

***CITY OF PERRYSBURG, OHIO***

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**BASIC FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2008**

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





Mary Taylor, CPA  
Auditor of State

City Council  
City of Perrysburg  
201 West Indiana  
Perrysburg, Ohio 43551

We have reviewed the *Independent Auditor's Report* of the City of Perrysburg, Wood County, prepared by Gilmore, Jasion & Mahler, LTD, for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

November 12, 2009

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## GILMORE, JASION & MAHLER, LTD

### Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Perrysburg, Wood County, Ohio, (the "City"), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Perrysburg, Wood County, as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2009 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the respective budgetary comparison for the general fund on pages 3 through 11 and page 66 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Gilmore, Jason & Mahler, LTD*

Gilmore, Jason & Mahler, Ltd.  
July 15, 2009



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## CITY OF PERRYSBURG, OHIO

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*Management's Discussion and Analysis  
For the Year Ended December 31, 2008*

*Unaudited*

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The discussion and analysis of the City of Perrysburg's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2008. 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 2008 are as follows:**

- ❑ In total, net assets increased \$12,508,969. Net assets of governmental activities increased \$10.6 million, which represents a 16.3% increase from 2007. Net assets of business-type activities increased \$1.9 million or 4.4% from 2007.
- ❑ General revenues accounted for \$21.8 million in revenue or 60% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 40% of total revenues of \$36,029,235.
- ❑ The City had \$16 million in expenses related to governmental activities; only \$5.1 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$21.8 million were adequate to provide for these programs.
- ❑ Among major funds, the general fund had \$20.6 million in revenues and \$13.7 million in expenditures. The general fund's fund balance decreased \$124,815 to \$5,948,300.
- ❑ Net assets for enterprise funds increased by \$1,905,949. This increase is primarily the result of continuing capital expenditures relating to growth in the area. The City is committed to keeping pace with the infrastructure needs of the steadily growing community.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

## CITY OF PERRYSBURG, OHIO

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*Management's Discussion and Analysis  
For the Year Ended December 31, 2008*

*Unaudited*

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### **Government-wide Statements**

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

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

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

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

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

### **Fund Financial Statements**

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

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

## CITY OF PERRYSBURG, OHIO

*Management's Discussion and Analysis  
For the Year Ended December 31, 2008*

*Unaudited*

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

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

### FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of the City's net assets between December 31, 2008 and 2007:

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$17,828,998	\$16,408,080	\$11,930,914	\$7,437,376	\$29,759,912	\$23,845,456
Capital assets, Net	69,895,166	64,949,958	55,349,086	54,049,925	125,244,252	118,999,883
Total assets	87,724,164	81,358,038	67,280,000	61,487,301	155,004,164	142,845,339
Long-term debt outstanding	818,375	757,222	6,193,868	6,784,662	7,012,243	7,541,884
Other liabilities	11,660,783	15,906,379	14,730,113	10,305,020	26,390,896	26,211,399
Total liabilities	12,479,158	16,663,601	20,923,981	17,089,682	33,403,139	33,753,283
Net assets						
Invested in capital assets, net of related debt	62,965,166	53,204,958	34,972,094	37,565,330	97,937,260	90,770,288
Restricted	3,602,720	3,408,095	0	0	3,602,720	3,408,095
Unrestricted	8,677,120	8,081,384	11,383,925	6,832,289	20,061,045	14,913,673
Total net assets	<u>\$75,245,006</u>	<u>\$64,694,437</u>	<u>\$46,356,019</u>	<u>\$44,397,619</u>	<u>\$121,601,025</u>	<u>\$109,092,056</u>

**CITY OF PERRYSBURG, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2008**

**Unaudited**

Changes in Net Assets – The following table shows the changes in net assets for the fiscal year 2008 and 2007:

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Revenues</b>						
Program Revenues:						
Charges for Services and Sales	\$1,815,034	\$1,791,412	\$8,854,646	\$9,747,304	\$10,669,680	\$11,538,716
Operating Grants and Contributions	1,234,784	1,376,161	0	0	1,234,784	1,376,161
Capital Grants and Contributions	2,041,052	85,656	292,351	0	2,333,403	85,656
Total Program Revenues	5,090,870	3,253,229	9,146,997	9,747,304	14,237,867	13,000,533
General revenues:						
Property Taxes	3,137,571	3,025,581	0	0	3,137,571	3,025,581
Income Taxes	15,495,907	13,348,762	0	0	15,495,907	13,348,762
Intergovernmental Revenues, Unrestricted	2,544,502	1,247,470	0	0	2,544,502	1,247,470
Investment Earnings	567,586	155,418	400	625	567,986	156,043
Miscellaneous	45,402	54,396	0	0	45,402	54,396
Total General Revenues	21,790,968	17,831,627	400	625	21,791,368	17,832,252
Total Revenues	26,881,838	21,084,856	9,147,397	9,747,929	36,029,235	30,832,785
<b>Program Expenses</b>						
Security of Persons and Property	7,503,343	6,954,371	0	0	7,503,343	6,954,371
Public Health and Welfare Services	30,587	29,248	0	0	30,587	29,248
Leisure Time Activities	1,365,041	1,362,437	0	0	1,365,041	1,362,437
Community Development	697,471	1,037,464	0	0	697,471	1,037,464
Basic Utility Service	1,094,256	936,875	0	0	1,094,256	936,875
Transportation	327,738	2,109,767	0	0	327,738	2,109,767
General Government	4,621,697	2,812,794	0	0	4,621,697	2,812,794
Interest and Fiscal Charges	437,113	579,092	0	0	437,113	579,092
Sewer	0	0	4,011,975	3,540,450	4,011,975	3,540,450
Water	0	0	3,431,045	2,957,285	3,431,045	2,957,285
Total Expenses	16,077,246	15,822,048	7,443,020	6,497,735	23,520,266	22,319,783
Change in Net Assets before Transfers	10,804,592	5,262,808	1,704,377	3,250,194	12,508,969	8,513,002
Transfers	(254,023)	(181,038)	254,023	181,038	0	0
Total Change in Net Assets	10,550,569	5,081,770	1,958,400	3,431,232	12,508,969	8,513,002
Beginning Net Assets	64,694,437	59,612,667	44,397,619	40,966,387	109,092,056	100,579,054
Ending Net Assets	\$75,245,006	\$64,694,437	\$46,356,019	\$44,397,619	\$121,601,025	\$109,092,056

**Governmental Activities**

Net assets of the City's governmental activities increased by \$10,550,569, which represents an increase of 16.3% compared to 2007. This increase was due to several factors, the biggest being the substantial increases in income tax collections of just over \$2,000,000 compared to 2007. Another contributing factor was the almost \$2,000,000 worth of infrastructure that was donated to the City during 2008. The City also accrued a capital grant from ODOT in the amount of \$800,000 for construction on Fort Meigs Road.

## CITY OF PERRYSBURG, OHIO

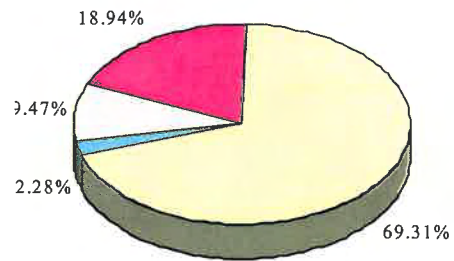
**Management's Discussion and Analysis  
For the Year Ended December 31, 2008**

*Unaudited*

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

Property taxes and income taxes made up 11.71% and 57.6% respectively of revenues for governmental activities for the City in fiscal year 2008. The City's reliance upon tax revenues is demonstrated by the following graph indicating 69.31% of total revenues from general tax revenues:

Revenue Sources	2008	Percent of Total
Intergovernmental Revenues, Unrestricted	\$2,544,502	9.47%
Program Revenues	5,090,870	18.94%
General Tax Revenues	18,633,478	69.31%
General Other	612,988	2.28%
Total Revenue	<u>\$26,881,838</u>	<u>100.00%</u>



### ***Business-Type Activities***

Net assets of the business-type activities increased by \$1,958,400. This increase can be most attributable to the increase in capital assets during 2008. Several major infrastructure projects continued during 2008, including the new elevated water tank, the waste water treatment plant expansion and the Cherry Street sewer separation. This along with the fact that long-term debt was reduced by almost \$600,000, contributed to the net asset increase.

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

The City's governmental funds reported a combined fund balance of \$4,384,496, which is an increase from last year's balance of \$(945,102). The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2008 and 2007:

	Fund Balance December 31, 2008	Fund Balance December 31, 2007	Increase (Decrease)
General	\$5,948,300	\$6,073,115	(\$124,815)
Capital Improvements	(527,054)	(5,333,422)	4,806,368
Way Library	(2,900,300)	(3,405,764)	505,464
Other Governmental	1,863,550	1,720,969	142,581
Total	<u>\$4,384,496</u>	<u>(\$945,102)</u>	<u>\$5,329,598</u>

## CITY OF PERRYSBURG, OHIO

*Management's Discussion and Analysis  
For the Year Ended December 31, 2008*

*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:

	2008 Revenues	2007 Revenues	Increase (Decrease)
Taxes	\$16,642,217	\$14,445,141	\$2,197,076
Intergovernmental Revenue	1,575,864	1,444,554	131,310
Charges for Services	691,626	500,946	190,680
Fines, Licenses and Permits	861,632	1,025,293	(163,661)
Investment Earnings	482,257	189,755	292,502
Special Assessments	171,309	133,061	38,248
All Other Revenue	162,193	154,671	7,522
<b>Total</b>	<b>\$20,587,098</b>	<b>\$17,893,421</b>	<b>\$2,693,677</b>

General Fund revenues in 2008 increased approximately 15.1% compared to revenues in fiscal year 2007. This increase is primarily the result of increased income tax collections. Intergovernmental revenues increased due in part, to a growth in Local Government Funds received. Inheritance tax distributions were down significantly, and tend to fluctuate from year to year. Fines, Licenses and Permits collections increased significantly, due to a restructuring of Planning and Zoning fees. Investment earnings were up significantly, due to changes in the interest rate environment.

	2008 Expenditures	2007 Expenditures	Increase (Decrease)
Security of Persons and Property	\$6,506,552	\$6,180,024	\$326,528
Public Health and Welfare Services	30,587	29,248	1,339
Leisure Time Activities	1,273,904	1,289,118	(15,214)
Community Development	534,307	633,470	(99,163)
Transportation	1,256,794	1,093,858	162,936
General Government	4,100,746	3,467,362	633,384
<b>Total</b>	<b>\$13,702,890</b>	<b>\$12,693,080</b>	<b>\$1,009,810</b>

General Fund expenditures increased by \$1,009,810 or 8% from the prior year mostly due to increases in salary and wages, including the hiring of additional police and fire personnel, retirement contributions, and health insurance premiums for the City's employees. All budgetary divisions, which support employees, have experienced steady cost increases. The City of Perrysburg has done its best to maintain the current level of services with modest additions to existing staff.

## CITY OF PERRYSBURG, OHIO

***Management's Discussion and Analysis  
For the Year Ended December 31, 2008***

***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 2008 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of \$21.3 million increased by \$3.4 million over the original budget estimates of \$17.9 million as a result of Income Tax and Local Government Fund revenues being significantly higher than budgetary expectations. Local Government Fund revenues were budgeted for 2007 in anticipation of the proposed 20% reduction as presented by the State Legislature. 2008 LGR revenues needed to be amended to reflect unexpected growth in 2007. Income Tax revenue growth was the result of continued growth and prosperity among certain segments of the local economy. The General Fund had an adequate fund balance to cover expenditures.

### CAPITAL ASSETS AND DEBT ADMINISTRATION

***Capital Assets***

At the end of fiscal 2008 the City had \$125,244,332 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, \$69,895,166 was related to governmental activities and \$55,349,166 to the business-type activities. The following table shows fiscal year 2008 and 2007 balances:

	Governmental Activities		Increase (Decrease)
	2008	2007	
Land	\$10,378,409	\$10,378,409	\$0
Construction in Progress	1,343,843	212,384	1,131,459
Buildings	15,032,580	15,009,269	23,311
Improvements Other Than Buildings	6,598,074	6,595,424	2,650
Machinery and Equipment	10,149,924	9,608,618	541,306
Infrastructure	46,341,656	41,404,859	4,936,797
Less: Accumulated Depreciation	(19,949,320)	(18,259,005)	(1,690,315)
Totals	<u>\$69,895,166</u>	<u>\$64,949,958</u>	<u>\$4,945,208</u>

	Business-Type Activities		Increase (Decrease)
	2008	2007	
Land	\$321,383	\$321,383	\$0
Construction in Progress	7,801,229	5,567,213	2,234,016
Buildings	7,760,596	7,754,448	6,148
Improvements Other Than Buildings	49,485,671	49,485,671	0
Machinery and Equipment	12,714,387	12,074,370	640,017
Less: Accumulated Depreciation	(22,734,100)	(21,153,160)	(1,580,940)
Totals	<u>\$55,349,166</u>	<u>\$54,049,925</u>	<u>\$1,299,241</u>



## **CITY OF PERRYSBURG, OHIO**

***Management's Discussion and Analysis  
For the Year Ended December 31, 2008***

***Unaudited***

The primary increase in the business-type occurred in construction in progress as a result of the continuation of several water and sewer projects including the new elevated water tank, the waste water treatment plant expansion and the Cherry Street sewer separation. The primary increase in the governmental activities was in construction and progress and infrastructure. The construction in progress is related to the ongoing projects associated with the new fire station, street division building and the Fort Meigs road improvements. Much of the increase in infrastructure is related to the almost \$2,000,000 worth of donated infrastructure to the City from subdivisions during 2008. There was also almost \$2,000,000 worth of street repavements/construction done during 2008.

As of December 31, 2008, the City has contractual commitments of \$3,540,843 for various remaining projects. Additional information on the City's capital assets can be found in Note 8.

### ***Debt***

The following table summarizes the City's debt outstanding as of December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Governmental Activities:		
General Obligation Notes	\$6,930,000	\$11,745,000
Compensated Absences	818,375	<u>757,222</u>
Total Governmental Activities	<u>7,748,375</u>	<u>12,502,222</u>
Business-Type Activities:		
General Obligation Notes	14,302,000	9,821,000
OWDA Loans Payable	6,074,992	6,663,595
Compensated Absences	118,876	<u>121,067</u>
Total Business-Type Activities	<u>20,495,868</u>	<u>16,605,662</u>
Totals	<u>\$28,244,243</u>	<u>\$29,107,884</u>

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, 2008, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 13.

### **ECONOMIC FACTORS**

The City of Perrysburg has taken a conservative approach to budgeting for the past several years. Throughout the recent economic downturn, the City has been able to maintain its current level of services, without any significant budgetary changes. Income tax revenues for 2008 were originally budgeted at an 8.0% increase over 2007 actual figures, although actual collections for 2008 were very strong (13.6 % greater than 2007 actual figures.) These figures reflect a continued trend by the City of Perrysburg to experience steady growth despite a lagging regional economy. This revenue growth is offset by a continuing need for additional services by the constituency. The City continues to be vigilant in containing its operational costs, while remaining committed to the elimination of all non-proprietary debt.

## **CITY OF PERRYSBURG, OHIO**

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***Management's Discussion and Analysis  
For the Year Ended December 31, 2008***

***Unaudited***

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Perrysburg continues to be a growing, vital community. With the annexation of the Owens Illinois property in 2000, and the subsequent development of the Town Center at Levis Commons, the City has already realized a significant increase in income tax revenue, with prospects for additional growth in the near future, as the Levis Commons area continues to grow. In May 2005, O-I announced that it was relocating its World Headquarters, making the City of Perrysburg the home of a Fortune 500 container manufacturer. The O-I World Headquarters was completed in July, 2005, and has served as a catalyst for significant growth in the area. The City Administration and City Council continue to pursue all economic development possibilities, with an ultimate goal of reaching an optimal balance on a commercial/industrial/residential tax base. The City has also been diligent in annexing "islands" of township that are completely surrounded by the City. These annexations include several companies which will contribute to the City tax base in the near future. 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.

### **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 Assets**  
**December 31, 2008**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 3,013,054	\$ 8,742,285	\$ 11,755,339
Cash and Cash Equivalents with Fiscal Agent	0	630	630
Investments	6,024,645	0	6,024,645
Receivables:			
Taxes	4,854,385	0	4,854,385
Accounts	133,133	2,500,873	2,634,006
Intergovernmental	2,505,632	0	2,505,632
Special Assessments	293,857	297,254	591,111
Loans	243,746	0	243,746
Internal Balances	(48,611)	48,611	0
Inventory of Supplies at Cost	60,738	312,557	373,295
Prepaid Items	110,261	28,704	138,965
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	638,158	0	638,158
Capital Assets, Net	69,895,166	55,349,086	125,244,252
<b>Total Assets</b>	<b>87,724,164</b>	<b>67,280,000</b>	<b>155,004,164</b>
<b>Liabilities:</b>			
Accounts Payable	660,892	137,920	798,812
Accrued Wages and Benefits	902,152	96,447	998,599
Intergovernmental Payable	0	41,783	41,783
Retainage Payable	14,195	630	14,825
Deferred Revenue	3,104,051	0	3,104,051
Accrued Interest Payable	49,493	151,333	200,826
General Obligation Notes Payable	6,930,000	14,302,000	21,232,000
Long-Term Liabilities:			
Due Within One Year	320,086	679,670	999,756
Due in More Than One Year	498,289	5,514,198	6,012,487
<b>Total Liabilities</b>	<b>12,479,158</b>	<b>20,923,981</b>	<b>33,403,139</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	62,965,166	34,972,094	97,937,260
Restricted For:			
Debt Service	37,220	0	37,220
Other Purposes	3,565,500	0	3,565,500
Unrestricted	8,677,120	11,383,925	20,061,045
<b>Total Net Assets</b>	<b>\$ 75,245,006</b>	<b>\$ 46,356,019</b>	<b>\$ 121,601,025</b>

See accompanying notes to the basic financial statements

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**CITY OF PERRYSBURG, OHIO**

**Statement of Activities**  
**For the Year Ended December 31, 2008**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Current:				
Security of Persons and Property	\$ 7,503,343	\$ 371,667	\$ 13,213	\$ 173,653
Public Health and Welfare Services	30,587	0	0	0
Leisure Time Activities	1,365,041	176,610	0	0
Community Development	697,471	199,880	20,945	102,048
Basic Utility Services	1,094,256	104,789	0	0
Transportation	327,738	8,355	1,200,626	1,765,351
General Government	4,621,697	953,733	0	0
Interest and Fiscal Charges	437,113	0	0	0
<b>Total Governmental Activities</b>	<u>16,077,246</u>	<u>1,815,034</u>	<u>1,234,784</u>	<u>2,041,052</u>
<b>Business-Type Activities:</b>				
Sewer	4,011,975	5,045,250	0	146,134
Water	3,431,045	3,809,396	0	146,217
<b>Total Business-Type Activities</b>	<u>7,443,020</u>	<u>8,854,646</u>	<u>0</u>	<u>292,351</u>
<b>Totals</b>	<u>\$ 23,520,266</u>	<u>\$ 10,669,680</u>	<u>\$ 1,234,784</u>	<u>\$ 2,333,403</u>

**General Revenues**

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

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

**CITY OF PERRYSBURG, OHIO**

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Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (6,944,810)	\$ 0	\$ (6,944,810)
(30,587)	0	(30,587)
(1,188,431)	0	(1,188,431)
(374,598)	0	(374,598)
(989,467)	0	(989,467)
2,646,594	0	2,646,594
(3,667,964)	0	(3,667,964)
(437,113)	0	(437,113)
(10,986,376)	0	(10,986,376)
0	1,179,409	1,179,409
0	524,568	524,568
0	1,703,977	1,703,977
(10,986,376)	1,703,977	(9,282,399)
3,137,571	0	3,137,571
15,495,907	0	15,495,907
2,544,502	0	2,544,502
567,586	400	567,986
45,402	0	45,402
(254,023)	254,023	0
21,536,945	254,423	21,791,368
10,550,569	1,958,400	12,508,969
64,694,437	44,397,619	109,092,056
\$ 75,245,006	\$ 46,356,019	\$ 121,601,025

## CITY OF PERRYSBURG, OHIO

**Balance Sheet**  
**Governmental Funds**  
**December 31, 2008**

	General	Capital Improvements	Way Library
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 62,712	\$ 1,847,017	\$ 26
Investments	4,320,648	0	10,549
<b>Receivables:</b>			
Taxes	2,827,530	0	634,239
Accounts	129,182	0	0
Intergovernmental	1,009,183	800,000	40,761
Special Assessments	181,701	7,752	0
Loans	0	0	0
Inventory of Supplies, at Cost	0	0	0
Prepaid Items	108,340	0	0
<b>Restricted Assets:</b>			
Cash and Cash Equivalents with Fiscal Agent	14,195	0	0
<b>Total Assets</b>	<b>\$ 8,653,491</b>	<b>\$ 2,654,769</b>	<b>\$ 685,575</b>
<b>Liabilities:</b>			
Accounts Payable	132,092	258,324	0
Accrued Wages and Benefits Payable	601,086	0	0
Retainage Payable	14,195	0	0
Deferred Revenue	1,957,818	7,752	675,000
Accrued Interest Payable	0	15,747	10,875
General Obligation Notes Payable	0	2,900,000	2,900,000
<b>Total Liabilities</b>	<b>2,705,191</b>	<b>3,181,823</b>	<b>3,585,875</b>
<b>Fund Balances:</b>			
Reserved for Encumbrances	227,649	629,902	0
Reserved for Prepaid Items	108,340	0	0
Reserved for Supplies Inventory	0	0	0
Reserved for Loans Receivable	0	0	0
<b>Undesignated/Unreserved in:</b>			
General Fund	5,612,311	0	0
Special Revenue Funds	0	0	0
Debt Service Funds	0	0	0
Capital Projects Funds	0	(1,156,956)	(2,900,300)
<b>Total Fund Balances</b>	<b>5,948,300</b>	<b>(527,054)</b>	<b>(2,900,300)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 8,653,491</b>	<b>\$ 2,654,769</b>	<b>\$ 685,575</b>

See accompanying notes to the basic financial statements



**CITY OF PERRYSBURG, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 1,068,256 1,312,681  1,392,616 2,901 655,688 104,406 243,746 46,766 731  <u>623,963</u>	\$ 2,978,011 5,643,878  4,854,385 132,083 2,505,632 293,859 243,746 46,766 109,071  <u>638,158</u>
<u>\$ 5,451,754</u>	<u>\$ 17,445,589</u>
 259,876 249,240 0 1,926,217 22,871 1,130,000 <u>3,588,204</u>	 650,292 850,326 14,195 4,566,787 49,493 6,930,000 <u>13,061,093</u>
 90,104 731 46,766 243,746  0 2,455,323 1,475 (974,595) <u>1,863,550</u>	 947,655 109,071 46,766 243,746  5,612,311 2,455,323 1,475 (5,031,851) <u>4,384,496</u>
<u>\$ 5,451,754</u>	<u>\$ 17,445,589</u>

**CITY OF PERRYSBURG, OHIO**

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***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2008***

---

<b>Total Governmental Fund Balances</b>	\$4,384,496
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	69,895,166
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	1,462,734
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	320,985
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(818,375)</u>
<b><i>Net Assets of Governmental Funds</i></b>	<b><u><u>\$ 75,245,006</u></u></b>

See accompanying notes to the basic financial statements

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**CITY OF PERRYSBURG, OHIO**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2008**

	General	Capital Improvements	Way Library
<b>Revenues:</b>			
Property Taxes	\$ 1,127,718	\$ 0	\$ 630,351
Municipal Income Tax	15,514,499	0	0
Intergovernmental Revenues	1,575,864	800,000	0
Charges for Services	691,626	0	0
Licenses and Permits	199,408	0	0
Investment Earnings	482,257	0	17,091
Special Assessments	171,309	8,028	0
Fines and Forfeitures	662,224	0	0
All Other Revenue	162,193	1,759	0
<b>Total Revenue</b>	<b>20,587,098</b>	<b>809,787</b>	<b>647,442</b>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	6,506,552	0	0
Public Health and Welfare Services	30,587	0	0
Leisure Time Activities	1,273,904	0	0
Community Development	534,307	0	0
Basic Utility Services	0	0	0
Transportation	1,256,794	0	0
General Government	4,100,746	0	10,548
Capital Outlay	0	1,681,732	0
Debt Service:			
Interest & Fiscal Charges	0	261,687	131,430
<b>Total Expenditures</b>	<b>13,702,890</b>	<b>1,943,419</b>	<b>141,978</b>
Excess (Deficiency) of Revenues Over Expenditures	6,884,208	(1,133,632)	505,464
<b>Other Financing Sources (Uses):</b>			
Transfers In	0	5,940,000	0
Transfers Out	(7,009,023)	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(7,009,023)</b>	<b>5,940,000</b>	<b>0</b>
Net Change in Fund Balances	(124,815)	4,806,368	505,464
<b>Fund Balances (Deficit) at Beginning of Year</b>	<b>6,073,115</b>	<b>(5,333,422)</b>	<b>(3,405,764)</b>
Increase in Inventory Reserve	0	0	0
<b>Fund Balances (Deficit) End of Year</b>	<b>\$ 5,948,300</b>	<b>\$ (527,054)</b>	<b>\$ (2,900,300)</b>

See accompanying notes to the basic financial statements

**CITY OF PERRYSBURG, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 1,334,690	\$ 3,092,759
0	15,514,499
1,303,542	3,679,406
105,044	796,670
17,640	217,048
68,238	567,586
74,432	253,769
159,563	821,787
27,208	191,160
3,090,357	25,134,684
788,234	7,294,786
0	30,587
0	1,273,904
195,643	729,950
1,043,316	1,043,316
1,401,873	2,658,667
275,617	4,386,911
26,720	1,708,452
43,996	437,113
3,775,399	19,563,686
(685,042)	5,570,998
815,000	6,755,000
0	(7,009,023)
815,000	(254,023)
129,958	5,316,975
1,720,969	(945,102)
12,623	12,623
\$ 1,863,550	\$ 4,384,496

**CITY OF PERRYSBURG, OHIO**

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***Reconciliation Of The Statement Of Revenues, Expenditures  
And Changes In Fund Balances Of Governmental Funds  
To The Statement Of Activities  
For The Fiscal Year Ended December 31, 2008***

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 5,316,975</b>
<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	3,188,741
The net effect of various miscellaneous transactions involving capital assets (i.e. disposals and donations) is to increase net assets.	1,756,467
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(10,998)
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.	(48,531)
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.	347,915
<b><i>Change in Net Assets of Governmental Activities</i></b>	<b><u>\$ 10,550,569</u></b>

See accompanying notes to the basic financial statements

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**CITY OF PERRYSBURG, OHIO**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2008**

	Business-Type Activities Enterprise Funds		
	Sewer	Water	Parking Meter
<b>Assets:</b>			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 6,203,204	\$ 2,500,498	\$ 0
Cash and Cash Equivalents with Fiscal Agent	630	0	0
Investments	0	0	0
<i>Receivables:</i>			
Accounts	1,319,443	1,181,430	0
Special Assessments	264,443	32,811	0
Inventory of Supplies at Cost	3,938	308,619	0
Prepaid Items	6,727	21,977	0
<i>Total Current Assets</i>	7,798,385	4,045,335	0
<i>Non Current Assets:</i>			
Capital Assets, Net	40,955,026	14,346,060	48,000
<b>Total Assets</b>	48,753,411	18,391,395	48,000
<b>Liabilities:</b>			
<i>Current Liabilities:</i>			
Accounts Payable	58,180	79,740	0
Accrued Wages and Benefits	59,397	37,050	0
Intergovernmental Payable	0	0	0
Retainage Payable	630	0	0
General Obligation Notes Payable	12,981,000	1,321,000	0
OWDA Loans - Current	632,945	0	0
<i>Total Current Liabilities</i>	13,732,152	1,437,790	0
<i>Long Term Liabilities:</i>			
Compensated Absences Payable	45,548	73,328	0
Accrued Interest Payable	144,655	6,678	0
OWDA Loans Payable	5,442,047	0	0
<b>Total Liabilities</b>	19,364,402	1,517,796	0
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	21,899,034	13,025,060	48,000
Unrestricted	7,489,975	3,848,539	0
<b>Total Net Assets</b>	\$ 29,389,009	\$ 16,873,599	\$ 48,000

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

See accompanying notes to the basic financial statements



**CITY OF PERRYSBURG, OHIO**

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<u>Utility Collection</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
\$ 38,583	\$ 8,742,285	\$ 35,043
0	630	0
0	0	380,767
0	2,500,873	1,050
0	297,254	0
0	312,557	13,972
0	28,704	1,190
38,583	11,882,303	432,022
0	55,349,086	0
38,583	67,231,389	432,022
0	137,920	10,600
0	96,447	51,826
41,783	41,783	0
0	630	0
0	14,302,000	0
0	632,945	0
41,783	15,211,725	62,426
0	118,876	0
0	151,333	0
0	5,442,047	0
41,783	20,923,981	62,426
0	34,972,094	0
(3,200)	11,335,314	369,596
\$ (3,200)	46,307,408	\$ 369,596
	48,611	
	\$ 46,356,019	

**CITY OF PERRYSBURG, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2008**

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Parking Meter
<b>Operating Revenues:</b>			
Charges for Services	\$ 4,757,128	\$ 3,809,396	\$ 0
Other Operating Revenue	288,122	0	0
<b>Total Operating Revenues</b>	<b>5,045,250</b>	<b>3,809,396</b>	<b>0</b>
<b>Operating Expenses:</b>			
Personal Services	1,057,989	623,468	0
Contractual Services	792,248	2,185,163	0
Materials and Supplies	340,267	66,783	0
Depreciation	1,065,151	515,869	0
<b>Total Operating Expenses</b>	<b>3,255,655</b>	<b>3,391,283</b>	<b>0</b>
Operating Income	1,789,595	418,113	0
<b>Nonoperating Revenue (Expenses):</b>			
Investment Earnings	0	400	0
Interest Expense	(788,969)	(59,564)	0
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(788,969)</b>	<b>(59,164)</b>	<b>0</b>
Income Before Transfers and Contributions	1,000,626	358,949	0
Transfers:			
Transfers In	254,023	0	0
Capital Contributions	146,134	146,217	0
<b>Total Transfers and Contributions</b>	<b>400,157</b>	<b>146,217</b>	<b>0</b>
Change in Net Assets	1,400,783	505,166	0
Net Assets Beginning of Year	27,988,226	16,368,433	48,000
Net Assets End of Year	<b>\$ 29,389,009</b>	<b>\$ 16,873,599</b>	<b>\$ 48,000</b>

Change in Net Assets - Total Enterprise Funds

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

Change in Net Assets - Business-type Activities

See accompanying notes to the basic financial statements

**CITY OF PERRYSBURG, OHIO**

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Utility Collection	Total	Governmental Activities - Internal Service Funds
\$ 0	\$ 8,566,524	\$ 1,782,748
0	288,122	0
0	8,854,646	1,782,748
0	1,681,457	1,044,580
0	2,977,411	5,875
0	407,050	336,718
0	1,581,020	0
0	6,646,938	1,387,173
0	2,207,708	395,575
0	400	4,791
0	(848,533)	0
0	(848,133)	4,791
0	1,359,575	400,366
0	254,023	0
0	292,351	0
0	546,374	0
0	1,905,949	400,366
(3,200)	44,401,459	(30,770)
\$ (3,200)	\$ 46,307,408	\$ 369,596
	1,905,949	
	52,451	
	\$ 1,958,400	

**CITY OF PERRYSBURG, OHIO**

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2008**

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Utility Collection
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$5,103,773	\$3,846,322	\$496,517
Cash Payments for Goods and Services	(1,129,856)	(2,253,701)	(495,705)
Cash Payments to Employees	(1,082,897)	(625,777)	0
Net Cash Provided by Operating Activities	<u>2,891,020</u>	<u>966,844</u>	<u>812</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers In from Other Funds	254,023	0	0
Net Cash Provided by Noncapital Financing Activities	<u>254,023</u>	<u>0</u>	<u>0</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Proceeds from Sale of Bond Anticipation Notes	12,981,000	1,321,000	0
Acquisition and Construction of Assets	(2,543,003)	(71,497)	0
Principal Paid on Bond Anticipation Notes	(8,349,000)	(1,472,000)	0
Principal Paid on Ohio Water Development Authority Loans	(588,603)	0	0
Interest Paid on All Debt	(828,872)	(60,737)	0
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>671,522</u>	<u>(283,234)</u>	<u>0</u>
<b>Cash Flows from Investing Activities:</b>			
Receipts of Interest	0	400	0
Purchase of Investments	0	0	0
Net Cash Provided (Used) by Investing Activities	<u>0</u>	<u>400</u>	<u>0</u>
Net Increase (Decrease) in Cash and Cash Equivalents	3,816,565	684,010	812
Cash and Cash Equivalents at Beginning of Year	2,387,269	1,816,488	37,771
Cash and Cash Equivalents at End of Year	<u>\$6,203,834</u>	<u>\$2,500,498</u>	<u>\$38,583</u>

**CITY OF PERRYSBURG, OHIO**

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Totals	Governmental Activities Internal Service Funds
\$9,446,612	\$1,781,867
(3,879,262)	(321,615)
(1,708,674)	(1,111,991)
3,858,676	348,261
254,023	0
254,023	0
14,302,000	0
(2,614,500)	0
(9,821,000)	0
(588,603)	0
(889,609)	0
388,288	0
400	4,791
0	(380,767)
400	(375,976)
4,501,387	(27,715)
4,241,528	62,758
\$8,742,915	\$35,043

(Continued)

**CITY OF PERRYSBURG, OHIO**

**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2008**

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Utility Collection
<b>Reconciliation of Operating Income to Net Cash</b>			
<u>Provided by Operating Activities:</u>			
Operating Income	\$1,789,595	\$418,113	\$0
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	1,065,151	515,869	0
Changes in Assets and Liabilities:			
Decrease (Increase) in Accounts Receivable	66,086	17,253	0
Decrease (Increase) in Special Assessments Receivable	(13,629)	7,732	0
Decrease (Increase) in Inventory	(243)	(19,636)	0
Decrease in Prepaid Items	1,761	976	0
Increase (Decrease) in Accounts Payable	7,207	28,846	0
Increase in Intergovernmental Payables	0	0	812
Decrease in Accrued Wages and Benefits	(15,423)	(9,603)	0
Increase (Decrease) in Compensated Absences	(9,485)	7,294	0
Total Adjustments	<u>1,101,425</u>	<u>548,731</u>	<u>812</u>
Net Cash Provided by Operating Activities	<u>\$2,891,020</u>	<u>\$966,844</u>	<u>\$812</u>

**Schedule of Non-cash Investing, Capital and Financing Activities:**

As of December 31, 2008, the Sewer and Water Funds had outstanding liabilities of \$6,088 and \$16,925, respectively, for the purchase of certain capital assets.

During 2008, the Sewer and Water Funds received \$146,134 and \$146,217, respectively, of capital contributions from other sources.

See accompanying notes to the basic financial statements

**CITY OF PERRYSBURG, OHIO**

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<u>Totals</u>	<u>Governmental Activities Internal Service Funds</u>
\$2,207,708	\$395,575
1,581,020	0
83,339	(881)
(5,897)	0
(19,879)	11,048
2,737	7
36,053	(24,424)
812	0
(25,026)	(33,064)
(2,191)	0
<u>1,650,968</u>	<u>(47,314)</u>
<u>\$3,858,676</u>	<u>\$348,261</u>

**CITY OF PERRYSBURG, OHIO**

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**Statement of Net Assets**  
**Fiduciary Funds**  
**December 31, 2008**

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	Private Purpose Trust	
	Unclaimed	
	Monies Fund	Agency
<b>Assets:</b>		
Cash and Cash Equivalents	\$ 62,103	\$ 1,194,396
Receivables:		
Taxes	0	179,967
Intergovernmental	0	12,225
<b>Total Assets</b>	<u>62,103</u>	<u>1,386,588</u>
<b>Liabilities:</b>		
Intergovernmental Payable	0	1,341,229
Due to Others	0	45,359
<b>Total Liabilities</b>	<u>0</u>	<u>1,386,588</u>
<b>Net Assets:</b>		
Unrestricted	62,103	0
<b>Total Net Assets</b>	<u>\$ 62,103</u>	<u>\$ 0</u>

See accompanying notes to the basic financial statements



**CITY OF PERRYSBURG, OHIO**

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***Statement of Changes in Net Assets  
Fiduciary Fund  
For the Year Ended December 31, 2008***

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	<u>Private Purpose Trust Unclaimed Monies Fund</u>
<b>Additions:</b>	
Contributions:	
Private Donations	\$ 8,112
Total Additions	<u>8,112</u>
<b>Deductions:</b>	
Administrative Expenses	<u>0</u>
Total Deductions	<u>0</u>
Change in Net Assets	8,112
Net Assets at Beginning of Year	53,991
Net Assets End of Year	<u>\$ 62,103</u>

See accompanying notes to the basic financial statements

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

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2008***

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

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

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

The accompanying basic financial statements of the City present the financial position of the various fund types and, the results of operations of the various fund types and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2008 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

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

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

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

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

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

## *CITY OF PERRYSBURG, OHIO*

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### *Notes to the Basic Financial Statements For the Year Ended December 31, 2008*

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

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

###### *Governmental Funds*

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

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

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

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

###### *Proprietary Funds*

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

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

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

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

Parking Meter Fund - This fund is used to account for the operation of the City's parking lots.

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

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2008***

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

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

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

##### ***Fiduciary Funds***

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

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

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

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2008***

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

##### **C. Basis of Presentation – Financial Statements (Continued)**

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

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

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

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

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

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

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2008***

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

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

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

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

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

Property taxes measurable as of December 31, 2008 but which are not intended to finance 2008 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 5 "Taxes".

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

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2008***

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

##### **E. 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.

##### **1. 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 2008.

##### **2. 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 2008, several supplemental appropriations were necessary to budget for unanticipated expenditures. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual—General Fund" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

**CITY OF PERRYSBURG, OHIO**

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*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008*

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

**E. Budgetary Process (Continued)**

3. 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.

4. Lapsing of Appropriations

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

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**CITY OF PERRYSBURG, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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

5. Budgetary Basis of Accounting

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

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

	Net Change In Fund Balance
	General Fund
GAAP Basis (as reported)	(\$124,815)
Increase (Decrease):	
Accrued Revenues at December 31, 2008 received during 2009	(2,297,210)
Accrued Revenues at December 31, 2007 received during 2008	1,640,199
Accrued Expenditures at December 31, 2008 paid during 2009	747,373
Accrued Expenditures at December 31, 2007 paid during 2008	(724,573)
2007 Prepays for 2008	114,129
2008 Prepays for 2009	(108,340)
Cash With Fiscal Agent 2007	11,234
Cash With Fiscal Agent 2008	(14,195)
Outstanding Encumbrances	(269,796)
Budget Basis	(\$1,025,994)

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

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2008***

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#### **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 4, "Cash, Cash Equivalents and Investments."

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

##### **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 4, "Cash, Cash Equivalents and Investments."

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

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

##### **I. Capital Assets and Depreciation**

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

###### **1. Property, Plant and Equipment - Governmental Activities**

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

**CITY OF PERRYSBURG, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**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 Assets and in the respective funds.

**3. Depreciation**

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

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

**CITY OF PERRYSBURG, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2008***

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

##### **L. Net Assets**

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

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

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

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

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

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

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

##### **O. Reservations of Fund Balance**

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for inventories of supplies and materials, prepaid items, loans receivable and encumbered amounts which have not been accrued at year end.

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2008***

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

##### **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.

##### **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 2008.

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**CITY OF PERRYSBURG, OHIO**

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*Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008*

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

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

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

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

Delinquent Income Tax Revenue	\$97,245
Delinquent Property Tax Revenue	160,490
Shared Revenues	1,005,065
Special Assessment Revenue	199,934
	\$1,462,734

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

Compensated Absences Payable	(\$818,375)
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**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

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

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

Capital Outlay	\$4,895,917
Depreciation Expense	(1,707,176)
	\$3,188,741

*Governmental revenues not reported in the funds:*

Decrease in Delinquent Income Tax Revenue	(\$18,592)
Increase in Delinquent Property Tax	44,812
Increase in Shared Revenue	25,448
Decrease in Special Assessment Revenue	(62,666)
	(\$10,998)

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

Increase in Compensated Absences Payable	(\$61,154)
Increase in supplies inventory	12,623
	(\$48,531)

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2008***

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#### **NOTE 3 - COMPLIANCE AND ACCOUNTABILITY**

***Fund Deficits*** - The fund deficit at December 31, 2008 of \$754 in the Litter Control Fund (special revenue funds) arose from the recognition of expenditures on the modified accrual basis of accounting which are greater than expenditures recognized on the budgetary basis. The accumulated deficit at December 31, 2008 of \$3,200 in the Utility Collection Fund (enterprise fund) and arose from the recognition of expenses on the accrual basis of accounting which are greater than expenses on the cash basis of accounting. The fund deficits at December 31, 2008 of \$2,900,300 in the Way Library Fund, \$950,966 in the Park Land Acquisition and Development Fund and \$527,054 in the Capital Improvements Fund (capital projects funds) arise from the recording of general obligation notes payable within the individual funds. Deficits do not exist under the budgetary/cash basis of accounting. The general fund provides transfers when cash is required, not when accruals occur.

#### **NOTE 4 - 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;



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

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2008***

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#### **NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

- 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).

#### **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.

**CITY OF PERRYSBURG, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008**

**NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**A. Deposits (Continued)**

At year end the carrying amount of the City's deposits was \$13,640,626 and the bank balance was \$13,995,972. The Federal Deposit Insurance Corporation (FDIC) covered \$500,000 of the bank balance and \$13,495,972 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	\$13,495,972
Total Balance	\$13,495,972

**B. Investments**

The City's investments at December 31, 2008 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>
U.S. Savings Bonds	\$10,000	N/A	\$10,000	\$0
FNMA	2,725,750	AAA <sup>1</sup> / Aaa <sup>2</sup>	0	2,725,750
FHLMC	301,200	AAA <sup>1</sup> / Aaa <sup>2</sup>	0	301,200
FHLB	2,997,695	AAA <sup>1</sup> / Aaa <sup>2</sup>	0	2,997,695
Total Investments	\$6,034,645		\$10,000	\$6,024,645

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

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

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

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

*Custodial Credit Risk* – The City's investments in FNMA, FHLMC and FHLB securities in the amount of \$2,725,750, \$301,200 and \$2,997,695, 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.

**CITY OF PERRYSBURG, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008**

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**NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**C. Reconciliation of Cash, Cash Equivalents and Investments**

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

	Cash and Cash Equivalents *	Investments
Per Financial Statements	\$13,650,626	\$6,024,645
Investments:		
Series H Bonds	(10,000)	10,000
Per Footnote Section A	<u>\$13,640,626</u>	<u>\$6,034,645</u>

\* Includes Cash with Fiscal Agent

**NOTE 5 - 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 2008 were levied after October 1, 2007 on assessed values as of January 1, 2007, 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 2006 and the last equalization adjustment was completed in 2003. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder payable by June 20.

Tangible personal property tax revenues received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of January 1, 2007. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out. The assessment percentage for property, including inventory is 12.5% for 2007. This percentage will be reduced to 6.25% in 2008 and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2008***

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#### **NOTE 5 - TAXES (Continued)**

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

House Bill No. 66 was signed into law on June 30, 2005. House Bill NO.66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2010, the City will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Perrysburg. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2008 was \$5.65 per \$1,000 of assessed value. The assessed value upon which the 2008 receipts were based was \$578,616,272. This amount constitutes \$570,482,910 in real property assessed value, \$3,123,790 in public utility assessed value and \$5,009,572 in tangible personal property 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 6 - RECEIVABLES**

Receivables at December 31, 2008 consisted of taxes, loans, special assessments, accounts receivable and intergovernmental receivables.

## CITY OF PERRYSBURG, OHIO

### *Notes to the Basic Financial Statements For the Year Ended December 31, 2008*

#### NOTE 7 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2008:

<u>Transfers Out:</u>	<u>Transfers In:</u>			<u>Total</u>
	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Sewer Fund</u>	
General Fund	\$5,940,000	\$815,000	\$254,023	\$7,009,023

#### NOTE 8 - CAPITAL ASSETS

##### A. Governmental Activities Capital Assets

Summary by category of changes in general capital assets at December 31, 2008:

##### *Historical Cost:*

<u>Class</u>	<u>December 31, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2008</u>
<i>Capital assets not being depreciated:</i>				
Land	\$10,378,409	\$0	\$0	\$10,378,409
Construction in Progress	212,384	1,131,459	0	1,343,843
Subtotal	10,590,793	1,131,459	0	11,722,252
<i>Capital assets being depreciated:</i>				
Buildings	15,009,269	23,311	0	15,032,580
Improvements Other than Buildings	6,595,424	2,650	0	6,598,074
Machinery and Equipment	9,608,618	541,306	0	10,149,924
Infrastructure	41,404,859	4,955,344	(18,547)	46,341,656
Subtotal	72,618,170	5,522,611	(18,547)	78,122,234
Total Cost	\$83,208,963	\$6,654,070	(\$18,547)	\$89,844,486

##### *Accumulated Depreciation:*

<u>Class</u>	<u>December 31, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2008</u>
Buildings	(\$3,413,273)	(\$363,681)	\$0	(\$3,776,954)
Improvements Other than Buildings	(707,893)	(131,945)	0	(839,838)
Machinery and Equipment	(4,914,687)	(613,241)	0	(5,527,928)
Infrastructure	(9,223,152)	(598,309)	16,861	(9,804,600)
Total Depreciation	(\$18,259,005)	(\$1,707,176) *	\$16,861	(\$19,949,320)
<i>Net Value:</i>	\$64,949,958			\$69,895,166

## CITY OF PERRYSBURG, OHIO

### *Notes to the Basic Financial Statements For the Year Ended December 31, 2008*

#### NOTE 8 - CAPITAL ASSETS (Continued)

##### A. Governmental Activities Capital Assets (Continued)

\* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$434,626
Leisure Time Activities	120,526
Community Development	18,344
Basic Utility Services	49,909
Transportation	694,793
General Government	<u>388,978</u>
Total Depreciation Expense	<u><u>\$1,707,176</u></u>

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

Summary by category at December 31, 2008:

###### *Historical Cost:*

Class	December 31, 2007	Additions	Deletions	December 31, 2008
<i>Capital assets not being depreciated:</i>				
Land	\$321,383	\$0	\$0	\$321,383
Construction in Progress	<u>5,567,213</u>	<u>2,234,016</u>	<u>0</u>	<u>7,801,229</u>
Subtotal	5,888,596	2,234,016	0	8,122,612
<i>Capital assets being depreciated:</i>				
Buildings	7,754,448	6,148	0	7,760,596
Improvements Other than Buildings	49,485,671	0	0	49,485,671
Machinery and Equipment	<u>12,074,370</u>	<u>640,017</u>	<u>0</u>	<u>12,714,387</u>
Subtotal	<u>69,314,489</u>	<u>646,165</u>	<u>0</u>	<u>69,960,654</u>
Total Cost	<u><u>\$75,203,085</u></u>	<u><u>\$2,880,181</u></u>	<u><u>\$0</u></u>	<u><u>\$78,083,266</u></u>

###### *Accumulated Depreciation:*

Class	December 31, 2007	Additions	Deletions	December 31, 2008
Buildings	(\$3,361,748)	(\$186,834)	\$0	(\$3,548,582)
Improvements Other than Buildings	(11,498,812)	(972,261)	0	(12,471,073)
Machinery and Equipment	<u>(6,292,600)</u>	<u>(421,925)</u>	<u>0</u>	<u>(6,714,525)</u>
Total Depreciation	<u><u>(\$21,153,160)</u></u>	<u><u>(\$1,581,020)</u></u>	<u><u>\$0</u></u>	<u><u>(\$22,734,180)</u></u>
<i>Net Value:</i>	<u><u>\$54,049,925</u></u>			<u><u>\$55,349,086</u></u>

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

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2008***

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#### **NOTE 9 – DEFINED BENEFIT PENSION PLANS**

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

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

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

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

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

The ORC provides statutory authority for employee and employer contributions. For 2008, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2008 employer contribution rate for local government employer units was 14.00%, of covered payroll. A portion of the City's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2008, 7.0% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City's required contributions for pension obligations to OPERS for the years ending December 31, 2008, 2007, and 2006 were \$782,443, \$732,754 and \$688,344, respectively, which were equal to the required contributions for each year.

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2008***

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#### **NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2008, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City’s contributions for pension obligations to the OP&F Fund for the years ending December 31, 2008, 2007, and 2006 were \$384,404, \$401,014 and \$390,223 for police and \$396,556, \$365,964 and \$400,088 for firefighters, respectively, which were equal to the required contributions for each year.

#### **NOTE 10 - POSTEMPLOYMENT BENEFITS**

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

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

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

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



## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2008***

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#### **NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)**

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

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, 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. For 2008, the employer contribution allocated to the health care plan was 7.0% of covered payroll. 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, 2008, 2007, and 2006 were \$391,221, \$290,985 and \$226,098, respectively, which were equal to the required contributions for each year.

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

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2008***

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#### **NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)**

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

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

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

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

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2008, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2008, 2007, and 2006 were \$133,063, \$138,813 and \$155,089 for police and \$111,531, \$102,927 and \$129,195 for firefighters, respectively, which were equal to the required contributions for each year.

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2008***

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#### **NOTE 11 - 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 and 25% of their sick leave accrued after September 14, 1976 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, 2008, the City's accumulated, unpaid compensated absences amounted to \$937,251, of which \$818,375 is recorded as a liability of the Governmental Activities and \$118,876 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, 2008***

**NOTE 12 - 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, 2007	Issued	(Retired)	Balance December 31, 2008
Capital Projects Funds:				
4.00% Library Building	\$3,500,000	\$0	(\$3,500,000)	\$0
3.63% Library Building	0	2,900,000	0	2,900,000
4.00% Rivercrest Park Land	155,000	0	(155,000)	0
2.13% Rivercrest Park Land	0	130,000	0	130,000
4.00% Municipal Park	1,140,000	0	(1,140,000)	0
3.50% Municipal Park	0	1,000,000	0	1,000,000
4.00% Police Station	6,600,000	0	(6,600,000)	0
3.62% Police Station	0	2,900,000	0	2,900,000
4.00% SR25 Storm Drainage	350,000	0	(350,000)	0
Total Capital Projects Funds	11,745,000	6,930,000	(11,745,000)	6,930,000

(Continued)

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**CITY OF PERRYSBURG, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008**

**NOTE 12 - NOTES PAYABLE (Continued)**

	Balance December 31, 2007	Issued	(Retired)	Balance December 31, 2008
Enterprise Funds:				
4.00% Sewer System Improvement	2,738,000	0	(2,738,000)	0
2.13% Sewer System Improvement	0	2,703,000	0	2,703,000
4.00% Miscellaneous Water System Improvements	512,000	0	(512,000)	0
3.50% Miscellaneous Water System Improvements	0	436,000	0	436,000
4.00% 5 Pt./Fort Meigs Waterline Improvements	510,000	0	(510,000)	0
3.50% 5 Pt./Fort Meigs Waterline Improvements	0	465,000	0	465,000
4.00% W.S. Boundry	450,000	0	(450,000)	0
3.50% W.S. Boundry	0	420,000	0	420,000
4.00% Waste Water Treatment Plant Improvement	3,400,000	0	(3,400,000)	0
2.13% Waste Water Treatment Plant Improvement	0	4,850,000	0	4,850,000
4.00% SR25/5PT. Road	1,156,000	0	(1,156,000)	0
2.13% SR25/5PT. Road	0	1,078,000	0	1,078,000
4.00% Simmons Road Sewer	1,055,000	0	(1,055,000)	0
2.13% Simmons Road Sewer	0	975,000	0	975,000
3.50% WWIP Improvement	0	1,375,000	0	1,375,000
2.13% Maumee River Interceptor	0	2,000,000	0	2,000,000
Total Enterprise Funds	9,821,000	14,302,000	(9,821,000)	14,302,000
Total Notes Payable	\$21,566,000	\$21,232,000	(\$21,566,000)	\$21,232,000

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**CITY OF PERRYSBURG, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008**

**NOTE 13 - LONG-TERM DEBT**

Long-term debt of the City at December 31, 2008 was as follows:

	Balance December 31, 2007	Additions	(Reductions)	Balance December 31, 2008	Due Within One Year
<b>Governmental Activities:</b>					
Compensated Absences	\$757,222	\$125,708	(\$64,555)	\$818,375	\$320,086
Total Governmental Activities Long-Term Debt	<u>\$757,222</u>	<u>\$125,708</u>	<u>(\$64,555)</u>	<u>\$818,375</u>	<u>\$320,086</u>
	Balance December 31, 2007	Additions	(Reductions)	Balance December 31, 2008	Due Within One Year
<b>Business-Type Activities:</b>					
Ohio Water Development Authority (O.W.D.A.) Loans					
7.51% Waste Water Treatment Plant 1990	\$6,058,047	\$0	(\$535,600)	\$5,522,447	\$575,823
7.77% Sewer Separation 1991	605,548	0	(53,003)	552,545	57,122
Total O.W.D.A. Loans	<u>6,663,595</u>	<u>0</u>	<u>(588,603)</u>	<u>6,074,992</u>	<u>632,945</u>
Compensated Absences	\$121,067	\$8,130	(\$10,321)	\$118,876	\$46,725
Total Business-Type Long-Term Debt	<u>\$6,784,662</u>	<u>\$8,130</u>	<u>(\$598,924)</u>	<u>\$6,193,868</u>	<u>\$679,670</u>

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2008 follows:

Years	OWDA Loans	
	Principal	Interest
2009	\$632,945	\$457,667
2010	680,627	409,986
2011	731,902	358,708
2012	787,041	303,572
2013	846,335	244,280
2014-2016	2,396,142	330,393
Totals	<u>\$6,074,992</u>	<u>\$2,104,606</u>

**CITY OF PERRYSBURG, OHIO**

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008***

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**NOTE 14 - INSURANCE AND RISK MANAGEMENT**

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

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

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

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

All funds of the City from which employee salaries are paid participate in the health insurance program and make payments to the Self Insurance Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. Total contributions to the program during the year were \$1,436,716. The claims liability of \$51,826 reported in the Self Insurance Fund at December 31, 2008 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 2007 and 2008 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2007	\$94,379	\$1,484,456	(\$1,493,945)	\$84,890
2008	84,890	1,078,927	(1,111,991)	51,826

## **CITY OF PERRYSBURG, OHIO**

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### ***Notes to the Basic Financial Statements For the Year Ended December 31, 2008***

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#### **NOTE 15 - CONSTRUCTION COMMITMENTS**

As of December 31, 2008 the City had the following commitments with respect to various construction projects:

Project	Remaining Construction Commitment	Expected Date of Completion
WPC Plant Expansion	52,788	2009
Maumee River Interceptor Project Phase I	2,982	2009
Cherry Street Sewer Separation District 206	28,972	2009
Cherry Street Sewer Separation District 207	9,946	2009
Fort Meigs Road Improvements	73,163	2009
WWTP Construction - Phase 2	2,925,072	2009
White Road Lift Station Replacement	18,095	2009
Street Division Building	87,150	2009
New Fire Station	159,211	2010
Cherry Street Sewer Separation District 208	55,000	2010
New Elevated Water Tank	\$128,464	2011
Total	<u>\$3,540,843</u>	

#### **NOTE 16 - 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 17 - RELATED ORGANIZATION**

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



*CITY OF PERRYSBURG, OHIO*

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*REQUIRED SUPPLEMENTAL INFORMATION*

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**CITY OF PERRYSBURG, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Year Ended December 31, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 1,151,500	\$ 1,155,500	\$ 1,127,718	\$ (27,782)
Municipal Income Tax	12,395,000	15,695,500	15,149,901	(545,599)
Intergovernmental Revenue	1,960,855	1,804,560	1,365,046	(439,514)
Charges for Services	521,100	771,700	671,327	(100,373)
Licenses and Permits	219,100	250,600	202,579	(48,021)
Investment Earnings	600,000	600,000	429,443	(170,557)
Special Assessments	170,000	172,000	171,309	(691)
Fines and Forfeitures	725,450	725,450	651,464	(73,986)
All Other Revenues	164,820	170,420	161,300	(9,120)
Total Revenues	<u>17,907,825</u>	<u>21,345,730</u>	<u>19,930,087</u>	<u>(1,415,643)</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	7,008,550	7,095,037	6,649,453	445,584
Public Health and Welfare Services	31,000	32,000	30,587	1,413
Leisure Time Activities	1,361,665	1,363,835	1,281,813	82,022
Community Development	579,938	599,222	548,542	50,680
Transportation	1,166,187	1,288,687	1,257,338	31,349
General Government	4,410,500	4,604,855	4,179,325	425,530
Total Expenditures	<u>14,557,840</u>	<u>14,983,636</u>	<u>13,947,058</u>	<u>1,036,578</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,349,985	6,362,094	5,983,029	(379,065)
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,596,447	14,509,255	14,341,157	(168,098)
Transfers Out	(5,105,469)	(23,618,277)	(21,350,180)	2,268,097
Total Other Financing Sources (Uses):	<u>(3,509,022)</u>	<u>(9,109,022)</u>	<u>(7,009,023)</u>	<u>2,099,999</u>
Net Change In Fund Balance	(159,037)	(2,746,928)	(1,025,994)	1,720,934
Fund Balance at Beginning of Year	4,821,888	4,821,888	4,821,888	0
Prior Year Encumbrances	210,236	210,236	210,236	0
Fund Balance at End of Year	<u>\$ 4,873,087</u>	<u>\$ 2,285,196</u>	<u>\$ 4,006,130</u>	<u>\$ 1,720,934</u>

*CITY OF PERRYSBURG, OHIO*

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*INDEPENDENT AUDITOR'S REPORT*

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*INTERNAL CONTROL*



GILMORE, JASION & MAHLER, LTD

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

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

To the Mayor and Members of City Council

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Perrysburg (the City) as of and for the year ended December 31, 2008, and have issued our report thereon dated July 15, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

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

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

*Gilmore, Jason & Mahler, LTD*

July 15, 2009

**CITY OF PERRYSBURG  
WOOD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

No findings noted.

*CITY OF PERRYSBURG, OHIO*

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**Mary Taylor, CPA**  
Auditor of State

**CITY OF PERRYSBURG**

**WOOD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 24, 2009**