

CITY OF PERRYSBURG, OHIO

BASIC FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2012**

Prepared by:
David D. Creps
Director of Finance



Dave Yost • Auditor of State

Members of 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, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

September 17, 2013

CITY OF PERRYSBURG, OHIO

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CITY OF PERRYSBURG, OHIO

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GILMORE, JASION & MAHLER, LTD

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the City of Perrysburg, Wood County, Ohio, (the "City"), as of and for the year ended December 31, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows there of for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 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* in considering the City's internal control over financial reporting and compliance.

Gilmore, Jason & Mahler, LTD

June 25, 2013

CITY OF PERRYSBURG, OHIO

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CITY OF PERRYSBURG, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2012***

Unaudited

The discussion and analysis of the City of Perrysburg's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2012. 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 2012 are as follows:

- ❑ In total, net position increased \$8,785,132. Net position of governmental activities increased \$5.0 million, which represents a 5.3% increase from 2011. Net position of business-type activities increased \$3.8 million or 7.1% from 2011.
- ❑ General revenues accounted for \$19.2 million in revenue or 51% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 49% of total revenues of \$37,829,662.
- ❑ The City had \$20.1 million in expenses related to governmental activities; only \$5.8 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$19.2 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$19 million in revenues and \$15.2 million in expenditures. The general fund's fund balance increased \$2,092,393 to \$8,328,228.
- ❑ Net position for enterprise funds increased by \$3,753,731. 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

*Management's Discussion and Analysis
For the Year Ended December 31, 2012*

Unaudited

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

CITY OF PERRYSBURG, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net position between December 31, 2012 and 2011:

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$19,219,514	\$16,640,952	\$15,629,720	\$15,148,204	\$34,849,234	\$31,789,156
Capital assets, Net	85,846,993	84,200,138	61,408,478	59,441,818	147,255,471	143,641,956
Total assets	105,066,507	100,841,090	77,038,198	74,590,022	182,104,705	175,431,112
Long-term debt outstanding	1,142,011	1,205,867	15,490,938	16,844,681	16,632,949	18,050,548
Other liabilities	2,122,125	5,928,643	4,723,620	4,707,902	6,845,745	10,636,545
Total liabilities	3,264,136	7,134,510	20,214,558	21,552,583	23,478,694	28,687,093
Deferred Inflows of Resources:						
Property Tax Levy for Next Fiscal Year	3,096,860	0	0	0	3,096,860	0
Net position						
Net Investment in Capital Assets	84,896,993	82,800,138	41,996,003	38,497,302	126,892,996	121,297,440
Restricted	3,465,594	3,635,357	0	0	3,465,594	3,635,357
Unrestricted	10,342,924	7,271,085	14,827,637	14,540,137	25,170,561	21,811,222
Total net assets	\$98,705,511	\$93,706,580	\$56,823,640	\$53,037,439	\$155,529,151	\$146,744,019

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CITY OF PERRYSBURG, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

Changes in Net position – The following table shows the changes in net position for the fiscal year 2012 and 2011:

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues:						
Charges for Services and Sales	\$2,007,682	\$2,037,877	\$12,363,661	\$10,049,647	\$14,371,343	\$12,087,524
Operating Grants and Contributions	1,455,971	1,386,502	0	0	1,455,971	1,386,502
Capital Grants and Contributions	2,405,103	4,727,942	333,673	135,116	2,738,776	4,863,058
Total Program Revenues	<u>5,868,756</u>	<u>8,152,321</u>	<u>12,697,334</u>	<u>10,184,763</u>	<u>18,566,090</u>	<u>18,337,084</u>
General revenues:						
Property Taxes	2,761,833	3,092,257	0	0	2,761,833	3,092,257
Income Taxes	14,571,160	14,192,501	0	0	14,571,160	14,192,501
Intergovernmental Revenues, Unrestricted	1,382,174	2,144,085	0	0	1,382,174	2,144,085
Investment Earnings	53,673	61,894	0	0	53,673	61,894
Miscellaneous	494,732	220,204	0	0	494,732	220,204
Total General Revenues	<u>19,263,572</u>	<u>19,710,941</u>	<u>0</u>	<u>0</u>	<u>19,263,572</u>	<u>19,710,941</u>
Total Revenues	<u>25,132,328</u>	<u>27,863,262</u>	<u>12,697,334</u>	<u>10,184,763</u>	<u>37,829,662</u>	<u>38,048,025</u>
Program Expenses:						
Security of Persons and Property	8,840,017	8,677,165	0	0	8,840,017	8,677,165
Public Health and Welfare Services	29,432	36,327	0	0	29,432	36,327
Leisure Time Activities	1,333,667	1,434,405	0	0	1,333,667	1,434,405
Community Development	912,722	861,943	0	0	912,722	861,943
Basic Utility Service	1,165,558	1,159,624	0	0	1,165,558	1,159,624
Transportation	3,070,452	1,988,723	0	0	3,070,452	1,988,723
General Government	4,721,824	4,816,672	0	0	4,721,824	4,816,672
Interest and Fiscal Charges	14,725	49,679	0	0	14,725	49,679
Sewer	0	0	4,135,601	4,777,034	4,135,601	4,777,034
Water	0	0	4,820,532	3,612,930	4,820,532	3,612,930
Total Expenses	<u>20,088,397</u>	<u>19,024,538</u>	<u>8,956,133</u>	<u>8,389,964</u>	<u>29,044,530</u>	<u>27,414,502</u>
Change in Net Position before Transfers	5,043,931	8,838,724	3,741,201	1,794,799	8,785,132	10,633,523
Transfers	(45,000)	(45,000)	45,000	45,000	0	0
Total Change in Net Position	4,998,931	8,793,724	3,786,201	1,839,799	8,785,132	10,633,523
Beginning Net Position	93,706,580	84,912,856	53,037,439	51,197,640	146,744,019	136,110,496
Ending Net Position	<u>\$98,705,511</u>	<u>\$93,706,580</u>	<u>\$56,823,640</u>	<u>\$53,037,439</u>	<u>\$155,529,151</u>	<u>\$146,744,019</u>

Governmental Activities

Net position of the City's governmental activities increased by \$4,998,931, which represents an increase of 5.3% compared to 2011. Although the increase was not as large as that from 2010 to 2011, the City's general revenues remained consistent with those of 2011 and expenditures showed only a slight increase over 2011. The largest decrease in revenues came from the capital grants and contributions for the year.

CITY OF PERRYSBURG, OHIO

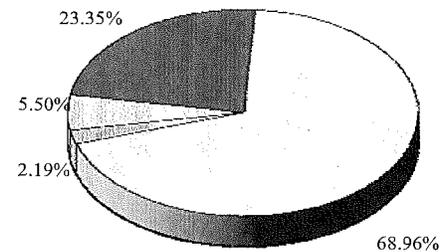
**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

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 11.06% and 57.9% respectively of revenues for governmental activities for the City in fiscal year 2012. The City's reliance upon tax revenues is demonstrated by the following graph indicating 68.96% of total revenues from general tax revenues:

Revenue Sources	2012	Percent of Total
Intergovernmental Revenues, Unrestricted	\$1,382,174	5.50%
Program Revenues	5,868,756	23.35%
General Tax Revenues	17,332,993	68.96%
General Other	548,405	2.19%
Total Revenue	<u>\$25,132,328</u>	<u>100.00%</u>



Business-Type Activities

Net position of the business-type activities increased by \$3,786,201. This increase can be most attributable to the increase in capital assets during 2012. Several major infrastructure projects continued during 2012, 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.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$12,559,390, which is an increase from last year's balance of \$9,331,489. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2012 and 2011:

	Fund Balance December 31, 2012	Fund Balance December 31, 2011	Increase (Decrease)
General	\$8,328,228	\$6,235,835	\$2,092,393
Capital Improvements	1,673,620	1,174,394	499,226
Way Library	(892,535)	(1,320,243)	427,708
Other Governmental	3,450,077	3,241,503	208,574
Total	<u>\$12,559,390</u>	<u>\$9,331,489</u>	<u>\$3,227,901</u>

CITY OF PERRYSBURG, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

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:

	2012 Revenues	2011 Revenues	Increase (Decrease)
Taxes	\$15,645,274	\$15,342,641	\$302,633
Intergovernmental Revenue	1,153,189	1,932,472	(779,283)
Charges for Services	850,434	871,700	(21,266)
Fines, Licenses and Permits	996,821	954,043	42,778
Investment Earnings	27,987	51,004	(23,017)
Special Assessments	184,090	15,597	168,493
All Other Revenue	160,483	102,557	57,926
Total	\$19,018,278	\$19,270,014	(\$251,736)

General Fund revenues in 2012 decreased approximately 1.3% compared to revenues in fiscal year 2011. This decrease is primarily the result of decreased intergovernmental revenues. Intergovernmental revenues decreased due in part, to inheritance tax and Local Government Fund distributions which were down significantly.

	2012 Expenditures	2011 Expenditures	Increase (Decrease)
Security of Persons and Property	\$7,616,392	\$7,233,177	\$383,215
Public Health and Welfare Services	29,432	36,327	(6,895)
Leisure Time Activities	1,343,508	1,316,737	26,771
Community Development	450,093	412,789	37,304
Transportation	1,518,369	1,394,576	123,793
General Government	4,276,674	4,115,162	161,512
Total	\$15,234,468	\$14,508,768	\$725,700

General Fund expenditures increased by \$725,700 or 5% from the prior year. The City's income tax collections continued a pattern of steady growth in 2012, 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 near 60% of total revenues for General Fund activities.

CITY OF PERRYSBURG, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2012***

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 2012 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$19.7 million increased by \$2.1 million from the original budget estimates of \$17.6 million as a result of income tax revenues being significantly higher than budgetary expectations. The City continues with a conservative approach to budgeting. Cuts to Local Government Funds and Estate Tax revenues have been factored into the overall budget. The City has taken a very cautious approach to the creation of new positions. Since 2009, some positions have been added and some have been eliminated, with the net effect being that the City has about the same number of employees. The City continues to budget a healthy rate of growth in the Reserve Balance Fund.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2012 the City had \$147,255,471 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$85,846,993 was related to governmental activities and \$61,408,478 to the business-type activities. The following table shows fiscal year 2012 and 2011 balances:

	Governmental Activities		Increase (Decrease)
	2012	2011	
Land	\$10,426,409	\$10,426,409	\$0
Construction in Progress	3,416,203	6,361,069	(2,944,866)
Buildings	18,785,337	18,785,337	0
Improvements Other Than Buildings	7,239,185	7,239,185	0
Machinery and Equipment	12,496,545	12,066,198	430,347
Infrastructure	61,072,317	54,892,114	6,180,203
Less: Accumulated Depreciation	(27,589,003)	(25,570,174)	(2,018,829)
Totals	\$85,846,993	\$84,200,138	\$1,646,855

CITY OF PERRYSBURG, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

	Business-Type Activities		Increase (Decrease)
	2012	2011	
Land	\$273,383	\$273,383	\$0
Construction in Progress	10,480,287	7,331,524	3,148,763
Buildings	11,808,483	11,798,313	10,170
Improvements Other Than Buildings	54,792,278	54,458,605	333,673
Machinery and Equipment	13,142,025	13,059,208	82,817
Less: Accumulated Depreciation	(29,087,978)	(27,479,215)	(1,608,763)
Totals	\$61,408,478	\$59,441,818	\$1,966,660

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 the almost \$5.6 million worth of donated infrastructure to the City from subdivisions during 2012. 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, 2012 and 2011:

	2012	2011
Governmental Activities:		
General Obligation Notes	\$950,000	\$1,400,000
Compensated Absences	1,142,011	1,205,867
Total Governmental Activities	2,092,011	2,605,867
Business-Type Activities:		
General Obligation Notes	4,085,000	4,300,000
OWDA Loans Payable	3,242,475	4,029,516
General Obligation Bonds	12,085,000	12,615,000
Compensated Absences	163,463	200,165
Total Business-Type Activities	19,575,938	21,144,681
Totals	\$21,667,949	\$23,750,548

CITY OF PERRYSBURG, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2012*

Unaudited

State statutes limit the amount of unvoted general obligation debt the City may issue. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with other political subdivisions. The actual aggregate amount of the City's unvoted debt, when added to that of other political subdivisions within the respective counties in which Perrysburg lies, is limited to ten mills. At December 31, 2012, 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 for the past 20 years. Income tax collections increased by 6% over 2011. 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. The City began funding the Reserve Balance Fund in 2012 and continued funding is anticipated for the foreseeable future. Perrysburg continues to be a growing, vital community. Utilizing annexation and economic development tools, the City has been able to shift much of its tax burden away from residents and over to business/commercial taxpayers. The City continues to experience significant growth in both the commercial and residential sectors. It is the City's goal to achieve a balance between the types of taxpayers who support City services, and the City has made great strides to this extent. The City has also realized significant income tax collections from non-resident companies whose employees live in the City. Through mandatory filing and courtesy withholdings, the City has been able to share in the successes of companies, which would otherwise have no effect on the City. In this way, the City has been able to take advantage of the successes of the region, and not just within the City boundaries.

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 Position *December 31, 2012*

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 4,719,803	\$ 12,619,512	\$ 17,339,315
Investments	6,704,196	0	6,704,196
Receivables:			
Taxes	5,009,926	0	5,009,926
Accounts	131,904	2,047,263	2,179,167
Intergovernmental	1,228,181	0	1,228,181
Special Assessments	284,429	231,419	515,848
Loans	330,409	0	330,409
Internal Balances	(32,285)	32,285	0
Inventory of Supplies at Cost	189,128	672,957	862,085
Prepaid Items	118,350	26,284	144,634
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	535,473	0	535,473
Capital Assets:			
Capital Assets Not Being Depreciated	13,842,612	10,753,670	24,596,282
Capital Assets Being Depreciated, Net	72,004,381	50,654,808	122,659,189
Total Assets	105,066,507	77,038,198	182,104,705
Liabilities:			
Accounts Payable	288,065	424,760	712,825
Accrued Wages and Benefits	882,372	63,175	945,547
Intergovernmental Payable	0	57,915	57,915
Accrued Interest Payable	1,688	92,770	94,458
General Obligation Notes Payable	950,000	4,085,000	5,035,000
Long-Term Liabilities:			
Due Within One Year	379,912	1,436,419	1,816,331
Due in More Than One Year	762,099	14,054,519	14,816,618
Total Liabilities	3,264,136	20,214,558	23,478,694
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	3,096,860	0	3,096,860
Net Position:			
Net Investment in Capital Assets	84,896,993	41,996,003	126,892,996
Restricted For:			
Other Purposes	3,465,594	0	3,465,594
Unrestricted	10,342,924	14,827,637	25,170,561
Total Net Position	\$ 98,705,511	\$ 56,823,640	\$ 155,529,151

See accompanying notes to the basic financial statements

CITY OF PERRYSBURG, OHIO

Statement of Activities
For the Year Ended December 31, 2012

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
Security of Persons and Property	\$ 8,840,017	\$ 443,328	\$ 9,207	\$ 172,682
Public Health and Welfare Services	29,432	0	0	0
Leisure Time Activities	1,333,667	142,460	0	150,149
Community Development	912,722	277,710	20,623	152,032
Basic Utility Services	1,165,558	98,036	0	0
Transportation	3,070,452	25,233	1,426,141	1,762,874
General Government	4,721,824	1,020,915	0	167,366
Interest and Fiscal Charges	14,725	0	0	0
Total Governmental Activities	20,088,397	2,007,682	1,455,971	2,405,103
Business-Type Activities:				
Sewer	4,135,601	7,592,077	0	192,947
Water	4,820,532	4,771,584	0	140,726
Total Business-Type Activities	8,956,133	12,363,661	0	333,673
Totals	\$ 29,044,530	\$ 14,371,343	\$ 1,455,971	\$ 2,738,776

General Revenues

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

Change in Net Position

Net Position Beginning of Year
Net Position End of Year

See accompanying notes to the basic financial statements

CITY OF PERRYSBURG, OHIO

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (8,214,800)	\$ 0	\$ (8,214,800)
(29,432)	0	(29,432)
(1,041,058)	0	(1,041,058)
(462,357)	0	(462,357)
(1,067,522)	0	(1,067,522)
143,796	0	143,796
(3,533,543)	0	(3,533,543)
(14,725)	0	(14,725)
<u>(14,219,641)</u>	<u>0</u>	<u>(14,219,641)</u>
0	3,649,423	3,649,423
0	91,778	91,778
0	3,741,201	3,741,201
<u>(14,219,641)</u>	<u>3,741,201</u>	<u>(10,478,440)</u>
2,761,833	0	2,761,833
14,571,160	0	14,571,160
1,382,174	0	1,382,174
53,673	0	53,673
494,732	0	494,732
(45,000)	45,000	0
<u>19,218,572</u>	<u>45,000</u>	<u>19,263,572</u>
4,998,931	3,786,201	8,785,132
93,706,580	53,037,439	146,744,019
<u>\$ 98,705,511</u>	<u>\$ 56,823,640</u>	<u>\$ 155,529,151</u>

CITY OF PERRYSBURG, OHIO

Balance Sheet
Governmental Funds
December 31, 2012

	General	Capital Improvements	Way Library
Assets:			
Cash and Cash Equivalents	\$ 2,424,691	\$ 584,072	\$ 20,407
Investments	4,398,871	1,108,960	38,746
Receivables:			
Taxes	3,093,180	0	474,277
Accounts	129,370	0	0
Intergovernmental	457,532	0	25,723
Special Assessments	179,006	0	0
Loans	0	0	0
Inventory of Supplies, at Cost	0	0	0
Prepaid Items	106,596	2,648	0
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	0	0	0
Total Assets	\$ 10,789,246	\$ 1,695,680	\$ 559,153
Liabilities:			
Accounts Payable	170,282	22,060	0
Accrued Wages and Benefits Payable	514,194	0	0
Accrued Interest Payable	0	0	1,688
General Obligation Notes Payable	0	0	950,000
Total Liabilities	684,476	22,060	951,688
Deferred Inflows of Resources:			
Unavailable Amounts	558,435	0	25,723
Property Tax for Next Fiscal Year	1,218,107	0	474,277
Total Deferred Inflows of Resources	1,776,542	0	500,000
Fund Balances:			
Nonspendable	106,596	2,648	0
Restricted	0	0	0
Committed	0	1,670,972	0
Assigned	139,518	0	0
Unassigned	8,082,114	0	(892,535)
Total Fund Balances	8,328,228	1,673,620	(892,535)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 10,789,246	\$ 1,695,680	\$ 559,153

See accompanying notes to the basic financial statements

CITY OF PERRYSBURG, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 1,556,211	\$ 4,585,381
902,879	6,449,456
1,442,469	5,009,926
1,575	130,945
744,926	1,228,181
105,423	284,429
330,409	330,409
189,128	189,128
9,106	118,350
<u>535,473</u>	<u>535,473</u>
<u>\$ 5,817,599</u>	<u>\$ 18,861,678</u>
95,723	288,065
229,247	743,441
0	1,688
0	950,000
<u>324,970</u>	<u>1,983,194</u>
638,076	1,222,234
<u>1,404,476</u>	<u>3,096,860</u>
<u>2,042,552</u>	<u>4,319,094</u>
198,234	307,478
3,349,494	3,349,494
67,029	1,738,001
35,710	175,228
(200,390)	6,989,189
<u>3,450,077</u>	<u>12,559,390</u>
<u>\$ 5,817,599</u>	<u>\$ 18,861,678</u>

CITY OF PERRYSBURG, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2012***

Total Governmental Fund Balances	\$12,559,390
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	85,846,993
Other long-term assets are not available to pay for current- period expenditures and therefore are unavailable in the funds.	1,222,234
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	218,905
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,142,011)</u>
<i>Net Position of Governmental Funds</i>	<u>\$ 98,705,511</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, 2012**

	General	Capital Improvements	Way Library
Revenues:			
Property Taxes	\$ 1,051,617	\$ 0	\$ 447,497
Municipal Income Tax	14,593,657	0	0
Intergovernmental Revenues	1,153,189	114,829	0
Charges for Services	850,434	0	0
Licenses and Permits	235,477	0	0
Investment Earnings	27,987	0	2,633
Special Assessments	184,090	214	0
Fines and Forfeitures	761,344	0	0
All Other Revenue	160,483	628,169	0
Total Revenue	19,018,278	743,212	450,130
Expenditures:			
Current:			
Security of Persons and Property	7,616,392	0	0
Public Health and Welfare Services	29,432	0	0
Leisure Time Activities	1,343,508	0	0
Community Development	450,093	0	0
Basic Utility Services	0	0	0
Transportation	1,518,369	0	0
General Government	4,276,674	0	7,697
Capital Outlay	0	1,033,986	0
Debt Service:			
Interest & Fiscal Charges	0	0	14,725
Total Expenditures	15,234,468	1,033,986	22,422
Excess (Deficiency) of Revenues Over Expenditures	3,783,810	(290,774)	427,708
Other Financing Sources (Uses):			
Transfers In	164,583	790,000	0
Transfers Out	(1,856,000)	0	0
Total Other Financing Sources (Uses)	(1,691,417)	790,000	0
Net Change in Fund Balances	2,092,393	499,226	427,708
Fund Balances at Beginning of Year	6,235,835	1,174,394	(1,320,243)
Increase in Inventory Reserve	0	0	0
Fund Balances End of Year	\$ 8,328,228	\$ 1,673,620	\$ (892,535)

See accompanying notes to the basic financial statements

CITY OF PERRYSBURG, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 1,275,001	\$ 2,774,115
0	14,593,657
1,680,304	2,948,322
96,805	947,239
1,245	236,722
23,053	53,673
110,084	294,388
235,988	997,332
245,000	1,033,652
<u>3,667,480</u>	<u>23,879,100</u>
906,591	8,522,983
0	29,432
0	1,343,508
469,030	919,123
1,140,141	1,140,141
1,347,441	2,865,810
257,463	4,541,834
208,585	1,242,571
0	14,725
<u>4,329,251</u>	<u>20,620,127</u>
(661,771)	3,258,973
1,021,000	1,975,583
(164,583)	(2,020,583)
<u>856,417</u>	<u>(45,000)</u>
194,646	3,213,973
3,241,503	9,331,489
13,928	13,928
<u>\$ 3,450,077</u>	<u>\$ 12,559,390</u>

CITY OF PERRYSBURG, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Fiscal Year Ended December 31, 2012***

Net Change in Fund Balances - Total Governmental Funds	\$ 3,213,973
<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	277,407
The net effect of various miscellaneous transactions involving capital assets (i.e. disposals and donations) is to increase net position.	1,369,448
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(159,807)
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.	77,784
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.	<u>220,126</u>
<i>Change in Net Position of Governmental Activities</i>	<u><u>\$ 4,998,931</u></u>

See accompanying notes to the basic financial statements

CITY OF PERRYSBURG, OHIO

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CITY OF PERRYSBURG, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Utility Collection
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 5,915,248	\$ 6,649,549	\$ 54,715
Investments	0	0	0
<i>Receivables:</i>			
Accounts	1,162,556	884,707	0
Special Assessments	216,620	14,799	0
Inventory of Supplies at Cost	30,431	642,526	0
Prepaid Items	7,214	19,070	0
Total Current Assets	7,332,069	8,210,651	54,715
<i>Non Current Assets:</i>			
Capital Assets, Net	47,776,067	13,632,411	0
Total Assets	55,108,136	21,843,062	54,715
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	389,985	34,775	0
Accrued Wages and Benefits	37,591	25,584	0
Intergovernmental Payable	0	0	57,915
Accrued Interest Payable	37,736	55,034	0
General Obligation Notes Payable	0	4,085,000	0
Compensated Absences Payable - Current	36,666	13,418	0
General Obligation Bonds - Current	540,000	0	0
OWDA Loans - Current	846,335	0	0
Total Current Liabilities	1,888,313	4,213,811	57,915
<i>Long Term Liabilities:</i>			
Compensated Absences Payable	33,942	79,437	0
General Obligation Bonds Payable	11,545,000	0	0
OWDA Loans Payable	2,396,140	0	0
Total Liabilities	15,863,395	4,293,248	57,915
Net Position:			
Net Invested in Capital Assets	32,448,592	9,547,411	0
Unrestricted	6,796,149	8,002,403	(3,200)
Total Net Position	\$ 39,244,741	\$ 17,549,814	\$ (3,200)

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

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2012**

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Utility Collection
Operating Revenues:			
Charges for Services	\$ 7,386,755	\$ 4,771,584	\$ 0
Other Operating Revenue	205,322	0	0
Total Operating Revenues	7,592,077	4,771,584	0
Operating Expenses:			
Personal Services	1,216,640	618,636	0
Contractual Services	447,763	3,548,176	0
Materials and Supplies	215,682	24,223	0
Depreciation	1,068,654	540,109	0
Total Operating Expenses	2,948,739	4,731,144	0
Operating Income	4,643,338	40,440	0
Nonoperating Revenue (Expenses):			
Investment Earnings	0	0	0
Interest Expense	(1,210,612)	(98,108)	0
Total Nonoperating Revenues (Expenses)	(1,210,612)	(98,108)	0
Income (Loss) Before Transfers and Contributions	3,432,726	(57,668)	0
Transfers:			
Transfers In	45,000	0	0
Capital Contributions	192,947	140,726	0
Total Transfers and Contributions	237,947	140,726	0
Change in Net Position	3,670,673	83,058	0
Net Position Beginning of Year	35,574,068	17,466,756	(3,200)
Net Position End of Year	\$ 39,244,741	\$ 17,549,814	\$ (3,200)

Change in Net Position - Total Enterprise Funds

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

Change in Net Position - Business-type Activities

See accompanying notes to the basic financial statements

CITY OF PERRYSBURG, OHIO

Total	Internal Service Funds
\$ 12,158,339	\$ 1,879,411
205,322	0
12,363,661	1,879,411
1,835,276	1,544,622
3,995,939	3,319
239,905	81,773
1,608,763	0
7,679,883	1,629,714
4,683,778	249,697
0	2,899
(1,308,720)	0
(1,308,720)	2,899
3,375,058	252,596
45,000	0
333,673	0
378,673	0
3,753,731	252,596
53,037,624	(1,406)
56,791,355	\$ 251,190
3,753,731	
32,470	
\$ 3,786,201	

CITY OF PERRYSBURG, OHIO

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Utility Collection
Cash Flows from Operating Activities:			
Cash Received from Customers	\$7,418,171	\$4,687,622	\$687,573
Cash Payments for Goods and Services	(661,341)	(3,655,520)	(677,600)
Cash Payments to Employees	(1,242,350)	(639,467)	0
Net Cash Provided by Operating Activities	5,514,480	392,635	9,973
Cash Flows from Noncapital Financing Activities:			
Transfers In from Other Funds	45,000	0	0
Net Cash Provided by Noncapital Financing Activities	45,000	0	0
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Assets	(2,768,320)	(296,269)	0
General Obligation Notes Issued	0	8,170,000	0
Principal Paid on General Obligation Notes	0	(8,385,000)	0
Principal Paid on General Obligation Bonds	(530,000)	0	0
Principal Paid on Ohio Water Development Authority Loans	(787,041)	0	0
Interest Paid on All Debt	(1,211,495)	(72,039)	0
Net Cash Used for Capital and Related Financing Activities	(5,296,856)	(583,308)	0
Cash Flows from Investing Activities:			
Receipts of Interest	0	0	0
Purchase of Investments	0	0	0
Net Cash Used for Investing Activities	0	0	0
Net Increase (Decrease) in Cash and Cash Equivalents	262,624	(190,673)	9,973
Cash and Cash Equivalents at Beginning of Year	5,652,624	6,840,222	44,742
Cash and Cash Equivalents at End of Year	\$5,915,248	\$6,649,549	\$54,715

CITY OF PERRYSBURG, OHIO

Totals	Governmental Activities Internal Service Funds
\$12,793,366	\$1,878,452
(4,994,461)	(47,264)
(1,881,817)	(1,477,378)
5,917,088	353,810
45,000	0
45,000	0
(3,064,589)	0
8,170,000	0
(8,385,000)	0
(530,000)	0
(787,041)	0
(1,283,534)	0
(5,880,164)	0
0	2,899
0	(240,743)
0	(237,844)
81,924	115,966
12,537,588	18,456
\$12,619,512	\$134,422

(Continued)

CITY OF PERRYSBURG, OHIO

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Utility Collection
Reconciliation of Operating Income to Net Cash			
<u>Provided by Operating Activities:</u>			
Operating Income	\$4,643,338	\$40,440	\$0
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	1,068,654	540,109	0
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(207,512)	(93,209)	0
Decrease in Special Assessments Receivable	24,717	3,220	0
Increase in Inventory	(27,581)	(77,486)	0
Decrease in Prepaid Items	7,678	3,051	0
Increase (Decrease) in Accounts Payable	30,957	(2,408)	0
Increase in Intergovernmental Payables	0	0	9,973
Increase (Decrease) in Accrued Wages and Benefits	(10,033)	(118)	0
Decrease in Compensated Absences	(15,738)	(20,964)	0
Total Adjustments	871,142	352,195	9,973
Net Cash Provided by Operating Activities	<u>\$5,514,480</u>	<u>\$392,635</u>	<u>\$9,973</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2012, the Sewer and Water Funds had outstanding liabilities of \$320,180 and \$21,967, respectively, for the purchase of certain capital assets.

During 2012, the Sewer and Water Funds received \$192,947 and \$140,726, respectively, of capital contributions from other sources.

See accompanying notes to the basic financial statements

CITY OF PERRYSBURG, OHIO

<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$4,683,778	\$249,697
1,608,763	0
(300,721)	(959)
27,937	0
(105,067)	0
10,729	158
28,549	0
9,973	0
(10,151)	104,914
(36,702)	0
<u>1,233,310</u>	<u>104,113</u>
<u>\$5,917,088</u>	<u>\$353,810</u>

CITY OF PERRYSBURG, OHIO

**Statement of Net Position
Fiduciary Funds
December 31, 2012**

	Private Purpose Trust	
	Unclaimed Monies Fund	Agency
Assets:		
Cash and Cash Equivalents	\$ 70,322	\$ 69,875
Receivables:		
Taxes	0	205,316
Intergovernmental	0	14,807
Special Assessments	0	3,504,715
Total Assets	70,322	3,794,713
Liabilities:		
Intergovernmental Payable	0	246,174
Due to Others	0	3,548,539
Total Liabilities	0	3,794,713
Net Position:		
Unrestricted	70,322	0
Total Net Position	\$ 70,322	\$ 0

See accompanying notes to the basic financial statements

CITY OF PERRYSBURG, OHIO

***Statement of Changes in Net Position
Fiduciary Fund
For the Year Ended December 31, 2012***

	Private Purpose Trust
	Unclaimed Monies Fund
	<u> </u>
Additions:	
Contributions:	
Private Donations	\$ 3,892
Total Additions	<u> 3,892</u>
Deductions:	
Administrative Expenses	<u> 1,287</u>
Total Deductions	<u> 1,287</u>
Change in Net Position	2,605
Net Position at Beginning of Year	<u> 67,717</u>
Net Position End of Year	<u><u> \$ 70,322</u></u>

See accompanying notes to the basic financial statements

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

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, 2012 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures (expenses). The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

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

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

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

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 deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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

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

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

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

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

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 position and changes in net position. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations or other governments and therefore not available to support the City's own programs. The City's only trust fund is a private purpose trust that accounts for unclaimed monies. The agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operation. These funds operate on a full accrual basis of accounting. The City has 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 position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The internal service funds are eliminated to avoid “doubling up” revenues and expenses; however, the interfund services provided and used are not eliminated in the process of consolidation.

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

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

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

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

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

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

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

Special assessment installments, which are measurable, but not available at December 31, are recorded as deferred inflow of resources – unavailable amount. Property taxes measurable as of December 31, 2012, but which are not intended to finance 2012 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflow of resources as further described in Note 7.

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

CITY OF PERRYSBURG, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Deferred Inflows/Outflows of Resources

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

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

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CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

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

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

G. Investments

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

H. Inventory

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

I. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$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 Position, but they are not reported in the Fund Financial Statements. All infrastructure acquired prior to the implementation of GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", has been reported.

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation (Continued)

2. Property, Plant and Equipment – Business Type Activities

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

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

3. Depreciation

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

<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

*Notes to the Basic Financial Statements
For the Year Ended December 31, 2012*

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Long-Term Obligations

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

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

K. Compensated Absences

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

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

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

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position

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

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

M. Fund Balances

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

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

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

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

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

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

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balances (Continued)

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

N. Pensions

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

O. Interfund Activity

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

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

P. Estimates

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

Q. Restricted Assets

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

CITY OF PERRYSBURG, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Operating Revenues and Expenses

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2012.

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

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

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

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

Delinquent Income Tax Revenue	\$114,466
Delinquent Property Tax Revenue	57,279
Shared Revenues	766,060
Special Assessment Revenue	284,429
	<u>\$1,222,234</u>

Long-Term liabilities not reported in the funds:

Compensated Absences Payable	(\$1,142,011)
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CITY OF PERRYSBURG, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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

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

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

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

Capital Outlay	\$2,540,868
Depreciation Expense	<u>(2,263,461)</u>
	\$277,407

Governmental revenues not reported in the funds:

Decrease in Delinquent Income Tax Revenue	(\$22,497)
Decrease in Delinquent Property Tax	(12,282)
Decrease in Shared Revenue	(105,432)
Decrease in Special Assessment Revenue	<u>(19,596)</u>
	(\$159,807)

Expenses not requiring the use of current financial resources:

Decrease in Compensated Absences Payable	\$63,856
Increase in supplies inventory	<u>13,928</u>
	\$77,784

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The accumulated deficits at December 31, 2012 of \$3,200 in the Utility Collection Fund (enterprise fund) and \$200,390 in the Police Pension Fund, arise from the recognition of expenses on the accrual basis of accounting which are greater than expenses on the cash basis of accounting. The fund deficit at December 31, 2012 of \$892,535 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, 2012***

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:					
Supplies Inventory	\$0	\$0	\$0	\$189,128	\$189,128
Prepaid Items	106,596	2,648	0	9,106	118,350
Total Nonspendable	<u>106,596</u>	<u>2,648</u>	<u>0</u>	<u>198,234</u>	<u>307,478</u>
Restricted:					
Hotel/Motel Tax	0	0	0	37,490	37,490
Street Construction and Maintenance	0	0	0	811,476	811,476
State Highway Improvements	0	0	0	47,686	47,686
Garbage and Refuse	0	0	0	3,416	3,416
Motor Vehicle License Tax	0	0	0	705,782	705,782
Street Trees	0	0	0	110,998	110,998
Municipal Court Computer	0	0	0	415,754	415,754
CDBG Revolving Loan	0	0	0	865,882	865,882
Defendents Trust	0	0	0	36,695	36,695
DUI Indigent Drivers Alcohol Treatment	0	0	0	210,232	210,232
Indigent Drivers	0	0	0	89,526	89,526
Litter Control	0	0	0	14,557	14,557
Total Restricted	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,349,494</u>	<u>3,349,494</u>
Committed:					
Capital Improvements	0	1,670,972	0	0	1,670,972
Parkland Acquisition and Development	0	0	0	67,029	67,029
Total Committed	<u>0</u>	<u>1,670,972</u>	<u>0</u>	<u>67,029</u>	<u>1,738,001</u>
Assigned	139,518	0	0	35,710	175,228
Unassigned	8,082,114	0	(892,535)	(200,390)	6,989,189
Total Fund Balances	<u>\$8,328,228</u>	<u>\$1,673,620</u>	<u>(\$892,535)</u>	<u>\$3,450,077</u>	<u>\$12,559,390</u>

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 5 – CHANGE IN ACCOUNTING PRINCIPLE

For 2012 the City implemented GASB Statement No. 62, “*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*,” GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*” and GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities*”.

Statement No. 62 incorporated into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position.

Statement No. 65 provides guidance on how to properly classify items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. In addition, guidance is provided on recognizing certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

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

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

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, 2012**

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 \$18,014,985 and the bank balance was \$18,836,372. The Federal Deposit Insurance Corporation (FDIC) covered \$750,000 of the bank balance and \$18,086,372 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	\$18,086,372
Total Balance	\$18,086,372

B. Investments

The City's investments at December 31, 2012 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	\$3,379,762	AAA ¹ / Aaa ²	\$1,263,529	\$2,116,233
FHLMC	255,970	AAA ¹ / Aaa ²	0	255,970
FHLB	1,030,481	AAA ¹ / Aaa ²	762,088	268,393
Freddie MAC	2,037,983	AAA ¹ / Aaa ²	1,013,305	1,024,678
Total Investments	\$6,704,196		\$3,038,922	\$3,665,274

¹ Standard & Poor's

² Moody's Investor Service

CITY OF PERRYSBURG, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

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

B. Investments (Continued)

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

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

Custodial Credit Risk – The City’s investments in FNMA, FHLMC, FHLB and Freddie MAC securities in the amount of \$3,379,762, \$255,970, \$1,030,481 and \$2,037,983, 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>\$18,014,985</u>	<u>\$6,704,196</u>
Per Footnote Section A	<u>\$18,014,985</u>	<u>\$6,704,196</u>

* Includes Cash with Fiscal Agent of \$535,473.

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 2012 were levied after October 1, 2011 on assessed values as of January 1, 2011, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed during 2011 and the last equalization adjustment was completed in 2008. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder payable by June 20.

CITY OF PERRYSBURG, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 7 - TAXES (Continued)

A. Property Taxes (Continued)

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Perrysburg. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2012 was \$5.75 per \$1,000 of assessed value. The assessed value upon which the 2012 receipts were based was \$568,604,320. This amount constitutes \$564,914,020 in real property assessed value and \$3,690,300 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.

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, 2012 consisted of taxes, loans, special assessments, accounts receivable and intergovernmental receivables.

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2012:

	Transfers In:				Total
	General Fund	Capital Improvements Fund	Other Governmental Funds	Sewer Fund	
Transfers Out:					
General Fund	\$0	\$790,000	\$1,021,000	\$45,000	\$1,856,000
Other Governmental Funds	164,583	0	0	0	164,583
	<u>\$164,583</u>	<u>\$790,000</u>	<u>\$1,021,000</u>	<u>\$45,000</u>	<u>\$2,020,583</u>

CITY OF PERRYSBURG, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 9 – TRANSFERS (Continued)

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

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in general capital assets at December 31, 2012:

Historical Cost:

Class	December 31, 2011	Transfers	Additions	Deletions	December 31, 2012
<i>Capital assets not being depreciated:</i>					
Land	\$10,426,409	\$0	\$0	\$0	\$10,426,409
Construction in Progress	6,361,069	0	1,244,533	(4,189,399)	3,416,203
Subtotal	16,787,478	0	1,244,533	(4,189,399)	13,842,612
<i>Capital assets being depreciated:</i>					
Buildings	18,785,337	0	0	0	18,785,337
Improvements Other than Buildings	7,239,185	0	0	0	7,239,185
Machinery and Equipment	12,066,198	(20,618)	533,126	(82,161)	12,496,545
Infrastructure	54,892,114	0	6,365,643	(185,440)	61,072,317
Subtotal	92,982,834	(20,618)	6,898,769	(267,601)	99,593,384
Total Cost	\$109,770,312	(\$20,618)	\$8,143,302	(\$4,457,000)	\$113,435,996

Accumulated Depreciation:

Class	December 31, 2011	Transfers	Additions	Deletions	December 31, 2012
Buildings	(\$4,868,322)	\$0	(\$340,477)	\$0	(\$5,208,799)
Improvements Other than Buildings	(1,236,865)	0	(132,714)	0	(1,369,579)
Machinery and Equipment	(7,220,445)	20,618	(671,843)	67,766	(7,803,904)
Infrastructure	(12,244,542)	0	(1,118,427)	156,248	(13,206,721)
Total Depreciation	(\$25,570,174)	\$20,618	(\$2,263,461) *	\$224,014	(\$27,589,003)
<i>Net Value:</i>	\$84,200,138				\$85,846,993

CITY OF PERRYSBURG, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

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	\$481,104
Leisure Time Activities	119,656
Community Development	15,961
Basic Utility Services	41,403
Transportation	1,236,946
General Government	<u>368,391</u>
Total Depreciation Expense	<u><u>\$2,263,461</u></u>

B. Business-Type Activities Capital Assets

Summary by category at December 31, 2012:

Historical Cost:

Class	December 31, 2011	Transfers	Additions	Deletions	December 31, 2012
<i>Capital assets not being depreciated:</i>					
Land	\$273,383	\$0	\$0	\$0	\$273,383
Construction in Progress	7,331,524	0	3,148,763	0	10,480,287
Subtotal	<u>7,604,907</u>	<u>0</u>	<u>3,148,763</u>	<u>0</u>	<u>10,753,670</u>
<i>Capital assets being depreciated:</i>					
Buildings	11,798,313	0	10,170	0	11,808,483
Improvements Other than Buildings	54,458,605	0	333,673	0	54,792,278
Machinery and Equipment	13,059,208	20,618	62,199	0	13,142,025
Subtotal	<u>79,316,126</u>	<u>20,618</u>	<u>406,042</u>	<u>0</u>	<u>79,742,786</u>
Total Cost	<u><u>\$86,921,033</u></u>	<u><u>\$20,618</u></u>	<u><u>\$3,554,805</u></u>	<u><u>\$0</u></u>	<u><u>\$90,496,456</u></u>

Accumulated Depreciation:

Class	December 31, 2011	Additions	Additions	Deletions	December 31, 2012
Buildings	(\$4,107,463)	\$0	(\$185,030)	\$0	(\$4,292,493)
Improvements Other than Buildings	(15,372,701)	0	(967,302)	0	(16,340,003)
Machinery and Equipment	(7,999,051)	(20,618)	(435,813)	0	(8,455,482)
Total Depreciation	<u><u>(\$27,479,215)</u></u>	<u><u>(\$20,618)</u></u>	<u><u>(\$1,588,145)</u></u>	<u><u>\$0</u></u>	<u><u>(\$29,087,978)</u></u>
<i>Net Value:</i>	<u><u>\$59,441,818</u></u>				<u><u>\$61,408,478</u></u>

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 11 – DEFINED BENEFIT PENSION PLANS

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

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

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

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

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

The ORC provides statutory authority for employee and employer contributions. For 2012, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2012 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 2012. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for calendar year 2012. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City's contributions for pension obligations to OPERS for the years ending December 31, 2012, 2011, and 2010 were \$866,896, \$773,437 and \$794,478, respectively, which were equal to the required contributions for each year.

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

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 2012, 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, 2012, 2011, and 2010 were \$444,026, \$425,402 and \$398,840 for police and \$451,048, \$451,407 and \$445,877 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

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, 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 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2012. 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, 2012, 2011, and 2010 were \$247,685, \$220,982 and \$288,471, respectively, which were equal to the required contributions for each year.

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

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

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 2012, 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, 2012, 2011, and 2010 were \$153,701, \$147,255 and \$138,060 for police and \$126,857, \$126,958 and \$125,403 for firefighters, respectively, which were equal to the required contributions for each year.

CITY OF PERRYSBURG, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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, 2012, the City's accumulated, unpaid compensated absences amounted to \$1,305,474, of which \$1,142,011 is recorded as a liability of the Governmental Activities and \$163,463 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, 2012***

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, 2011	Issued	(Retired)	Balance December 31, 2012
Capital Projects Funds:				
1.00% Library Building	\$1,400,000	\$0	(\$1,400,000)	\$0
1.25% Library Building	0	950,000	0	950,000
Total Capital Projects Funds	<u>1,400,000</u>	<u>950,000</u>	<u>(1,400,000)</u>	<u>950,000</u>
Enterprise Funds:				
1.00% Elevated Water Tower	4,300,000	0	(4,300,000)	0
1.25% Elevated Water Tower	0	4,085,000	(4,085,000)	0
1.00% Elevated Water Tower	0	4,085,000	0	4,085,000
Total Enterprise Funds	<u>4,300,000</u>	<u>8,170,000</u>	<u>(8,385,000)</u>	<u>4,085,000</u>
Total Notes Payable	<u>\$5,700,000</u>	<u>\$9,120,000</u>	<u>(\$9,785,000)</u>	<u>\$5,035,000</u>

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CITY OF PERRYSBURG, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 15 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2012 was as follows:

	Balance December 31, 2011	Additions	(Reductions)	Balance December 31, 2012	Due Within One Year
Governmental Activities:					
Compensated Absences	\$1,205,867	\$902,299	(\$966,155)	\$1,142,011	\$379,912
Total Governmental Activities Long-Term Debt	<u>\$1,205,867</u>	<u>\$902,299</u>	<u>(\$966,155)</u>	<u>\$1,142,011</u>	<u>\$379,912</u>

	Balance December 31, 2011	Additions	(Reductions)	Balance December 31, 2012	Due Within One Year
Business-Type Activities:					
Ohio Water Development Authority (O.W.D.A.) Loans:					
7.51% Waste Water Treatment Plant 1990	\$3,661,996	\$0	(\$715,543)	\$2,946,453	\$769,281
7.77% Sewer Separation 1991	367,520	0	(71,498)	296,022	77,054
Total O.W.D.A. Loans	<u>4,029,516</u>	<u>0</u>	<u>(787,041)</u>	<u>3,242,475</u>	<u>846,335</u>
General Obligation Bonds:					
3.98% Various Purpose Sewer 2010	12,615,000	0	(530,000)	12,085,000	540,000
Compensated Absences	\$200,165	\$128,285	(\$164,987)	\$163,463	\$50,084
Total Business-Type Long-Term Debt	<u>\$16,844,681</u>	<u>\$128,285</u>	<u>(\$1,482,028)</u>	<u>\$15,490,938</u>	<u>\$1,436,419</u>

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2012 follows:

Years	OWDA Loans		General Obligation Bonds	
	Principal	Interest	Principal	Interest
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	426,802
2016	507,387	37,915	580,000	411,266
2017	0	0	600,000	393,866
2018-2022	0	0	3,335,000	1,632,230
2023-2027	0	0	4,045,000	915,658
2028-2029	0	0	1,865,000	122,012
Totals	<u>\$3,242,475</u>	<u>\$574,671</u>	<u>\$12,085,000</u>	<u>\$4,795,340</u>

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2012

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.

The Government belongs to the Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

As authorized by Section 9.833 of the Ohio Revised Code, the OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 74 and 65 members as of December 31, 2011 and 2010 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010 (the latest information available.)

	<u>2011</u>	<u>2010</u>
Assets	\$1,459,791	\$1,355,131
Liabilities	<u>(1,283,527)</u>	<u>(1,055,096)</u>
Members' Equity	<u>\$176,264</u>	<u>\$300,035</u>

CITY OF PERRYSBURG, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 16 - INSURANCE AND RISK MANAGEMENT (Continued)

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 \$1,809,138. The claims liability of \$138,931 reported in the Self Insurance Fund at December 31, 2012 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 2011 and 2012 were:

<u>Fiscal Year</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at Fiscal Year End</u>
2011	\$66,919	\$1,629,667	(\$1,662,569)	\$34,017
2012	34,017	1,649,536	(1,544,622)	138,931

CITY OF PERRYSBURG, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 17 - CONSTRUCTION COMMITMENTS

As of December 31, 2012 the City had the following commitments with respect to various construction projects:

Project	Remaining Construction Commitment	Expected Date of Completion
2012 Street Resurfacing	\$164,181	2013
2012 Pavement Marking	21,565	2013
Water Telemetry System	12,349	2013
Cherry Street Water Main	3,048	2013
Perry Drive Water Main	84,802	2013
Water Line Replacement - CSSD 210	9,776	2013
Elevated Water Tanks	4,207,092	2013
WWTP Phase 3	93,597	2013
Cherry Street Sewer Separation District 209	1,381,307	2013
Fire Station # 2 Design	159,210	2013
S.R. 65 Multi Use Path	48,334	2013
Ft. Meigs Road Widening	106,018	2013
Ft. Meigs Road Intersection	64,163	2013
Riverfront Multi Use Path	18,142	2013
Total	<u>\$6,373,584</u>	

NOTE 18 - CONTINGENCIES

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

NOTE 19 - RELATED ORGANIZATION

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

CITY OF PERRYSBURG, OHIO

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF PERRYSBURG, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 1,278,000	\$ 1,278,000	\$ 1,051,617	\$ (226,383)
Municipal Income Tax	13,400,000	14,650,300	14,540,776	(109,524)
Intergovernmental Revenue	761,720	1,267,720	1,212,896	(54,824)
Charges for Services	875,300	967,600	865,122	(102,478)
Licenses and Permits	175,500	275,500	237,627	(37,873)
Investment Earnings	120,000	150,000	144,768	(5,232)
Special Assessments	170,000	185,000	184,090	(910)
Fines and Forfeitures	736,350	788,350	791,505	3,155
All Other Revenues	146,270	166,270	147,490	(18,780)
Total Revenues	<u>17,663,140</u>	<u>19,728,740</u>	<u>19,175,891</u>	<u>(552,849)</u>
Expenditures:				
Current:				
Security of Persons and Property	7,763,165	8,203,057	7,709,132	493,925
Public Health and Welfare Services	33,000	33,000	29,432	3,568
Leisure Time Activities	1,375,487	1,495,587	1,347,336	148,251
Community Development	415,891	490,211	444,990	45,221
Transportation	1,436,600	1,586,100	1,518,958	67,142
General Government	5,009,413	5,088,642	4,291,232	797,410
Total Expenditures	<u>16,033,556</u>	<u>16,896,597</u>	<u>15,341,080</u>	<u>1,555,517</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,629,584	2,832,143	3,834,811	1,002,668
Other Financing Sources (Uses):				
Transfers In	12,779,059	14,993,051	14,946,484	(46,567)
Transfers Out	(14,922,559)	(8,886,159)	(16,587,901)	(7,701,742)
Total Other Financing Sources (Uses):	<u>(2,143,500)</u>	<u>6,106,892</u>	<u>(1,641,417)</u>	<u>(7,748,309)</u>
Net Change In Fund Balance	(513,916)	8,939,035	2,193,394	(6,745,641)
Fund Balance at Beginning of Year	4,312,290	4,312,290	4,312,290	0
Prior Year Encumbrances	171,968	171,968	171,968	0
Fund Balance at End of Year	<u>\$ 3,970,342</u>	<u>\$ 13,423,293</u>	<u>\$ 6,677,652</u>	<u>\$ (6,745,641)</u>

See accompanying notes to the required supplementary information

CITY OF PERRYSBURG, OHIO

Notes to the Required Supplemental Information For the Year Ended December 31, 2012

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 2012.

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 2012, several supplemental appropriations were necessary to budget for unanticipated expenditures. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual—General Fund" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

CITY OF PERRYSBURG, OHIO

***Notes to the Required Supplemental Information
For the Year Ended December 31, 2012***

NOTE 1 – BUDGETARY PROCESS (Continued)

C. Encumbrances

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

D. Lapsing of Appropriations

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

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CITY OF PERRYSBURG, OHIO

***Notes to the Required Supplemental Information
For the Year Ended December 31, 2012***

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)	\$2,092,393
Increase (Decrease):	
Accrued Revenues at December 31, 2012 received during 2013	(1,994,536)
Accrued Revenues at December 31, 2011 received during 2012	2,152,149
Accrued Expenditures at December 31, 2012 paid during 2013	684,476
Accrued Expenditures at December 31, 2011 paid during 2012	(499,005)
2011 Prepays for 2012	98,433
2012 Prepays for 2013	(106,596)
Outstanding Encumbrances	(233,920)
Budget Basis	\$2,193,394

OTHER SUPPLEMENTARY INFORMATION

CITY OF PERRYSBURG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2012

<u>Federal Grantor / Pass-through Grantor/ Program or Cluster Title</u>	<u>PID#</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Department of Transportation			
Highway Planning and Construction			
LPA Federal Local-Let Project Agreement 80147 "Roachton Road"	80147	20.205	\$ 634,663
LPA Federal Local-Let Project Agreement 89089 "Ft. Meigs Multi-use Path"	89089	20.205	114,829
LPA Federal Local-Let Project Agreement 88458 "Safe Routes to Schools"	88458	20.205	<u>118,071</u>
Total expenditures of federal awards			<u><u>\$ 867,563</u></u>

The accompanying note is an integral part of this schedule.

**CITY OF PERRYSBURG
WOOD COUNTY**

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED December 31, 2012**

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, JASON & 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, 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, 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, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 25, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free 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 *Government Auditing Standards*.

Purpose of this Report

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

Gilmore, Jason & Mahler, LTD

June 25, 2013



GILMORE, JASON & MAHLER, LTD

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR FEDERAL PROGRAM AND ON 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 U.S. Office of Management and Budget (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, 2012. The City's major federal program is 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 its major federal program 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 its major federal program for the year ended December 31, 2012.

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 its major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Members of City Council, the Mayor 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.

Gilmore, Jason & Mahler, LTD

June 25, 2013

CITY OF PERRYSBURG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2012

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)?	No
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)?	No
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?	No

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
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Auditee qualified as low-risk auditee? No

Section II–Financial Statement Findings

No

Section III–Federal Award Findings and Questioned Costs

No

CITY OF PERRYSBURG
SCHEDULE OF STATUS OF PRIOR YEAR (2011) AUDIT FINDINGS
For the Year Ended December 31, 2012

Finding 2011-01

Condition: For the year ended December 31, 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.

Corrective Action Taken: Management properly recorded revenue paid by ODOT on behalf of the City of Perrysburg for contracts related to work on Roachton Road and improvements to intersections. For the year ended December 31, 2012, finding 2011-01 has been corrected.

Finding 2011-02 Highway Planning and Construction-CFDA No. 14.235

Condition: For the year ended December 31, 2011, the data collection form was not submitted to the Federal Audit Clearinghouse within nine months of year end.

Corrective Action Taken: The data collection form is expected to be filed timely for the year ended December 31, 2012.



Dave Yost • Auditor of State

CITY OF PERRYSBURG

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 1, 2013**