



**Auditor of State  
Betty Montgomery**



**CITY OF PERRYSBURG  
WOOD COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

City of Perrysburg  
Wood County  
201 W. Indiana Avenue  
Perrysburg, Ohio 43551-1525

To the Mayor and Members of City Council:

We have audited the accompanying general-purpose financial statements of the City of Perrysburg, Wood County, (the City) as of and for the year ended December 31, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Perrysburg, Wood County, as of December 31, 2001, and the results of its operations and the cash flows of its proprietary fund types 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 September 17, 2003, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

September 17, 2003

**THE CITY OF PERRYSBURG, OHIO**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**DECEMBER 31, 2001**

	<i>Governmental</i>			<i>Proprietary</i>		<i>Fiduciary</i>	<i>Account</i>		Totals (Memorandum Only)	
	<i>Fund Types</i>			<i>Fund Types</i>		<i>Fund Types</i>	<i>Groups</i>			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Enterprise Funds	Internal Service Funds	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	
<b>Assets and Other Debits:</b>										
<b>Assets:</b>										
Cash and Cash Equivalents	\$1,218,908	\$998,605	\$252	\$2,618,894	\$3,652,390	\$27,982	\$326,329	\$0	\$0	\$8,843,360
Investments	1,119,892	132,272	0	46,205	852,340	15,003	0	0	0	2,165,712
Receivables (net of allowance for doubtful accounts):										
Taxes	2,126,629	1,029,137	9,336	850,500	0	0	0	0	0	4,015,602
Accounts	55,891	2,906	0	0	1,313,532	267	0	0	0	1,372,596
Loans	0	634,597	0	0	0	0	0	0	0	634,597
Special Assessments	176,766	45,682	0	24,991	24,396	0	0	0	0	271,835
Due from Other Funds	50,517	775	0	0	0	0	16,892	0	0	68,184
Intergovernmental Receivables	1,383,523	404,177	0	46,744	165,261	0	0	0	0	1,999,705
Interfund Loan Receivable	175,000	0	0	0	0	0	0	0	0	175,000
Inventory of Supplies at Cost	0	27,768	0	0	112,053	5,115	0	0	0	144,936
Prepaid Items	56,405	4,171	0	0	11,017	904	0	0	0	72,497
Restricted Assets:										
Cash with Fiscal Agent	0	253,335	0	0	68,490	0	0	0	0	321,825
Fixed Assets (net of accumulated depreciation)	0	0	0	0	37,281,404	0	0	20,139,663	0	57,421,067
Construction in Progress	0	0	0	0	5,116,507	0	0	494,422	0	5,610,929
Other Debits:										
Amount Available in Debt Service Fund	0	0	0	0	0	0	0	0	252	252
Amount to be Provided for General Long-Term Obligations	0	0	0	0	0	0	0	0	589,612	589,612
<b>Total Assets and Other Debits</b>	<b>\$6,363,531</b>	<b>\$3,533,425</b>	<b>\$9,588</b>	<b>\$3,587,334</b>	<b>\$48,597,390</b>	<b>\$49,271</b>	<b>\$343,221</b>	<b>\$20,634,085</b>	<b>\$589,864</b>	<b>\$83,707,709</b>

(Continued)

	<i>Governmental Fund Types</i>			<i>Proprietary Fund Types</i>	<i>Fiduciary Fund Types</i>	<i>Account Groups</i>				
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Enterprise Funds	Internal Service Funds	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations	Totals (Memorandum Only)
<b>Liabilities, Equity and Other Credits:</b>										
<b>Liabilities:</b>										
Accounts Payable	\$109,110	\$83,361	\$0	\$359,450	\$276,959	\$0	\$0	\$0	\$0	\$828,880
Accrued Wages and Benefits	267,589	150,810	0	0	53,501	43,747	0	0	0	515,647
Retainage Payable	0	29,860	0	0	68,490	0	0	0	0	98,350
Due to Other Funds	0	0	0	0	0	0	68,184	0	0	68,184
Intergovernmental Payables	0	0	0	0	64,258	0	139,737	0	0	203,995
Interfund Loan Payable	0	0	0	0	175,000	0	0	0	0	175,000
Due to Others	0	0	0	0	0	0	58,934	0	0	58,934
Accrued Interest Payable	953	0	0	84,598	97,851	0	0	0	0	183,402
Deferred Revenue	1,947,726	1,368,469	9,336	922,235	0	0	0	0	0	4,247,766
General Obligation Notes Payable	110,000	0	0	13,745,000	10,980,000	0	0	0	0	24,835,000
Compensated Absences Payable	0	0	0	0	72,737	0	0	0	589,864	662,601
Ohio Water Development										
Authority Loans Payable	0	0	0	0	9,442,991	0	0	0	0	9,442,991
<b>Total Liabilities</b>	<b>2,435,378</b>	<b>1,632,500</b>	<b>9,336</b>	<b>15,111,283</b>	<b>21,231,787</b>	<b>43,747</b>	<b>266,855</b>	<b>0</b>	<b>589,864</b>	<b>41,320,750</b>
<b>Equity and Other Credits:</b>										
Investment in General Fixed Assets	0	0	0	0	0	0	0	20,634,085	0	20,634,085
Contributed Capital	0	0	0	0	15,346,581	0	0	0	0	15,346,581
Retained Earnings:										
Unreserved	0	0	0	0	12,019,022	5,524	0	0	0	12,024,546
Fund Balances:										
Reserved for Encumbrances	146,013	133,014	0	950,167	0	0	0	0	0	1,229,194
Reserved for Supplies Inventory	0	27,768	0	0	0	0	0	0	0	27,768
Reserved for Prepaid Items	56,405	4,171	0	0	0	0	0	0	0	60,576
Reserved for Debt Service	0	0	252	0	0	0	0	0	0	252
Reserved for Loans	0	634,597	0	0	0	0	0	0	0	634,597
Unreserved:										
Undesignated	3,725,735	1,101,375	0	(12,474,116)	0	0	76,366	0	0	(7,570,640)
<b>Total Equity and Other Credits</b>	<b>3,928,153</b>	<b>1,900,925</b>	<b>252</b>	<b>(11,523,949)</b>	<b>27,365,603</b>	<b>5,524</b>	<b>76,366</b>	<b>20,634,085</b>	<b>0</b>	<b>42,386,959</b>
<b>Total Liabilities, Equity and Other Credits</b>	<b>\$6,363,531</b>	<b>\$3,533,425</b>	<b>\$9,588</b>	<b>\$3,587,334</b>	<b>\$48,597,390</b>	<b>\$49,271</b>	<b>\$343,221</b>	<b>\$20,634,085</b>	<b>\$589,864</b>	<b>\$83,707,709</b>

The notes to the general purpose financial statements are an integral part of this statement.

**THE CITY OF PERRYSBURG, OHIO**  
**COMBINED STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<i>Governmental</i>			<i>Fiduciary</i>		Totals (Memorandum Only)
	<i>Fund Types</i>			<i>Fund Type</i>		
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Funds	
<b>Revenues:</b>						
Taxes	\$9,271,292	\$908,623	\$0	\$794,716	\$0	\$10,974,631
Intergovernmental Revenues	2,049,908	968,804	0	96,853	0	3,115,565
Charges for Services	399,766	58,477	0	0	0	458,243
Licenses, Permits and Fees	88,639	370	0	0	0	89,009
Investment Earnings	440,835	65,472	0	16,418	0	522,725
Special Assessments	171,626	41,845	0	24,328	0	237,799
Fines and Forfeitures	632,644	163,153	0	0	0	795,797
All Other Revenues	144,326	9,802	0	51,105	10,781	216,014
<b>Total Revenues</b>	<b>13,199,036</b>	<b>2,216,546</b>	<b>0</b>	<b>983,420</b>	<b>10,781</b>	<b>16,409,783</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Security of Persons and Property	4,161,486	550,621	0	0	0	4,712,107
Public Health and Welfare Services	19,924	0	0	0	0	19,924
Leisure Time Activities	951,641	0	0	0	0	951,641
Community Environment	316,670	146,163	0	0	0	462,833
Basic Utility Services	0	789,448	0	0	0	789,448
Transportation	727,663	1,133,906	0	0	0	1,861,569
General Government	3,118,706	143,675	0	16,710	0	3,279,091
Other Expenditures	0	39,990	0	0	3,982	43,972
Capital Outlay	0	0	0	3,859,551	0	3,859,551
<b>Debt Service:</b>						
Interest and Fiscal Charges	5,256	0	365	593,964	0	599,585
<b>Total Expenditures</b>	<b>9,301,346</b>	<b>2,803,803</b>	<b>365</b>	<b>4,470,225</b>	<b>3,982</b>	<b>16,579,721</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,897,690	(587,257)	(365)	(3,486,805)	6,799	(169,938)
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	69,949	514,505	0	2,560,000	0	3,144,454
Operating Transfers Out	(3,546,849)	(39,949)	0	0	0	(3,586,798)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,476,900)</b>	<b>474,556</b>	<b>0</b>	<b>2,560,000</b>	<b>0</b>	<b>(442,344)</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	420,790	(112,701)	(365)	(926,805)	6,799	(612,282)
Fund Balance (Deficit) Beginning of Year	3,507,363	2,011,762	617	(10,597,144)	69,567	(5,007,835)
Increase in Inventory Reserve	0	1,864	0	0	0	1,864
<b>Fund Balance (Deficit) End of Year</b>	<b>\$3,928,153</b>	<b>\$1,900,925</b>	<b>\$252</b>	<b>(\$11,523,949)</b>	<b>\$76,366</b>	<b>(\$5,618,253)</b>

The notes to the general purpose financial statements are an integral part of this statement.



**THE CITY OF PERRYSBURG, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$9,865,612	\$9,694,194	(\$171,418)	\$906,757	\$908,623	\$1,866
Intergovernmental Revenues	1,885,069	1,751,346	(133,723)	1,061,294	982,037	(79,257)
Charges for Services	375,600	364,390	(11,210)	57,000	55,665	(1,335)
Licenses and Permits	153,150	106,397	(46,753)	400	370	(30)
Investment Earnings	550,000	431,635	(118,365)	39,000	25,592	(13,408)
Special Assessments	180,500	171,626	(8,874)	44,000	41,845	(2,155)
Fines and Forfeitures	645,500	609,050	(36,450)	192,000	172,084	(19,916)
All Other Revenues	174,350	157,287	(17,063)	12,975	9,802	(3,173)
Total Revenues	<u>13,829,781</u>	<u>13,285,925</u>	<u>(543,856)</u>	<u>2,313,426</u>	<u>2,196,018</u>	<u>(117,408)</u>
<b>Expenditures:</b>						
Current:						
Security of Persons and Property	4,567,192	4,298,250	268,942	577,980	555,588	22,392
Public Health and Welfare Services	21,000	19,924	1,076	0	0	0
Leisure Time Activities	1,056,734	958,048	98,686	0	0	0
Community Environment	587,368	342,494	244,874	203,554	128,613	74,941
Basic Utility Services	0	0	0	845,090	801,340	43,750
Transportation	817,602	735,155	82,447	1,316,785	1,297,486	19,299
General Government	3,441,967	3,109,421	332,546	357,586	147,462	210,124
Other Expenditures	0	0	0	45,041	39,963	5,078
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>10,491,863</u>	<u>9,463,292</u>	<u>1,028,571</u>	<u>3,346,036</u>	<u>2,970,452</u>	<u>375,584</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,337,918	3,822,633	484,715	(1,032,610)	(774,434)	258,176
<b>Other Financing Sources (Uses):</b>						
Proceeds from General Obligation Notes	0	0	0	0	0	0
Operating Transfers In	45,000	39,949	(5,051)	514,505	514,505	0
Operating Transfers Out	(4,596,849)	(3,546,849)	1,050,000	(45,000)	(39,949)	5,051
Advances Out	(175,000)	(175,000)	0	0	0	0
Other Financing Uses	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>(4,726,849)</u>	<u>(3,681,900)</u>	<u>1,044,949</u>	<u>469,505</u>	<u>474,556</u>	<u>5,051</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,388,931)	140,733	1,529,664	(563,105)	(299,878)	263,227
Fund Balance at Beginning of Year	1,778,226	1,778,226	0	1,203,748	1,203,748	0
Prior Year Encumbrances	210,555	210,555	0	167,899	167,899	0
Fund Balance at End of Year	<u>\$599,850</u>	<u>\$2,129,514</u>	<u>\$1,529,664</u>	<u>\$808,542</u>	<u>\$1,071,769</u>	<u>\$263,227</u>

The notes to the general purpose financial statements are an integral part of this statement.

(Continued)

**THE CITY OF PERRYSBURG, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<i>Debt Service Fund</i>			<i>Capital Projects Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$0	\$0	\$0	\$753,647	\$794,716	\$41,069
Intergovernmental Revenues	0	0	0	96,853	96,853	0
Charges for Services	0	0	0	0	0	0
Licenses and Permits	0	0	0	15,000	0	(15,000)
Investment Earnings	0	0	0	16,000	15,753	(247)
Special Assessments	0	0	0	25,000	24,328	(672)
Fines and Forfeitures	0	0	0	0	0	0
All Other Revenues	0	0	0	75,738	52,220	(23,518)
Total Revenues	0	0	0	982,238	983,870	1,632
<b>Expenditures:</b>						
Current:						
Security of Persons and Property	0	0	0	0	0	0
Public Health and Welfare Services	0	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0	0
Community Environment	0	0	0	0	0	0
Basic Utility Services	0	0	0	0	0	0
Transportation	0	0	0	0	0	0
General Government	0	0	0	17,500	16,710	790
Other Expenditures	0	0	0	0	0	0
Capital Outlay	0	0	0	7,124,628	4,760,104	2,364,524
Debt Service:						
Principal Retirement	134,000	134,000	0	12,235,000	12,235,000	0
Interest and Fiscal Charges	6,365	6,365	0	606,451	594,241	12,210
Total Expenditures	140,365	140,365	0	19,983,579	17,606,055	2,377,524
Excess (Deficiency) of Revenues Over (Under) Expenditures	(140,365)	(140,365)	0	(19,001,341)	(16,622,185)	2,379,156
<b>Other Financing Sources (Uses):</b>						
Proceeds from General Obligation Notes	110,000	110,000	0	13,845,000	13,745,000	(100,000)
Operating Transfers In	30,000	30,000	0	3,610,000	2,560,000	(1,050,000)
Operating Transfers Out	0	0	0	0	0	0
Advances Out	0	0	0	0	0	0
Other Financing Uses	0	0	0	0	0	0
Total Other Financing Sources (Uses)	140,000	140,000	0	17,455,000	16,305,000	(1,150,000)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(365)	(365)	0	(1,546,341)	(317,185)	1,229,156
Fund Balance at Beginning of Year	617	617	0	769,304	769,304	0
Prior Year Encumbrances	0	0	0	1,027,037	1,027,037	0
Fund Balance at End of Year	\$252	\$252	\$0	\$250,000	\$1,479,156	\$1,229,156

(Continued)

**THE CITY OF PERRYSBURG, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<i>Expendable Trust Funds</i>			<i>Totals (Memorandum Only)</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$0	\$0	\$0	\$11,526,016	\$11,397,533	(\$128,483)
Intergovernmental Revenues	0	0	0	3,043,216	2,830,236	(212,980)
Charges for Services	0	0	0	432,600	420,055	(12,545)
Licenses and Permits	0	0	0	168,550	106,767	(61,783)
Investment Earnings	0	0	0	605,000	472,980	(132,020)
Special Assessments	0	0	0	249,500	237,799	(11,701)
Fines and Forfeitures	0	0	0	837,500	781,134	(56,366)
All Other Revenues	4,000	10,781	6,781	267,063	230,090	(36,973)
Total Revenues	4,000	10,781	6,781	17,129,445	16,476,594	(652,851)
<b>Expenditures:</b>						
Current:						
Security of Persons and Property	0	0	0	5,145,172	4,853,838	291,334
Public Health and Welfare Services	0	0	0	21,000	19,924	1,076
Leisure Time Activities	0	0	0	1,056,734	958,048	98,686
Community Environment	0	0	0	790,922	471,107	319,815
Basic Utility Services	0	0	0	845,090	801,340	43,750
Transportation	0	0	0	2,134,387	2,032,641	101,746
General Government	0	0	0	3,817,053	3,273,593	543,460
Other Expenditures	10,000	3,982	6,018	55,041	43,945	11,096
Capital Outlay	0	0	0	7,124,628	4,760,104	2,364,524
Debt Service:						
Principal Retirement	0	0	0	12,369,000	12,369,000	0
Interest and Fiscal Charges	0	0	0	612,816	600,606	12,210
Total Expenditures	10,000	3,982	6,018	33,971,843	30,184,146	3,787,697
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,000)	6,799	12,799	(16,842,398)	(13,707,552)	3,134,846
<b>Other Financing Sources (Uses):</b>						
Proceeds from General Obligation Notes	0	0	0	13,955,000	13,855,000	(100,000)
Operating Transfers In	0	0	0	4,199,505	3,144,454	(1,055,051)
Operating Transfers Out	0	0	0	(4,641,849)	(3,586,798)	1,055,051
Advances Out	0	0	0	(175,000)	(175,000)	0
Other Financing Uses	(500)	0	500	(500)	0	500
Total Other Financing Sources (Uses)	(500)	0	500	13,337,156	13,237,656	(99,500)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(6,500)	6,799	13,299	(3,505,242)	(469,896)	3,035,346
Fund Balance at Beginning of Year	69,567	69,567	0	3,821,462	3,821,462	0
Prior Year Encumbrances	0	0	0	1,405,491	1,405,491	0
Fund Balance at End of Year	\$63,067	\$76,366	\$13,299	\$1,721,711	\$4,757,057	\$3,035,346

**THE CITY OF PERRYSBURG, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN RETAINED EARNINGS**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<i>Enterprise Funds</i>	<i>Internal Service Funds</i>	<i>Totals (Memorandum Only)</i>
<u>Operating Revenues:</u>			
Charges for Services	\$3,980,433	\$851,653	\$4,832,086
Total Operating Revenues	3,980,433	851,653	4,832,086
<u>Operating Expenses:</u>			
Personal Services	1,090,460	718,084	1,808,544
Materials and Supplies	194,248	131,135	325,383
Contractual Services	1,182,444	1,574	1,184,018
Depreciation	1,156,497	0	1,156,497
Total Operating Expenses	3,623,649	850,793	4,474,442
Operating Income	356,784	860	357,644
<u>Non-Operating Revenues (Expenses):</u>			
Investment Earnings	10,069	1,523	11,592
Interest and Fiscal Charges	(1,226,217)	0	(1,226,217)
Capital Contributions	790,772	0	790,772
Total Non-Operating Revenues (Expenses)	(425,376)	1,523	(423,853)
Loss Before Operating Transfers	(68,592)	2,383	(66,209)
<u>Operating Transfers:</u>			
Operating Transfers In	442,344	0	442,344
Total Operating Transfers	442,344	0	442,344
Net Income	373,752	2,383	376,135
Restated Retained Earnings at Beginning of Year	11,645,270	3,141	11,648,411
Retained Earnings at End of Year	<u>\$12,019,022</u>	<u>\$5,524</u>	<u>\$12,024,546</u>

The notes to the general purpose financial statements are an integral part of this statement.

**THE CITY OF PERRYSBURG, OHIO**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<i>Enterprise Funds</i>	<i>Internal Service Funds</i>	<i>Totals (Memorandum Only)</i>
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$5,635,719	\$851,386	\$6,487,105
Cash Payments for Goods and Services	(1,339,963)	(130,080)	(1,470,043)
Cash Payments to Employees	(1,129,502)	(700,342)	(1,829,844)
Net Cash Provided by Operating Activities	<u>3,166,254</u>	<u>20,964</u>	<u>3,187,218</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	442,344	0	442,344
Advances In from Other Funds	175,000	0	175,000
Net Cash Provided by Noncapital Financing Activities	<u>617,344</u>	<u>0</u>	<u>617,344</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds of Intergovernmental Grants	202,672	0	202,672
Receipts of Special Assessments	466,676	0	466,676
Proceeds from Sale of Bond Anticipation Notes	10,980,000	0	10,980,000
Acquisition and Construction of Assets	(2,555,694)	0	(2,555,694)
Principal Paid on Bond Anticipation Notes	(9,320,000)	0	(9,320,000)
Principal Paid on Ohio Water Development Authority Loans	(391,416)	0	(391,416)
Interest Paid on All Debt	(1,217,762)	0	(1,217,762)
Net Cash Used for Capital and Related Financing Activities	<u>(1,835,524)</u>	<u>0</u>	<u>(1,835,524)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	400	1,794	2,194
Purchase of Investments	(306,577)	(4,561)	(311,138)
Net Cash Used for Investing Activities	<u>(306,177)</u>	<u>(2,767)</u>	<u>(308,944)</u>
Net Increase in Cash and Cash Equivalents	1,641,897	18,197	1,660,094
Cash and Cash Equivalents at Beginning of Year	<u>2,078,983</u>	<u>9,785</u>	<u>2,088,768</u>
Cash and Cash Equivalents at End of Year	<u><u>\$3,720,880</u></u>	<u><u>\$27,982</u></u>	<u><u>\$3,748,862</u></u>

(Continued)

**THE CITY OF PERRYSBURG, OHIO**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Totals (Memorandum Only)</u>
<u>Reconciliation of Operating Income to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income	\$356,784	\$860	\$357,644
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	1,156,497	0	1,156,497
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	1,558,360	(267)	1,558,093
Decrease in Special Assessments Receivable	(2,949)	0	(2,949)
Decrease in Inventory	13,297	2,033	15,330
Increase in Prepaid Items	(2,235)	(681)	(2,916)
Increase in Accounts Payable	134,164	0	134,164
Decrease in Intergovernmental Payables	(9,623)	0	(9,623)
Increase (Decrease) in Accrued Wages and Benefits	(2,886)	19,019	16,133
Decrease in Compensated Absences	(35,155)	0	(35,155)
Total Adjustments	<u>2,809,470</u>	<u>20,104</u>	<u>2,829,574</u>
Net Cash Provided by Operating Activities	<u>\$3,166,254</u>	<u>\$20,964</u>	<u>\$3,187,218</u>

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2001, the Water and Sewer Funds had outstanding liabilities of \$807 and \$115,333, respectively, for the purchase of certain capital assets.

During 2001 the fair value of investments increased by \$14,429 and \$16 in the Water and Employees Health and Welfare Funds respectively.

In addition, the Sewer Fund received \$790,772 of contributed capital assets from private sources.

The notes to the general purpose financial statements are an integral part of this statement.

**THE CITY OF PERRYSBURG, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2001**

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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 general purpose financial statements of the City present the financial position of the various fund types and account groups, 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, 2001 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 general purpose 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, account groups, 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 and account groups, 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 general purpose financial statements. The following fund types and account groups are used by the City:

**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 governmental fund types:

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.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - This fund is used for the accumulation of resources for the payment of general long-term debt principal and interest.

Capital Projects Funds - These funds are 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).

*Proprietary Funds*

The 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 the proprietary funds are included on the balance sheet. Fund equity (i.e., net assets) are segregated into contributed capital and retained earnings components. The proprietary fund 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.

Internal Service Funds - These funds are used to account for the financing of services provided by one department to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.



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

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

*Fiduciary Funds*

Trust and Agency Funds - These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City maintains expendable trust funds and agency funds. The expendable trust funds are accounted for and reported similarly to a governmental fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

*Account Groups* - To make a clear distinction between fixed assets related to specific funds and those of general government and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for fixed assets of the City other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term debt and other long-term liabilities of the City except those accounted for in the proprietary funds.

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

**C. 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 and expendable trust and agency 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, 2001 but which are not intended to finance 2001 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 5.

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

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

**D. 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 tax budget, the certificate of estimated resources and the appropriation ordinance, all 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. Tax Budget**

By July 15, the Mayor submits an annual tax budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

**2. 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 2001.

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

**D. Budgetary Process** (Continued)

3. 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 2001, 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 "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. 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 general purpose financial statements.

5. 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.

6. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**D. Budgetary Process** (Continued)

6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the governmental funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses				
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Funds
GAAP Basis (as reported)	\$420,790	(\$112,701)	(\$365)	(\$926,805)	\$6,799
Increase (Decrease):					
Accrued Revenues at December 31, 2001 received during 2002	(2,039,558)	(751,045)	0	(782)	0
Accrued Revenues at December 31, 2000 received during 2001	1,951,447	865,055	0	1,232	0
Accrued Expenditures at December 31, 2001 paid during 2002	377,652	264,031	0	444,048	0
Accrued Expenditures at December 31, 2000 paid during 2001	(339,699)	(301,721)	0	(242,130)	0
2000 Prepays for 2001	40,834	2,799	0	0	0
2001 Prepays for 2002	(56,405)	(4,171)	0	0	0
Fund Debt:					
Note Issuance	110,000	0	0	13,745,000	0
Note Retirement	(134,000)	0	0	(12,235,000)	0
Cash With Fiscal Agent 2000	0	149,815	0	82,413	0
Cash With Fiscal Agent 2001	0	(253,335)	0	0	0
Outstanding Encumbrances	(190,328)	(158,605)	0	(1,185,161)	0
Budget Basis	<u>\$140,733</u>	<u>(\$299,878)</u>	<u>(\$365)</u>	<u>(\$317,185)</u>	<u>\$6,799</u>

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

**E. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits. The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 4, "Cash, Cash Equivalents and Investments."

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

**F. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. The City allocates interest among certain funds based upon the fund's cash balance at the date of investment. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City records all its investments at fair value except for nonparticipating investment contracts (repurchase agreements) which are reported at cost. See Note 4, "Cash, Cash Equivalents and Investments."

**G. Inventory**

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

**H. Fixed Assets and Depreciation**

The accounting and reporting treatment applied to fixed assets is determined by the ultimate use:

1. **Property, Plant and Equipment - General Governmental Purposes**

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received.

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City; therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets.

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

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

**1. Property, Plant and Equipment - General Governmental Purposes (Continued)**

General fixed asset values were initially determined at December 31, 1988 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 fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

The City has elected not to record depreciation in the General Fixed Assets Account Group.

**2. Property, Plant and Equipment - Proprietary Funds**

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 fixed assets are recorded at fair market value at the date received.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (Years)</u>
Buildings	30 - 40
Improvements Other Than Buildings	50
Machinery, Equipment, Furniture and Fixtures	5 - 15

**I. 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

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

**J. Compensated Absences**

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

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

For governmental funds, the portion of unpaid compensated absences 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." The long-term portion of the liability is reported in the General Long-Term Obligations Account Group.

Compensated absences are expensed in the water and sewer enterprise funds when earned, and the related liability is reported within the fund.

**K. Pensions**

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

**L. Interfund Transactions**

During the course of normal operations, the City has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.
- Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. There were no residual equity transfers in 2001.

Transactions that would be treated as revenues and expenditures if the transactions involved organizations external to the City are similarly treated when involving other funds of the City. The City also advances cash from one fund to another as necessary to meet current obligations.



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

**M. 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, debt service, loans receivable and encumbered amounts which have not been accrued at year end.

**N. Contributed Capital**

Proprietary fund type contributed capital is recorded at the fair market value of the related assets at the date received. Depreciation on contributed fixed assets resulting from grants, entitlements and shared revenues is recorded as an operating expense and closed along with other operating expenses directly to retained earnings.

**O. 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.

**P. Total Columns on Combined Financial Statements - Overview**

Total columns on the "Combined Financial Statements - Overview" are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund transactions have not been eliminated in the aggregation of this data.

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**NOTE 2 - CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF RETAINED EARNINGS**

For the year ended December 31, 2001, the City has implemented GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions” and GASB Statement No. 36 “Recipient Reporting for Certain Shared Nonexchange Revenues”. At December 31, 2000, the implementation of GASB Statement No. 33 had no material effect on the prior year fund balances.

In addition, the beginning balance of the retained earnings in the enterprise funds has been restated to correct an error in accounting for intergovernmental payables in the enterprise funds. This resulted in the following changes to the beginning retained earnings balance in the enterprise funds:

Fund Name	Retained Earnings as Reported 12/31/00	Adjustment to Intergovernmental Payables (Decrease)	Retained Earnings as Restated 12/31/00
Enterprise Funds	\$11,719,151	(\$73,881)	\$11,645,270

In addition to the above noted changes to retained earnings, the prior period adjustments had the following effect on prior year net income:

Fund Name	Net Income as Reported 12/31/2000	Adjustment to Intergovernmental Payables (Decrease)	Net Income as Restated 12/31/2000
Enterprise Funds	\$2,250,223	(\$73,881)	\$2,176,342

**NOTE 3 - COMPLIANCE AND ACCOUNTABILITY**

**A. Fund Deficits**

The accumulated deficit at December 31, 2001 of \$12,150 in the Employee Health and Welfare Fund (internal service fund) arises 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, 2001 of \$7,058,987 in the Way Library Fund, \$474,534 in the Park Land Acquisition and Development Fund and \$3,990,428 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 operating transfers when cash is required, not when accruals occur.

**B. Fiscal Officer Certification**

The City made purchases during the year without proper certification from the fiscal officer in charge. The City is working to remedy this situation in the future.

**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;
- 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).

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

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). 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. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "*Deposits With Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements*," collateral held in single financial institution collateral pools with securities being held by the pledging financial institution's agent in the pool's name are classified as Category 3.

The GASB has established risk categories for deposits and investments as follows:

*Deposits:*

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name.

*Investments:*

- Category 1 Insured or registered, with securities held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

**A. Deposits**

At year end the carrying amount of the City's deposits was \$446,628 and the bank balance was \$858,924. The Federal Deposit Insurance Corporation (FDIC) covered \$300,000 of the bank balance. All remaining deposits were classified as Category 3.

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

**B. Investments**

The City's investments at December 31, 2001 are summarized below:

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Category 3</u>	<u>Reported Amount</u>	<u>Fair Value</u>
U.S. Government Securities	\$0	\$2,165,712	\$2,165,712	\$2,165,712
Repurchase Agreement	0	8,708,557	8,708,557	8,708,557
Series H Bonds	10,000	0	10,000	10,000
Total Categorized Investments	<u>\$10,000</u>	<u>\$10,874,269</u>	<u>\$10,884,269</u>	<u>\$10,884,269</u>

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

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	<u>Cash and Cash Equivalents *</u>	<u>Investments</u>
Per Combined Balance Sheet	\$9,165,185	\$2,165,712
Investments:		
Repurchase Agreement	(8,708,557)	8,708,557
Series H Bonds	(10,000)	10,000
Per GASB Statement No. 3	<u>\$446,628</u>	<u>\$10,884,269</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 2001 were levied after October 1, 2000 on assessed values as of January 1, 2000, 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 2000 and the last equalization adjustment was completed in 1996. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder payable by June 20.

**NOTE 5 - TAXES (Continued)**

**A. Property Taxes (Continued)**

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually: the first payment is due April 30; the remainder payable by September 20.

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, 2001 was \$4.60 per \$1,000 of assessed value. The assessed value upon which the 2001 receipts were based was \$419,087,335. This amount constitutes \$393,977,430 in real property assessed value, \$7,642,770 in public utility assessed value and \$17,467,135 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 .460% (4.60 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, 2001 consisted of taxes, loans, special assessments, accounts receivable and intergovernmental receivables.

**NOTE 7 - OPERATING TRANSFERS**

Following is a summary of operating transfers in and out for all funds for 2001:

Fund	Transfer In	Transfer Out
General Fund	\$69,949	\$3,546,849
Special Revenue Funds:		
Hotel/Motel Tax Fund	0	39,949
Garbage and Refuse Fund	460,000	0
Street Trees Fund	36,750	0
Litter Control Fund	17,755	0
Total Special Revenue Funds	514,505	39,949
Capital Projects Funds:		
Capital Improvements Fund	2,385,000	0
Park Land Acquisition and Development Fund	175,000	0
Total Capital Projects Funds	2,560,000	0
Enterprise Fund:		
Sewer Fund	442,344	0
Total All Funds	<u>\$3,586,798</u>	<u>\$3,586,798</u>

**NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES**

The following is a summary of interfund balances as of December 31, 2001, is as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$50,517	\$0
Special Revenue Fund:		
DUI Indigent Fund	775	0
Agency Funds:		
State Highway Patrol Transfer Fund	16,892	0
Municipal Court Fund	0	68,184
Total Agency Funds	16,892	68,184
Totals	<u>\$68,184</u>	<u>\$68,184</u>
	Interfund Loan Receivable	Interfund Loan Payable
General Fund	\$175,000	\$0
Enterprise Fund:		
Sewer Fund	0	175,000
Totals	<u>\$175,000</u>	<u>\$175,000</u>

**NOTE 9 - FIXED ASSETS**

**A. General Fixed Assets**

Summary by category of changes in general fixed assets:

Category	December 31, 2000	Additions	Deletions	December 31, 2001
Land	\$2,638,441	\$309,143	\$0	\$2,947,584
Buildings	6,517,393	491,855	0	7,009,248
Improvements Other Than Buildings	1,702,660	1,107,827	0	2,810,487
Machinery and Equipment	7,419,089	191,156	(237,901)	7,372,344
Construction in Progress	845,167	115,049	(465,794)	494,422
Totals	\$19,122,750	\$2,215,030	(\$703,695)	\$20,634,085

Schedule of General Fixed Assets at December 31, 2001:

General Fixed Assets	Investment in General Fixed Assets	
Land	\$2,947,584	Acquired Prior to 1/1/92 \$4,589,003
Buildings	7,009,248	General Fund 7,846,015
Improvements Other Than Buildings	2,810,487	Special Revenue Funds 611,526
Machinery and Equipment	7,372,344	Capital Projects Funds 7,550,240
Construction in Progress	494,422	Enterprise Funds 13,301
Total	\$20,634,085	Contributions 24,000
		Total <u>\$20,634,085</u>

**B. Proprietary Fixed Assets**

Summary by category at December 31, 2001:

Category	Historic Cost	Accumulated Depreciation	Book Value
Land	\$322,158	\$0	\$322,158
Buildings	7,722,023	(2,219,624)	5,502,399
Improvements Other Than Buildings	30,529,128	(6,570,515)	23,958,613
Machinery and Equipment	11,406,458	(3,908,224)	7,498,234
Construction in Progress	5,116,507	0	5,116,507
Property, Plant and Equipment	\$55,096,274	(\$12,698,363)	\$42,397,911



**NOTE 10 – 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. Public Employees Retirement System (the "PERS of Ohio")**

The following information was provided by the PERS of Ohio 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 the PERS of Ohio, a cost-sharing multiple employer defined benefit pension plan. The PERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The 2001 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.25% to fund the pension and 4.3% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the PERS of Ohio for the years ending December 31, 2001, 2000 and 1999 were \$533,981, \$385,582 and \$464,321, respectively, which were equal to the required contributions for each year.

The PERS of Ohio provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the PERS of Ohio is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 2001 employer contribution rate (identified above) that was used to fund health care for the year 2001 was 4.3% of covered payroll which amounted to \$169,455.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the PERS of Ohio's latest actuarial review performed as of December 31, 2000. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

**A. Public Employees Retirement System (the “PERS of Ohio”) (Continued)**

depreciation on investment assets. The investment assumption rate for 2000 was 7.75%. An annual increase of 4.75% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75% base increase, were assumed to range from 0.54% to 5.1%. Health care costs were assumed to increase 4.75% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 411,076. The actuarial value of the PERS of Ohio net assets available for OPEB at December 31, 2000 is \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively.

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

All City full-time police officers and full-time firefighters participate in the OP&F Fund, a cost-sharing multiple-employer defined benefit pension plan. The OP&F Fund 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 Ohio Revised Code. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the OP&F Fund. 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. The City's contributions to the OP&F Fund for the years ending December 31, 2001, 2000 and 1999 were \$289,500, \$262,429 and \$248,790 for police and \$252,236, \$215,193 and \$204,462 for firefighters, respectively, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The health care coverage provided by the OP&F Fund is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

**NOTE 10 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

The portion of the 2001 covered payroll that was used to fund postemployment health care benefits was \$111,346 representing 7.5% of covered payroll for police and \$78,824 representing 7.5% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. As of December 31, 2000, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 12,853 for police and 10,037 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2000 were \$106,160,054, which was net of member contributions of \$5,657,431.

**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, 2001 the total accumulated unpaid sick leave time recorded in the General Long-Term Obligations Account Group was:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	16,936	\$409,717
Vacation	<u>9,105</u>	<u>180,147</u>
Total	<u><u>26,041</u></u>	<u><u>\$589,864</u></u>

The current portion of the liability has been recorded within the appropriate fund. The portion attributable to the enterprise funds has been recorded within the respective fund and is not included in the figures presented above.

**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, 2000	Issued (Retired)	Balance December 31, 2001
General Fund:			
4.75% Fire Station Improvement	\$134,000	(\$134,000)	\$0
3.25% Fire Station Improvement	0	110,000	110,000
Total General Fund	134,000	(24,000)	110,000
Capital Projects Funds:			
4.90% Municipal Court Building	1,079,000	(1,079,000)	0
2.65% Municipal Court Building	0	675,000	675,000
4.75% Municipal Court Building	1,221,000	(1,221,000)	0
3.00% Municipal Court Building	0	1,425,000	1,425,000
4.90% Library Building	7,535,000	(7,535,000)	0
2.65% Library Building	0	7,135,000	7,135,000
4.93% O-I Levis Commons	2,400,000	(2,400,000)	0
3.25% O-I Levis Commons	0	2,400,000	2,400,000
3.50% Levis Commons Phase II	0	550,000	550,000
3.25% Eckel Junction	0	875,000	875,000
3.50% Basement Renovation	0	100,000	100,000
3.50% Rivercrest Park Land	0	365,000	365,000
3.50% Municipal Park	0	220,000	220,000
Total Capital Projects Funds	12,235,000	1,510,000	13,745,000

(Continued)

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

	Balance December 31, 2000	Issued (Retired)	Balance December 31, 2001
Enterprise Funds:			
4.90% Route 795 Water Line	700,000	(700,000)	0
2.65% Route 795 Water Line	0	670,000	670,000
5.05% Water System Improvement	860,000	(860,000)	0
3.25% Water System Improvement	0	800,000	800,000
4.90% Wastewater Treatment Plant	375,000	(375,000)	0
5.05% Sewer System Improvement	1,850,000	(1,850,000)	0
3.25% Sewer System Improvement	0	2,000,000	2,000,000
4.90% Miscellaneous Water System Improvements	1,010,000	(1,010,000)	0
2.65% Miscellaneous Water System Improvements	0	950,000	950,000
4.90% Miscellaneous Sewer System Improvements	265,000	(265,000)	0
2.65% Miscellaneous Sewer System Improvements	0	225,000	225,000
4.90% Miscellaneous Sewer System Improvements	155,000	(155,000)	0
4.90% Miscellaneous Sewer System Improvements	655,000	(655,000)	0
2.65% Miscellaneous Sewer System Improvements	0	530,000	530,000
4.90% Kohl F.M.	420,000	(420,000)	0
2.65% Kohl F.M.	0	375,000	375,000
4.90% 5 Pt./Fort Meigs Waterline Improvements	795,000	(795,000)	0
2.65% 5 Pt./Fort Meigs Waterline Improvements	0	775,000	775,000
5.05% South Boundary Pump Station	575,000	(575,000)	0
3.25% South Boundary Pump Station	0	550,000	550,000
4.90% W.S. Bound Waterline	200,000	(200,000)	0
2.65% W.S. Bound Waterline	0	190,000	190,000
4.90% Underground Storage	800,000	(800,000)	0
2.65% Underground Storage	0	775,000	775,000
5.05% Route 795 Pump Station	660,000	(660,000)	0
3.25% Route 795 Pump Station	0	600,000	600,000
3.50% W.S. Bound Waterline	0	190,000	190,000
3.50% SR25/5PT. Road	0	160,000	160,000
3.50% Simmons Road Sewer	0	1,600,000	1,600,000
3.50% I-475 Repairs	0	190,000	190,000
2.65% W. Boundry Sewer/Ford Road	0	400,000	400,000
Total Enterprise Funds	<u>9,320,000</u>	<u>1,660,000</u>	<u>10,980,000</u>
Total Notes Payable	<u><u>\$21,689,000</u></u>	<u><u>\$3,146,000</u></u>	<u><u>\$24,835,000</u></u>

**NOTE 13 - LONG-TERM OBLIGATIONS**

Long-term debt and other long-term obligations of the City at December 31, 2001 were as follows:

	Balance December 31, 2000	Issued (Retired)	Balance December 31, 2001
<b>Enterprise Funds:</b>			
Ohio Water Development Authority (O.W.D.A.) Loans:			
6.25% Secondary Sewer	1977	\$56,788	(\$37,396)
7.51% Waste Water Treatment Plant	1990	8,893,927	(322,624)
7.77% Sewer Separation	1991	883,692	(31,396)
Total Enterprise Funds Long-Term Debt	<u>\$9,834,407</u>	<u>(\$391,416)</u>	<u>\$9,442,991</u>
<b>Other Long-Term Obligations:</b>			
Compensated Absences		\$542,616	\$47,248
Total Other Long-Term Obligations		<u>\$542,616</u>	<u>\$47,248</u>

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2001 follows:

Years	OWDA Loans	
	Principal	Interest
2002	\$400,078	\$644,795
2003	409,363	681,251
2004	440,201	650,413
2005	473,362	617,252
2006	509,022	581,592
2007-2011	3,181,446	2,271,622
2012-2016	4,029,519	872,243
Totals	<u>\$9,442,991</u>	<u>\$6,319,168</u>

**NOTE 14 - CONTRIBUTED CAPITAL**

During 2001, there were no changes to contributed capital reported by the City:

	Water Fund	Sewer Fund	Total
Balance at 12/31/01	\$2,978,709	\$12,367,872	\$15,346,581

**NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

Included in the services provided by the City which are financed primarily by user charges are water treatment and distribution, wastewater collection and treatment, and parking meter services. The key financial information for the year ended December 31, 2001 for these enterprise activities is as follows:

	Water	Sewer	Parking Meter	Utility Collection	Total
Operating Revenues	\$1,694,829	\$2,285,604	\$0	\$0	\$3,980,433
Depreciation Expense	401,775	754,722	0	0	1,156,497
Operating Income (Loss)	(54,895)	411,679	0	0	356,784
Operating Transfers In	0	442,344	0	0	442,344
Net Income (Loss)	(294,097)	667,849	0	0	373,752
Current Capital Contributions	0	790,772	0	0	790,772
Property, Plant and Equipment:					
Additions	501,554	2,255,906	0	0	2,757,460
Assets	16,276,465	32,208,667	48,000	64,258	48,597,390
Net Working Capital	(2,771,000)	(2,745,580)	0	0	(5,516,580)
Notes Payable	5,125,000	5,855,000	0	0	10,980,000
OWDA Loans Payable	0	9,442,991	0	0	9,442,991
Total Equity	10,975,281	16,342,322	48,000	0	27,365,603

**NOTE 16 - INSURANCE AND RISK MANAGEMENT**

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

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

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

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

**NOTE 16 - INSURANCE AND RISK MANAGEMENT (Continued)**

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 \$646,197. The claims liability of \$43,747 reported in the Self Insurance Fund at December 31, 2001 is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," 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 2000 and 2001 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2000	\$65,864	\$654,762	(\$695,898)	\$24,728
2001	24,728	719,361	(700,342)	43,747

**NOTE 17 - CONSTRUCTION COMMITMENTS**

As of December 31, 2001 the City had the following commitments with respect to various construction projects:

Project	Remaining Construction Commitment	Expected Date of Completion
Rivercrest Park Recreation Trail	\$11,363	June 2002
Elm Street Sewer District 113	96,284	June 2002
Resurfacing Project	219,604	June 2002
Bike Path	17,849	June 2002
Traffic Signal - Roachton Road	13,583	June 2002
2001 Sidewalk Program	88,601	June 2002
Rivercrest Park Lighted Diamond	49,500	June 2002
Simmons Road Sewer	517,889	August 2002
S.R. 795 Water/Sewer Line	75,654	August 2002
Carronade Drive Extension	594,627	December 2002
State Route 25 Drainage	15,652	December 2002
South Boundary Pumpstation	31,986	December 2002
Hull Prairie Road Force Main	4,306	December 2002
Route 795 Pump Station	2,620	December 2002
New Police Station	85,000	December 2002
I-475/S.R. 25 Intersection	10,533	December 2002
West Boundary Improvements	54,484	December 2003
S.R. 25/Roachton Road Intersection	58,388	December 2003
Total	<u>\$1,947,923</u>	



**NOTE 18 - CONTINGENCIES**

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

**NOTE 19 - RELATED ORGANIZATION**

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

**NOTE 20 - SUBSEQUENT EVENTS**

The following events have occurred subsequent to year end:

- A. During 2002, the City issued \$84,000 of bond anticipation notes in the General Fund in anticipation of the issuance of bonds to provide funds for various City projects.
- B. During 2002, the City issued \$12,705,000 of bond anticipation notes in the Capital Projects Funds in anticipation of the issuance of bonds to provide funds for various City projects.
- C. During 2002, the City issued \$11,505,000 of bond anticipation notes in the Enterprise Funds in anticipation of the issuance of bonds to provide funds for various City projects.
- D. During 2003, the City issued \$4,040,000 of bond anticipation notes in the Enterprise Funds in anticipation of the issuance of bonds to provide funds for various City projects.

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

City of Perrysburg  
Wood County  
201 W. Indiana Avenue  
Perrysburg, Ohio 43551-1525

To the Mayor and Members of City Council:

We have audited the financial statements of the City of Perrysburg, Wood County, (the City), as of and for the year ended December 31, 2001, and have issued our report thereon dated September 17, 2003. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the City in a separate letter dated September 17, 2003.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low risk that misstatements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated September 17, 2003.

One Government Center / Room 1420 / Toledo, OH 43604-2246  
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

September 17, 2003

**CITY OF PERRYSBURG  
WOOD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001**

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

**FINDING NUMBER 2001-001**

**Noncompliance**

Ohio Revised Code § 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

This section also provides two exceptions to the above requirements:

- A. If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the subdivision may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate (a then and now certificate), if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars (\$3,000 as of April 7, 2003), the fiscal officer may authorize it to be paid without the affirmation of the subdivision.

Eighty-three percent of the transactions tested did not contain prior certification by the Finance Director and were not certified until the time of payment during 2001, nor were they subsequently approved by City Council or the City's Finance Director, via "then and now" certification, within the aforementioned 30-day period.

We recommend the City certify the availability of funds prior to expenditures being made. Where prior certification is not feasible, we encourage the City to utilize then and now certificates or blanket certificates.

**CITY OF PERRYSBURG  
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-20187-001	Ohio Revised Code § 5705.41(D), failure to certify transactions.	No	Not corrected. Reissued as Finding #2001-001.



**Auditor of State  
Betty Montgomery**

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**CITY OF PERRYSBURG**

**WOOD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 14, 2003**