533)
Municipal Income Tax	14,650,000	16,400,000	16,319,536	(80,464)
Intergovernmental Revenue	603,475	807,575	746,184	(61,391)
Charges for Services	883,600	935,700	883,759	(51,941)
Licenses and Permits	193,000	258,000	212,485	(45,515)
Investment Earnings	150,000	80,000	48,862	(31,138)
Special Assessments	180,000	180,000	188,976	8,976
Fines and Forfeitures	790,450	797,450	770,942	(26,508)
All Other Revenues	134,750	280,550	324,387	43,837
Total Revenues	18,705,275	20,739,275	20,474,598	(264,677)
Expenditures:				
Current:				
Security of Persons and Property	8,531,956	8,521,956	8,012,318	509,638
Public Health and Welfare Services	39,000	39,000	29,095	9,905
Leisure Time Activities	1,537,372	1,567,372	1,455,274	112,098
Community Development	427,118	427,118	405,918	21,200
Transportation	1,762,038	1,767,038	1,715,540	51,498
General Government	5,267,404	5,255,268	4,651,113	604,155
Total Expenditures	17,564,888	17,577,752	16,269,258	1,308,494
Excess of Revenues Over Expenditures	1,140,387	3,161,523	4,205,340	1,043,817
Other Financing Sources (Uses):				
Transfers In	14,011,643	15,856,540	15,836,545	(19,995)
Transfers Out	(18,201,643)	(23,108,825)	(22,283,553)	825,272
Advances In	50,000	0	0	0
Total Other Financing Sources (Uses):	(4,140,000)	(7,252,285)	(6,447,008)	805,277
Net Change In Fund Balance	(2,999,613)	(4,090,762)	(2,241,668)	1,849,094
Fund Balance at Beginning of Year	8,706,518	8,706,518	8,706,518	0
Prior Year Encumbrances	225,217	225,217	225,217	0
Fund Balance at End of Year	\$ 5,932,122	\$ 4,840,973	\$ 6,690,067	\$ 1,849,094

See accompanying notes to the required supplemental information

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CITY OF PERRYSBURG, OHIO

Notes to the Required Supplemental Information For the Year Ended December 31, 2014

NOTE 1 – 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 certificate of estimated resources and the appropriation ordinance, both 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.

A. 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 2014.

B. 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 2014, 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.

CITY OF PERRYSBURG, OHIO

Notes to the Required Supplemental Information For the Year Ended December 31, 2014

NOTE 1 – BUDGETARY PROCESS (Continued)

C. 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.

D. 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.

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CITY OF PERRYSBURG, OHIO

**Notes to the Required Supplemental Information
For the Year Ended December 31, 2014**

NOTE 1 – BUDGETARY PROCESS (Continued)

E. 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)	(\$1,369,627)
Increase (Decrease):	
Accrued Revenues at December 31, 2014 received during 2015	(2,787,587)
Accrued Revenues at December 31, 2013 received during 2014	2,145,725
Accrued Expenditures at December 31, 2014 paid during 2015	811,888
Accrued Expenditures at December 31, 2013 paid during 2014	(792,092)
2013 Prepays for 2014	128,378
2014 Prepays for 2015	(124,446)
2013 Mark to Market	(110,069)
2014 Mark to Market	98,368
2013 Off the Books Account	42,775
2014 Off the Books Account	(48,960)
Outstanding Encumbrances	(236,021)
Budget Basis	(\$2,241,668)

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Dave Yost • Auditor of State

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

City of Perrysburg
Wood County
201 West Indiana Avenue
Perrysburg, Ohio 43551

To the Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the 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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 17, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

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

One Government Center, Suite 1420, Toledo, Ohio 43604-2246
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484

www.ohioauditor.gov

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

September 17, 2015

**CITY OF PERRYSBURG
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Material weakness to obtain a SOC 1, Type 2 report from third party administrator for the City's health insurance.	Yes	
2013-002	Material weakness due to various weaknesses found in Fixed asset area pertaining to policy, tag numbering and asset classification.	Yes	

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Dave Yost • Auditor of State

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
OCTOBER 1, 2015**