

***CITY OF PERRYSBURG, OHIO***

---

**BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2016**

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





# Dave Yost • Auditor of State

Honorable Mayor and Members of City Council  
City of Perrysburg  
201 West Indiana Avenue  
Perrysburg, Ohio 43551

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

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

September 20, 2017

***CITY OF PERRYSBURG, OHIO***

---

This Page Intentionally Left Blank

**CITY OF PERRYSBURG, OHIO**

---

**TABLE OF CONTENTS**

**I FINANCIAL SECTION**

<b>A</b>	Independent Auditor’s Report.....	1
<b>B</b>	Management’s Discussion and Analysis .....	3
<b>C</b>	Basic Financial Statements:	
	Government-wide Financial Statements:	
	Statement of Net Position .....	16
	Statement of Activities .....	18
	Fund Financial Statements:	
	<i>Governmental Funds:</i>	
	Balance Sheet .....	20
	Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	21
	Statement of Revenues, Expenditures and Changes in Fund Balances .....	22
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	23
	<i>Proprietary Funds:</i>	
	Statement of Net Position .....	24
	Statement of Revenues, Expenses and Changes in Fund Net Position.....	28
	Statement of Cash Flows .....	30
	<i>Fiduciary Funds:</i>	
	Statement of Fiduciary Assets and Liabilities .....	34
	Notes to the Basic Financial Statements.....	35
<b>D</b>	Required Supplemental Information:	
	Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):	
	General Fund .....	76
	Notes to the Required Supplemental Information .....	77
	Schedule of the City’s Proportionate Share of the Net Pension Liability.....	80
	Schedule of City Contributions .....	81
<b>E</b>	Independent Auditor’s Report:	
	Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards .....	84

This Page Intentionally Left Blank

**INDEPENDENT AUDITORS' REPORT**

June 28, 2017

Honorable Mayor and  
Members of the City Council  
City of Perrysburg, Ohio

**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, Ohio* (the "City") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Independent Auditors' Responsibility***

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

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

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

### *Opinions*

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

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, required budgetary comparison schedule and the schedules of net pension liabilities and pension contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2017, on our consideration of the City of Perrysburg, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Rehmann Johnson LLC*

# CITY OF PERRYSBURG, OHIO

---

## *Management's Discussion and Analysis For the Year Ended December 31, 2016*

*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, 2016. 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 2016 are as follows:**

- ❑ In total, net position increased \$7,026,665. Net position of governmental activities increased \$965,411, which represents a slight increase from 2015. Net position of business-type activities increased \$6.0 million or 8.5% from 2015.
- ❑ General revenues accounted for \$21.8 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 \$42,579,874.
- ❑ The City had \$25.9 million in expenses related to governmental activities; only \$5.3 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$21.8 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$23 million in revenues including \$674,321 in transfers in from other funds. The general fund had \$21.7 million in expenditures including \$4,737,945 in transfers out to other funds. The general fund's fund balance increased \$1,365,100 to \$9,393,056.
- ❑ Net position for enterprise funds increased by \$6,070,350. Approximately, \$3,500,000 is tied to an increase in ending cash balances. Included in this number, however, are approximately \$2,500,000 in encumbrances related to ongoing sewer separation projects. The remaining difference can be attributed to the addition of new capital assets, as well as contributed capital from development. The City continuously monitors its water and sewer rates, generally leading to rate increases each year. There was also a change in the cycle in which water and sewer bills are collected. The increase recognized in this year will be reversed next year. 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.

# CITY OF PERRYSBURG, OHIO

---

*Management's Discussion and Analysis  
For the Year Ended December 31, 2016*

*Unaudited*

---

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.

## **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, 2016**

**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 net position between 2016 and 2015:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$24,437,335	\$24,510,816	\$22,811,382	\$19,148,246	\$47,248,717	\$43,659,062
Capital assets, Net	96,360,592	93,803,296	81,680,135	81,403,662	178,040,727	175,206,958
Total assets	<u>120,797,927</u>	<u>118,314,112</u>	<u>104,491,517</u>	<u>100,551,908</u>	<u>225,289,444</u>	<u>218,866,020</u>
Deferred outflows of resources	<u>5,666,278</u>	<u>2,259,468</u>	<u>1,477,363</u>	<u>243,216</u>	<u>7,143,641</u>	<u>2,502,684</u>
Net pension liability	20,220,376	15,669,215	1,745,683	1,239,072	21,966,059	16,908,287
Other long-term liabilities	1,334,782	1,322,551	23,415,313	24,361,989	24,750,095	25,684,540
Other liabilities	1,439,503	969,095	3,306,175	3,766,219	4,745,678	4,735,314
Total liabilities	<u>22,994,661</u>	<u>17,960,861</u>	<u>28,467,171</u>	<u>29,367,280</u>	<u>51,461,832</u>	<u>47,328,141</u>
Deferred inflows of resources	<u>3,420,730</u>	<u>3,529,346</u>	<u>33,730</u>	<u>21,089</u>	<u>3,454,460</u>	<u>3,550,435</u>
Net position:						
Net investment in capital assets	96,360,592	93,803,296	55,652,406	53,729,995	152,012,998	147,533,291
Restricted	5,269,981	4,794,249	0	0	5,269,981	4,794,249
Unrestricted (Deficit)	(1,581,759)	485,828	21,815,573	17,676,760	20,233,814	18,162,588
Total net position	<u>\$100,048,814</u>	<u>\$99,083,373</u>	<u>\$77,467,979</u>	<u>\$71,406,755</u>	<u>\$177,516,793</u>	<u>\$170,490,128</u>

During 2015, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions— an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

---

***Management's Discussion and Analysis  
For the Year Ended December 31, 2016***

***Unaudited***

---

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

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

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

---

***Management's Discussion and Analysis  
For the Year Ended December 31, 2016***

***Unaudited***

---

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

In accordance with GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

At fiscal year-end for governmental activities, capital assets represented 80% of total assets. Capital assets include land, land improvements, buildings and improvements, machinery and equipment, and vehicles. Net investment in capital assets, at December 31, 2016 was \$96,360,592. These capital assets are used to provide services to the public and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$5,269,981, represents resources that are subject to external restriction on how they may be used. Excluding the effect of implementing GASB 68, the City has approximately \$13 million in unrestricted net position which may be used to meet the City's ongoing obligations to the public and creditors.

## CITY OF PERRYSBURG, OHIO

**Management's Discussion and Analysis  
For the Year Ended December 31, 2016**

**Unaudited**

Changes in Net position – The following table shows the changes in net position for the fiscal year 2016 and 2015:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues:						
Charges for Services and Sales	\$2,341,734	\$2,090,717	\$15,192,117	\$12,712,917	\$17,533,851	\$14,803,634
Operating Grants and Contributions	1,450,251	1,879,821	0	0	1,450,251	1,879,821
Capital Grants and Contributions	1,526,288	3,358,048	225,236	462,128	1,751,524	3,820,176
Total Program Revenues	<u>5,318,273</u>	<u>7,328,586</u>	<u>15,417,353</u>	<u>13,175,045</u>	<u>20,735,626</u>	<u>20,503,631</u>
General revenues:						
Property Taxes	3,362,668	3,248,312	0	0	3,362,668	3,248,312
Income Taxes	18,062,470	17,339,447	0	0	18,062,470	17,339,447
Intergovernmental Revenues, Unrestricted	196,176	1,577,264	0	0	196,176	1,577,264
Investment Earnings	151,542	58,169	0	0	151,542	58,169
Miscellaneous	71,392	303,361	0	0	71,392	303,361
Total General Revenues	<u>21,844,248</u>	<u>22,526,553</u>	<u>0</u>	<u>0</u>	<u>21,844,248</u>	<u>22,526,553</u>
Total Revenues	<u>27,162,521</u>	<u>29,855,139</u>	<u>15,417,353</u>	<u>13,175,045</u>	<u>42,579,874</u>	<u>43,030,184</u>
Program Expenses:						
Security of Persons and Property	10,816,312	9,413,070	0	0	10,816,312	9,413,070
Public Health and Welfare Services	33,023	28,230	0	0	33,023	28,230
Leisure Time Activities	1,764,721	1,537,802	0	0	1,764,721	1,537,802
Community Development	887,484	731,912	0	0	887,484	731,912
Basic Utility Service	1,144,184	1,102,520	0	0	1,144,184	1,102,520
Transportation	5,355,162	5,405,578	0	0	5,355,162	5,405,578
General Government	5,888,249	5,221,902	0	0	5,888,249	5,221,902
Sewer	0	0	4,405,854	4,196,970	4,405,854	4,196,970
Water	0	0	5,258,220	3,711,794	5,258,220	3,711,794
Total Expenses	<u>25,889,135</u>	<u>23,441,014</u>	<u>9,664,074</u>	<u>7,908,764</u>	<u>35,553,209</u>	<u>31,349,778</u>
Change in Net Position before Transfers	1,273,386	6,414,125	5,753,279	5,266,281	7,026,665	11,680,406
Transfers	(307,945)	(679,311)	307,945	679,311	0	0
Total Change in Net Position	965,441	5,734,814	6,061,224	5,945,592	7,026,665	11,680,406
Beginning Net Position, Restated	99,083,373	93,348,559	71,406,755	65,461,163	170,490,128	158,809,722
Ending Net Position	<u>\$100,048,814</u>	<u>\$99,083,373</u>	<u>\$77,467,979</u>	<u>\$71,406,755</u>	<u>\$177,516,793</u>	<u>\$170,490,128</u>

## CITY OF PERRYSBURG, OHIO

*Management's Discussion and Analysis  
For the Year Ended December 31, 2016*

*Unaudited*

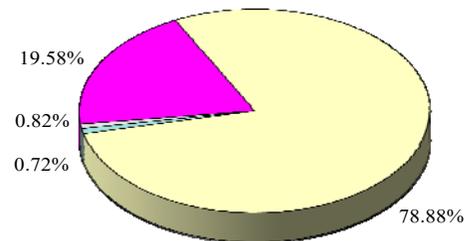
### *Governmental Activities*

Net position of the City's governmental activities increased by \$965,441, which represents a slight increase compared to 2015. Capital grants decreased from 2015 to 2016. This reduction was mitigated by an increase in income tax collections. Increases in program expenses were offset by a reduction transfers out. The largest increase in expenses took place in security of persons and property. Much of this was related to increases in salary and pension expense for the police and fire.

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 12.4% and 66.5% respectively of revenues for governmental activities for the City in fiscal year 2016. The City's reliance upon tax revenues is demonstrated by the following graph indicating 78.88% of total revenues from general tax revenues:

Revenue Sources	2016	Percent of Total
Intergovernmental Revenues, Unrestricted	\$196,176	0.72%
Program Revenues	5,318,273	19.58%
General Tax Revenues	21,425,138	78.88%
General Other	222,934	0.82%
Total Revenue	<u>\$27,162,521</u>	<u>100.00%</u>



## **CITY OF PERRYSBURG, OHIO**

---

**Management's Discussion and Analysis  
For the Year Ended December 31, 2016**

**Unaudited**

---

### **Business-Type Activities**

Net position of the business-type activities increased by \$6,061,224. This increase can be attributed to an increased cash balance during 2016. Cash balances increased in the business-type funds by approximately \$3,500,000. This is due, at least in part, but the fact that 2016 was a very dry year, leading to increased water usage. Since sewer costs are tied to water usage, those numbers increased accordingly. Several major infrastructure projects continued during 2016, including water and sewer line rehabilitations and replacements. The Cherry Street Sewer Separation project continues in both the form of increased asset valuation and cash in reserve for future projects.

### **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City's governmental funds reported a combined fund balance of \$18,177,233, which is an increase from last year's balance of \$16,459,108. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2016 and 2015:

	Fund Balance <u>December 31, 2016</u>	Fund Balance <u>December 31, 2015</u>	Increase <u>(Decrease)</u>
General	\$9,393,056	\$8,027,956	\$1,365,100
Capital Improvements	2,668,670	2,571,748	96,922
Other Governmental	6,115,507	5,859,404	256,103
Total	<u>\$18,177,233</u>	<u>\$16,459,108</u>	<u>\$1,718,125</u>

## CITY OF PERRYSBURG, OHIO

**Management's Discussion and Analysis  
For the Year Ended December 31, 2016**

**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:

	2016 Revenues	2015 Revenues	Increase (Decrease)
Taxes	\$19,109,173	\$18,249,882	\$859,291
Intergovernmental Revenue	681,739	507,107	174,632
Charges for Services	946,651	951,009	(4,358)
Fines, Licenses and Permits	1,222,555	1,001,292	221,263
Investment Earnings	141,715	58,185	83,530
Special Assessments	183,528	171,585	11,943
All Other Revenue	130,808	149,892	(19,084)
Total	\$22,416,169	\$21,088,952	\$1,327,217

General Fund revenues in 2016 increase 6.3% compared to revenues in fiscal year 2015. There were several factors affecting this total. The largest increase was reflected in tax revenue, which is simply a reflection of the economic growth the City is currently experiencing. The next largest increase was in Fines, Licenses, and Permits, which is mostly attributable to a significant increase in Zoning Permits and Inspection Fees collected from developers.

	2016 Expenditures	2015 Expenditures	Increase (Decrease)
Security of Persons and Property	\$8,188,393	\$7,916,525	\$271,868
Public Health and Welfare Services	33,023	28,230	4,793
Leisure Time Activities	1,541,242	1,456,974	84,268
Community Development	487,445	507,197	(19,752)
Transportation	1,727,627	1,958,649	(231,022)
General Government	5,009,715	4,633,434	376,281
Total	\$16,987,445	\$16,501,009	\$486,436

General Fund expenditures increased by \$486,436 or 2.9% from the prior year. The City's income tax collections continued a pattern of steady growth in 2016, and the General Fund expenditures reflect this growth. With an increased population, comes increased revenues, but also, requires increased expenditures to provide needed services. It is important to note that 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. The change in General Government expenditures is related to various factors in multiple departments.

## **CITY OF PERRYSBURG, OHIO**

---

***Management's Discussion and Analysis  
For the Year Ended December 31, 2016***

***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 2016 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$23.0 million increased from the original budget estimates of \$20.7 million as a result of income tax revenues exceeding budgetary expectations by \$1.5 million over the preliminary estimate. Property Taxes, Intergovernmental revenues, and Charges for Services, were also increased from their original estimates. The City continues with a conservative approach to budgeting. The City has taken a very cautious approach to the creation of new positions, and other on-going expenses.

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### ***Capital Assets***

At the end of fiscal 2015 the City had \$178,040,727 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$96,360,592 was related to governmental activities and \$81,680,135 to the business-type activities. The following table shows fiscal year 2016 and 2015 balances:

	Governmental Activities		Increase (Decrease)
	2016	2015	
Land	\$10,449,238	\$10,449,238	\$0
Construction in Progress	9,609,755	6,935,537	2,674,218
Buildings	18,348,482	18,398,197	(49,715)
Improvements Other Than Buildings	7,894,628	7,927,972	(33,344)
Machinery and Equipment	13,604,985	14,298,911	(693,926)
Infrastructure	73,249,366	70,706,697	2,542,669
Less: Accumulated Depreciation	(36,795,862)	(34,913,256)	(1,882,606)
Totals	<u>\$96,360,592</u>	<u>\$93,803,296</u>	<u>\$2,557,296</u>

## CITY OF PERRYSBURG, OHIO

**Management's Discussion and Analysis  
For the Year Ended December 31, 2016**

**Unaudited**

	Business-Type Activities		Increase (Decrease)
	2016	2015	
Land	\$273,383	\$273,383	\$0
Construction in Progress	31,701,621	30,442,932	1,258,689
Buildings	12,760,825	12,786,571	(25,746)
Improvements Other Than Buildings	58,724,733	57,919,938	804,795
Machinery and Equipment	13,317,003	13,888,807	(571,804)
Less: Accumulated Depreciation	(35,097,430)	(33,907,969)	(1,189,461)
Totals	\$81,680,135	\$81,403,662	\$276,473

The primary increase in the business-type capital assets occurred in Construction in Progress as a result of the on-going sewer separation projects. Much of the increase in Governmental Activities type capital assets is related to donated infrastructure to the City from subdivisions, as well as roadway projects undertaken in 2016, and the on-going Riverside Park Project. 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, 2016 and 2015:

	2016	2015
Governmental Activities:		
Compensated Absences	\$1,334,782	\$1,322,551
Net Pension Liability	20,220,376	15,669,215
Total Governmental Activities	21,555,158	16,991,766
Business-Type Activities:		
General Obligation Notes	2,725,000	3,440,000
OWDA Loans Payable	13,609,083	13,808,667
General Obligation Bonds	9,693,646	10,425,000
Compensated Absences	112,584	128,322
Net Pension Liability	1,745,683	1,239,072
Total Business-Type Activities	27,885,996	29,041,061
Totals	\$49,441,154	\$46,032,827

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, 2016, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Notes 14 and 15.

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

---

***Management's Discussion and Analysis  
For the Year Ended December 31, 2016***

***Unaudited***

---

### **ECONOMIC FACTORS**

The City of Perrysburg continues to be a vibrant, growing community. Business and industry have established offices and plants in the City due in part, to its proximity to major east/west and north/south highways as well as major rail and airport access. The City has also partnered well with the private sector, as evidenced by relocation of the Owens-Illinois World headquarters and the 2005 opening of the Levis Commons Towne Center, 400 acre, open air lifestyle shopping center. This trend continues into 2015/2016 with the opening of the Costco market and the Mercy Health Partners Emergency Care and Cancer Treatment Centers. Mercy Health Partners has announced plans to construct a 115,000 square foot medical treatment facility in 2018.

The City uses many economic development tools to encourage economic growth. The City currently has a JEDZ with the City of Toledo, a TIF within the area of the Owens-Illinois /Levis Towne Center, and multiple Community Reinvestment Areas (CRA) Enterprise Zones. (EZ) These tools have been used judiciously to encourage specific industries which provide the types of employment that mesh with the existing development in the City. As a means of fostering business growth without sacrificing school district revenues through tax abatement, the City initiated in 2005, a Job Creation and Retention Grant program. The Program rebates 1/3 of annual withholdings for a period of 5 years. Businesses must meet certain job creation and payroll criteria to be eligible for the program.

Some of the largest employers in the City of Perrysburg include: Owens Illinois, Owens Brockway, First Solar, Master Chemical Corp., Pro-Medica Physicians Group, Fiat-Chrysler, and Perrysburg Schools.

The City of Perrysburg has taken a conservative approach to budgeting for the many years. Income tax collections have shown a trend of steady growth for the past 20+ years. Income tax collections increased by approximately 7.3% over 2015. 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 60% 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 2016. 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 has recently completed several large projects its water and sewer facilities to provide required services for this growth. Given all of these factors, the City of Perrysburg is well-positioned for the future.

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

---

***Management's Discussion and Analysis  
For the Year Ended December 31, 2016***

***Unaudited***

---

### **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.

**CITY OF PERRYSBURG, OHIO**

**Statement of Net Position**  
**December 31, 2016**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 7,020,956	\$ 14,825,264	\$ 21,846,220
Investments	9,351,679	4,094,951	13,446,630
Receivables:			
Taxes	5,615,911	0	5,615,911
Accounts	108,350	3,216,511	3,324,861
Intergovernmental	1,061,244	0	1,061,244
Interest	38,431	0	38,431
Special Assessments	245,877	310,974	556,851
Loans	133,402	0	133,402
Internal Balances	(44,842)	44,842	0
Inventory of Supplies at Cost	63,347	287,623	350,970
Prepaid Items	141,795	31,217	173,012
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	701,185	0	701,185
Capital Assets:			
Capital Assets Not Being Depreciated	20,058,993	31,975,004	52,033,997
Capital Assets Being Depreciated, Net	76,301,599	49,705,131	126,006,730
<b>Total Assets</b>	<b>120,797,927</b>	<b>104,491,517</b>	<b>225,289,444</b>
<b>Deferred Outflows of Resources:</b>			
Deferred Loss on Debt Refunding	0	809,727	809,727
Pension	5,666,278	667,636	6,333,914
<b>Total Deferred Outflows of Resources</b>	<b>5,666,278</b>	<b>1,477,363</b>	<b>7,143,641</b>
<b>Liabilities:</b>			
Accounts Payable	864,422	424,179	1,288,601
Accrued Wages and Benefits	570,081	65,921	636,002
Intergovernmental Payable	0	68,032	68,032
Retainage Payable	5,000	0	5,000
Accrued Interest Payable	0	23,043	23,043
General Obligation Notes Payable	0	2,725,000	2,725,000
Long-Term Liabilities:			
Due Within One Year	468,498	1,354,954	1,823,452
Due in More Than One Year	866,284	22,060,359	22,926,643
Net Pension Liability	20,220,376	1,745,683	21,966,059
<b>Total Liabilities</b>	<b>22,994,661</b>	<b>28,467,171</b>	<b>51,461,832</b>
<b>Deferred Inflows of Resources:</b>			
Property Tax Levy for Next Fiscal Year	3,260,516	0	3,260,516
Pension	160,214	33,730	193,944
<b>Total Deferred Inflows of Resources</b>	<b>3,420,730</b>	<b>33,730</b>	<b>3,454,460</b>

**CITY OF PERRYSBURG, OHIO**

---

---

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	96,360,592	55,652,406	152,012,998
Restricted For:			
Street Construction, Maintenance and Repair	1,435,452	0	1,435,452
State Highway Improvement	506,244	0	506,244
Police Pension	584,300	0	584,300
Garbage and Refuse	52,127	0	52,127
Public Transportation	140,079	0	140,079
Other Purposes	2,551,779	0	2,551,779
Unrestricted (Deficit)	<u>(1,581,759)</u>	<u>21,815,573</u>	<u>20,233,814</u>
<b>Total Net Position</b>	<u>\$ 100,048,814</u>	<u>\$ 77,467,979</u>	<u>\$ 177,516,793</u>

See accompanying notes to the basic financial statements

**CITY OF PERRYSBURG, OHIO**

**Statement of Activities**  
**For the Year Ended December 31, 2016**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Current:				
Security of Persons and Property	\$ 10,816,312	\$ 477,871	\$ 15,873	\$ 100,683
Public Health and Welfare Services	33,023	0	0	0
Leisure Time Activities	1,764,721	269,750	0	0
Community Development	887,484	609,693	0	50,714
Basic Utility Services	1,144,184	5,949	20,623	0
Transportation	5,355,162	14,969	1,413,755	1,374,891
General Government	5,888,249	963,502	0	0
<b>Total Governmental Activities</b>	<b>25,889,135</b>	<b>2,341,734</b>	<b>1,450,251</b>	<b>1,526,288</b>
<b>Business-Type Activities:</b>				
Sewer	4,405,854	8,883,105	0	165,365
Water	5,258,220	6,309,012	0	59,871
<b>Total Business-Type Activities</b>	<b>9,664,074</b>	<b>15,192,117</b>	<b>0</b>	<b>225,236</b>
<b>Totals</b>	<b>\$ 35,553,209</b>	<b>\$ 17,533,851</b>	<b>\$ 1,450,251</b>	<b>\$ 1,751,524</b>

**General Revenues**

Property Taxes

Municipal Income Taxes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net 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
\$(10,221,885)	\$ 0	\$(10,221,885)
(33,023)	0	(33,023)
(1,494,971)	0	(1,494,971)
(227,077)	0	(227,077)
(1,117,612)	0	(1,117,612)
(2,551,547)	0	(2,551,547)
(4,924,747)	0	(4,924,747)
<u>(20,570,862)</u>	<u>0</u>	<u>(20,570,862)</u>
0	4,642,616	4,642,616
0	1,110,663	1,110,663
<u>0</u>	<u>5,753,279</u>	<u>5,753,279</u>
<u>(20,570,862)</u>	<u>5,753,279</u>	<u>(14,817,583)</u>
3,362,668	0	3,362,668
18,062,470	0	18,062,470
196,176	0	196,176
151,542	0	151,542
71,392	0	71,392
(307,945)	307,945	0
<u>21,536,303</u>	<u>307,945</u>	<u>21,844,248</u>
965,441	6,061,224	7,026,665
99,083,373	71,406,755	170,490,128
<u>\$100,048,814</u>	<u>\$ 77,467,979</u>	<u>\$177,516,793</u>

**CITY OF PERRYSBURG, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2016**

	General	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 2,406,919	\$ 717,964	\$ 3,787,619	\$ 6,912,502
Investments	5,383,451	2,170,838	1,470,496	9,024,785
Receivables:				
Taxes	3,288,896	0	2,327,015	5,615,911
Accounts	106,588	0	1,762	108,350
Intergovernmental	311,180	0	750,064	1,061,244
Interest	38,431	0	0	38,431
Special Assessments	192,809	0	53,068	245,877
Loans	0	0	133,402	133,402
Inventory of Supplies, at Cost	0	0	63,347	63,347
Prepaid Items	109,938	0	31,857	141,795
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	5,000	0	696,185	701,185
<b>Total Assets</b>	<b>\$ 11,843,212</b>	<b>\$ 2,888,802</b>	<b>\$ 9,314,815</b>	<b>\$ 24,046,829</b>
<b>Liabilities:</b>				
Accounts Payable	342,810	220,132	301,480	864,422
Accrued Wages and Benefits Payable	449,120	0	16,652	465,772
Retainage Payable	5,000	0	0	5,000
<b>Total Liabilities</b>	<b>796,930</b>	<b>220,132</b>	<b>318,132</b>	<b>1,335,194</b>
<b>Deferred Inflows of Resources:</b>				
Unavailable Amounts	672,642	0	601,244	1,273,886
Property Tax for Next Fiscal Year	980,584	0	2,279,932	3,260,516
<b>Total Deferred Inflows of Resources</b>	<b>1,653,226</b>	<b>0</b>	<b>2,881,176</b>	<b>4,534,402</b>
<b>Fund Balances:</b>				
Nonspendable	109,938	0	95,204	205,142
Restricted	0	0	4,691,835	4,691,835
Committed	0	2,668,670	1,097,005	3,765,675
Assigned	3,024,265	0	231,463	3,255,728
Unassigned	6,258,853	0	0	6,258,853
<b>Total Fund Balances</b>	<b>9,393,056</b>	<b>2,668,670</b>	<b>6,115,507</b>	<b>18,177,233</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 11,843,212</b>	<b>\$ 2,888,802</b>	<b>\$ 9,314,815</b>	<b>\$ 24,046,829</b>

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, 2016***

---

**Total Governmental Fund Balances** \$ 18,177,233

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

Capital Assets used in governmental activities are not  
resources and therefore are not reported in the funds. 96,360,592

Other long-term assets are not available to pay for current-  
period expenditures and therefore are deferred in the funds.

Income Taxes	197,594	
Property Taxes	70,377	
Interest	38,431	
Intergovernmental	721,607	
Special Assessments	<u>245,877</u>	1,273,886

The net pension liability is not due and payable in the current period;  
therefore, the liability and related deferred inflows/outflows are not  
reported in governmental funds:

Deferred Outflows - Pension	5,666,278	
Deferred Inflows - Pension	(160,214)	
Net Pension Liability	<u>(20,220,376)</u>	(14,714,312)

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. 286,197

Long-term liabilities, including bonds payable, are not due  
and payable in the current period and therefore are not  
reported in the funds.

Compensated Absences Payable	<u>(1,334,782)</u>	
------------------------------	--------------------	--

***Net Position of Governmental Activities*** **\$ 100,048,814**

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, 2016**

	General	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property Taxes	\$ 1,024,968	\$ 0	\$ 2,312,826	\$ 3,337,794
Municipal Income Tax	18,084,205	0	0	18,084,205
Intergovernmental Revenues	681,739	35,913	2,115,555	2,833,207
Charges for Services	946,651	0	34,329	980,980
Licenses and Permits	509,114	0	56,323	565,437
Investment Earnings	141,715	0	8,286	150,001
Special Assessments	183,528	0	51,204	234,732
Fines and Forfeitures	713,441	0	175,180	888,621
All Other Revenue	130,808	386,858	192,649	710,315
<b>Total Revenue</b>	<b>22,416,169</b>	<b>422,771</b>	<b>4,946,352</b>	<b>27,785,292</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	8,188,393	0	1,056,222	9,244,615
Public Health and Welfare Services	33,023	0	0	33,023
Leisure Time Activities	1,541,242	0	0	1,541,242
Community Development	487,445	0	367,892	855,337
Basic Utility Services	0	0	991,424	991,424
Transportation	1,727,627	0	1,774,995	3,502,622
General Government	5,009,715	0	361,546	5,371,261
Capital Outlay	0	3,275,849	938,867	4,214,716
<b>Total Expenditures</b>	<b>16,987,445</b>	<b>3,275,849</b>	<b>5,490,946</b>	<b>25,754,240</b>
Excess (Deficiency) of Revenues Over Expenditures	5,428,724	(2,853,078)	(544,594)	2,031,052
<b>Other Financing Sources (Uses):</b>				
Transfers In	674,321	2,950,000	1,568,920	5,193,241
Transfers Out	(4,737,945)	0	(763,241)	(5,501,186)
<b>Total Other Financing Sources (Uses)</b>	<b>(4,063,624)</b>	<b>2,950,000</b>	<b>805,679</b>	<b>(307,945)</b>
Net Change in Fund Balances	1,365,100	96,922	261,085	1,723,107
<b>Fund Balances at Beginning of Year</b>	<b>8,027,956</b>	<b>2,571,748</b>	<b>5,859,404</b>	<b>16,459,108</b>
Decrease in Inventory Reserve	0	0	(4,982)	(4,982)
<b>Fund Balances End of Year</b>	<b>\$ 9,393,056</b>	<b>\$ 2,668,670</b>	<b>\$ 6,115,507</b>	<b>\$ 18,177,233</b>

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, 2016**

**Net Change in Fund Balances - Total Governmental Funds** \$ 1,723,107

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

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

Capital Outlay	4,407,769	
Depreciation	(3,016,109)	1,391,660

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received. (209,255)

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 1,374,891

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

Income Taxes	(21,735)	
Property Taxes	24,874	
Interest	1,541	
Intergovernmental	(2,000,198)	
Special Assessments	(2,144)	(1,997,662)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. 1,553,548

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (2,779,724)

Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Decrease in Supplies Inventory	(4,982)	
Increase in Compensated Absences Payable	(12,231)	(17,213)

The internal service funds are used by management to charge the costs of services to individual funds and 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. (73,911)

***Change in Net Position of Governmental Activities*** \$ 965,441

See accompanying notes to the basic financial statements

**CITY OF PERRYSBURG, OHIO**

**Statement of Net Position  
Proprietary Funds  
December 31, 2016**

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Nonmajor Enterprise
<b>Assets:</b>			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 13,414,104	\$ 1,354,330	\$ 56,830
Investments	0	4,094,951	0
Receivables:			
Accounts	1,632,573	1,583,938	0
Special Assessments	300,050	10,924	0
Inventory of Supplies at Cost	2,068	285,555	0
Prepaid Items	16,510	14,707	0
<i>Total Current Assets</i>	15,365,305	7,344,405	56,830
<i>Non Current Assets:</i>			
Capital Assets:			
Capital Assets Not Being Depreciated	27,187,544	4,787,460	0
Capital Assets Being Depreciated, Net	37,745,015	11,960,116	0
<b>Total Assets</b>	80,297,864	24,091,981	56,830
<b>Deferred Outflows of Resources:</b>			
Deferred Loss on Debt Refunding	809,727	0	0
Pension	447,056	220,580	0
<b>Total Deferred Outflows of Resources</b>	1,256,783	220,580	0
<b>Liabilities:</b>			
<i>Current Liabilities:</i>			
Accounts Payable	300,378	123,801	0
Accrued Wages and Benefits	31,114	34,807	0
Intergovernmental Payable	0	0	68,032
Accrued Interest Payable	18,350	4,693	0
General Obligation Notes Payable	0	2,725,000	0
Compensated Absences Payable - Current	49,050	16,975	0
General Obligation Bonds - Current	777,604	0	0
OWDA Loans - Current	511,325	0	0
<i>Total Current Liabilities</i>	1,687,821	2,905,276	68,032

**CITY OF PERRYSBURG, OHIO**

---

---

<u>Total</u>	<u>Internal Service Funds</u>
\$ 14,825,264	\$ 108,454
4,094,951	326,894
3,216,511	0
310,974	0
287,623	0
31,217	0
<u>22,766,540</u>	<u>435,348</u>
31,975,004	0
49,705,131	0
<u>104,446,675</u>	<u>435,348</u>
809,727	0
667,636	0
<u>1,477,363</u>	<u>0</u>
424,179	0
65,921	104,309
68,032	0
23,043	0
2,725,000	0
66,025	0
777,604	0
511,325	0
<u>4,661,129</u>	<u>104,309</u>

(Continued)

**CITY OF PERRYSBURG, OHIO**

---

**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2016**

---

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Nonmajor Enterprise
<i>Long Term Liabilities:</i>			
Compensated Absences Payable	36,894	9,665	0
General Obligation Bonds Payable	8,916,042	0	0
OWDA Loans Payable	13,097,758	0	0
Net Pension Liability	1,168,929	576,754	0
<b>Total Liabilities</b>	<b>24,907,444</b>	<b>3,491,695</b>	<b>68,032</b>
<b>Deferred Inflows of Resources:</b>			
Pension	22,586	11,144	0
<b>Net Position:</b>			
Net Investment in Capital Assets	41,629,830	14,022,576	0
Unrestricted	14,994,787	6,787,146	(11,202)
<b>Total Net Position</b>	<b>\$ 56,624,617</b>	<b>\$ 20,809,722</b>	<b>\$ (11,202)</b>

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>
46,559	0
8,916,042	0
13,097,758	0
<u>1,745,683</u>	<u>0</u>
<u>28,467,171</u>	<u>104,309</u>
<u>33,730</u>	<u>0</u>
55,652,406	0
<u>21,770,731</u>	<u>331,039</u>
<u>\$ 77,423,137</u>	<u>\$ 331,039</u>
<u>44,842</u>	
<u>\$ 77,467,979</u>	

**CITY OF PERRYSBURG, OHIO**

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

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Nonmajor Enterprise
<b>Operating Revenues:</b>			
Charges for Services	\$ 8,311,322	\$ 6,309,012	\$ 0
Other Operating Revenue	571,783	0	0
<b>Total Operating Revenues</b>	<b>8,883,105</b>	<b>6,309,012</b>	<b>0</b>
<b>Operating Expenses:</b>			
Personal Services	1,400,463	735,736	0
Contractual Services	754,739	3,825,798	0
Materials and Supplies	223,891	40,762	0
Depreciation	1,028,628	560,899	0
<b>Total Operating Expenses</b>	<b>3,407,721</b>	<b>5,163,195</b>	<b>0</b>
Operating Income (Loss)	5,475,384	1,145,817	0
<b>Nonoperating Revenue (Expenses):</b>			
Investment Earnings	0	0	0
Interest Expense	(727,984)	(30,438)	0
Loss on Disposal of Capital Assets	(263,351)	(62,259)	0
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(991,335)</b>	<b>(92,697)</b>	<b>0</b>
Income (Loss) Before Transfers and Contributions	4,484,049	1,053,120	0
Transfers In	307,945	0	0
Capital Contributions	165,365	59,871	0
<b>Total Transfers and Contributions</b>	<b>473,310</b>	<b>59,871</b>	<b>0</b>
Change in Net Position	4,957,359	1,112,991	0
Net Position Beginning of Year	51,667,258	19,696,731	(11,202)
Net Position End of Year	<b>\$ 56,624,617</b>	<b>\$ 20,809,722</b>	<b>\$ (11,202)</b>

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**

---

Total	Internal Service Funds
\$ 14,620,334	\$ 1,789,525
571,783	0
15,192,117	1,789,525
2,136,199	1,836,981
4,580,537	3,865
264,653	33,150
1,589,527	0
8,570,916	1,873,996
6,621,201	(84,471)
0	1,434
(758,422)	0
(325,610)	0
(1,084,032)	1,434
5,537,169	(83,037)
307,945	0
225,236	0
533,181	0
6,070,350	(83,037)
71,352,787	414,076
77,423,137	\$ 331,039
6,070,350	
(9,126)	
\$ 6,061,224	

**CITY OF PERRYSBURG, OHIO**

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

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Utility Collection
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$8,453,019	\$6,021,035	\$1,156,102
Cash Payments for Goods and Services	(938,551)	(3,793,437)	(1,151,599)
Cash Payments to Employees	(1,426,196)	(649,987)	0
Net Cash Provided by (Used In) Operating Activities	<u>6,088,272</u>	<u>1,577,611</u>	<u>4,503</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers In from Other Funds	307,945	0	0
Net Cash Provided by Noncapital Financing Activities	<u>307,945</u>	<u>0</u>	<u>0</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and Construction of Assets	(844,699)	(392,784)	0
General Obligation Notes Issued	0	2,725,000	0
OWDA Loans Issued	557,129	0	0
General Obligation Bonds Issued	7,850,000	0	0
Premium on General Obligation Bonds Issued	91,250	0	0
Principal Paid on General Obligation Notes	0	(3,440,000)	0
Principal Paid on General Obligation Bonds	(680,000)	0	0
Payments to Refunding Bond Escrow Agent	(8,868,339)	0	0
Principal Paid on Ohio Water Development Authority Loans	(756,713)	0	0
Interest Paid on All Debt	(677,898)	(31,478)	0
Net Cash Used In			
Capital and Related Financing Activities	<u>(3,329,270)</u>	<u>(1,139,262)</u>	<u>0</u>
<b>Cash Flows from Investing Activities:</b>			
Receipts of Interest	0	0	0
Sale of Investments	0	377,358	0
Net Cash Provided by Investing Activities	<u>0</u>	<u>377,358</u>	<u>0</u>
Net Increase in Cash and Cash Equivalents	3,066,947	815,707	4,503
Cash and Cash Equivalents at Beginning of Year	<u>10,347,157</u>	<u>538,623</u>	<u>52,327</u>
Cash and Cash Equivalents at End of Year	<u><u>\$13,414,104</u></u>	<u><u>\$1,354,330</u></u>	<u><u>\$56,830</u></u>

**CITY OF PERRYSBURG, OHIO**

---

	Governmental Activities	
Totals	Internal Service Funds	
\$15,630,156	\$1,789,525	
(5,883,587)	(26,804)	
(2,076,183)	(1,800,029)	
7,670,386	(37,308)	
307,945	0	
307,945	0	
(1,237,483)	0	
2,725,000	0	
557,129	0	
7,850,000	0	
91,250	0	
(3,440,000)	0	
(680,000)	0	
(8,868,339)	0	
(756,713)	0	
(709,376)	0	
(4,468,532)	0	
0	1,434	
377,358	92,105	
377,358	93,539	
3,887,157	56,231	
10,938,107	52,223	
\$14,825,264	\$108,454	

(Continued)

**CITY OF PERRYSBURG, OHIO**

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

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Utility Collection
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities:</b>			
Operating Income (Loss)	\$5,475,384	\$1,145,817	\$0
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:			
Depreciation Expense	1,028,628	560,899	0
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(303,079)	(296,471)	0
Decrease (Increase) in Special Assessments Receivable	(127,007)	1,580	0
Decrease (Increase) in Inventory	1,625	(31,897)	0
Decrease in Prepaid Items	1,380	9,608	0
Increase in Deferred Outflows of Resources	(268,103)	(156,317)	0
Increase in Accounts Payable	36,832	102,383	0
Increase in Intergovernmental Payables	0	0	4,503
Increase (Decrease) in Accrued Wages and Benefits	(17,987)	(906)	0
Increase in Net Pension Liability	266,270	240,341	0
Increase in Deferred Inflows of Resources	7,068	5,573	0
Decrease in Compensated Absences	(12,739)	(2,999)	0
Total Adjustments	612,888	431,794	4,503
Net Cash Provided by (Used In) Operating Activities	\$6,088,272	\$1,577,611	\$4,503

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

As of December 31, 2016, the Sewer and Water Funds had outstanding liabilities of \$168,799 and \$4,202, respectively, for the purchase of certain capital assets.

During 2016, the Sewer and Water Funds received \$191,669 and \$615,365, respectively of capital contributions from other sources.

See accompanying notes to the basic financial statements

**CITY OF PERRYSBURG, OHIO**

---

---

---

<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$6,621,201	(\$84,471)
1,589,527	0
(599,550)	0
(125,427)	0
(30,272)	0
10,988	0
(424,420)	0
139,215	0
4,503	0
(18,893)	47,163
506,611	0
12,641	0
(15,738)	0
<u>1,049,185</u>	<u>47,163</u>
<u>\$7,670,386</u>	<u>(\$37,308)</u>

**CITY OF PERRYSBURG, OHIO**

---

***Statement of Assets and Liabilities  
Fiduciary Funds  
December 31, 2016***

---

	<u>Agency</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 190,498
Receivables:	
Taxes	171,886
Intergovernmental	14,983
Special Assessments	425,100
Payments in Lieu of Taxes	<u>1,367,131</u>
<b>Total Assets</b>	<u><u>\$ 2,169,598</u></u>
<b>Liabilities:</b>	
Intergovernmental Payable	\$ 1,988,323
Due to Others	<u>181,275</u>
<b>Total Liabilities</b>	<u><u>\$ 2,169,598</u></u>

See accompanying notes to the basic financial statements

# **CITY OF PERRYSBURG, OHIO**

---

## ***Notes to the Basic Financial Statements For the Year Ended December 31, 2016***

---

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

The City of Perrysburg, Ohio (the "City") was incorporated in 1816 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, 2016 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 GAAP 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, 2016*

---

#### **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. Governmental funds are reported using the flow of current financial resources measurement focus. 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).

Other governmental funds of the City are used to account for (a) financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed or assigned to expenditures for principal and interest.

###### *Proprietary Funds*

All proprietary funds are reported using the flow of "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.

The other enterprise fund of the City is used to account for utility collections.

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

---

### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2016***

---

#### **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 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 seven 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 seven 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 Unclaimed Monies Fund which accounts for unclaimed monies, 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, 2016***

---

#### **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, 2016***

---

#### **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.

Revenues resulting from exchange transactions in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place.

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, 2016, but which are not intended to finance 2016 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflow of resources as further described in Note 6.

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, 2016***

---

#### **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. For the City, deferred outflows of resources have been reported for the following items related to the City's net pension liability/asset: (1) net difference between projected and actual investment earnings on pension plan investments, (2) the City's contributions to the pension systems subsequent to the measurement date and (3) differences between the City's contributions and the City's proportionate share of contributions. The City's deferred outflows of resources related to pension are further discussed in Note 11. The City also reports deferred outflows related to the deferred loss on debt refunding.

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.

The City also reports deferred inflows of resources for the differences between expected and actual experience related to the City's net pension liability/asset. This deferred inflows of resources are only reported on the government-wide statement of net position and in the proprietary funds financial statements. The deferred inflows of resources related to pension are further discussed in Note 11.

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

---

### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2016***

---

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

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

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

For purposes of the 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 5, "Cash, Cash Equivalents and Investments."

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

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

##### **I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2016, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

# CITY OF PERRYSBURG, OHIO

## Notes to the Basic Financial Statements For the Year Ended December 31, 2016

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

#### **J. 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.

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.

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

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 proprietary funds.

##### 3. Depreciation

All capital assets are depreciated, excluding land and construction in progress. 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 and Equipment	5 - 15

**CITY OF PERRYSBURG, OHIO**

---

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016***

---

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

**K. 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

**L. 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, 2016***

---

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

##### **M. 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 or 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.

##### **N. 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, 2016***

---

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

##### **N. 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.

##### **O. Pensions**

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

##### **P. 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.

##### **Q. Estimates**

The preparation of financial statements in conformity with GAAP 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.

##### **R. 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, 2016***

---

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

##### **S. 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.

##### **T. Contributions of Capital**

Contributions of capital in proprietary fund financial statements and for governmental activities arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction. Capital contributions are reported as revenue in the proprietary fund financial statements and on the statement of activities.

##### **U. Fair Value**

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

---

### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2016***

---

#### **NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2016, the City has implemented GASB Statement No. 72, “Fair Value Measurement and Application”, GASB Statement No. 73 “Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68”, GASB Statement No. 76, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”, GASB Statement No. 77 “Tax Abatement Disclosures” and GASB Statement No. 79, “Certain External Investment Pools and Pool Participants”.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the City.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the City.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the City.

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. These changes were incorporated in the City's 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the City.

## CITY OF PERRYSBURG, OHIO

### *Notes to the Basic Financial Statements For the Year Ended December 31, 2016*

#### NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

**Fund Deficits** - The accumulated deficits at December 31, 2016 of \$11,202 in the Utility Collection Fund (enterprise fund), arose 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.

#### 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	\$63,347	\$63,347
Prepaid Items	109,938	0	31,857	141,795
Total Nonspendable	<u>109,938</u>	<u>0</u>	<u>95,204</u>	<u>205,142</u>
Restricted:				
Hotel/Motel Tax	0	0	61,185	61,185
Street Construction and Maintenance	0	0	1,131,270	1,131,270
State Highway Improvements	0	0	481,581	481,581
Police Pension	0	0	517,696	517,696
Garbage and Refuse	0	0	54,207	54,207
Motor Vehicle License Tax	0	0	490,673	490,673
ASR Radio	0	0	8,478	8,478
Street Trees	0	0	190,455	190,455
Public Transportation	0	0	105,550	105,550
Municipal Court Computer	0	0	311,396	311,396
Municipal Court Probation Services	0	0	43,248	43,248
CDBG Revolving Loan	0	0	829,587	829,587
Defendants Trust	0	0	36,749	36,749
DUI Indigent Drivers Alcohol Treatment	0	0	254,670	254,670
Indigent Drivers	0	0	175,090	175,090
Total Restricted	<u>0</u>	<u>0</u>	<u>4,691,835</u>	<u>4,691,835</u>
Committed:				
Capital Improvements	0	2,668,670	0	2,668,670
Parkland Acquisition and Development	0	0	1,097,005	1,097,005
Total Committed	<u>0</u>	<u>2,668,670</u>	<u>1,097,005</u>	<u>3,765,675</u>
Assigned				
Encumbrances for Purchase Orders	183,249	0	0	183,249
Budget Resource	2,841,016	0	0	2,841,016
Debt Service	0	0	231,463	231,463
Total Assigned	<u>3,024,265</u>	<u>0</u>	<u>231,463</u>	<u>3,255,728</u>
Unassigned	6,258,853	0	0	6,258,853
Total Fund Balances	<u>\$9,393,056</u>	<u>\$2,668,670</u>	<u>\$6,115,507</u>	<u>\$18,177,233</u>

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

---

### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2016***

---

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

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

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

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

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

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, 2016**

**NOTE 5 - 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 \$8,321,793 and the bank balance was \$9,345,582. The Federal Deposit Insurance Corporation (FDIC) covered \$5,798,824 of the bank balance and \$3,546,758 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	<u>\$3,546,758</u>
Total Balance	<u><u>\$3,546,758</u></u>

**B. Investments**

The City's investments at December 31, 2016 are summarized below:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Fair Value Hierarchy</u>	<u>Investment</u>	
				<u>less than 1</u>	<u>Maturities (in Years) 1-3</u>
Negotiable CD's	\$7,266,153	N/A	Level 1	\$5,750,791	\$1,515,362
FNMA	1,754,154	AA+ <sup>1</sup> / Aaa <sup>2</sup>	Level 2	750,194	1,003,960
FHLB	258,945	AA+ <sup>1</sup> / Aaa <sup>2</sup>	Level 2	258,945	0
Freddie MAC	1,006,876	AA+ <sup>1</sup> / Aaa <sup>2</sup>	Level 2	507,711	499,165
U.S. Treasury Notes	17,576,612	N/A	Level 1	15,819,024	1,757,588
Total Investments	<u><u>\$27,862,740</u></u>			<u><u>\$23,086,665</u></u>	<u><u>\$4,776,075</u></u>

<sup>1</sup> Standard & Poor's

<sup>2</sup> Moody's Investor Service

## **CITY OF PERRYSBURG, OHIO**

---

### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2016***

---

#### **NOTE 5 - 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, 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, FHLB, Freddie MAC and U.S. Treasury Notes securities in the amounts of \$7,266,153, \$1,754,154, \$258,945, \$1,006,876 and \$17,576,612, 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	\$22,737,903	\$13,446,630
US Treasury Investment	<u>(14,416,110)</u>	<u>14,416,110</u>
Per Footnote Section A	<u>\$8,321,793</u>	<u>\$27,862,740</u>

\* Includes Cash with Fiscal Agent of \$701,185.

#### **NOTE 6 - TAXES**

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

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2016 were levied after October 1, 2015 on assessed values as of January 1, 2015, 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 2015. 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, 2016***

---

#### **NOTE 6 - 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, 2016 was \$5.65 per \$1,000 of assessed value. The assessed value upon which the 2016 receipts were based was \$602,600,990. This amount constitutes \$597,004,310 in real property assessed value and \$5,596,680 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.

**CITY OF PERRYSBURG, OHIO**

---

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016***

---

**NOTE 7 – TAX ABATEMENT DISCLOSURES**

**Real Estate Tax Abatements**

As of December 31, 2016, the City of Perrysburg provides tax incentives under three programs: Tax Increment Financing (TIF), Jobs Grant, and Community Reinvestment Area (CRA).

***Real Estate Tax Abatement***

Pursuant to Ohio Revised Code Chapter 5709, the City established a Community Reinvestment Area. The City authorizes incentives through passage of public ordinances, based upon each businesses investment criteria and through a contractual application process with each business. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient’s property tax bill. The establishment of the Community Reinvestment Area gave the City the ability to maintain and expand business located within the City and created new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate and includes major housing improvements in specified areas.

The City has offered the CRA abatements to encourage economic stability, maintain property values, and generate new employment opportunities and population growth.

Below is the information relevant to the disclosure of those programs for the year ending December 31, 2016.

Property Tax Abatement	Total Amount of Taxes Abated (Incentives Abated For the Year 2016 In Actual Dollars)
<i>OI Levis Park STS (2007 - 2021) (CRA)</i>	
- Gross Dollar amount of taxes abated during 2016	\$291,346
<i>Lorton Rentals LLC (2009 - 2018) (CRA)</i>	
- Gross Dollar amount of taxes abated during 2016	32,708
<i>AK Investors and Tarpstop (2008 - 2017) (CRA)</i>	
- Gross Dollar amount of taxes abated during 2016	15,287
<i>All Others (CRA)</i>	
- Gross Dollar amount of taxes abated during 2016	41,494
<i>Levis Commons (TIF)</i>	
- Gross Dollar amount of taxes abated during 2016	1,340,143
<i>Owens Brockway (Jobs Grant)</i>	
- Gross Dollar amount of taxes abated during 2016	150,000
<i>Bunda, Stutz and Dewitt (Jobs Grant)</i>	
- Gross Dollar amount of taxes abated during 2016	3,348
Total	\$1,874,326

**CITY OF PERRYSBURG, OHIO**

---

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016***

---

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 2016 consisted of taxes, loans, special assessments, interest receivable, accounts receivable and intergovernmental receivables.

**NOTE 9 - TRANSFERS**

Following is a summary of transfers in and out for all funds for 2016:

	Transfers In:				Total
	General Fund	Capital Improvements Fund	Other Governmental Funds	Sewer Fund	
Transfers Out:					
General Fund	\$0	\$2,950,000	\$1,480,000	\$307,945	\$4,737,945
Other Governmental Funds	674,321	0	88,920	0	763,241
	<u>\$674,321</u>	<u>\$2,950,000</u>	<u>\$1,568,920</u>	<u>\$307,945</u>	<u>\$5,501,186</u>

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.

**CITY OF PERRYSBURG, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016**

**NOTE 10 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets for the year ended December 31, 2016 was as follows:

*Historical Cost:*

Class	December 31, 2015	Additions	Deletions	December 31, 2016
<i>Capital assets not being depreciated:</i>				
Land	\$10,449,238	\$0	\$0	\$10,449,238
Construction in Progress	6,935,537	2,674,218	0	9,609,755
Subtotal	<u>17,384,775</u>	<u>2,674,218</u>	<u>0</u>	<u>20,058,993</u>
<i>Capital assets being depreciated:</i>				
Buildings	18,398,197	0	(49,715)	18,348,482
Improvements Other than Buildings	7,927,972	0	(33,344)	7,894,628
Machinery and Equipment	14,298,911	523,087	(1,217,013)	13,604,985
Infrastructure	70,706,697	2,585,355	(42,686)	73,249,366
Subtotal	<u>111,331,777</u>	<u>3,108,442</u>	<u>(1,342,758)</u>	<u>113,097,461</u>
Total Cost	<u>\$128,716,552</u>	<u>\$5,782,660</u>	<u>(\$1,342,758)</u>	<u>\$133,156,454</u>

*Accumulated Depreciation:*

Class	December 31, 2015	Additions	Deletions	December 31, 2016
Buildings	(\$6,297,530)	(\$361,739)	\$31,835	(\$6,627,434)
Improvements Other than Buildings	(1,768,206)	(146,279)	14,885	(1,899,600)
Machinery and Equipment	(9,689,766)	(821,380)	1,051,097	(9,460,049)
Infrastructure	(17,157,754)	(1,686,711)	35,686	(18,808,779)
Total Depreciation	<u>(\$34,913,256)</u>	<u>(\$3,016,109) *</u>	<u>\$1,133,503</u>	<u>(\$36,795,862)</u>
<i>Net Value:</i>	<u>\$93,803,296</u>			<u>\$96,360,592</u>

**CITY OF PERRYSBURG, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016**

**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	\$499,227
Leisure Time Activities	112,178
Community Development	13,104
Basic Utility Services	121,958
Transportation	1,903,916
General Government	365,726
Total Depreciation Expense	\$3,016,109

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

Summary by category of changes in business- type activities capital assets for the year ended December 31, 2016 was as follows:

*Historical Cost:*

Class	December 31, 2015	Additions	Deletions	December 31, 2016
<i>Capital assets not being depreciated:</i>				
Land	\$273,383	\$0	\$0	\$273,383
Construction in Progress	30,442,932	1,838,010	(579,321)	31,701,621
Subtotal	30,716,315	1,838,010	(579,321)	31,975,004
<i>Capital assets being depreciated:</i>				
Buildings	12,786,571	0	(25,746)	12,760,825
Improvements Other than Buildings	57,919,938	807,034	(2,239)	58,724,733
Machinery and Equipment	13,888,807	125,887	(697,691)	13,317,003
Subtotal	84,595,316	932,921	(725,676)	84,802,561
Total Cost	\$115,311,631	\$2,770,931	(\$1,304,997)	\$116,777,565

*Accumulated Depreciation:*

Class	December 31, 2015	Additions	Deletions	December 31, 2016
Buildings	(\$4,847,966)	(\$184,836)	\$8,613	(\$5,024,189)
Improvements Other than Buildings	(19,275,703)	(955,618)	425	(20,230,896)
Machinery and Equipment	(9,784,300)	(449,073)	391,028	(9,842,345)
Total Depreciation	(\$33,907,969)	(\$1,589,527)	\$400,066	(\$35,097,430)
<i>Net Value:</i>	\$81,403,662			\$81,680,135

## **CITY OF PERRYSBURG, OHIO**

---

### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2016***

---

#### **NOTE 11 – DEFINED BENEFIT PENSION PLANS**

##### ***Net Pension Liability***

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

##### ***Plan Description – Ohio Public Employees Retirement System (OPERS)***

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

## CITY OF PERRYSBURG, OHIO

### *Notes to the Basic Financial Statements For the Year Ended December 31, 2016*

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

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

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

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

## **CITY OF PERRYSBURG, OHIO**

---

### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2016***

---

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

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	<u>State and Local</u>
<b>2016 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
<b>2016 Actual Contribution Rates</b>	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	<u>2.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$708,914 for 2016.

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

---

### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2016***

---

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

##### ***Plan Description – Ohio Police & Fire Pension Fund (OPF)***

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

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

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

**CITY OF PERRYSBURG, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016**

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

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

	<u>Police</u>	<u>Firefighters</u>
<b>2016 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2016 through December 31, 2016	12.25 %	12.25 %
<b>2016 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2016 through December 31, 2016	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was \$899,881 for 2016. Of this amount, \$79,291 is reported as an accrued wages and benefits.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

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

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportionate Share of Net Pension Liability	\$8,009,242	\$13,956,817	\$21,966,059
Proportionate Share of Net Pension Liability - 2016	0.046239%	0.216954%	
Proportionate Share of Net Pension Liability - 2015	<u>0.046948%</u>	<u>0.217084%</u>	
Percentage Change	<u>-0.000709%</u>	<u>-0.000129%</u>	
Pension Expense	\$1,132,312	\$1,893,758	\$3,026,070

**CITY OF PERRYSBURG, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016**

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

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

	OPERS	OP&F	Total
<b>Deferred Outflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$2,354,217	\$2,271,925	\$4,626,142
Change in Proportionate Share	0	(290)	(290)
City contributions subsequent to the measurement date	708,914	999,148	1,708,062
Total Deferred Outflows of Resources	\$3,063,131	\$3,270,783	\$6,333,914
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$156,256	\$39,190	\$195,446
Change in Proportionate Share	(1,502)	0	(1,502)
Total Deferred Inflows of Resources	\$154,754	\$39,190	\$193,944

\$1,708,062 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2017	\$514,890	\$590,633	\$1,105,523
2018	552,534	590,633	1,143,167
2019	599,280	590,633	1,189,913
2020	532,759	469,534	1,002,293
2021	0	(7,551)	(7,551)
2022	0	(1,437)	(1,437)
Total	\$2,199,463	\$2,232,445	\$4,431,908

**Actuarial Assumptions - OPERS**

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

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

---

### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2016***

---

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

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

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

**CITY OF PERRYSBURG, OHIO**

---

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016**

---

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

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

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

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

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

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$12,760,681	\$8,009,242	\$4,001,556

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

---

### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2016***

---

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

##### ***Actuarial Assumptions – OPF***

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

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

Valuation Date	January 1, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

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

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2015 are summarized below:

## CITY OF PERRYSBURG, OHIO

### *Notes to the Basic Financial Statements For the Year Ended December 31, 2016*

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	16.00	4.47
Non-US Equity	16.00	4.47
Core Fixed Income *	20.00	1.62
Global Inflation Protected *	20.00	1.33
High Yield	15.00	3.39
Real Estate	12.00	3.93
Private Markets	8.00	6.98
Timber	5.00	4.92
Master Limited Partnerships	8.00	7.03
Total	<u>120.00 %</u>	

\* levered 2x

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

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

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

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$18,407,174	\$13,956,817	\$10,186,929

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

---

### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2016***

---

#### **NOTE 12 – POST-EMPLOYMENT 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.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 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. Please see the Plan Statement in the OPERS 2015 CAFR for details.

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/financial/reports.shtml#CAFR>, 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 2016, 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.

## **CITY OF PERRYSBURG, OHIO**

---

### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2016***

---

#### **NOTE 12 – POST-EMPLOYMENT BENEFITS (Continued)**

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

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2016. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the RMA for participants in the Member-Directed Plan for 2016 was 4.0%.

The City's contributions for health care to the OPERS for the years ending December 31, 2016, 2015, and 2014 were \$118,152, \$128,221 and \$127,105, respectively, which were equal to the required contributions for each year.

##### **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.

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](http://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.

**CITY OF PERRYSBURG, OHIO**

---

*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016*

---

**NOTE 12 – POST-EMPLOYMENT BENEFITS (Continued)**

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

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 2016, 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 ended December 31, 2016, 2015, and 2014 were \$12,837, \$12,675 and \$11,315 for police and \$10,934, \$9,551 and \$10,035 for firefighters, respectively, which were equal to the required contributions for each year.

This space intentionally left blank.

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

---

### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2016***

---

#### **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, 2016, the City's accumulated, unpaid compensated absences amounted to \$1,447,366, of which \$1,334,782 is recorded as a liability of the Governmental Activities and \$112,584 is recorded as a liability of the Business-Type Activities.

This space intentionally left blank.

**CITY OF PERRYSBURG, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016**

**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. The notes below were issued on October 28, 2016 and mature on October 27, 2017.

	Balance December 31, 2015	Issued	(Retired)	Balance December 31, 2016
Enterprise Funds:				
1.00% Elevated Water Tower	\$3,440,000	\$0	(\$3,440,000)	\$0
1.00% Elevated Water Tower	0	2,725,000	0	2,725,000
Total Notes Payable	<u>\$3,440,000</u>	<u>\$2,725,000</u>	<u>(\$3,440,000)</u>	<u>\$2,725,000</u>

**NOTE 15 - LONG-TERM LIABILITIES**

Long-term liabilities of the City at December 31, 2016 was as follows:

	Balance December 31, 2015	Additions	(Reductions)	Balance December 31, 2016	Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$1,322,551	\$1,334,782	(\$1,322,551)	\$1,334,782	\$468,498
Net Pension Liability	15,669,215	4,666,112	(114,951)	20,220,376	0
Total Governmental Activities Long-Term Liabilities	<u>\$16,991,766</u>	<u>\$6,000,894</u>	<u>(\$1,437,502)</u>	<u>\$21,555,158</u>	<u>\$468,498</u>

**CITY OF PERRYSBURG, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016**

**NOTE 15 - LONG-TERM LIABILITIES (Continued)**

		Balance December 31, 2015	Additions	(Reductions)	Balance December 31, 2016	Due Within One Year
<b>Business-Type Activities:</b>						
Ohio Water Development Authority (O.W.D.A.) Loans:						
7.51% Waste Water Treatment Plant	1990	\$460,954	\$0	(\$460,954)	\$0	\$0
7.77% Sewer Separation	1991	46,434	0	(46,434)	0	0
3.37% Waste Water Treatment Plant	2014	13,301,279	557,129	(249,325)	13,609,083	511,325
Total O.W.D.A. Loans		13,808,667	557,129	(756,713)	13,609,083	511,325
General Obligation Bonds:						
3.98% Various Purpose Sewer	2010	10,425,000	0	(8,565,000)	1,860,000	600,000
2.00% Refunding Various Purpose Sewer	2016	0	7,850,000	(100,000)	7,750,000	170,000
Premium		0	91,250	(7,604)	83,646	7,604
Total General Obligation Bonds		10,425,000	7,941,250	(8,672,604)	9,693,646	777,604
Compensated Absences		\$128,322	\$112,584	(\$128,322)	\$112,584	\$66,025
Net Pension Liability		\$1,239,072	\$525,240	(\$18,629)	\$1,745,683	\$0
Total Business-Type Long-Term Liabilities		\$25,601,061	\$9,136,203	(\$9,576,268)	\$25,160,996	\$1,354,954

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2016 follows:

Years	OWDA Loans		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2017	\$511,325	\$410,905	\$770,000	\$548,866
2018	528,702	395,436	790,000	525,966
2019	546,669	379,442	815,000	500,866
2020	565,247	362,904	845,000	795,850
2021	584,457	345,803	860,000	127,800
2022-2026	3,234,063	1,451,466	4,565,000	374,100
2027-2031	3,822,234	927,871	965,000	19,300
2032-2036	3,816,386	309,053	0	0
Totals	\$13,609,083	\$4,582,880	\$9,610,000	\$2,892,748

**2016 Sewer System General Obligation Refunding Bonds**

The Sewer System General Obligation Bonds are term bonds issued to advance refund \$7,985,000, including a call premium of \$173,951, of general obligation bonds issued in 2009. Refinancing of the bonds resulted in a cash savings of \$2,047,743 (net present value savings of \$1,607,092) or 7.75%. The amount of \$8,868,339 from the 2009 bonds was placed in an escrow fund to defease the 2009 bonds. The refunding bonds are not included in the City's debt since the City has in-substance satisfied its obligations through the advance refunding. The bonds bear an interest rate of 2.00%. These bonds will be retired from the City's Sewer Fund.

**CITY OF PERRYSBURG, OHIO**

---

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2016***

---

**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 NFP Benefit Alliance 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 \$1,753,931. The claims liability of \$104,309 reported in the Self Insurance Fund at December 31, 2016 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 2015 and 2016 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>
2015	\$134,455	\$1,392,396	(\$1,469,705)	\$57,146
2016	57,146	1,836,981	(1,789,818)	104,309

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

---

### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2016***

---

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

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

The City has received several federal and state grants for specific purposes which are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, City management believes such disallowances, if any, will be immaterial.

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

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

*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, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 1,128,000	\$ 1,133,674	\$ 1,024,968	\$ (108,706)
Municipal Income Tax	16,650,000	18,400,000	18,198,421	(201,579)
Intergovernmental Revenue	691,600	767,200	713,200	(54,000)
Charges for Services	914,100	1,054,100	1,003,957	(50,143)
Licenses and Permits	180,000	500,000	509,114	9,114
Investment Earnings	100,000	100,000	103,567	3,567
Special Assessments	180,000	184,000	183,528	(472)
Fines and Forfeitures	708,100	740,100	712,483	(27,617)
All Other Revenues	157,930	169,430	131,198	(38,232)
Total Revenues	<u>20,709,730</u>	<u>23,048,504</u>	<u>22,580,436</u>	<u>(468,068)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	9,086,773	8,979,032	8,338,858	640,174
Public Health and Welfare Services	26,962	26,962	25,962	1,000
Leisure Time Activities	1,607,403	1,613,403	1,536,748	76,655
Community Development	484,118	565,018	512,062	52,956
Transportation	1,800,483	1,819,539	1,729,427	90,112
General Government	6,238,430	5,877,431	5,063,736	813,695
Total Expenditures	<u>19,244,169</u>	<u>18,881,385</u>	<u>17,206,793</u>	<u>1,674,592</u>
Excess of Revenues				
Over Expenditures	1,465,561	4,167,119	5,373,643	1,206,524
<b>Other Financing Sources (Uses):</b>				
Transfers In	350,000	685,000	674,321	(10,679)
Transfers Out	(2,825,000)	(4,737,945)	(4,737,945)	0
Total Other Financing Sources (Uses):	<u>(2,475,000)</u>	<u>(4,052,945)</u>	<u>(4,063,624)</u>	<u>(10,679)</u>
Net Change In Fund Balance	(1,009,439)	114,174	1,310,019	1,195,845
Fund Balance at Beginning of Year	5,532,376	5,532,376	5,532,376	0
Prior Year Encumbrances	524,940	524,940	524,940	0
Fund Balance at End of Year	<u>\$ 5,047,877</u>	<u>\$ 6,171,490</u>	<u>\$ 7,367,335</u>	<u>\$ 1,195,845</u>

See accompanying notes to the basic financial statements

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

---

### ***Notes to the Required Supplemental Information For the Year Ended December 31, 2016***

---

#### **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 2016.

##### 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 2016, 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, 2016***

---

#### **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.

This space intentionally left blank.

**CITY OF PERRYSBURG, OHIO**

---

***Notes to the Required Supplemental Information  
For the Year Ended December 31, 2016***

---

**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:

	<u>Net Change In Fund Balance</u>
	<u>General Fund</u>
GAAP Basis (as reported)	\$1,365,100
Increase (Decrease):	
Accrued Revenues at December 31, 2016 received during 2017	(2,315,937)
Accrued Revenues at December 31, 2015 received during 2016	2,514,003
Accrued Expenditures at December 31, 2016 paid during 2017	791,930
Accrued Expenditures at December 31, 2015 paid during 2016	(629,596)
2015 Prepays for 2016	123,514
2016 Prepays for 2017	(109,938)
2015 Mark to Market	(91,585)
2016 Mark to Market	53,437
2015 Off the Books Account	54,305
2016 Off the Books Account	(49,956)
Outstanding Encumbrances	(395,258)
Budget Basis	<u>\$1,310,019</u>

**CITY OF PERRYSBURG, OHIO**

---

***Schedule of City's Proportionate Share of the Net Pension Liability  
Last Three Years***

---

**Ohio Public Employees Retirement System**

Year	2013	2014	2015
City's proportion of the net pension liability (asset)	0.046948%	0.046948%	0.046239%
City's proportionate share of the net pension liability (asset)	\$5,534,558	\$5,662,454	\$8,009,242
City's covered-employee payroll	\$6,702,723	\$5,878,717	\$6,544,450
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	82.57%	96.32%	122.38%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

**Ohio Police and Fire Pension Fund**

Year	2013	2014	2015
City's proportion of the net pension liability (asset)	0.2170836%	0.2170836%	0.216954%
City's proportionate share of the net pension liability (asset)	\$10,572,652	\$11,245,835	\$13,956,817
City's covered-employee payroll	\$5,344,502	\$4,461,974	\$4,631,832
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	197.82%	252.04%	301.32%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

Information prior to 2013 is not available.

The schedule is reported as of the measurement date of the Net Pension Liability.

**CITY OF PERRYSBURG, OHIO**

---

***Schedule of City Contributions  
Last Four Years***

---

**Ohio Public Employees Retirement System**

Year	2013	2014	2015	2016
Contractually required contribution	\$871,354	\$705,446	\$785,334	\$708,914
Contributions in relation to the contractually required contribution	<u>871,354</u>	<u>705,446</u>	<u>785,334</u>	<u>708,914</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered-employee payroll	\$6,702,723	\$5,878,717	\$6,544,450	\$5,907,617
Contributions as a percentage of covered-employee payroll	13.00%	12.00%	12.00%	12.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

**Ohio Police and Fire Pension Fund**

Year	2013	2014	2015	2016
Contractually required contribution	\$912,841	\$908,458	\$930,535	\$999,148
Contributions in relation to the contractually required contribution	<u>912,841</u>	<u>908,458</u>	<u>930,535</u>	<u>999,148</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered-employee payroll	\$5,344,502	\$4,461,974	\$4,631,832	\$4,973,360
Contributions as a percentage of covered-employee payroll	17.08%	20.36%	20.09%	20.09%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

Information prior to 2013 is not available.

This Page Intentionally Left Blank

*CITY OF PERRYSBURG, OHIO*

---

*INDEPENDENT AUDITOR'S REPORT*

---

*INTERNAL CONTROL*

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

June 28, 2017

Honorable Mayor and  
Members of the City Council  
City of Perrysburg, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *City of Perrysburg, Ohio* (the "City"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 28, 2017.

### Internal Control Over Financial Reporting

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

*Rehmann Lohman LLC*

**This page intentionally left blank.**



# 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 3, 2017**