

CITY OF PERRYSBURG, OHIO

BASIC FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2013**

Prepared by:
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Director of Finance

CITY OF PERRYSBURG, OHIO

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TABLE OF CONTENTS

I FINANCIAL SECTION

A	Independent Auditor’s Report.....	1
B	Management’s Discussion and Analysis	3
C	Basic Financial Statements:	
	Government-wide Financial Statements:	
	Statement of Net Position	13
	Statement of Activities	14
	Fund Financial Statements:	
	<i>Governmental Funds:</i>	
	Balance Sheet	16
	Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	17
	Statement of Revenues, Expenditures and Changes in Fund Balances	18
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
	<i>Proprietary Funds:</i>	
	Statement of Net Position	22
	Statement of Revenues, Expenses and Changes in Fund Net Position.....	24
	Statement of Cash Flows	26
	<i>Fiduciary Funds:</i>	
	Statement of Fiduciary Net Position.....	30
	Statement of Changes in Fiduciary Net Position.....	31
	Notes to the Basic Financial Statements.....	32
D	Required Supplemental Information:	
	Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis):	
	General Fund	63
	Garbage and Refuse Fund.....	64
	Notes to the Required Supplemental Information	66

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CITY OF PERRYSBURG, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2013*

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, 2013. 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 2013 are as follows:

- ❑ In total, net position increased \$7,128,585. Net position of governmental activities increased \$2.1 million, which represents a 2.1% increase from 2012. Net position of business-type activities increased \$5.0 million or 8.8% from 2012.
- ❑ General revenues accounted for \$20.5 million in revenue or 54% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 46% of total revenues of \$38,201,262.
- ❑ The City had \$23.5 million in expenses related to governmental activities; only \$5.4 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$20.2 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$20 million in revenues and \$15.5 million in expenditures. The general fund's fund balance increased \$2,018,223 to \$10,346,451.
- ❑ Net position for enterprise funds increased by \$5,021,291. Much of the increase can be attributed to the significant expenditures relating to the construction of two Water Towers as well as the ongoing Wastewater Treatment Plant improvement project and the Combined Sewer Separation projects. The City of Perrysburg continues to experience steady growth, and is committed to keeping pace with the infrastructure needs of the steadily growing community.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

CITY OF PERRYSBURG, OHIO

*Management's Discussion and Analysis
For the Year Ended December 31, 2013*

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, 2013**

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, 2013 and 2012:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$20,851,005	\$19,219,514	\$15,832,538	\$15,629,720	\$36,683,543	\$34,849,234
Capital assets, Net	86,181,681	85,846,993	64,423,153	61,408,478	150,604,834	147,255,471
Total assets	107,032,686	105,066,507	80,255,691	77,038,198	187,288,377	182,104,705
Long-term debt outstanding	1,260,874	1,142,011	14,073,652	15,490,938	15,334,526	16,632,949
Other liabilities	2,025,614	2,122,125	4,337,108	4,723,620	6,362,722	6,845,745
Total liabilities	3,286,488	3,264,136	18,410,760	20,214,558	21,697,248	23,478,694
Deferred Inflows of Resources:						
Property Tax Levy for Next Fiscal Year	2,933,393	3,096,860	0	0	2,933,393	3,096,860
Net position						
Net Investment in Capital Assets	85,681,681	84,896,993	46,612,013	41,996,003	132,293,694	126,892,996
Restricted	3,641,531	3,465,594	0	0	3,641,531	3,465,594
Unrestricted	11,489,593	10,342,924	15,232,918	14,827,637	26,722,511	25,170,561
Total net assets	\$100,812,805	\$98,705,511	\$61,844,931	\$56,823,640	\$162,657,736	\$155,529,151

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CITY OF PERRYSBURG, OHIO

Management's Discussion and Analysis For the Year Ended December 31, 2013

Unaudited

Changes in Net position – The following table shows the changes in net position for the fiscal year 2013 and 2012:

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program Revenues:						
Charges for Services and Sales	\$2,062,043	\$2,007,682	\$12,257,663	\$12,363,661	\$14,319,706	\$14,371,343
Operating Grants and Contributions	1,342,897	1,455,971	0	0	1,342,897	1,455,971
Capital Grants and Contributions	1,988,098	2,405,103	97,188	333,673	2,085,286	2,738,776
Total Program Revenues	<u>5,393,038</u>	<u>5,868,756</u>	<u>12,354,851</u>	<u>12,697,334</u>	<u>17,747,889</u>	<u>18,566,090</u>
General revenues:						
Property Taxes	2,712,783	2,761,833	0	0	2,712,783	2,761,833
Income Taxes	15,420,125	14,571,160	0	0	15,420,125	14,571,160
Intergovernmental Revenues, Unrestricted	1,953,478	1,382,174	0	0	1,953,478	1,382,174
Investment Earnings	93,464	53,673	0	0	93,464	53,673
Miscellaneous	273,523	494,732	0	0	273,523	494,732
Total General Revenues	<u>20,453,373</u>	<u>19,263,572</u>	<u>0</u>	<u>0</u>	<u>20,453,373</u>	<u>19,263,572</u>
Total Revenues	<u>25,846,411</u>	<u>25,132,328</u>	<u>12,354,851</u>	<u>12,697,334</u>	<u>38,201,262</u>	<u>37,829,662</u>
Program Expenses:						
Security of Persons and Property	9,128,909	8,840,017	0	0	9,128,909	8,840,017
Public Health and Welfare Services	28,431	29,432	0	0	28,431	29,432
Leisure Time Activities	1,477,092	1,333,667	0	0	1,477,092	1,333,667
Community Development	738,918	912,722	0	0	738,918	912,722
Basic Utility Service	2,486,776	1,165,558	0	0	2,486,776	1,165,558
Transportation	4,203,542	3,070,452	0	0	4,203,542	3,070,452
General Government	5,441,490	4,721,824	0	0	5,441,490	4,721,824
Interest and Fiscal Charges	20,270	14,725	0	0	20,270	14,725
Sewer	0	0	3,724,273	4,135,601	3,724,273	4,135,601
Water	0	0	3,814,974	4,820,532	3,814,974	4,820,532
Utility Collection	0	0	8,002	0	8,002	0
Total Expenses	<u>23,525,428</u>	<u>20,088,397</u>	<u>7,547,249</u>	<u>8,956,133</u>	<u>31,072,677</u>	<u>29,044,530</u>
Change in Net Position before Transfers	2,320,983	5,043,931	4,807,602	3,741,201	7,128,585	8,785,132
Transfers	(213,689)	(45,000)	213,689	45,000	0	0
Total Change in Net Position	<u>2,107,294</u>	<u>4,998,931</u>	<u>5,021,291</u>	<u>3,786,201</u>	<u>7,128,585</u>	<u>8,785,132</u>
Beginning 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>
Ending Net Position	<u>\$100,812,805</u>	<u>\$98,705,511</u>	<u>\$61,844,931</u>	<u>\$56,823,640</u>	<u>\$162,657,736</u>	<u>\$155,529,151</u>

Governmental Activities

Net position of the City's governmental activities increased by \$2,107,294, which represents an increase of 2.1% compared to 2012. Although the increase was not as large as that from 2011 to 2012, the City's general revenues remained consistent with those of 2012 and expenditures showed only a slight increase over 2012. The largest decrease in revenues came from the capital grants and contributions for the year. The increase is comprised of approximately \$1,200,000 in increased cash balance and the remaining \$1,600,000 in capital expenditures.

CITY OF PERRYSBURG, OHIO

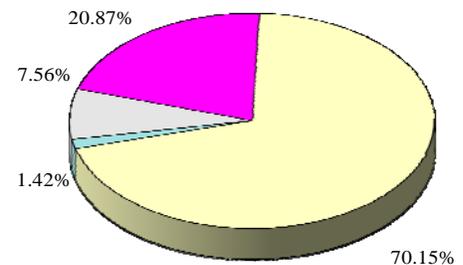
**Management's Discussion and Analysis
For the Year Ended December 31, 2013**

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 10.5% and 59.7% respectively of revenues for governmental activities for the City in fiscal year 2013. The City's reliance upon tax revenues is demonstrated by the following graph indicating 70.15% of total revenues from general tax revenues:

Revenue Sources	2013	Percent of Total
Intergovernmental Revenues, Unrestricted	\$1,953,478	7.56%
Program Revenues	5,393,038	20.87%
General Tax Revenues	18,132,908	70.15%
General Other	366,987	1.42%
Total Revenue	<u>\$25,846,411</u>	<u>100.00%</u>



Business-Type Activities

Net position of the business-type activities increased by \$5,021,291. This increase can be attributed to an increased cash balance and an increase in capital assets during 2013. The cash balance of the combined enterprise funds increased by approximately \$2,000,000. Several major infrastructure projects continued during 2013, including the Wastewater Treatment Plant, the Cherry Street Sewer Separation and Water Tower construction projects.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$14,332,098, which is an increase from last year's balance of \$12,559,390. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2013 and 2012:

	Fund Balance December 31, 2013	Fund Balance December 31, 2012	Increase (Decrease)
General	\$10,346,451	\$8,328,228	\$2,018,223
Garbage and Refuse	68,776	11,911	56,865
Other Governmental	3,916,871	4,219,251	(302,380)
Total	<u>\$14,332,098</u>	<u>\$12,559,390</u>	<u>\$1,772,708</u>

CITY OF PERRYSBURG, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2013**

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:

	2013 Revenues	2012 Revenues	Increase (Decrease)
Taxes	\$16,355,722	\$15,645,274	\$710,448
Intergovernmental Revenue	1,344,768	1,153,189	191,579
Charges for Services	915,410	850,434	64,976
Fines, Licenses and Permits	920,934	996,821	(75,887)
Investment Earnings	32,716	27,987	4,729
Special Assessments	172,244	184,090	(11,846)
All Other Revenue	262,901	160,483	102,418
Total	\$20,004,695	\$19,018,278	\$986,417

General Fund revenues in 2013 increased approximately 5.2% compared to revenues in fiscal year 2012. This increase is primarily the result of increased income tax revenues. Intergovernmental revenues showed an overall increase, with increased inheritance tax revenues, and while Local Government Fund distributions were down compared with 2012.

	2013 Expenditures	2012 Expenditures	Increase (Decrease)
Security of Persons and Property	\$7,568,567	\$7,616,392	(\$47,825)
Public Health and Welfare Services	28,431	29,432	(1,001)
Leisure Time Activities	1,345,935	1,343,508	2,427
Community Development	355,925	450,093	(94,168)
Transportation	1,489,609	1,518,369	(28,760)
General Government	4,723,337	4,276,674	446,663
Total	\$15,511,804	\$15,234,468	\$277,336

General Fund expenditures increased by \$277,336 or 1.8% from the prior year. The City's income tax collections continued a pattern of steady growth in 2013, and the General Fund expenditures reflect this growth. It is important to note that revenue increases (5.2%) outpaced general fund expenditure increases, (1.8%) as the City works diligently to keep its costs under control. This is shown in the growth of the cash balances included in the Statement of Net Position. Employee costs continue to be held near 60% of total revenues for General Fund activities.

CITY OF PERRYSBURG, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2013***

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 2013 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$20.5 million increased by \$2.2 million from the original budget estimates of \$18.3 million as a result of income tax revenues exceeding budgetary expectations by \$1.3 million. The City continues with a conservative approach to budgeting. Cuts to Local Government Funds and Estate Tax revenues have been factored into the overall budget. The City has taken a very cautious approach to the creation of new positions. Since 2009, some positions have been added and some have been eliminated, with the net effect being that the City has about the same number of employees.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2013 the City had \$150,604,834 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$86,181,681 was related to governmental activities and \$64,423,153 to the business-type activities. The following table shows fiscal year 2013 and 2012 balances:

	Governmental Activities		Increase (Decrease)
	2013	2012	
Land	\$10,449,238	\$10,426,409	\$22,829
Construction in Progress	3,872,618	3,913,448	(40,830)
Buildings	18,313,791	18,313,791	0
Improvements Other Than Buildings	7,278,687	7,239,185	39,502
Machinery and Equipment	13,079,243	12,470,846	608,397
Infrastructure	62,894,706	61,072,317	1,822,389
Less: Accumulated Depreciation	(29,706,602)	(27,589,003)	(2,117,599)
Totals	<u>\$86,181,681</u>	<u>\$85,846,993</u>	<u>\$334,688</u>

CITY OF PERRYSBURG, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2013**

Unaudited

	Business-Type Activities		Increase (Decrease)
	2013	2012	
Land	\$273,383	\$273,383	\$0
Construction in Progress	14,174,731	10,480,287	3,694,444
Buildings	11,808,483	11,808,483	0
Improvements Other Than Buildings	55,527,753	54,792,278	735,475
Machinery and Equipment	13,375,471	13,142,025	233,446
Less: Accumulated Depreciation	(30,736,668)	(29,087,978)	(1,648,690)
Totals	\$64,423,153	\$61,408,478	\$3,014,675

The primary increase in the business-type capital assets occurred in construction in progress as a result of the on-going progress of several water and sewer projects including the waste water treatment plant expansion, the construction of two 1,000,000 gallon water towers and the Cherry Street sewer separation project. Much of the increase in Governmental Activities type capital assets is related to donated infrastructure to the City from subdivisions during 2013. 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, 2013 and 2012:

	2013	2012
Governmental Activities:		
General Obligation Notes	\$500,000	\$950,000
Compensated Absences	1,260,874	1,142,011
Total Governmental Activities	1,760,874	2,092,011
Business-Type Activities:		
General Obligation Notes	3,870,000	4,085,000
OWDA Loans Payable	2,396,140	3,242,475
General Obligation Bonds	11,545,000	12,085,000
Compensated Absences	132,512	163,463
Total Business-Type Activities	17,943,652	19,575,938
Totals	\$19,704,526	\$21,667,949

CITY OF PERRYSBURG, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2013***

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, 2013, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 15.

ECONOMIC FACTORS

The City of Perrysburg has taken a conservative approach to budgeting for the past several years. Throughout the economic downturn of 2007-2008, the City was able to maintain its current level of services, without any significant budgetary changes. Income tax collections have shown a trend of steady growth for the past 20 years. Income tax collections increased by 6% over 2012. These figures reflect a continued trend by the City of Perrysburg to fare relatively better than the lagging regional economy. Perrysburg continues to be a thriving community, experiencing growth in both residential and commercial construction. The City continues to be vigilant in containing its operational costs. The City was able to eliminate all of its General Fund debt in 2011. With the growth that the City has experienced, and the corresponding services required to support that growth, the City has been able to maintain personnel costs near a goal of 60% of total revenues.

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

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

REQUESTS FOR INFORMATION

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

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CITY OF PERRYSBURG, OHIO

Statement of Net Position
December 31, 2013

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 4,411,608	\$ 8,576,569	\$ 12,988,177
Cash and Cash Equivalents with Fiscal Agent	0	56,959	56,959
Investments	8,664,853	4,292,031	12,956,884
Receivables:			
Taxes	4,945,677	0	4,945,677
Accounts	129,257	2,282,750	2,412,007
Intergovernmental	1,290,049	0	1,290,049
Interest	52,026	0	52,026
Special Assessments	310,887	207,351	518,238
Loans	182,222	0	182,222
Internal Balances	(6,489)	6,489	0
Inventory of Supplies at Cost	52,429	387,112	439,541
Prepaid Items	142,249	23,277	165,526
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	676,237	0	676,237
Capital Assets:			
Capital Assets Not Being Depreciated	14,321,856	14,448,114	28,769,970
Capital Assets Being Depreciated, Net	71,859,825	49,975,039	121,834,864
Total Assets	107,032,686	80,255,691	187,288,377
Liabilities:			
Accounts Payable	765,145	211,128	976,273
Accrued Wages and Benefits	759,719	91,542	851,261
Intergovernmental Payable	0	64,306	64,306
Retainage Payable	0	56,959	56,959
Accrued Interest Payable	750	43,173	43,923
General Obligation Notes Payable	500,000	3,870,000	4,370,000
Long-Term Liabilities:			
Due Within One Year	468,113	1,523,433	1,991,546
Due in More Than One Year	792,761	12,550,219	13,342,980
Total Liabilities	3,286,488	18,410,760	21,697,248
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	2,933,393	0	2,933,393
Net Position:			
Net Investment in Capital Assets	85,681,681	46,612,013	132,293,694
Restricted For:			
Other Purposes	3,641,531	0	3,641,531
Unrestricted	11,489,593	15,232,918	26,722,511
Total Net Position	\$ 100,812,805	\$ 61,844,931	\$ 162,657,736

See accompanying notes to the basic financial statements

CITY OF PERRYSBURG, OHIO

Statement of Activities For the Year Ended December 31, 2013

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
Security of Persons and Property	\$ 9,128,909	\$ 460,491	\$ 8,485	\$ 188,970
Public Health and Welfare Services	28,431	0	0	0
Leisure Time Activities	1,477,092	206,479	0	0
Community Development	738,918	142,558	20,623	111,227
Basic Utility Services	2,486,776	101,537	0	0
Transportation	4,203,542	18,321	1,313,789	1,597,781
General Government	5,441,490	1,132,657	0	90,120
Interest and Fiscal Charges	20,270	0	0	0
Total Governmental Activities	23,525,428	2,062,043	1,342,897	1,988,098
Business-Type Activities:				
Sewer	3,724,273	7,575,377	0	0
Water	3,814,974	4,682,286	0	97,188
Utility Collection	8,002	0	0	0
Total Business-Type Activities	7,547,249	12,257,663	0	97,188
Totals	\$ 31,072,677	\$ 14,319,706	\$ 1,342,897	\$ 2,085,286

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
\$ (8,470,963)	\$ 0	\$ (8,470,963)
(28,431)	0	(28,431)
(1,270,613)	0	(1,270,613)
(464,510)	0	(464,510)
(2,385,239)	0	(2,385,239)
(1,273,651)	0	(1,273,651)
(4,218,713)	0	(4,218,713)
(20,270)	0	(20,270)
(18,132,390)	0	(18,132,390)
0	3,851,104	3,851,104
0	964,500	964,500
0	(8,002)	(8,002)
0	4,807,602	4,807,602
(18,132,390)	4,807,602	(13,324,788)
2,712,783	0	2,712,783
15,420,125	0	15,420,125
1,953,478	0	1,953,478
93,464	0	93,464
273,523	0	273,523
(213,689)	213,689	0
20,239,684	213,689	20,453,373
2,107,294	5,021,291	7,128,585
98,705,511	56,823,640	155,529,151
\$100,812,805	\$ 61,844,931	\$162,657,736

CITY OF PERRYSBURG, OHIO

**Balance Sheet
Governmental Funds
December 31, 2013**

	General	Garbage and Refuse	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 2,406,487	\$ 95,413	\$ 1,875,846	\$ 4,377,746
Investments	6,499,229	0	2,071,253	8,570,482
Receivables:				
Taxes	3,015,036	561,491	1,369,150	4,945,677
Accounts	129,000	111	146	129,257
Intergovernmental	424,918	29,481	835,650	1,290,049
Interest	52,026	0	0	52,026
Special Assessments	196,147	0	114,740	310,887
Loans	0	0	182,222	182,222
Inventory of Supplies, at Cost	0	0	52,429	52,429
Prepaid Items	128,378	10,464	3,407	142,249
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	0	0	676,237	676,237
Total Assets	\$ 12,851,221	\$ 696,960	\$ 7,181,080	\$ 20,729,261
Liabilities:				
Accounts Payable	156,815	15,906	592,424	765,145
Accrued Wages and Benefits Payable	584,590	21,306	74,677	680,573
Accrued Interest Payable	0	0	750	750
General Obligation Notes Payable	0	0	500,000	500,000
Compensated Absences Payable	50,687	0	0	50,687
Total Liabilities	792,092	37,212	1,167,851	1,997,155
Deferred Inflows of Resources:				
Unavailable Amounts	668,102	40,453	758,060	1,466,615
Property Tax for Next Fiscal Year	1,044,576	550,519	1,338,298	2,933,393
Total Deferred Inflows of Resources	1,712,678	590,972	2,096,358	4,400,008
Fund Balances:				
Nonspendable	128,378	10,464	55,836	194,678
Restricted	0	58,312	3,172,725	3,231,037
Committed	0	0	1,065,881	1,065,881
Assigned	1,485,333	0	52,543	1,537,876
Unassigned	8,732,740	0	(430,114)	8,302,626
Total Fund Balances	10,346,451	68,776	3,916,871	14,332,098
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 12,851,221	\$ 696,960	\$ 7,181,080	\$ 20,729,261

See accompanying notes to the basic financial statements

CITY OF PERRYSBURG, OHIO

Reconciliation Of Total Governmental Fund Balances To Net Position Of Governmental Activities December 31, 2013

Total Governmental Fund Balances	\$14,332,098
<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.	86,181,681
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable in the funds.	1,466,615
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.	42,598
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(1,210,187)
<i>Net Position of Governmental Funds</i>	<u><u>\$ 100,812,805</u></u>

See accompanying notes to the basic financial statements

CITY OF PERRYSBURG, OHIO

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2013

	General	Garbage and Refuse	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$ 952,135	\$ 506,451	\$ 1,249,023	\$ 2,707,609
Municipal Income Tax	15,403,587	0	0	15,403,587
Intergovernmental Revenues	1,344,768	60,555	1,796,837	3,202,160
Charges for Services	915,410	99,942	0	1,015,352
Licenses and Permits	155,928	1,595	0	157,523
Investment Earnings	32,716	0	8,722	41,438
Special Assessments	172,244	0	101,910	274,154
Fines and Forfeitures	765,006	0	165,137	930,143
All Other Revenue	262,901	12,230	149,032	424,163
Total Revenue	<u>20,004,695</u>	<u>680,773</u>	<u>3,470,661</u>	<u>24,156,129</u>
Expenditures:				
Current:				
Security of Persons and Property	7,568,567	0	924,531	8,493,098
Public Health and Welfare Services	28,431	0	0	28,431
Leisure Time Activities	1,345,935	0	0	1,345,935
Community Development	355,925	81,594	267,018	704,537
Basic Utility Services	0	2,557,314	0	2,557,314
Transportation	1,489,609	0	1,417,681	2,907,290
General Government	4,723,337	0	343,340	5,066,677
Capital Outlay	0	0	909,481	909,481
Debt Service:				
Interest & Fiscal Charges	0	0	20,270	20,270
Total Expenditures	<u>15,511,804</u>	<u>2,638,908</u>	<u>3,882,321</u>	<u>22,033,033</u>
Excess (Deficiency) of Revenues Over Expenditures	4,492,891	(1,958,135)	(411,660)	2,123,096

CITY OF PERRYSBURG, OHIO

	<u>General</u>	<u>Garbage and Refuse</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses):				
Transfers In	182,021	2,015,000	428,000	2,625,021
Transfers Out	<u>(2,656,689)</u>	<u>0</u>	<u>(182,021)</u>	<u>(2,838,710)</u>
Total Other Financing Sources (Uses)	<u>(2,474,668)</u>	<u>2,015,000</u>	<u>245,979</u>	<u>(213,689)</u>
Net Change in Fund Balances	2,018,223	56,865	(165,681)	1,909,407
Fund Balances at Beginning of Year	8,328,228	11,911	4,219,251	12,559,390
Decrease in Inventory Reserve	<u>0</u>	<u>0</u>	<u>(136,699)</u>	<u>(136,699)</u>
Fund Balances End of Year	<u>\$ 10,346,451</u>	<u>\$ 68,776</u>	<u>\$ 3,916,871</u>	<u>\$ 14,332,098</u>

See accompanying notes to the basic financial statements

CITY OF PERRYSBURG, OHIO

Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities For The Year Ended December 31, 2013

Net Change in Fund Balances - Total Governmental Funds \$ 1,909,407

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. (1,048,109)

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals and donations) is to increase net position. 1,382,797

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 244,381

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. (204,875)

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. (176,307)

Change in Net Position of Governmental Activities \$ 2,107,294

See accompanying notes to the basic financial statements

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CITY OF PERRYSBURG, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2013**

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Other Enterprise
Assets:			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 7,007,290	\$ 1,508,173	\$ 61,106
Cash and Cash Equivalents with Fiscal Agent	56,959	0	0
Investments	0	4,292,031	0
Receivables:			
Accounts	1,246,782	1,035,968	0
Special Assessments	193,388	13,963	0
Inventory of Supplies at Cost	36,370	350,742	0
Prepaid Items	11,230	12,047	0
<i>Total Current Assets</i>	<u>8,552,019</u>	<u>7,212,924</u>	<u>61,106</u>
<i>Non Current Assets:</i>			
Capital Assets, Net	49,031,209	15,391,944	0
Total Assets	<u>57,583,228</u>	<u>22,604,868</u>	<u>61,106</u>
Liabilities:			
<i>Current Liabilities:</i>			
Accounts Payable	75,180	127,946	8,002
Accrued Wages and Benefits	62,892	28,650	0
Intergovernmental Payable	0	0	64,306
Retainage Payable	56,959	0	0
Accrued Interest Payable	36,723	6,450	0
General Obligation Notes Payable	0	3,870,000	0
Compensated Absences Payable - Current	39,286	19,053	0
General Obligation Bonds - Current	555,000	0	0
OWDA Loans - Current	910,094	0	0
<i>Total Current Liabilities</i>	<u>1,736,134</u>	<u>4,052,099</u>	<u>72,308</u>
<i>Long Term Liabilities:</i>			
Compensated Absences Payable	42,744	31,429	0
General Obligation Bonds Payable	10,990,000	0	0
OWDA Loans Payable	1,486,046	0	0
<i>Total Long-Term Liabilities</i>	<u>12,518,790</u>	<u>31,429</u>	<u>0</u>
Total Liabilities	<u>14,254,924</u>	<u>4,083,528</u>	<u>72,308</u>
Net Position:			
Net Invested in Capital Assets	35,090,069	11,521,944	0
Unrestricted	8,238,235	6,999,396	(11,202)
Total Net Position	<u>\$ 43,328,304</u>	<u>\$ 18,521,340</u>	<u>\$ (11,202)</u>

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

See accompanying notes to the basic financial statements

CITY OF PERRYSBURG, OHIO

Total	Internal Service Funds
\$ 8,576,569	\$ 33,862
56,959	0
4,292,031	94,371
2,282,750	0
207,351	0
387,112	0
23,277	0
15,826,049	128,233
64,423,153	0
80,249,202	128,233
211,128	0
91,542	79,146
64,306	0
56,959	0
43,173	0
3,870,000	0
58,339	0
555,000	0
910,094	0
5,860,541	79,146
74,173	0
10,990,000	0
1,486,046	0
12,550,219	0
18,410,760	79,146
46,612,013	0
15,226,429	49,087
\$ 61,838,442	\$ 49,087
6,489	
\$ 61,844,931	

CITY OF PERRYSBURG, OHIO

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2013

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Other Enterprise
Operating Revenues:			
Charges for Services	\$ 7,324,690	\$ 4,682,286	\$ 0
Other Operating Revenue	250,687	0	0
Total Operating Revenues	<u>7,575,377</u>	<u>4,682,286</u>	<u>0</u>
Operating Expenses:			
Personal Services	1,330,112	630,320	0
Contractual Services	308,989	2,240,313	8,002
Materials and Supplies	314,178	412,340	0
Depreciation	1,072,965	536,484	0
Total Operating Expenses	<u>3,026,244</u>	<u>3,819,457</u>	<u>8,002</u>
Operating Income (Loss)	4,549,133	862,829	(8,002)
Nonoperating Revenue (Expenses):			
Investment Earnings	0	0	0
Interest Expense	(679,259)	11,509	0
Total Nonoperating Revenues (Expenses)	<u>(679,259)</u>	<u>11,509</u>	<u>0</u>
Income (Loss) Before Transfers and Contributions	3,869,874	874,338	(8,002)
Transfers In	213,689	0	0
Capital Contributions	0	97,188	0
Total Transfers and Contributions	<u>213,689</u>	<u>97,188</u>	<u>0</u>
Change in Net Position	4,083,563	971,526	(8,002)
Net Position Beginning of Year	39,244,741	17,549,814	(3,200)
Net Position End of Year	<u>\$ 43,328,304</u>	<u>\$ 18,521,340</u>	<u>\$ (11,202)</u>

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	Governmental Activities Internal Service Funds
\$ 12,006,976	\$ 1,675,140
250,687	0
12,257,663	1,675,140
1,960,432	1,811,626
2,557,304	3,304
726,518	62,499
1,609,449	0
6,853,703	1,877,429
5,403,960	(202,289)
0	186
(667,750)	0
(667,750)	186
4,736,210	(202,103)
213,689	0
97,188	0
310,877	0
5,047,087	(202,103)
56,791,355	251,190
61,838,442	\$ 49,087
5,047,087	
(25,796)	
\$ 5,021,291	

CITY OF PERRYSBURG, OHIO

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2013

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Other Enterprise
Cash Flows from Operating Activities:			
Cash Received from Customers	\$7,518,127	\$4,531,861	\$709,884
Cash Payments for Goods and Services	(637,743)	(2,241,978)	(703,493)
Cash Payments to Employees	(1,292,533)	(669,506)	0
Net Cash Provided (Used) for Operating Activities	<u>5,587,851</u>	<u>1,620,377</u>	<u>6,391</u>
Cash Flows from Noncapital Financing Activities:			
Transfers In from Other Funds	213,689	0	0
Net Cash Provided by Noncapital Financing Activities	<u>213,689</u>	<u>0</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Assets	(2,585,932)	(2,281,299)	0
Capital Contributions	0	63,652	0
General Obligation Notes Issued	0	3,870,000	0
Principal Paid on General Obligation Notes	0	(4,085,000)	0
Principal Paid on General Obligation Bonds	(540,000)	0	0
Principal Paid on Ohio Water Development Authority Loan:	(846,335)	0	0
Interest Paid on All Debt	(680,272)	(37,075)	0
Net Cash Used for Capital and Related Financing Activities	<u>(4,652,539)</u>	<u>(2,469,722)</u>	<u>0</u>
Cash Flows from Investing Activities:			
Receipts of Interest	0	0	0
Sale of Investments	0	0	0
Purchase of Investments	0	(4,292,031)	0
Net Cash Provided (Used) for Investing Activities	<u>0</u>	<u>(4,292,031)</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,149,001	(5,141,376)	6,391
Cash and Cash Equivalents at Beginning of Year	5,915,248	6,649,549	54,715
Cash and Cash Equivalents at End of Year	<u><u>\$7,064,249</u></u>	<u><u>\$1,508,173</u></u>	<u><u>\$61,106</u></u>

CITY OF PERRYSBURG, OHIO

Totals	Governmental Activities Internal Service Funds
\$12,759,872	\$1,676,099
(3,583,214)	(24,750)
(1,962,039)	(1,912,464)
7,214,619	(261,115)
213,689	0
213,689	0
(4,867,231)	0
63,652	0
3,870,000	0
(4,085,000)	0
(540,000)	0
(846,335)	0
(717,347)	0
(7,122,261)	0
0	186
0	160,369
(4,292,031)	0
(4,292,031)	160,555
(3,985,984)	(100,560)
12,619,512	134,422
\$8,633,528	\$33,862

(Continued)

CITY OF PERRYSBURG, OHIO

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2013

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Other Enterprise
Reconciliation of Operating Income (Loss) to Net Cash			
<u>Provided (Used) for Operating Activities:</u>			
Operating Income (Loss)	\$4,549,133	\$862,829	(\$8,002)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) for Operating Activities:			
Depreciation Expense	1,072,965	536,484	0
Changes in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	(84,226)	(151,261)	0
Decrease in Special Assessments Receivable	23,232	836	0
Decrease (Increase) in Inventory	(5,939)	291,784	0
Decrease (Increase) in Prepaid Items	(4,016)	7,023	0
Increase (Decrease) in Accounts Payable	(21)	111,989	8,002
Increase in Intergovernmental Payables	0	0	6,391
Increase (Decrease) in Accrued Wages and Benefits	25,301	3,066	0
Increase (Decrease) in Compensated Absences	11,422	(42,373)	0
Total Adjustments	<u>1,038,718</u>	<u>757,548</u>	<u>14,393</u>
Net Cash Provided (Used) for Operating Activities	<u>\$5,587,851</u>	<u>\$1,620,377</u>	<u>\$6,391</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2013, the Sewer and Water Funds had outstanding liabilities of \$5,396 and \$3,149, respectively, for the purchase of certain capital assets.

During 2013, the Water Fund received \$33,536 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>
\$5,403,960	(\$202,289)
1,609,449	0
(235,487)	959
24,068	0
285,845	0
3,007	0
119,970	0
6,391	0
28,367	(59,785)
(30,951)	0
<u>1,810,659</u>	<u>(58,826)</u>
<u>\$7,214,619</u>	<u>(\$261,115)</u>

CITY OF PERRYSBURG, OHIO

Statement of Net Position
Fiduciary Funds
December 31, 2013

	Private Purpose Trust	
	Unclaimed Monies Fund	Agency
Assets:		
Cash and Cash Equivalents	\$ 72,970	\$ 56,635
Receivables:		
Taxes	0	190,566
Intergovernmental	0	14,550
Special Assessments	0	4,470,325
Total Assets	72,970	4,732,076
Liabilities:		
Intergovernmental Payable	0	217,682
Due to Others	0	4,514,394
Total Liabilities	0	4,732,076
Net Position:		
Unrestricted	72,970	0
Total Net Position	\$ 72,970	\$ 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, 2013

	Private Purpose Trust
	Unclaimed Monies Fund
Additions:	
Contributions:	
Private Donations	\$ 2,648
Total Additions	<u>2,648</u>
Deductions:	
Total Deductions	<u>0</u>
Change in Net Position	2,648
Net Position at Beginning of Year	<u>70,322</u>
Net Position End of Year	<u>\$ 72,970</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, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Perrysburg, Ohio (the "City") is a body corporate and politic established under the laws of the State of Ohio. The City operates under its own Charter. The current Charter, which provides for a Mayor/Council form of government, was adopted in 1960 and has been amended several times, most recently in 2008.

A. Reporting Entity

The accompanying basic financial statements of the City present the financial position of the various fund types and, the results of operations of the various fund types and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2013 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

The accompanying basic financial statements comply with the provisions of GASB Statement No. 14, "*The Financial Reporting Entity*," as amended by GASB Statement No. 61 "*The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34*," in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the City.

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

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

B. Basis of Presentation - Fund Accounting

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

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2013

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.

Garbage and Refuse Fund - This fund is used to account for all refuse and recycling operations. The fund receives its revenues from the general fund as well as a real estate tax levy.

Proprietary Funds

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

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

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

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

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

Fiduciary Funds

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

C. Basis of Presentation – Financial Statements

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

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2013

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, 2013

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, 2013, but which are not intended to finance 2013 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, 2013

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, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

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

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

G. Investments

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

H. Inventory

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

I. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000.

1. Property, Plant and Equipment - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements. All infrastructure acquired prior to the implementation of GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", has been reported.

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation (Continued)

2. Property, Plant and Equipment – Business Type Activities

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

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

3. Depreciation

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

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

CITY OF PERRYSBURG, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

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, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position

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

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

M. Fund Balances

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

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

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

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

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

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

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2013

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, 2013**

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 2013.

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	\$131,004
Delinquent Property Tax Revenue	62,453
Shared Revenues	910,245
Interest Revenues	52,026
Special Assessment Revenue	310,887
	<u>\$1,466,615</u>

Long-Term liabilities not reported in the funds:

Compensated Absences Payable	(\$1,210,187)
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CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2013

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 depreciation exceeded capital outlay in the current period:

Capital Outlay	\$1,391,510
Depreciation Expense	(2,439,619)
	<u>(\$1,048,109)</u>

Governmental revenues not reported in the funds:

Increase in Delinquent Income Tax Revenue	\$16,538
Increase in Delinquent Property Tax	5,174
Increase in Shared Revenue	144,185
Increase in Interest Revenue	52,026
Increase in Special Assessment Revenue	26,458
	<u>\$244,381</u>

Expenses not requiring the use of current financial resources:

Increase in Compensated Absences Payable	(\$68,176)
Decrease in supplies inventory	(136,699)
	<u>(\$204,875)</u>

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits - The accumulated deficits at December 31, 2013 of \$11,202 in the Utility Collection Fund (enterprise fund) and \$7,417 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, 2013 of \$422,697 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, 2013**

NOTE 4 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	Garbage and Refuse Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Supplies Inventory	\$0	\$0	\$52,429	\$52,429
Prepaid Items	128,378	10,464	3,407	142,249
Total Nonspendable	<u>128,378</u>	<u>10,464</u>	<u>55,836</u>	<u>194,678</u>
Restricted:				
Hotel/Motel Tax	0	0	24,174	24,174
Street Construction and Maintenance	0	0	484,201	484,201
State Highway Improvements	0	0	50,976	50,976
Garbage and Refuse	0	58,312	0	58,312
Motor Vehicle License Tax	0	0	886,978	886,978
Street Trees	0	0	71,974	71,974
Municipal Court Computer	0	0	421,122	421,122
CDBG Revolving Loan	0	0	858,459	858,459
Defendents Trust	0	0	36,725	36,725
DUI Indigent Drivers Alcohol Treatment	0	0	198,414	198,414
Indigent Drivers	0	0	115,871	115,871
Litter Control	0	0	23,831	23,831
Total Restricted	<u>0</u>	<u>58,312</u>	<u>3,172,725</u>	<u>3,231,037</u>
Committed:				
Capital Improvements	0	0	941,861	941,861
Parkland Acquisition and Development	0	0	124,020	124,020
Total Committed	<u>0</u>	<u>0</u>	<u>1,065,881</u>	<u>1,065,881</u>
Assigned	1,485,333	0	52,543	1,537,876
Unassigned	8,732,740	0	(430,114)	8,302,626
Total Fund Balances	<u>\$10,346,451</u>	<u>\$68,776</u>	<u>\$3,916,871</u>	<u>\$14,332,098</u>

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2013

NOTE 5 – CHANGE IN ACCOUNTING PRINCIPLE

For 2013 the City implemented GASB Statement No. 61, “*The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34,*” and GASB Statement No. 66, “*Technical Corrections – 2012; an amendment of GASB Statements No. 10 and No. 62*”.

Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the display of component units (blending vs. discrete presentation), and certain disclosure requirements.

Statement No. 66 provides guidance on how to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

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

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CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2013

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, 2013

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 \$13,850,978 and the bank balance was \$14,372,666. The Federal Deposit Insurance Corporation (FDIC) covered \$563,994 of the bank balance and \$13,808,672 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	\$13,808,672
Total Balance	\$13,808,672

B. Investments

The City's investments at December 31, 2013 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>
Negotiable CD's	\$6,002,868	N/A	\$6,002,868	\$0
FNMA	4,115,713	AAA ¹ / Aaa ²	1,020,655	3,095,058
FHLMC	249,698	AAA ¹ / Aaa ²	0	249,698
FHLB	499,206	AAA ¹ / Aaa ²	0	499,206
Freddie MAC	1,831,196	AAA ¹ / Aaa ²	505,453	1,325,743
U.S. Treasury Notes	258,203	N/A	0	258,203
Total Investments	\$12,956,884		\$7,528,976	\$5,427,908

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, 2013

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

B. Investments (Continued)

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

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

Custodial Credit Risk – The City’s investments in Negotiable CD’s, FNMA, FHLMC, FHLB, Freddie MAC and U.S. Treasury Notes securities in the amounts of \$6,002,868, \$4,115,713, \$249,698, \$499,206, \$1,831,196 and \$258,203, respectively, are uninsured and unregistered with securities held by the counterparty's trust department or agent in the City's name.

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	Cash and Cash	
	<u>Equivalents *</u>	<u>Investments</u>
Per Financial Statements	<u>\$13,850,978</u>	<u>\$12,956,884</u>
Per Footnote Section A	<u>\$13,850,978</u>	<u>\$12,956,884</u>

* Includes Cash with Fiscal Agent of \$733,196.

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 2013 were levied after October 1, 2012 on assessed values as of January 1, 2012, 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, 2013**

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, 2013 was \$5.75 per \$1,000 of assessed value. The assessed value upon which the 2013 receipts were based was \$573,933,220. This amount constitutes \$569,941,520 in real property assessed value and \$3,991,700 in public utility assessed value.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .565% (5.65 mills) of assessed value.

B. Income Tax

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

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

NOTE 8 - RECEIVABLES

Receivables at December 31, 2013 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 2013:

	Transfers In:				
Transfers Out:	General Fund	Garbage and Refuse Fund	Other Governmental Funds	Sewer Fund	Total
General Fund	\$0	\$2,015,000	\$428,000	\$213,689	\$2,656,689
Other Governmental Funds	182,021	0	0	0	182,021
	\$182,021	\$2,015,000	\$428,000	\$213,689	\$2,838,710

CITY OF PERRYSBURG, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

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, 2013:

Historical Cost:

Class	December 31, 2012	Transfers	Additions	Deletions	December 31, 2013
<i>Capital assets not being depreciated:</i>					
Land	\$10,426,409	\$0	\$22,829	\$0	\$10,449,238
Construction in Progress	3,913,448	0	162,010	(202,840)	3,872,618
Subtotal	14,339,857	0	184,839	(202,840)	14,321,856
<i>Capital assets being depreciated:</i>					
Buildings	18,313,791	0	0	0	18,313,791
Improvements Other than Buildings	7,239,185	0	39,502	0	7,278,687
Machinery and Equipment	12,470,846	(121,948)	941,839	(211,494)	13,079,243
Infrastructure	61,072,317	0	1,874,074	(51,685)	62,894,706
Subtotal	99,096,139	(121,948)	2,855,415	(263,179)	101,566,427
Total Cost	<u>\$113,435,996</u>	<u>(\$121,948)</u>	<u>\$3,040,254</u>	<u>(\$466,019)</u>	<u>\$115,888,283</u>

Accumulated Depreciation:

Class	December 31, 2012	Transfers	Additions	Deletions	December 31, 2013
Buildings	(\$5,208,799)	\$0	(\$363,028)	\$0	(\$5,571,827)
Improvements Other than Buildings	(1,369,579)	0	(133,110)	0	(1,502,689)
Machinery and Equipment	(7,803,904)	88,412	(713,094)	204,273	(8,224,313)
Infrastructure	(13,206,721)	0	(1,230,387)	29,335	(14,407,773)
Total Depreciation	<u>(\$27,589,003)</u>	<u>\$88,412</u>	<u>(\$2,439,619) *</u>	<u>\$233,608</u>	<u>(\$29,706,602)</u>
<i>Net Value:</i>	<u>\$85,846,993</u>				<u>\$86,181,681</u>

CITY OF PERRYSBURG, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

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	\$476,857
Leisure Time Activities	113,913
Community Development	15,960
Basic Utility Services	81,735
Transportation	1,380,880
General Government	<u>370,274</u>
Total Depreciation Expense	<u><u>\$2,439,619</u></u>

B. Business-Type Activities Capital Assets

Summary by category at December 31, 2013:

Historical Cost:

Class	December 31, 2012	Transfers	Additions	Deletions	December 31, 2013
<i>Capital assets not being depreciated:</i>					
Land	\$273,383	\$0	\$0	\$0	\$273,383
Construction in Progress	10,480,287	0	3,694,444	0	14,174,731
Subtotal	10,753,670	0	3,694,444	0	14,448,114
<i>Capital assets being depreciated:</i>					
Buildings	11,808,483	0	0	0	11,808,483
Improvements Other than Buildings	54,792,278	0	735,475	0	55,527,753
Machinery and Equipment	13,142,025	121,948	160,669	(49,171)	13,375,471
Subtotal	79,742,786	121,948	896,144	(49,171)	80,711,707
Total Cost	<u>\$90,496,456</u>	<u>\$121,948</u>	<u>\$4,590,588</u>	<u>(\$49,171)</u>	<u>\$95,159,821</u>

Accumulated Depreciation:

Class	December 31, 2012	Transfers	Additions	Deletions	December 31, 2013
Buildings	(\$4,292,493)	\$0	(\$185,158)	\$0	(\$4,477,651)
Improvements Other than Buildings	(16,340,003)	0	(974,640)	0	(17,314,643)
Machinery and Equipment	(8,455,482)	(88,412)	(449,651)	49,171	(8,944,374)
Total Depreciation	<u>(\$29,087,978)</u>	<u>(\$88,412)</u>	<u>(\$1,609,449)</u>	<u>\$49,171</u>	<u>(\$30,736,668)</u>
Net Value:	<u><u>\$61,408,478</u></u>				<u><u>\$64,423,153</u></u>

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2013

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 2013, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2013 employer contribution rate for local government employer units was 14.00% of covered payroll, which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional and Combined Plans was 13.0% for calendar year 2013. 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, 2013, 2012, and 2011 were \$871,354, \$866,896 and \$773,437, 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, 2013

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

From January 1, 2013 through July 1, 2013, plan members were required to contribute 10.0% of their annual covered salary. From July 2, 2013 through December 31, 2013, plan members were required to contribute 10.75% of their annual covered salary. Throughout 2013, employers were required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions used to fund pension obligations from January 1, 2013 through May 31, 2013 was 14.81% for police officers and 19.31% for firefighters. The portion of employer contributions used to fund pension obligations from June 1, 2013 through December 31, 2013 was 16.65% for police officers and 21.15% for firefighters. The City's contributions for pension obligations to the OP&F Fund for the years ending December 31, 2013, 2012, and 2011 were \$441,865, \$444,026 and \$425,402 for police officers and \$470,976, \$451,048 and \$451,407 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, 2013

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 2013, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional and Combined Plans was 1.0% for calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2% for both plans, as recommended by the OPERS actuary. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2013, 2012, and 2011 were \$62,240, \$247,685 and \$220,982, respectively, which were equal to the required contributions for each year.

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

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

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

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2013

NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2013, the portion of employer contributions allocated to health care was 4.69% of covered payroll from January 1, 2013 through May 31, 2013 and 2.85% of covered payroll from June 1, 2013 through December 31, 2013 for both police officers and firefighters. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees’ primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2013, 2012, and 2011 were \$85,427, \$153,701 and \$147,255 for police and \$73,982, \$126,857 and \$126,958 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, 2013

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, 2013, the City's accumulated, unpaid compensated absences amounted to \$1,393,386, of which \$1,260,874 is recorded as a liability of the Governmental Activities and \$132,512 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, 2013**

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, 2012	Issued	(Retired)	Balance December 31, 2013
Capital Projects Funds:				
1.25% Library Building	\$950,000	\$0	(\$950,000)	\$0
1.00% Library Building	0	500,000	0	500,000
Total Capital Projects Funds	950,000	500,000	(950,000)	500,000
Enterprise Funds:				
1.25% Elevated Water Tower	4,085,000	0	(4,085,000)	0
1.00% Elevated Water Tower	0	3,870,000	0	3,870,000
Total Enterprise Funds	4,085,000	3,870,000	(4,085,000)	3,870,000
Total Notes Payable	\$5,035,000	\$4,370,000	(\$5,035,000)	\$4,370,000

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CITY OF PERRYSBURG, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2013**

NOTE 15 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2013 was as follows:

	Balance December 31, 2012	Additions	(Reductions)	Balance December 31, 2013	Due Within One Year
Governmental Activities:					
Compensated Absences	\$1,142,011	\$1,260,874	(\$1,142,011)	\$1,260,874	\$468,113
Total Governmental Activities Long-Term Debt	<u>\$1,142,011</u>	<u>\$1,260,874</u>	<u>(\$1,142,011)</u>	<u>\$1,260,874</u>	<u>\$468,113</u>
	Balance December 31, 2012	Additions	(Reductions)	Balance December 31, 2013	Due Within One Year
Business-Type Activities:					
Ohio Water Development Authority (O.W.D.A.) Loans:					
7.51% Waste Water Treatment Plant 1990	\$2,946,453	\$0	(\$769,281)	\$2,177,172	\$827,053
7.77% Sewer Separation 1991	296,022	0	(77,054)	218,968	83,041
Total O.W.D.A. Loans	3,242,475	0	(846,335)	2,396,140	910,094
General Obligation Bonds:					
3.98% Various Purpose Sewer 2010	12,085,000	0	(540,000)	11,545,000	555,000
Compensated Absences	\$163,463	\$132,512	(\$163,463)	\$132,512	\$58,339
Total Business-Type Long-Term Debt	<u>\$15,490,938</u>	<u>\$132,512</u>	<u>(\$1,549,798)</u>	<u>\$14,073,652</u>	<u>\$1,523,433</u>

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2013 follows:

Years	OWDA Loans		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2014	\$910,094	\$180,520	\$555,000	\$440,678
2015	978,658	111,956	565,000	426,802
2016	507,388	37,915	580,000	411,266
2017	0	0	600,000	393,866
2018	0	0	620,000	374,366
2019-2023	0	0	3,460,000	1,503,530
2024-2028	0	0	4,215,000	750,442
2029	0	0	950,000	41,562
Totals	<u>\$2,396,140</u>	<u>\$330,391</u>	<u>\$11,545,000</u>	<u>\$4,342,512</u>

CITY OF PERRYSBURG, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2013***

NOTE 16 - INSURANCE AND RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In 1989, the City joined the Ohio Government Risk Management Plan (the "OGRMP"), a public entity risk plan formed under Section 2744.081 of the Ohio Revised Code that operates as a common risk management and insurance program for 585 member political subdivisions. The City pays an annual premium to the OGRMP for its general insurance coverage. The agreement for formation of the OGRMP provides that the organization will be self-sustaining through member premiums and will reinsure all claims in excess of a member's deductible through commercial insurance and reinsurance companies.

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

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

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

All funds of the City from which employee salaries are paid participate in the health insurance program and make payments to the Self Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. Total contributions to the program during the year were \$1,608,891. The claims liability of \$79,146 reported in the Self Insurance Fund at December 31, 2013 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 2012 and 2013 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2012	\$34,017	\$1,649,536	(\$1,544,622)	\$138,931
2013	138,931	1,751,841	(1,811,626)	79,146

CITY OF PERRYSBURG, OHIO

Notes to the Basic Financial Statements For the Year Ended December 31, 2013

NOTE 17 - CONSTRUCTION COMMITMENTS

As of December 31, 2013 the City had the following commitments with respect to various construction projects:

<u>Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Hydro-Pillars	\$2,428,074	2014
Resurfacing SR65E	159,592	2014
Medium Duty Ambulance	215,000	2014
CSSD 210 and Watermain Replacement	2,159,388	2014
New Elevated Water Tank	81,094	2014
Fire Station # 2 Plans	159,210	2014
Total	<u>\$5,202,358</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.

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, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 1,090,156	\$ 990,156	\$ 952,135	\$ (38,021)
Municipal Income Tax	14,150,000	15,400,000	15,326,081	(73,919)
Intergovernmental Revenue	676,564	1,432,664	1,400,001	(32,663)
Charges for Services	900,500	1,019,600	860,208	(159,392)
Licenses and Permits	175,500	226,500	155,928	(70,572)
Investment Earnings	170,000	170,000	14,480	(155,520)
Special Assessments	170,000	175,000	172,244	(2,756)
Fines and Forfeitures	786,350	796,350	763,317	(33,033)
All Other Revenues	150,625	296,125	276,406	(19,719)
Total Revenues	18,269,695	20,506,395	19,920,800	(585,595)
Expenditures:				
Current:				
Security of Persons and Property	8,186,350	8,194,250	7,740,358	453,892
Public Health and Welfare Services	38,000	38,000	28,431	9,569
Leisure Time Activities	1,442,080	1,508,830	1,342,064	166,766
Community Development	429,180	506,180	360,980	145,200
Transportation	1,546,425	1,552,925	1,509,155	43,770
General Government	5,219,231	5,041,430	4,670,198	371,232
Total Expenditures	16,861,266	16,841,615	15,651,186	1,190,429
Excess (Deficiency) of Expenditures Over (Under) Revenues	1,408,429	3,664,780	4,269,614	604,834
Other Financing Sources (Uses):				
Transfers In	13,508,571	14,832,571	14,820,505	(12,066)
Transfers Out	(15,727,760)	(19,051,760)	(17,295,173)	1,756,587
Total Other Financing Sources (Uses):	(2,219,189)	(4,219,189)	(2,474,668)	1,744,521
Net Change In Fund Balance	(810,760)	(554,409)	1,794,946	2,349,355
Fund Balance at Beginning of Year	6,677,652	6,677,652	6,677,652	0
Prior Year Encumbrances	233,920	233,920	233,920	0
Fund Balance at End of Year	\$ 6,100,812	\$ 6,357,163	\$ 8,706,518	\$ 2,349,355

See accompanying notes to the basic financial statements

CITY OF PERRYSBURG, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Garbage and Refuse Fund
For the Year Ended December 31, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 610,000	\$ 580,000	\$ 506,451	\$ (73,549)
Intergovernmental Revenue	0	0	60,555	60,555
Charges for Services	105,100	130,100	100,984	(29,116)
Licenses and Permits	600	2,100	1,640	(460)
All Other Revenues	100	10,100	12,230	2,130
Total Revenues	<u>715,800</u>	<u>722,300</u>	<u>681,860</u>	<u>(40,440)</u>
Expenditures:				
Current:				
Community Development	193,595	85,669	77,695	7,974
Basic Utility Services	1,027,376	2,638,483	2,623,884	14,599
Total Expenditures	<u>1,220,971</u>	<u>2,724,152</u>	<u>2,701,579</u>	<u>22,573</u>
Excess (Deficiency) of Expenditures Over (Under) Revenues	(505,171)	(2,001,852)	(2,019,719)	(17,867)
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	1,500,000	1,500,000	0
Transfers In	465,000	515,000	515,000	0
Total Other Financing Sources (Uses):	<u>465,000</u>	<u>2,015,000</u>	<u>2,015,000</u>	<u>0</u>
Net Change In Fund Balance	(40,171)	13,148	(4,719)	(17,867)
Fund Balance at Beginning of Year	20,612	20,612	20,612	0
Prior Year Encumbrances	36,660	36,660	36,660	0
Fund Balance at End of Year	<u>\$ 17,101</u>	<u>\$ 70,420</u>	<u>\$ 52,553</u>	<u>\$ (17,867)</u>

See accompanying notes to the basic financial statements

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CITY OF PERRYSBURG, OHIO

Notes to the Required Supplemental Information For the Year Ended December 31, 2013

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 2013.

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 2013, 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 and Garbage and Refuse 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, 2013

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, 2013**

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 and major special revenue fund:

	Net Change In Fund Balance	
	General Fund	Garbage and Refuse Fund
GAAP Basis (as reported)	\$2,018,223	\$56,865
Increase (Decrease):		
Accrued Revenues at December 31, 2013 received during 2014	(2,163,961)	(111)
Accrued Revenues at December 31, 2012 received during 2013	1,884,467	1,198
Accrued Expenditures at December 31, 2013 paid during 2014	792,092	37,212
Accrued Expenditures at December 31, 2012 paid during 2013	(684,476)	(55,054)
2012 Prepays for 2013	106,596	8,495
2013 Prepays for 2014	(128,378)	(10,464)
2012 Mark to Market	128,305	0
2013 Mark to Market	110,069	0
2013 Off the Books Account	(42,775)	0
Outstanding Encumbrances	(225,216)	(42,860)
Budget Basis	\$1,794,946	(\$4,719)