

*CITY OF PERRYSBURG, OHIO*

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**BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2011**

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





# Dave Yost • Auditor of State

City Council  
City of Perrysburg  
201 W Indiana Avenue  
Perrysburg, Ohio 43551

We have reviewed the *Independent Auditor's Report* of the City of Perrysburg, Wood County, prepared by Gilmore Jasion & Mahler, LTD, for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

June 20, 2013

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**CITY OF PERRYSBURG, OHIO**

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***CITY OF PERRYSBURG, OHIO***

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## GILMORE, JASION & MAHLER, LTD

### INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Perrysburg, Wood County, Ohio, (the "City"), as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Perrysburg, Wood County, as of December 31, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 5, during 2011 the City adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the respective budgetary comparison information for the general fund on pages 3 through 11 and pages 64 through 67 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Perrysburg's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Gilmore, Jason & Mahler, LTD*

April 30, 2013

## **CITY OF PERRYSBURG, OHIO**

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***Management's Discussion and Analysis  
For the Year Ended December 31, 2011***

***Unaudited***

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The discussion and analysis of the City of Perrysburg's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2011. 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 2011 are as follows:**

- In total, net assets increased \$10,633,523. Net assets of governmental activities increased \$9 million, which represents a 10.4% increase from 2010. Net assets of business-type activities increased \$1.9 million or 3.6% from 2010.
- General revenues accounted for \$19.7 million in revenue or 52% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 48% of total revenues of \$38,048,025.
- The City had \$19 million in expenses related to governmental activities; only \$8.1 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$19.7 million were adequate to provide for these programs.
- Among major funds, the general fund had \$19.2 million in revenues and \$14.5 million in expenditures. The general fund's fund balance increased \$208,564 to \$6,235,835.
- Net assets for enterprise funds increased by \$1,872,346. The largest contributing factor to this increase was the dedication of water, sanitary and storm sewer lines in various developments around the City. There were also significant expenditures relating to the ongoing wastewater Treatment Plant improvement project and the Combined Sewer Separation project. The City of Perrysburg continues to experience steady growth, and is committed to keeping pace with the infrastructure needs of the steadily growing community.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

These statements are as follows:

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

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

## **CITY OF PERRYSBURG, OHIO**

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***Management's Discussion and Analysis  
For the Year Ended December 31, 2011***

***Unaudited***

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### **Government-wide Statements**

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

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

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

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

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

### **Fund Financial Statements**

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

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

## CITY OF PERRYSBURG, OHIO

**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2011**

**Unaudited**

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

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

### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net assets between December 31, 2011 and 2010:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$16,640,952	\$16,529,080	\$15,148,204	\$10,292,256	\$31,789,156	\$26,821,336
Capital assets, Net	84,200,138	78,883,769	59,441,818	59,357,018	143,641,956	138,240,787
Total assets	100,841,090	95,412,849	74,590,022	69,649,274	175,431,112	165,062,123
Long-term debt outstanding	1,205,867	1,122,167	16,844,681	18,096,928	18,050,548	19,219,095
Other liabilities	5,928,643	9,377,826	4,707,902	354,706	10,636,545	9,732,532
Total liabilities	7,134,510	10,499,993	21,552,583	18,451,634	28,687,093	28,951,627
Net assets						
Invested in capital assets, net of related debt	82,800,138	73,633,769	38,497,302	41,460,599	121,297,440	115,094,368
Restricted	3,635,357	3,383,546	0	0	3,635,357	3,383,546
Unrestricted	7,271,085	7,895,541	14,540,137	9,737,041	21,811,222	17,632,582
Total net assets	<u>\$93,706,580</u>	<u>\$84,912,856</u>	<u>\$53,037,439</u>	<u>\$51,197,640</u>	<u>\$146,744,019</u>	<u>\$136,110,496</u>

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## CITY OF PERRYSBURG, OHIO

### Management's Discussion and Analysis For the Year Ended December 31, 2011

*Unaudited*

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2011 and 2010:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues:						
Charges for Services and Sales	\$2,037,877	\$1,864,350	\$10,049,647	\$9,607,291	\$12,087,524	\$11,471,641
Operating Grants and Contributions	1,386,502	1,379,622	0	0	1,386,502	1,379,622
Capital Grants and Contributions	4,727,942	2,023,639	135,116	971,196	4,863,058	2,994,835
Total Program Revenues	<u>8,152,321</u>	<u>5,267,611</u>	<u>10,184,763</u>	<u>10,578,487</u>	<u>18,337,084</u>	<u>15,846,098</u>
General revenues:						
Property Taxes	3,092,257	3,124,171	0	0	3,092,257	3,124,171
Income Taxes	14,192,501	13,465,288	0	0	14,192,501	13,465,288
Intergovernmental Revenues, Unrestricted	2,144,085	1,909,481	0	0	2,144,085	1,909,481
Investment Earnings	61,894	93,435	0	400	61,894	93,835
Miscellaneous	220,204	320,369	0	0	220,204	320,369
Total General Revenues	<u>19,710,941</u>	<u>18,912,744</u>	<u>0</u>	<u>400</u>	<u>19,710,941</u>	<u>18,913,144</u>
Total Revenues	<u>27,863,262</u>	<u>24,180,355</u>	<u>10,184,763</u>	<u>10,578,887</u>	<u>38,048,025</u>	<u>34,759,242</u>
Program Expenses						
Security of Persons and Property	8,677,165	7,778,086	0	0	8,677,165	7,778,086
Public Health and Welfare Services	36,327	36,301	0	0	36,327	36,301
Leisure Time Activities	1,434,405	1,338,132	0	0	1,434,405	1,338,132
Community Development	861,943	727,342	0	0	861,943	727,342
Basic Utility Service	1,159,624	1,279,541	0	0	1,159,624	1,279,541
Transportation	1,988,723	2,880,603	0	0	1,988,723	2,880,603
General Government	4,816,672	4,451,533	0	0	4,816,672	4,451,533
Interest and Fiscal Charges	49,679	94,004	0	0	49,679	94,004
Sewer	0	0	4,777,034	3,536,490	4,777,034	3,536,490
Water	0	0	3,612,930	3,477,991	3,612,930	3,477,991
Total Expenses	<u>19,024,538</u>	<u>18,585,542</u>	<u>8,389,964</u>	<u>7,014,481</u>	<u>27,414,502</u>	<u>25,600,023</u>
Change in Net Assets before Transfers	8,838,724	5,594,813	1,794,799	3,564,406	10,633,523	9,159,219
Transfers	(45,000)	(184,867)	45,000	184,867	0	0
Total Change in Net Assets	8,793,724	5,409,946	1,839,799	3,749,273	10,633,523	9,159,219
Beginning Net Assets	84,912,856	79,502,910	51,197,640	47,448,367	136,110,496	126,951,277
Ending Net Assets	<u>\$93,706,580</u>	<u>\$84,912,856</u>	<u>\$53,037,439</u>	<u>\$51,197,640</u>	<u>\$146,744,019</u>	<u>\$136,110,496</u>

### Governmental Activities

Net assets of the City's governmental activities increased by \$10,633,523, which represents an increase of 7.8% compared to 2010. This change was due to several factors, the biggest being the substantial increase in income tax collections of just over \$725,000 compared to 2010. Although collections were up in all sectors of tax collection, the strongest area continues to be employee withholdings, indicating that employment growth continues to be strong in the City. Another contributing factor was approximately \$4.3 million worth of infrastructure that was donated to the City during 2011, mostly from 2 large, roadway projects. The Roachton Road project was the largest capital improvement for 2011. All projects were completed without incurring any General Fund Debt.

**CITY OF PERRYSBURG, OHIO**

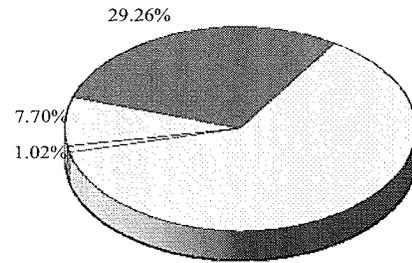
**Management's Discussion and Analysis  
For the Year Ended December 31, 2011**

**Unaudited**

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

Property taxes and income taxes made up 11.10% and 50.92% respectively of revenues for governmental activities for the City in fiscal year 2011. The City's reliance upon tax revenues is demonstrated by the following graph indicating 62.02% of total revenues from general tax revenues:

Revenue Sources	2011	Percent of Total
Intergovernmental Revenues, Unrestricted	\$2,144,085	7.70%
Program Revenues	8,152,321	29.26%
General Tax Revenues	17,284,758	62.02%
General Other	282,098	1.02%
<b>Total Revenue</b>	<b>\$27,863,262</b>	<b>100.00%</b>



**Business-Type Activities**

Net assets of the business-type activities increased by \$1,839,799. This increase can be most attributable to the increase in capital assets during 2011. Several major infrastructure projects continued during 2011, including the Wastewater Treatment Plant, the Cherry Street sewer separation and improvements to the Department of Public Utilities Building. There was also a significant amount of contributed capital in the form of water, storm and sanitary sewer lines. Total debt was reduced by over \$1,600,000, contributed to the net asset increase.

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

The City's governmental funds reported a combined fund balance of \$9,331,489, which is an increase from last year's balance of \$5,633,138. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2011 and 2010:

	Fund Balance December 31, 2011	Fund Balance December 31, 2010	Increase (Decrease)
General	\$6,235,835	\$6,027,271	\$208,564
Capital Improvements	1,174,394	(652,160)	1,826,554
Way Library	(1,320,243)	(1,787,361)	467,118
Other Governmental	3,241,503	2,045,388	1,196,115
<b>Total</b>	<b>\$9,331,489</b>	<b>\$5,633,138</b>	<b>\$3,698,351</b>

## CITY OF PERRYSBURG, OHIO

*Management's Discussion and Analysis  
For the Year Ended December 31, 2011*

*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:

	2011 Revenues	2010 Revenues	Increase (Decrease)
Taxes	\$15,342,641	\$14,681,864	\$660,777
Intergovernmental Revenue	1,932,472	1,615,379	317,093
Charges for Services	871,700	902,880	(31,180)
Fines, Licenses and Permits	954,043	841,244	112,799
Investment Earnings	51,004	68,030	(17,026)
Special Assessments	15,597	175,951	(160,354)
All Other Revenue	102,557	150,786	(48,229)
Total	\$19,270,014	\$18,436,134	\$833,880

General Fund revenues in 2011 increased approximately 4.5% compared to revenues in fiscal year 2010. This increase is primarily the result of increased income tax collections. Intergovernmental revenues increased due in part, to inheritance tax distributions which were up significantly. Investment earnings were down significantly, due to changes in the interest rate environment.

	2011 Expenditures	2010 Expenditures	Increase (Decrease)
Security of Persons and Property	\$7,233,177	\$6,880,944	\$352,233
Public Health and Welfare Services	36,327	36,301	26
Leisure Time Activities	1,316,737	1,258,079	58,658
Community Development	412,789	444,549	(31,760)
Transportation	1,394,576	1,290,705	103,871
General Government	4,115,162	3,912,553	202,609
Total	\$14,508,768	\$13,823,131	\$685,637

General Fund expenditures increased by \$685,637 or 4.9% from the prior year. The City's income tax collections continued a pattern of steady growth in 2011, and the General Fund expenditures reflect this growth. It is important to note that revenue increases outpaced general fund expenditure increases, as the City works diligently to keep its costs under control. Employee costs continue to be held under 60% of total revenues for General Fund activities.

## *CITY OF PERRYSBURG, OHIO*

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*Management's Discussion and Analysis  
For the Year Ended December 31, 2011*

*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 2011 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$20.1 million increased by \$2.8 million from the original budget estimates of \$17.3 million as a result of income tax revenues being significantly higher than budgetary expectations. Estate tax collections were also significantly higher than budgetary expectations. This is done purposefully, as the City prepares for the anticipated elimination of estate tax revenues. The City continues to monitor activities in the State House, and has attempted to anticipate cuts in State revenues, in order to remain self-sufficient. The City is anticipating future reductions in local government fund and estate tax revenues. The City has begun funding a reserve Balance Fund to better position itself in the event of potentially detrimental tax reform legislation at the State level.

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

#### *Capital Assets*

At the end of fiscal 2011 the City had \$143,641,956 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$84,200,138 was related to governmental activities and \$59,441,818 to the business-type activities. The following table shows fiscal year 2011 and 2010 balances:

	Governmental Activities		Increase (Decrease)
	2011	2010	
Land	\$10,426,409	\$10,426,409	\$0
Construction in Progress	6,361,069	7,222,811	(861,742)
Buildings	18,785,337	15,648,874	3,136,463
Improvements Other Than Buildings	7,239,185	6,732,599	506,586
Machinery and Equipment	12,066,198	11,613,041	453,157
Infrastructure	54,892,114	51,025,780	3,866,334
Less: Accumulated Depreciation	(25,570,174)	(23,785,745)	(1,784,429)
Totals	<u>\$84,200,138</u>	<u>\$78,883,769</u>	<u>\$5,316,369</u>

**CITY OF PERRYSBURG, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2011**

**Unaudited**

	Business-Type Activities		Increase (Decrease)
	2011	2010	
Land	\$273,383	\$273,383	\$0
Construction in Progress	7,331,524	7,076,407	255,117
Buildings	11,798,313	11,798,313	0
Improvements Other Than Buildings	54,458,605	53,177,557	1,281,048
Machinery and Equipment	13,059,208	12,920,076	139,132
Less: Accumulated Depreciation	(27,479,215)	(25,888,718)	(1,590,497)
Totals	\$59,441,818	\$59,357,018	\$84,800

The primary increase in the business-type capital assets occurred in buildings as a result of the on-going progress of several water and sewer projects including the waste water treatment plant expansion and the Cherry Street sewer separation. Much of the increase in infrastructure is related to donated infrastructure from subdivisions to the City during 2011. 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, 2011 and 2010:

	2011	2010
Governmental Activities:		
General Obligation Notes	\$1,400,000	\$5,250,000
Compensated Absences	1,205,867	1,122,167
Total Governmental Activities	2,605,867	6,372,167
Business-Type Activities:		
General Obligation Notes	4,300,000	0
OWDA Loans Payable	4,029,516	4,761,419
General Obligation Bonds	12,615,000	13,135,000
Compensated Absences	200,165	200,509
Total Business-Type Activities	21,144,681	18,096,928
Totals	\$23,750,548	\$24,469,095

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

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***Management's Discussion and Analysis  
For the Year Ended December 31, 2011***

***Unaudited***

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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, 2011, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 15.

### **ECONOMIC FACTORS**

The City of Perrysburg has taken a conservative approach to budgeting for the past several years. Throughout the recent economic downturn, the City has been able to maintain its current level of services, without any significant budgetary changes. Income tax collections have shown a trend of steady growth since 2009. Income tax collections increased by 6% over 2010. 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 the rest of the General Fund debt, and to establish a reserve balance account to strengthen the City's financial position going forward. Funding of the Reserve Balance Fund will begin in 2012. 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. 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.

### **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*

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**CITY OF PERRYSBURG, OHIO**

**Statement of Net Assets**  
**December 31, 2011**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 2,643,157	\$ 12,537,588	\$ 15,180,745
Investments	6,015,177	0	6,015,177
Receivables:			
Taxes	4,992,796	0	4,992,796
Accounts	174,279	1,746,542	1,920,821
Intergovernmental	1,353,618	0	1,353,618
Special Assessments	304,025	259,356	563,381
Loans	281,938	0	281,938
Internal Balances	185	(185)	0
Inventory of Supplies at Cost	175,200	567,890	743,090
Prepaid Items	110,191	37,013	147,204
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	590,386	0	590,386
Capital Assets:			
Capital Assets Not Being Depreciated	16,787,478	7,604,907	24,392,385
Capital Assets Being Depreciated, Net	67,412,660	51,836,911	119,249,571
<b>Total Assets</b>	<b>100,841,090</b>	<b>74,590,022</b>	<b>175,431,112</b>
<b>Liabilities:</b>			
Accounts Payable	706,225	219,050	925,275
Accrued Wages and Benefits	721,961	73,326	795,287
Intergovernmental Payable	0	47,942	47,942
Unearned Revenue	3,097,832	0	3,097,832
Accrued Interest Payable	2,625	67,584	70,209
General Obligation Notes Payable	1,400,000	4,300,000	5,700,000
Long-Term Liabilities:			
Due Within One Year	380,763	1,375,196	1,755,959
Due in More Than One Year	825,104	15,469,485	16,294,589
<b>Total Liabilities</b>	<b>7,134,510</b>	<b>21,552,583</b>	<b>28,687,093</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	82,800,138	38,497,302	121,297,440
Restricted For:			
Debt Service	16,310	0	16,310
Other Purposes	3,619,047	0	3,619,047
Unrestricted	7,271,085	14,540,137	21,811,222
<b>Total Net Assets</b>	<b>\$ 93,706,580</b>	<b>\$ 53,037,439</b>	<b>\$ 146,744,019</b>

See accompanying notes to the basic financial statements

**CITY OF PERRYSBURG, OHIO**

**Statement of Activities**  
**For the Year Ended December 31, 2011**

	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	\$ 8,677,165	\$ 494,170	\$ 16,351	\$ 187,419
Public Health and Welfare Services	36,327	0	0	0
Leisure Time Activities	1,434,405	168,099	0	28,480
Community Development	861,943	168,072	20,873	110,605
Basic Utility Services	1,159,624	111,071	0	0
Transportation	1,988,723	62,459	1,349,278	4,401,438
General Government	4,816,672	1,034,006	0	0
Interest and Fiscal Charges	49,679	0	0	0
<b>Total Governmental Activities</b>	<u>19,024,538</u>	<u>2,037,877</u>	<u>1,386,502</u>	<u>4,727,942</u>
<b>Business-Type Activities:</b>				
Sewer	4,777,034	6,241,596	0	78,008
Water	3,612,930	3,808,051	0	57,108
<b>Total Business-Type Activities</b>	<u>8,389,964</u>	<u>10,049,647</u>	<u>0</u>	<u>135,116</u>
<b>Totals</b>	<u>\$ 27,414,502</u>	<u>\$ 12,087,524</u>	<u>\$ 1,386,502</u>	<u>\$ 4,863,058</u>

**General Revenues**

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

Change in Net Assets

Net Assets Beginning of Year  
Net Assets End of Year

See accompanying notes to the basic financial statements

**CITY OF PERRYSBURG, OHIO**

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Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business- Type Activities	Total
\$ (7,979,225)	\$ 0	\$ (7,979,225)
(36,327)	0	(36,327)
(1,237,826)	0	(1,237,826)
(562,393)	0	(562,393)
(1,048,553)	0	(1,048,553)
3,824,452	0	3,824,452
(3,782,666)	0	(3,782,666)
(49,679)	0	(49,679)
(10,872,217)	0	(10,872,217)
0	1,542,570	1,542,570
0	252,229	252,229
0	1,794,799	1,794,799
(10,872,217)	1,794,799	(9,077,418)
3,092,257	0	3,092,257
14,192,501	0	14,192,501
2,144,085	0	2,144,085
61,894	0	61,894
220,204	0	220,204
(45,000)	45,000	0
19,665,941	45,000	19,710,941
8,793,724	1,839,799	10,633,523
84,912,856	51,197,640	136,110,496
\$ 93,706,580	\$ 53,037,439	\$146,744,019

**CITY OF PERRYSBURG, OHIO**

**Balance Sheet**  
**Governmental Funds**  
**December 31, 2011**

	General	Capital Improvements	Way Library
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 957,439	\$ 288,779	\$ 16,629
Investments	3,553,982	1,141,825	65,753
Receivables:			
Taxes	3,044,191	0	526,119
Accounts	164,984	0	0
Intergovernmental	674,620	0	23,881
Special Assessments	190,336	214	0
Loans	0	0	0
Inventory of Supplies, at Cost	0	0	0
Prepaid Items	98,433	2,092	0
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	0	0	0
<b>Total Assets</b>	<b>\$ 8,683,985</b>	<b>\$ 1,432,910</b>	<b>\$ 632,382</b>
<b>Liabilities:</b>			
Accounts Payable	79,191	258,302	0
Accrued Wages and Benefits Payable	419,814	0	0
Deferred Revenue	1,949,145	214	550,000
Accrued Interest Payable	0	0	2,625
General Obligation Notes Payable	0	0	1,400,000
<b>Total Liabilities</b>	<b>2,448,150</b>	<b>258,516</b>	<b>1,952,625</b>
<b>Fund Balances:</b>			
Nonspendable	98,433	2,092	0
Restricted	0	0	0
Committed	0	1,172,302	0
Assigned	158,012	0	0
Unassigned	5,979,390	0	(1,320,243)
<b>Total Fund Balances</b>	<b>6,235,835</b>	<b>1,174,394</b>	<b>(1,320,243)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,683,985</b>	<b>\$ 1,432,910</b>	<b>\$ 632,382</b>

See accompanying notes to the basic financial statements

**CITY OF PERRYSBURG, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 1,361,854	\$ 2,624,701
1,239,620	6,001,180
1,422,486	4,992,796
9,295	174,279
655,117	1,353,618
113,475	304,025
281,938	281,938
175,200	175,200
9,508	110,033
<u>590,386</u>	<u>590,386</u>
<u>\$ 5,858,879</u>	<u>\$ 16,608,156</u>
368,732	706,225
268,130	687,944
1,980,514	4,479,873
0	2,625
0	1,400,000
<u>2,617,376</u>	<u>7,276,667</u>
466,646	567,171
2,784,142	2,784,142
65,294	1,237,596
5,710	163,722
<u>(80,289)</u>	<u>4,578,858</u>
<u>3,241,503</u>	<u>9,331,489</u>
<u>\$ 5,858,879</u>	<u>\$ 16,608,156</u>

**CITY OF PERRYSBURG, OHIO**

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***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2011***

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<b>Total Governmental Fund Balances</b>	\$9,331,489
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	84,200,138
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	1,382,041
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(1,221)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(1,205,867)
<b><i>Net Assets of Governmental Funds</i></b>	<u><u>\$ 93,706,580</u></u>

See accompanying notes to the basic financial statements

***CITY OF PERRYSBURG, OHIO***

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**CITY OF PERRYSBURG, OHIO**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2011**

	General	Capital Improvements	Way Library
<b>Revenues:</b>			
Property Taxes	\$ 1,171,711	\$ 0	\$ 493,267
Municipal Income Tax	14,170,930	0	0
Intergovernmental Revenues	1,932,472	2,421,138	0
Charges for Services	871,700	0	0
Licenses and Permits	163,178	0	0
Investment Earnings	51,004	0	1,370
Special Assessments	15,597	1,344	0
Fines and Forfeitures	790,865	0	0
All Other Revenue	102,557	14,017	0
<b>Total Revenue</b>	<b>19,270,014</b>	<b>2,436,499</b>	<b>494,637</b>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	7,233,177	0	0
Public Health and Welfare Services	36,327	0	0
Leisure Time Activities	1,316,737	0	0
Community Development	412,789	0	0
Basic Utility Services	0	0	0
Transportation	1,394,576	0	0
General Government	4,115,162	0	8,797
Capital Outlay	0	3,624,139	0
Debt Service:			
Interest & Fiscal Charges	0	25,806	18,722
<b>Total Expenditures</b>	<b>14,508,768</b>	<b>3,649,945</b>	<b>27,519</b>
Excess (Deficiency) of Revenues Over Expenditures	4,761,246	(1,213,446)	467,118
<b>Other Financing Sources (Uses):</b>			
Transfers In	144,318	3,040,000	0
Transfers Out	(4,697,000)	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(4,552,682)</b>	<b>3,040,000</b>	<b>0</b>
Net Change in Fund Balances	208,564	1,826,554	467,118
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>6,027,271</b>	<b>(652,160)</b>	<b>(1,787,361)</b>
Increase in Inventory Reserve	0	0	0
<b>Fund Balances (Deficit) End of Year</b>	<b>\$ 6,235,835</b>	<b>\$ 1,174,394</b>	<b>(\$1,320,243)</b>

See accompanying notes to the basic financial statements

**CITY OF PERRYSBURG, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 1,418,177	\$ 3,083,155
0	14,170,930
1,598,787	5,952,397
110,539	982,239
555	163,733
9,520	61,894
116,999	133,940
202,185	993,050
149,201	265,775
3,605,963	25,807,113
886,821	8,119,998
0	36,327
0	1,316,737
404,391	817,180
1,117,904	1,117,904
1,215,852	2,610,428
249,557	4,373,516
59,330	3,683,469
5,151	49,679
3,939,006	22,125,238
(333,043)	3,681,875
1,612,000	4,796,318
(144,318)	(4,841,318)
1,467,682	(45,000)
1,134,639	3,636,875
2,045,388	5,633,138
61,476	61,476
\$ 3,241,503	\$ 9,331,489

**CITY OF PERRYSBURG, OHIO**

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***Reconciliation Of The Statement Of Revenues, Expenditures  
And Changes In Fund Balances Of Governmental Funds  
To The Statement Of Activities  
For The Fiscal Year Ended December 31, 2011***

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Net Change in Fund Balances - Total Governmental Funds \$ 3,636,875

*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. 1,025,454

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals and donations) is to increase net assets. 4,290,915

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 76,699

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (22,223)

The internal service funds are used by management to charge the costs of services to individual funds is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. (213,996)

***Change in Net Assets of Governmental Activities*** \$ 8,793,724

See accompanying notes to the basic financial statements

***CITY OF PERRYSBURG, OHIO***

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**CITY OF PERRYSBURG, OHIO**

**Statement of Net Assets**  
**Proprietary Funds**  
**December 31, 2011**

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Utility Collection
<b>Assets:</b>			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 5,652,624	\$ 6,840,222	\$ 44,742
Investments	0	0	0
Receivables:			
Accounts	955,044	791,498	0
Special Assessments	241,337	18,019	0
Inventory of Supplies at Cost	2,850	565,040	0
Prepaid Items	14,892	22,121	0
<i>Total Current Assets</i>	<u>6,866,747</u>	<u>8,236,900</u>	<u>44,742</u>
<i>Non Current Assets:</i>			
Capital Assets, Net	45,722,188	13,719,630	0
<b>Total Assets</b>	<u>52,588,935</u>	<u>21,956,530</u>	<u>44,742</u>
<b>Liabilities:</b>			
<i>Current Liabilities:</i>			
Accounts Payable	197,762	21,288	0
Accrued Wages and Benefits	47,624	25,702	0
Intergovernmental Payable	0	0	47,942
General Obligation Notes Payable	0	4,300,000	0
General Obligation Bonds - Current	530,000	0	0
OWDA Loans - Current	787,041	0	0
<i>Total Current Liabilities</i>	<u>1,562,427</u>	<u>4,346,990</u>	<u>47,942</u>
<i>Long Term Liabilities:</i>			
Compensated Absences Payable	86,346	113,819	0
Accrued Interest Payable	38,619	28,965	0
General Obligation Bonds Payable	12,085,000	0	0
OWDA Loans Payable	3,242,475	0	0
<b>Total Liabilities</b>	<u>17,014,867</u>	<u>4,489,774</u>	<u>47,942</u>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	29,077,672	9,419,630	0
Unrestricted	6,496,396	8,047,126	(3,200)
<b>Total Net Assets</b>	<u>\$ 35,574,068</u>	<u>\$ 17,466,756</u>	<u>\$ (3,200)</u>

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

See accompanying notes to the basic financial statements

**CITY OF PERRYSBURG, OHIO**

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Total	Internal Service Funds
\$ 12,537,588	\$ 18,456
0	13,997
1,746,542	0
259,356	0
567,890	0
37,013	158
15,148,389	32,611
59,441,818	0
74,590,207	32,611
219,050	0
73,326	34,017
47,942	0
4,300,000	0
530,000	0
787,041	0
5,957,359	34,017
200,165	0
67,584	0
12,085,000	0
3,242,475	0
21,552,583	34,017
38,497,302	0
14,540,322	(1,406)
53,037,624	\$ (1,406)
(185)	
\$ 53,037,439	

**CITY OF PERRYSBURG, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2011**

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Utility Collection
<b>Operating Revenues:</b>			
Charges for Services	\$ 6,003,721	\$ 3,808,051	\$ 0
Other Operating Revenue	237,875	0	0
<b>Total Operating Revenues</b>	<u>6,241,596</u>	<u>3,808,051</u>	<u>0</u>
<b>Operating Expenses:</b>			
Personal Services	1,252,857	665,849	0
Contractual Services	1,074,313	2,277,069	0
Materials and Supplies	306,899	105,207	0
Depreciation	1,071,445	519,052	0
<b>Total Operating Expenses</b>	<u>3,705,514</u>	<u>3,567,177</u>	<u>0</u>
Operating Income (Loss)	2,536,082	240,874	0
<b>Nonoperating Revenue (Expenses):</b>			
Investment Earnings	0	0	0
Interest Expense	(1,049,824)	(34,902)	0
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(1,049,824)</u>	<u>(34,902)</u>	<u>0</u>
Income (Loss) Before Transfers and Contributions	1,486,258	205,972	0
Transfers:			
Transfers In	45,000	0	0
Capital Contributions	78,008	57,108	0
<b>Total Transfers</b>	<u>123,008</u>	<u>57,108</u>	<u>0</u>
Change in Net Assets	1,609,266	263,080	0
Net Assets Beginning of Year	33,964,802	17,203,676	(3,200)
Net Assets End of Year	<u>\$ 35,574,068</u>	<u>\$ 17,466,756</u>	<u>\$ (3,200)</u>

Change in Net Assets - Total Enterprise Funds

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

See accompanying notes to the basic financial statements

**CITY OF PERRYSBURG, OHIO**

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Total	Internal Service Funds
\$ 9,811,772	\$ 1,496,592
237,875	0
10,049,647	1,496,592
1,918,706	1,662,569
3,351,382	2,883
412,106	77,799
1,590,497	0
7,272,691	1,743,251
2,776,956	(246,659)
0	116
(1,084,726)	0
(1,084,726)	116
1,692,230	(246,543)
45,000	0
135,116	0
180,116	0
1,872,346	(246,543)
51,165,278	245,137
53,037,624	\$ (1,406)
1,872,346	
(32,547)	
\$ 1,839,799	

**CITY OF PERRYSBURG, OHIO**

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2011**

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Utility Collection
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$6,596,672	\$4,038,079	\$618,892
Cash Payments for Goods and Services	(1,336,419)	(2,503,255)	(615,040)
Cash Payments to Employees	(1,243,452)	(678,230)	0
Net Cash Provided (Used) for Operating Activities	4,016,801	856,594	3,852
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers In from Other Funds	45,000	0	0
Net Cash Provided by Noncapital Financing Activities	45,000	0	0
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and Construction of Assets	(1,374,197)	(267,822)	0
General Obligation Notes Issued	0	4,300,000	0
Principal Paid on General Obligation Bonds	(520,000)	0	0
Principal Paid on Ohio Water Development Authority Loan:	(731,903)	0	0
Interest Paid on All Debt	(1,050,691)	(5,937)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(3,676,791)	4,026,241	0
<b>Cash Flows from Investing Activities:</b>			
Receipts of Interest	0	0	0
Sale of Investments	0	0	0
Net Cash Provided by Investing Activities	0	0	0
Net Increase (Decrease) in Cash and Cash Equivalents	385,010	4,882,835	3,852
Cash and Cash Equivalents at Beginning of Year	5,267,614	1,957,387	40,890
Cash and Cash Equivalents at End of Year	\$5,652,624	\$6,840,222	\$44,742

**CITY OF PERRYSBURG, OHIO**

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Totals	Governmental Activities Internal Service Funds
\$11,253,643	\$1,496,592
(4,454,714)	(67,175)
(1,921,682)	(1,695,844)
4,877,247	(266,427)
45,000	0
45,000	0
(1,642,019)	0
4,300,000	0
(520,000)	0
(731,903)	0
(1,056,628)	0
349,450	0
0	116
0	213,971
0	214,087
5,271,697	(52,340)
7,265,891	70,796
\$12,537,588	\$18,456

(Continued)

**CITY OF PERRYSBURG, OHIO**

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2011**

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Utility Collection
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>			
<u>Provided (Used) for Operating Activities:</u>			
Operating Income (Loss)	\$2,614,090	\$297,982	\$0
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:			
Depreciation Expense	1,071,445	519,052	0
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	322,272	224,984	0
Decrease in Special Assessments Receivable	14,938	1,668	0
Decrease (Increase) in Inventory	1,903	(176,311)	0
Decrease (Increase) in Prepaid Items	(6,738)	486	0
Increase (Decrease) in Accounts Payable	(10,341)	1,228	0
Increase in Intergovernmental Payables	0	0	3,852
Increase (Decrease) in Accrued Wages and Benefits	6	(2,925)	0
Increase (Decrease) in Compensated Absences	9,226	(9,570)	0
Total Adjustments	1,402,711	558,612	3,852
Net Cash Provided (Used) for Operating Activities	<u>\$4,016,801</u>	<u>\$856,594</u>	<u>\$3,852</u>

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

As of December 31, 2011, the Sewer and Water Funds had outstanding liabilities of \$158,914 and \$6,072, respectively, for the purchase of certain capital assets.

During 2011, the Sewer and Water Funds received \$78,008 and \$57,108, respectively, of capital contributions from other sources.

See accompanying notes to the basic financial statements

**CITY OF PERRYSBURG, OHIO**

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<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$2,912,072	(\$246,659)
1,590,497	0
547,256	0
16,606	0
(174,408)	12,657
(6,252)	477
(9,113)	0
3,852	0
(2,919)	(32,902)
(344)	0
<u>1,965,175</u>	<u>(19,768)</u>
<u>\$4,877,247</u>	<u>(\$266,427)</u>

**CITY OF PERRYSBURG, OHIO**

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**Statement of Net Assets**  
**Fiduciary Funds**  
**December 31, 2011**

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	Private Purpose Trust	
	Unclaimed Monies Fund	Agency
<b>Assets:</b>		
Cash and Cash Equivalents	\$ 67,717	\$ 93,595
Receivables:		
Taxes	0	205,448
Intergovernmental	0	14,577
Special Assessments	0	2,610,301
<b>Total Assets</b>	<u>67,717</u>	<u>2,923,921</u>
<b>Liabilities:</b>		
Intergovernmental Payable	0	268,766
Due to Others	0	2,655,155
<b>Total Liabilities</b>	<u>0</u>	<u>2,923,921</u>
<b>Net Assets:</b>		
Unrestricted	<u>67,717</u>	<u>0</u>
<b>Total Net Assets</b>	<u>\$ 67,717</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements

**CITY OF PERRYSBURG, OHIO**

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**Statement of Changes in Net Assets**  
**Fiduciary Fund**  
**For the Year Ended December 31, 2011**

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	Private Purpose Trust
	Unclaimed Monies Fund
<b>Additions:</b>	
Contributions:	
Private Donations	\$ 713
Total Additions	<u>713</u>
<b>Deductions:</b>	
Administrative Expenses	<u>50</u>
Total Deductions	<u>50</u>
Change in Net Assets	663
Net Assets at Beginning of Year	<u>67,054</u>
Net Assets End of Year	<u>\$ 67,717</u>

See accompanying notes to the basic financial statements

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

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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

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

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

The accompanying basic financial statements of the City present the financial position of the various fund 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, 2011 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

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

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

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

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

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

## *CITY OF PERRYSBURG, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2011*

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

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

###### *Governmental Funds*

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

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the limitations of the City Charter.

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

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

###### *Proprietary Funds*

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

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

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

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

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

## *CITY OF PERRYSBURG, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2011*

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#### 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 three 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, the Rotary Gasoline Fund, which is used to account for the costs of the gasoline used by City vehicles 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 assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations or other governments and therefore not available to support the City's own programs. The City's only trust fund is a private purpose trust that accounts for unclaimed monies. The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operation. These funds operate on a full accrual basis of accounting. The City has five 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 five funds are the Municipal Court Fund, which accounts for monies that flow through the municipal court office, the Right of Way Repairs Fund, which accounts for funds deposited by anyone doing excavation work in a City right-of-way, the State Highway Patrol Transfer Fund, which accounts for funds related to fines levied by the State Highway Patrol and used for the County Law Library, the Municipal Public Improvement TIF Fund, which is used to account for TIF funds collected and shared by the developer, Perrysburg Schools and the Penta County Vocational Schools and the JT Cemetery RE Tax Fund, which is used to account for funds collected on behalf of the Union Cemetery.

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

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

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2011*

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#### 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 current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

## *CITY OF PERRYSBURG, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2011*

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

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

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

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

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

Property taxes measurable as of December 31, 2011 but which are not intended to finance 2011 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 7 "Taxes".

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.

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

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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

##### **E. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits. The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 6, "Cash, Cash Equivalents and Investments."

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

##### **F. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon the fund's cash balance at the date of investment. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City records all its investments at fair value except for nonparticipating investment contracts (repurchase agreements) which are reported at cost. See Note 6, "Cash, Cash Equivalents and Investments."

##### **G. 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.

##### **H. Capital Assets and Depreciation**

Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000.

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

**CITY OF PERRYSBURG, OHIO**

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*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011*

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

**H. Capital Assets and Depreciation (Continued)**

2. Property, Plant and Equipment – Business Type Activities

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

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

3. Depreciation

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

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

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

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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

##### **I. 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

##### **J. 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 assets, "Compensated Absences Payable" is recorded within the "Due within one year" account and the long-term portion of the liability is recorded within the "Due in more than one year" account. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

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

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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

##### **K. Net Assets**

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

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

##### **L. 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*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2011*

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

##### **L. Fund Balances** (Continued)

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

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

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

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

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

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.

##### **O. Estimates**

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

##### **P. 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**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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

##### **Q. 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.

##### **R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2011.

#### **NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

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

Delinquent Income Tax Revenue	\$136,963
Delinquent Property Tax Revenue	69,561
Shared Revenues	871,492
Special Assessment Revenue	304,025
	<hr/>
	\$1,382,041

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

Compensated Absences Payable	(\$1,205,867)
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**CITY OF PERRYSBURG, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

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

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

Capital Outlay	\$3,064,118
Depreciation Expense	<u>(2,038,664)</u>
	\$1,025,454

*Governmental revenues not reported in the funds:*

Increase in Delinquent Income Tax Revenue	\$21,571
Increase in Delinquent Property Tax	9,102
Decrease in Shared Revenue	(117,672)
Increase in Special Assessment Revenue	<u>163,698</u>
	\$76,699

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

Increase in Compensated Absences Payable	(\$83,699)
Increase in supplies inventory	<u>61,476</u>
	(\$22,223)

**NOTE 3 - COMPLIANCE AND ACCOUNTABILITY**

**Fund Deficits** - The accumulated deficits at December 31, 2011 of \$16,480 in the Employee Health and Welfare Fund (internal service fund), \$3,200 in the Utility Collection Fund (enterprise fund), \$63,095 in the Police Pension Fund, \$5,910 in the Garage and Refuse Fund and \$1,975 in the Litter Control Fund (special revenue funds) arise from the recognition of expenses on the accrual basis of accounting which are greater than expenses on the cash basis of accounting. The fund deficit at December 31, 2011 of \$1,320,243 in the Way Library Fund (capital projects fund) arose from the recording of general obligation notes payable within the individual fund. Deficits do not exist under the budgetary/cash basis of accounting. The general fund provides transfers when cash is required, not when accruals occur.

**CITY OF PERRYSBURG, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

**NOTE 4 – FUND BALANCE CLASSIFICATION**

Fund balance is classified as nonspendable, restricted, 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	Way Library Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Loans Receivable	\$0	\$0	\$0	\$281,938	\$281,938
Supplies Inventory	0	0	0	175,200	175,200
Prepaid Items	98,433	2,092	0	9,508	110,033
Total Nonspendable	<u>98,433</u>	<u>2,092</u>	<u>0</u>	<u>466,646</u>	<u>567,171</u>
Restricted:					
Hotel/Motel Tax	0	0	0	21,872	21,872
Street Construction and Maintenance	0	0	0	1,086,178	1,086,178
State Highway Improvements	0	0	0	54,038	54,038
Motor Vehicle License Tax	0	0	0	356,861	356,861
Street Trees	0	0	0	49,302	49,302
Municipal Court Computer	0	0	0	420,535	420,535
CDBG Revolving Loan	0	0	0	590,386	590,386
Defendants Trust	0	0	0	36,695	36,695
DUI Indigent Drivers Alcohol Treatment	0	0	0	105,165	105,165
Indigent Drivers	0	0	0	63,110	63,110
Total Restricted	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,784,142</u>	<u>2,784,142</u>
Committed:					
Capital Improvements	0	1,172,302	0	0	1,172,302
Parkland Acquisition and Development	0	0	0	65,294	65,294
Total Committed	<u>0</u>	<u>1,172,302</u>	<u>0</u>	<u>65,294</u>	<u>1,237,596</u>
Assigned	158,012	0	0	5,710	163,722
Unassigned	5,979,390	0	(1,320,243)	(80,289)	4,578,858
Total Fund Balances	<u>\$6,235,835</u>	<u>\$1,174,394</u>	<u>(\$1,320,243)</u>	<u>\$3,241,503</u>	<u>\$9,331,489</u>

**NOTE 5 – CHANGE IN ACCOUNTING PRINCIPLE**

For 2011 the City implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”.

Statement No. 54 provides more clearly defined categories to make the nature and extent of the constraints placed on a governments fund balances more transparent. It also clarifies the existing governmental fund type definitions. The implementation of this Statement has no impact on the City’s financial statements or disclosures.

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

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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#### **NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

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

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

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

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

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

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

**CITY OF PERRYSBURG, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

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

**A. Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. The City's policy is to place deposits with major local banks. All deposits, except for deposits held by fiscal and escrow agents or trustees, are collateralized with eligible securities. The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Collateral permitted by Chapter 135 of the ORC is limited to obligations of the United States and its agencies, bonds of any state, and bonds and other obligations of any country, municipal corporation or other legally constituted authority of the State of Ohio, or any instrumentality of such county, municipal corporation or other authority. Such collateral, as permitted by Chapter 135 of the ORC is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at a Federal Reserve Bank in the name of the City.

At year end the carrying amount of the City's deposits was \$15,932,443 and the bank balance was \$16,181,169. The Federal Deposit Insurance Corporation (FDIC) covered \$750,000 of the bank balance and \$15,431,169 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	\$15,431,169
Total Balance	\$15,431,169

**B. Investments**

The City's investments at December 31, 2011 are summarized below:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>	
			<u>less than 1</u>	<u>1-3</u>
FNMA	\$2,632,024	AAA <sup>1</sup> / Aaa <sup>2</sup>	\$265,678	\$2,366,346
FHLMC	2,326,037	AAA <sup>1</sup> / Aaa <sup>2</sup>	0	2,326,037
FHLB	1,057,116	AAA <sup>1</sup> / Aaa <sup>2</sup>	253,158	803,958
Total Investments	\$6,015,177		\$518,836	\$5,496,341

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

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

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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

##### **B. Investments** (Continued)

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

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

*Custodial Credit Risk* – The City’s investments in FNMA, FHLMC and FHLB securities in the amount of \$2,632,024, \$2,326,037 and \$1,057,116, 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	<u>\$15,932,443</u>	<u>\$6,015,177</u>
Per Footnote Section A	<u>\$15,932,443</u>	<u>\$6,015,177</u>

\* Includes Cash with Fiscal Agent

#### **NOTE 7 - TAXES**

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

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2011 were levied after October 1, 2010 on assessed values as of January 1, 2010, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed during 2011 and the last equalization adjustment was completed in 2008. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder payable by June 20.

## *CITY OF PERRYSBURG, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2011*

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#### **NOTE 7 - TAXES (Continued)**

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

Tangible personal property tax revenues received in 2011 (other than public utility property) represent the collection of 2011 taxes. Tangible personal property taxes received in 2011 were levied after October 1, 2010, on the true value as of January 1, 2010. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out. This percentage was reduced to 6.25% in 2008 and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill NO.66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in 2011. The tax was phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2010, the City was fully reimbursed for the lost revenue.

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

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, 2011 was \$5.75 per \$1,000 of assessed value. The assessed value upon which the 2011 receipts were based was \$614,782,880. This amount constitutes \$611,253,510 in real property assessed value and \$3,529,370 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 .575% (5.75 mills) of assessed value.

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

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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#### **NOTE 7 - TAXES (Continued)**

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

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

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

#### **NOTE 8 - RECEIVABLES**

Receivables at December 31, 2011 consisted of taxes, loans, special assessments, accounts receivable and intergovernmental receivables.

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**CITY OF PERRYSBURG, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

**NOTE 9 - TRANSFERS**

Following is a summary of transfers in and out for all funds for 2011:

Transfers Out:	Transfers In:				Total
	General Fund	Capital Improvements Fund	Other Governmental Funds	Sewer Fund	
General Fund	\$0	\$3,040,000	\$1,612,000	\$45,000	\$4,697,000
Other Governmental Funds	144,318	0	0	0	144,318
	<u>\$144,318</u>	<u>\$3,040,000</u>	<u>\$1,612,000</u>	<u>\$45,000</u>	<u>\$4,841,318</u>

**NOTE 10 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in general capital assets at December 31, 2011:

*Historical Cost:*

Class	December 31, 2010	Additions	Deletions	December 31, 2011
<i>Capital assets not being depreciated:</i>				
Land	\$10,426,409	\$0	\$0	\$10,426,409
Construction in Progress	7,222,811	3,171,351	(4,033,093)	6,361,069
Subtotal	<u>17,649,220</u>	<u>3,171,351</u>	<u>(4,033,093)</u>	<u>16,787,478</u>
<i>Capital assets being depreciated:</i>				
Buildings	15,648,874	3,136,463	0	18,785,337
Improvements Other than Buildings	6,732,599	506,586	0	7,239,185
Machinery and Equipment	11,613,041	687,921	(234,764)	12,066,198
Infrastructure	51,025,780	3,933,866	(67,532)	54,892,114
Subtotal	<u>85,020,294</u>	<u>8,264,836</u>	<u>(302,296)</u>	<u>92,982,834</u>
Total Cost	<u>\$102,669,514</u>	<u>\$11,436,187</u>	<u>(\$4,335,389)</u>	<u>\$109,770,312</u>

*Accumulated Depreciation:*

Class	December 31, 2010	Additions	Deletions	December 31, 2011
Buildings	(\$4,504,837)	(\$363,485)	\$0	(\$4,868,322)
Improvements Other than Buildings	(1,104,151)	(132,714)	0	(1,236,865)
Machinery and Equipment	(6,775,557)	(640,038)	195,150	(7,220,445)
Infrastructure	(11,401,200)	(902,427)	59,085	(12,244,542)
Total Depreciation	<u>(\$23,785,745)</u>	<u>(\$2,038,664) *</u>	<u>\$254,235</u>	<u>(\$25,570,174)</u>
<i>Net Value:</i>	<u>\$78,883,769</u>			<u>\$84,200,138</u>

**CITY OF PERRYSBURG, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

**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	\$466,262
Leisure Time Activities	119,511
Community Development	15,961
Basic Utility Services	47,140
Transportation	1,021,684
General Government	368,106
Total Depreciation Expense	\$2,038,664

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

Summary by category at December 31, 2011:

*Historical Cost:*

Class	December 31, 2010	Additions	Deletions	December 31, 2011
<i>Capital assets not being depreciated:</i>				
Land	\$273,383	\$0	\$0	\$273,383
Construction in Progress	7,076,407	1,580,816	(1,325,699)	7,331,524
Subtotal	7,349,790	1,580,816	(1,325,699)	7,604,907
<i>Capital assets being depreciated:</i>				
Buildings	11,798,313	0	0	11,798,313
Improvements Other than Buildings	53,177,557	1,281,048	0	54,458,605
Machinery and Equipment	12,920,076	139,132	0	13,059,208
Subtotal	77,895,946	1,420,180	0	79,316,126
Total Cost	\$85,245,736	\$3,000,996	(\$1,325,699)	\$86,921,033

*Accumulated Depreciation:*

Class	December 31, 2010	Additions	Deletions	December 31, 2011
Buildings	(\$3,921,698)	(\$185,765)	\$0	(\$4,107,463)
Improvements Other than Buildings	(14,405,394)	(967,307)	0	(15,372,701)
Machinery and Equipment	(7,561,626)	(437,425)	0	(7,999,051)
Total Depreciation	(\$25,888,718)	(\$1,590,497)	\$0	(\$27,479,215)
<i>Net Value:</i>	\$59,357,018			\$59,441,818

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

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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

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

##### **A. Ohio Public Employees Retirement System ("OPERS")**

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

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2011, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2011 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 10.0% for calendar year 2011. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for calendar year 2011. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City's required contributions for pension obligations to OPERS for the years ending December 31, 2011, 2010, and 2009 were \$773,437, \$794,478 and \$807,384, respectively, which were equal to the required contributions for each year.

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2011, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City's contributions for pension obligations to the OP&F Fund for the years ending December 31, 2011, 2010, and 2009 were \$425,402, \$398,840 and \$394,510 for police and \$451,407, \$445,877 and \$410,079 for firefighters, respectively, which were equal to the required contributions for each year.

#### **NOTE 12 - POSTEMPLOYMENT BENEFITS**

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

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2011***

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#### **NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)**

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

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 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 2011, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% for calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2011. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2011, 2010, and 2009 were \$220,982, \$288,471 and \$338,813, respectively, which were equal to the required contributions for each year.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

## *CITY OF PERRYSBURG, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2011*

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#### **NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)**

##### **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.

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.

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 2011, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2011, 2010, and 2009 were \$147,255, \$138,060 and \$136,561 for police and \$126,958, \$125,403 and \$115,335 for firefighters, respectively, which were equal to the required contributions for each year.

**CITY OF PERRYSBURG, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011***

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**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, 2011, the City's accumulated, unpaid compensated absences amounted to \$1,406,032, of which \$1,205,867 is recorded as a liability of the Governmental Activities and \$200,165 is recorded as a liability of the Business-Type Activities.

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**CITY OF PERRYSBURG, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

**NOTE 14 - NOTES PAYABLE**

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

	Balance December 31, 2010	Issued	(Retired)	Balance December 31, 2011
Capital Projects Funds:				
1.00% Library Building	\$1,900,000	\$0	(\$1,900,000)	\$0
1.13% Library Building	0	1,400,000	0	1,400,000
1.25% Rivercrest Park Land	80,000	0	(80,000)	0
1.25% Municipal Park	870,000	0	(870,000)	0
1.25% Police Station	1,700,000	0	(1,700,000)	0
1.25% Public Division Building	700,000	0	(700,000)	0
Total Capital Projects Funds	5,250,000	1,400,000	(5,250,000)	1,400,000
Enterprise Funds:				
1.00% Elevated Water Tower	0	4,300,000	0	4,300,000
Total Notes Payable	\$5,250,000	\$5,700,000	(\$5,250,000)	\$5,700,000

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**CITY OF PERRYSBURG, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2011**

**NOTE 15 - LONG-TERM DEBT**

Long-term debt of the City at December 31, 2011 was as follows:

	Balance December 31, 2010	Additions	(Reductions)	Balance December 31, 2011	Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$1,122,167	\$990,169	(\$906,469)	\$1,205,867	\$380,763
Total Governmental Activities Long-Term Debt	<u>\$1,122,167</u>	<u>\$990,169</u>	<u>(\$906,469)</u>	<u>\$1,205,867</u>	<u>\$380,763</u>

	Balance December 31, 2010	Additions	(Reductions)	Balance December 31, 2011	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	\$4,327,556	\$0	(\$665,560)	\$3,661,996	\$715,543
7.77% Sewer Separation 1991	433,863	0	(66,343)	367,520	71,498
Total O.W.D.A. Loans	4,761,419	0	(731,903)	4,029,516	787,041
General Obligation Bonds:					
3.98% Various Purpose Sewer 2010	13,135,000	0	(520,000)	12,615,000	530,000
Compensated Absences	\$200,509	\$131,241	(\$131,585)	\$200,165	\$58,155
Total Business-Type Long-Term Debt	<u>\$18,096,928</u>	<u>\$131,241</u>	<u>(\$1,383,488)</u>	<u>\$16,844,681</u>	<u>\$1,375,196</u>

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2011 follows:

Years	OWDA Loans		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2012	\$787,041	\$303,572	\$530,000	\$463,428
2013	846,335	244,280	540,000	452,828
2014	910,095	180,520	555,000	440,678
2015	978,658	111,956	565,000	426,803
2016	507,387	37,915	580,000	411,265
2017-2021	0	0	3,215,000	1,751,625
2022-2026	0	0	3,890,000	1,072,920
2027-2029	0	0	2,740,000	239,212
Totals	<u>\$4,029,516</u>	<u>\$878,243</u>	<u>\$12,615,000</u>	<u>\$5,258,759</u>

## CITY OF PERRYSBURG, OHIO

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2011*

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

All funds of the City from which employee salaries are paid participate in the health insurance program and make payments to the Self Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. Total contributions to the program during the year were \$1,419,068. The claims liability of \$34,017 reported in the Self Insurance Fund at December 31, 2011 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 2010 and 2011 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2010	\$9,222	\$1,317,158	(\$1,259,461)	\$66,919
2011	66,919	1,629,667	(1,662,569)	34,017

## *CITY OF PERRYSBURG, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2011*

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#### **NOTE 17 - CONSTRUCTION COMMITMENTS**

As of December 31, 2011 the City had the following commitments with respect to various construction projects:

Project	Remaining Construction Commitment	Expected Date of Completion
Street Lights	\$2,335	2012
2010 Street Resurfacing	36,582	2012
2011 Street Resurfacing	16,198	2012
Roachton Road Improvement	548,184	2012
Cherry Street Sewer Separation District 208	663,913	2012
New Elevated Water Tank	170,216	2012
Bike Path SR65	54,127	2012
WWTP Construction	4,516	2012
Water Division Renovations to Streets	12,349	2012
Cherry Street Water Main	58,081	2012
Multi-Use Path	35,252	2012
WWTP Phase 3	233,477	2012
Consulting Services	68,518	2012
Fire Station # 2 Design	159,210	2012
2011 Sidewalks	44,429	2012
Systems Telemetry Project	16,660	2012
Total	\$2,124,047	

#### **NOTE 18 - CONTINGENCIES**

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

#### **NOTE 19 - RELATED ORGANIZATION**

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

*CITY OF PERRYSBURG, OHIO*

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*REQUIRED SUPPLEMENTAL INFORMATION*

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**CITY OF PERRYSBURG, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Year Ended December 31, 2011**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 1,253,000	\$ 1,254,000	\$ 1,171,711	\$ (82,289)
Municipal Income Tax	12,900,000	14,400,100	14,148,772	(251,328)
Intergovernmental Revenue	1,208,720	2,168,570	2,077,984	(90,586)
Charges for Services	788,300	951,700	887,179	(64,521)
Licenses and Permits	155,500	179,500	161,028	(18,472)
Investment Earnings	170,000	150,000	22,171	(127,829)
Special Assessments	0	16,000	15,597	(403)
Fines and Forfeitures	730,350	807,350	783,505	(23,845)
All Other Revenues	154,810	157,110	105,547	(51,563)
Total Revenues	<u>17,360,680</u>	<u>20,084,330</u>	<u>19,373,494</u>	<u>(710,836)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	7,918,522	7,916,162	7,419,069	497,093
Public Health and Welfare Services	39,000	39,000	36,327	2,673
Leisure Time Activities	1,459,312	1,459,162	1,346,095	113,067
Community Development	434,965	461,894	420,691	41,203
Transportation	1,353,872	1,420,172	1,388,602	31,570
General Government	4,921,078	4,849,668	4,149,449	700,219
Total Expenditures	<u>16,126,749</u>	<u>16,146,058</u>	<u>14,760,233</u>	<u>1,385,825</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,233,931	3,938,272	4,613,261	674,989
<b>Other Financing Sources (Uses):</b>				
Transfers In	12,205,932	13,730,175	13,596,820	(133,355)
Transfers Out	(13,988,932)	(18,639,175)	(18,149,502)	489,673
Total Other Financing Sources (Uses):	<u>(1,783,000)</u>	<u>(4,909,000)</u>	<u>(4,552,682)</u>	<u>356,318</u>
Net Change In Fund Balance	(549,069)	(970,728)	60,579	1,031,307
Fund Balance at Beginning of Year	3,974,946	3,974,946	3,974,946	0
Prior Year Encumbrances	276,765	276,765	276,765	0
Fund Balance at End of Year	<u>\$ 3,702,642</u>	<u>\$ 3,280,983</u>	<u>\$ 4,312,290</u>	<u>\$ 1,031,307</u>

See accompanying notes to the required supplementary information

## *CITY OF PERRYSBURG, OHIO*

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### *Notes to the Required Supplemental Information For the Year Ended December 31, 2011*

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#### **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 2011.

##### 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 2011, 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*

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### *Notes to the Required Supplemental Information For the Year Ended December 31, 2011*

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#### **NOTE 1 – BUDGETARY PROCESS (Continued)**

##### **C. Encumbrances**

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

##### **D. Lapsing of Appropriations**

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

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**CITY OF PERRYSBURG, OHIO**

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***Notes to the Required Supplemental Information  
For the Year Ended December 31, 2011***

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**NOTE 1 – BUDGETARY PROCESS (Continued)**

**E. Budgetary Basis of Accounting**

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

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

	Net Change In Fund Balance
	General Fund
GAAP Basis (as reported)	\$208,564
Increase (Decrease):	
Accrued Revenues at December 31, 2011 received during 2012	(2,152,149)
Accrued Revenues at December 31, 2010 received during 2011	2,255,629
Accrued Expenditures at December 31, 2011 paid during 2012	499,005
Accrued Expenditures at December 31, 2010 paid during 2011	(615,149)
2010 Prepays for 2011	119,079
2011 Prepays for 2012	(98,433)
Cash With Fiscal Agent 2010	16,001
Outstanding Encumbrances	(171,968)
Budget Basis	\$60,579

**SUPPLEMENTARY INFORMATION**

**CITY OF PERRYSBURG**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2011**

<b>Federal Grantor / Pass-through Grantor/ Program or Cluster Title</b>	<b>PID#</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>
<b>Department of Transportation</b>			
Highway Planning and Construction			
LPA Federal Local-Let Project Agreement 80147 "Roachton Road"	80147	20.205	\$ 2,188,133
LPA Federal Local-Let Project Agreement 82769			
"Improvements of Intersections"	82769	20.205	<u>61,611</u>
		Total expenditures of federal awards	<u>\$ 2,249,744</u>

The accompanying note is an integral part of this schedule.

**CITY OF PERRYSBURG  
NOTES TO SCHEDULE OF FEDERAL AWARDS  
For the Year Ended December 31, 2011**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards summarizes activity of the City's federal awards programs. The schedule has been prepared on the cash basis of accounting.



GILMORE, JASION & MAHLER, LTD

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

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

To the Mayor and Members of City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Perrysburg (the City) as of and for the year ended December 31, 2011, and have issued our report thereon dated April 30, 2013. As described in Note 5, during 2011 the City adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management of City of Perrysburg is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as previously described. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as Finding 2011-01 that we consider to be a significant deficiency in internal control over financial reporting. 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.

### **Compliance and Other Matters**

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

The City's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, express no opinion on it.

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

*Gilmore, Jason & Mahler, LTD*

April 30, 2013



GILMORE, JASON & MAHLER, LTD

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Compliance**

We have audited the compliance of City of Perrysburg (the City) with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2011. The City's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as finding 2011-02.

## Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as described above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as discussed in the accompanying Schedule of Findings and Questioned Costs as Finding 2011-01. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The City's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Mayor, Members of City Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Dilmore, Jasion & Mahler, LTD*

April 30, 2013

**CITY OF PERRYSBURG  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2011**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditors’ report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiencies(s) identified that are not considered to be material weakness(es)?	Yes
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies(s) identified that are not considered to be material weakness(es)?	Yes
Type of auditors’ report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	Yes

**Identification of major programs**

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.205	Highway Planning and Construction
Dollar threshold used to distinguish between type A and type B programs	\$300,000

Auditee qualified as low-risk auditee? No

**Section II–Financial Statement Findings**

Yes

**Section III–Federal Award Findings and Questioned Costs**

Yes

**CITY OF PERRYSBURG  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2011**

**Section II—Financial Statement Findings**

**Finding 2011-01**

**Criteria:** Revenue recognition

**Condition:** For the year ended June 30, 2011, the City did not record revenue paid by the Ohio Department of Transportation (ODOT) on behalf of the City of Perrysburg for contracts related to work on Roachton Road and Improvements to Intersections. The funds paid by ODOT were federal. This finding was repeated from 2010.

**Questioned Costs:** None

**Effect:** The revenue was not recorded by the City, resulting in unrecognized revenue. As a result, it was not clear that the City needed a Single Audit in accordance with OMB Circular A-133 as a result of receiving over \$500,000 in federal funds, and the Single Audit was not performed timely.

**Cause:** The revenue was not recognized due to a breakdown in internal controls of interdepartmental communication. The Engineering department received grant funding administered by the Ohio Department of Transportation on behalf of the Federal Highway Administration though the City never received the cash. The Engineering department was not aware that the funding received was federal as all of the administration was done by the Ohio Department of Transportation.

**Recommendation:** We recommend that revenue is properly recorded when earned which includes grants administered by the Ohio Department of Transportation on behalf of the Federal Highway Administration, regardless of whether cash is paid by the City.

**Views of responsible officials and planned corrective actions:** Management of the City will record such transactions in the future to ensure proper revenue recognition in the financial statements.

**CITY OF PERRYSBURG**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED**  
**For the Year Ended December 31, 2011**

**Section III–Federal Award Findings and Questioned Costs**

**Finding 2011-02      Highway Planning and Construction-CFDA No. 20.205**

**Criteria:** Compliance requirements – Reporting

**Condition:** For the year ended June 30, 2011, the data collection form was not submitted to the Federal Audit Clearinghouse within nine months of year end. This finding was repeated from 2010.

**Questioned Costs:** None

**Effect:** Not submitting the data collection form timely may result in a delay of information provided to the Federal Audit Clearinghouse.

**Cause:** The deadline was missed due to a delay in recording revenue for federal funds paid by the State of Ohio on behalf of the City of Perrysburg. Because the federal funds were not included in the City of Perrysburg’s revenue, a compliance audit related to OMB Circular A-133 was not performed until late 2012. As a result, the data collection form was filed after the due date.

**Recommendation:** We recommend that the Data Collection Form is submitted to the Federal Audit Clearinghouse within their guidelines.

**Views of responsible officials and planned corrective actions:** Management of the City engaged Gilmore, Jasion & Mahler, LTD to perform a single audit for the year ended December 31, 2011 and will subsequently complete a data collection form which will be submitted to the Federal Audit Clearinghouse. Procedures have been implemented to identify federal funding received.

**CITY OF PERRYSBURG**  
**SCHEDULE OF STATUS OF PRIOR YEAR (2010) AUDIT FINDINGS**  
**For the Year Ended December 31, 2011**

**Finding 2010-01      Highway Planning and Construction-CFDA No. 20.205**

**Condition:** For the year ended June 30, 2010, the City did not record revenue paid by the Ohio Department of Transportation (ODOT) on behalf of the City of Perrysburg for contracts related to work on Roachton Road and 2010 Urban Resurfacing. The funds paid by ODOT were federal.

**Corrective Action Taken:** Management was unable to correct the issue in time to prevent its recurrence for the December 31, 2011 fiscal year. The revenue will be recognized correctly for the year ended December 31, 2012. This is still a finding.

**Finding 2010-02      Highway Planning and Construction-CFDA No. 20.205**

**Condition:** For the year ended December 31, 2010, the data collection form was not submitted to the Federal Audit Clearinghouse within nine months of year end.

**Corrective Action Taken:** Management was unable to correct the issue in time to prevent its recurrence for the December 31, 2011 fiscal year. The data collection form for the year ended December 31, 2012 is expected to be filed timely. This is still a finding.



# 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  
JULY 2, 2013**