CITY OF PERRYSBURG
WOOD COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2015

Dave Yost • Auditor of State

CITY OF PERRYSBURG
WOOD COUNTY

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INDEPENDENT AUDITOR'S REPORT

City of Perrysburg
Wood County
201 West Indiana Avenue
Perrysburg, Ohio 43551

To the Members of Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Perrysburg, Wood County, Ohio (the City), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, the business type activities, each major fund, and the remaining fund information of the City of Perrysburg, Wood County, Ohio, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended December 31, 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No.71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis,* required budgetary comparison schedule, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2016, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Dave Yost

Dave Yost
Auditor of State

Columbus, Ohio

October 31, 2016

Management's Discussion and Analysis
For the Year Ended December 31, 2015 ***Unaudited***

The discussion and analysis of the City of Perrysburg's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2015. 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 2015 are as follows:

- In total, net position increased $11,680,406. Net position of governmental activities increased $5.7 million, which represents a 6.1% increase from 2014. Net position of business-type activities increased $6.0 million or 9.0% from 2014.

- General revenues accounted for $22.5 million in revenue or 52% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for 48% of total revenues of $43,030,184.

- The City had $23.4 million in expenses related to governmental activities; only $7.3 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of $22.5 million were adequate to provide for these programs.

- Among major funds, the general fund had $21.3 million in revenues including $247,500 in transfers in from other funds. The general fund had $22.3 million in expenditures including $5,784,311 in transfers out to other funds. The general fund's fund balance decreased $948,868 to $8,027,956.

- Net position for enterprise funds increased by $5,876,807. Much of the increase can be attributed to the ongoing Wastewater Treatment Plant improvement project and the Combined Sewer Separation projects. No sewer separation projects were completed in 2015, providing for a build-up of cash at year end in anticipation of future sewer separation projects. The City of Perrysburg continues to experience steady growth, and is committed to keeping pace with the infrastructure needs of the steadily growing community.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.

2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

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

Government-wide Statements

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

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

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

- To assess the overall health of the City you need to consider additional nonfinancial factors such as property tax base, current property tax laws, conditions of the City's streets and continued growth within the City.

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

- *Governmental Activities* – Most of the City's programs and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.

- *Business-Type Activities* – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water, sewer, parking meter and utility collection services are reported as business-type activities.

Fund Financial Statements

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

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

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a comparison of net position between 2015 and 2014:

	Governmental Activities		Business-type Activities		Total	
	2015	Restated 2014	2015	Restated 2014	2015	Restated 2014
Current and other assets	$24,510,816	$20,772,391	$19,148,246	$16,149,540	$43,659,062	$36,921,931
Capital assets, Net	93,803,296	91,171,357	81,403,662	75,886,617	175,206,958	167,057,974
Total assets	118,314,112	111,943,748	100,551,908	92,036,157	218,866,020	203,979,905
Deferred outflows of resources	2,259,468	1,458,706	243,216	155,198	2,502,684	1,613,904
Net pension liability	15,669,215	14,889,608	1,239,072	1,217,602	16,908,287	16,107,210
Other long-term liabilities	1,322,551	1,258,869	24,361,989	19,916,810	25,684,540	21,175,679
Other liabilities	969,095	1,130,569	3,766,219	5,595,780	4,735,314	6,726,349
Total liabilities	17,960,861	17,279,046	29,367,280	26,730,192	47,328,141	44,009,238
Deferred inflows of resources	3,529,346	2,774,849	21,089	0	3,550,435	2,774,849
Net position:						
Net investment in capital assets	93,803,296	91,171,357	53,729,995	52,430,052	147,533,291	143,601,409
Restricted	4,794,249	4,465,181	0	0	4,794,249	4,465,181
Unrestricted (Deficit)	485,828	(2,287,979)	17,676,760	13,031,111	18,162,588	10,743,132
Total net position	$99,083,373	$93,348,559	$71,406,755	$65,461,163	$170,490,128	$158,809,722

During 2015, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2014, from $106,779,461 to a net position of $93,348,559 in governmental activities and from $66,523,567 to a net position of $65,461,163 in business type activities.

At fiscal year-end for governmental activities, capital assets represented 79% of total assets. Capital assets include land, land improvements, buildings and improvements, machinery and equipment, and vehicles. Net investment in capital assets, at December 31, 2015 was $93,803,296. These capital assets are used to provide services to the public and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, $4,794,249, represents resources that are subject to external restriction on how they may be used. Excluding the effect of implementing GASB 68, the City has approximately $6 million in unrestricted net position which may be used to meet the City's ongoing obligations to the public and creditors.

Changes in Net position – The following table shows the changes in net position for the fiscal year 2015 and 2014:

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues:						
Charges for Services and Sales	$2,090,717	$2,228,181	$12,712,917	$13,131,105	$14,803,634	$15,359,286
Operating Grants and Contributions	1,879,821	2,621,039	0	0	1,879,821	2,621,039
Capital Grants and Contributions	3,358,048	1,510,178	462,128	816,812	3,820,176	2,326,990
Total Program Revenues	7,328,586	6,359,398	13,175,045	13,947,917	20,503,631	20,307,315
General revenues:						
Property Taxes	3,248,312	3,179,913	0	0	3,248,312	3,179,913
Income Taxes	17,339,447	16,423,742	0	0	17,339,447	16,423,742
Intergovernmental Revenues, Unrestricted	1,577,264	908,262	0	0	1,577,264	908,262
Investment Earnings	58,169	56,635	0	0	58,169	56,635
Miscellaneous	303,361	298,673	0	0	303,361	298,673
Total General Revenues	22,526,553	20,867,225	0	0	22,526,553	20,867,225
Total Revenues	29,855,139	27,226,623	13,175,045	13,947,917	43,030,184	41,174,540
Program Expenses:						
Security of Persons and Property	9,413,070	9,331,336	0	0	9,413,070	9,331,336
Public Health and Welfare Services	28,230	29,095	0	0	28,230	29,095
Leisure Time Activities	1,537,802	1,556,884	0	0	1,537,802	1,556,884
Community Development	731,912	678,028	0	0	731,912	678,028
Basic Utility Service	1,102,520	1,245,764	0	0	1,102,520	1,245,764
Transportation	5,405,578	2,044,081	0	0	5,405,578	2,044,081
General Government	5,221,902	5,301,974	0	0	5,221,902	5,301,974
Interest and Fiscal Charges	0	5,520	0	0	0	5,520
Sewer	0	0	4,196,970	5,024,877	4,196,970	5,024,877
Water	0	0	3,711,794	5,311,689	3,711,794	5,311,689
Utility Collection	0	0	0	0	0	0
Total Expenses	23,441,014	20,192,682	7,908,764	10,336,566	31,349,778	30,529,248
Change in Net Position before Transfers	6,414,125	7,033,941	5,266,281	3,611,351	11,680,406	10,645,292
Transfers	(679,311)	(1,067,285)	679,311	1,067,285	0	0
Total Change in Net Position	5,734,814	5,966,656	5,945,592	4,678,636	11,680,406	10,645,292
Beginning Net Position, Restated	93,348,559	100,812,805	65,461,163	61,844,931	158,809,722	162,657,736
Ending Net Position	$99,083,373	$106,779,461	$71,406,755	$66,523,567	$170,490,128	$173,303,028

Management's Discussion and Analysis
For the Year Ended December 31, 2015 ***Unaudited***

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of $1,460,344 for Governmental Activities and $153,559 for Business-type Activities computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of $1,593,938 for Governmental Activities and $133,706 for Business-type Activities.

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

	Governmental Activities	Business-type Activities
Total 2015 program expenses under GASB 68	$23,441,014	$7,908,764
Pension expense under GASB 68	(1,593,938)	(133,706)
2015 contractually required contribution	1,536,704	179,165
Adjusted 2015 program expenses	23,383,780	7,954,223
Total 2014 program expenses under GASB 27	20,192,682	10,366,566
Change in program expenses not related to pension	$3,191,098	($2,412,343)

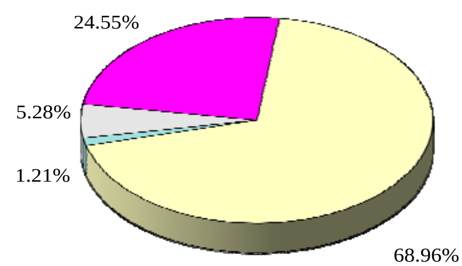
Governmental Activities

Net position of the City's governmental activities increased by $5,734,814, which represents an increase of 6.1% compared to 2014. Much of this increase can be attributed to an increase in income tax collections as well as an increase in contributed capital in the form of streets and infrastructure. The largest increase in revenues came from the change to capital grants and contributions for the year.

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

Property taxes and income taxes made up 10.8% and 58.1% respectively of revenues for governmental activities for the City in fiscal year 2015. The City's reliance upon tax revenues is demonstrated by the following graph indicating 68.96% of total revenues from general tax revenues:

Revenue Sources	2015	Percent of Total
Intergovernmental Revenues, Unrestricted	$1,577,264	5.28%
Program Revenues	7,328,586	24.55%
General Tax Revenues	20,587,759	68.96%
General Other	361,530	1.21%
Total Revenue	$29,855,139	100.00%



Business-Type Activities

Net position of the business-type activities increased by $5,945,592. This increase can be attributed to an increased cash balance and an increase in capital assets during 2015. Several major infrastructure projects continued during 2015, including the completion of the Wastewater Treatment Plant, and the recognition of the project as a completed asset. The Cherry Street Sewer Separation project continues in both the form of increased asset valuation and cash in reserve for future projects.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of $16,459,108, which is an increase from last year's balance of $15,618,941. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2015 and 2014:

	Fund Balance December 31, 2015	Fund Balance December 31, 2014	Increase (Decrease)
General	$8,027,956	$8,976,824	($948,868)
Capital Improvements	2,571,748	2,519,360	52,388
Other Governmental	5,859,404	4,122,757	1,736,647
Total	$16,459,108	$15,618,941	$840,167

General Fund – The City's General Fund balance decrease is due to many factors. The tables that follow assist in illustrating the financial activities and balance of the General Fund:

	2015 Revenues	2014 Revenues	Increase (Decrease)
Taxes	$18,249,882	$17,409,723	$840,159
Intergovernmental Revenue	507,107	1,215,732	(708,625)
Charges for Services	951,009	927,673	23,336
Fines, Licenses and Permits	1,001,292	1,007,332	(6,040)
Investment Earnings	58,185	60,563	(2,378)
Special Assessments	171,585	188,976	(17,391)
All Other Revenue	149,892	324,347	(174,455)
Total	$21,088,952	$21,134,346	($45,394)

General Fund revenues in 2015 decreased slightly compared to revenues in fiscal year 2014. There were several factors affecting this total. On an accrual basis, this decrease is primarily the result of a significant reduction in the value of grants receivable, relating to the AFR radio grant from FEMA. Income taxes increased significantly, but this increase was offset by reductions in grants receivable and the absence of a reimbursement payment from the Bureau of Workers Compensation.

	2015 Expenditures	2014 Expenditures	Increase (Decrease)
Security of Persons and Property	$7,916,525	$7,948,193	($31,668)
Public Health and Welfare Services	28,230	29,095	(865)
Leisure Time Activities	1,456,974	1,450,614	6,360
Community Development	507,197	412,324	94,873
Transportation	1,958,649	1,706,672	251,977
General Government	4,633,434	4,510,067	123,367
Total	$16,501,009	$16,056,965	$444,044

General Fund expenditures increased by $444,044 or 2.8% from the prior year. The City's income tax collections continued a pattern of steady growth in 2014, and the General Fund expenditures reflect this growth. It is important to note that the City works diligently to keep its costs under control. This is shown in the growth of the cash balances included in the Statement of Net Position. Employee costs continue to be held near 60% of total revenues for General Fund activities. The increase in expenditures for Community Development reflect the hiring of a new employee. The increase in Transportation expenses relates mostly to equipment purchases. The change in General Government expenditures is related to various factors in multiple departments.

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 2015 the City amended its General Fund budget several times, none significant.

For the General Fund, final budget basis revenue of $21.7 million increased from the original budget estimates of $20.5 million as a result of income tax revenues exceeding budgetary expectations by $822,515 million over the preliminary estimate. The City continues with a conservative approach to budgeting. Cuts to Local Government Funds and Estate Tax revenues have been factored into the overall budget. The City has taken a very cautious approach to the creation of new positions, and other on-going expenses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2015 the City had $175,206,958 net of accumulated depreciation invested in land, improvements, infrastructure, buildings, machinery and equipment and construction in progress. Of this total, $93,803,296 was related to governmental activities and $81,403,662 to the business-type activities. The following table shows fiscal year 2015 and 2014 balances:

	Governmental Activities		Increase (Decrease)
	2015	2014	
Land	$10,449,238	$10,449,238	$0
Construction in Progress	6,694,199	5,364,212	1,329,987
Buildings	18,542,942	18,313,791	229,151
Improvements Other Than Buildings	7,998,865	7,261,896	736,969
Machinery and Equipment	14,324,611	13,941,344	383,267
Infrastructure	70,706,697	68,011,659	2,695,038
Less: Accumulated Depreciation	(34,913,256)	(32,170,783)	(2,742,473)
Totals	$93,803,296	$91,171,357	$2,631,939

Management's Discussion and Analysis
For the Year Ended December 31, 2015 ***Unaudited***

	Business-Type Activities		Increase (Decrease)
	2015	2014	
Land	$273,383	$273,383	$0
Construction in Progress	25,421,081	26,633,018	(1,211,937)
Buildings	16,820,579	11,808,483	5,012,096
Improvements Other Than Buildings	58,907,781	56,057,476	2,850,305
Machinery and Eqiupment	13,888,807	13,429,761	459,046
Less: Accumulated Depreciation	(33,907,969)	(32,315,504)	(1,592,465)
Totals	$81,403,662	$75,886,617	$5,517,045

The primary increase in the business-type capital assets occurred in buildings as a result of the on-going progress of several water and sewer projects including the waste water treatment plant expansion, the construction of two 1,000,000 gallon water towers and the Cherry Street sewer separation project. The largest increase in capital assets (buildings) is due to the ongoing Wastewater Treatment Plant expansion. Much of the increase in Governmental Activities type capital assets is related to donated infrastructure to the City from subdivisions, as well as roadway projects undertaken in 2015. Additional information on the City's capital assets can be found in Note 10.

Debt

The following table summarizes the City's debt outstanding as of December 31, 2015 and 2014:

	2015	2014
Governmental Activities:		
Compensated Absences	$1,322,551	$1,258,869
Net Pension Liability	15,669,215	13,430,902
Total Governmental Activities	16,991,766	14,689,771
Business-Type Activities:		
General Obligation Notes	3,440,000	3,655,000
OWDA Loans Payable	13,808,667	8,811,565
General Obligation Bonds	10,425,000	10,990,000
Compensated Absences	128,322	115,245
Net Pension Liability	1,239,072	1,062,404
Total Business-Type Activities	29,041,061	24,634,214
Totals	$46,032,827	$39,323,985

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, 2015, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 15.

ECONOMIC FACTORS

The City of Perrysburg continues to be a vibrant, growing community. Business and industry have established offices and plants in the City due in part, to its proximity to major east/west and north/south highways as well as major rail and airport access. The City has also partnered well with the private sector, as evidenced by relocation of the Owens-Illinois World headquarters and the 2005 opening of the Levis Commons Towne Center, 400 acre, open air lifestyle shopping center. This trend continues into 2015/2016 with the opening of the Costco market and the Mercy Health Partners Emergency Care and Cancer Treatment Centers.

The City uses many economic development tools to encourage economic growth. The City currently has a JEDZ with the City of Toledo, a TIF within the area of the Owens-Illinois /Levis Towne Center, and multiple Community Reinvestment Areas (CRA) Enterprise Zones. (EZ) These tools have been used judiciously to encourage specific industries which provide the types of employment that mesh with the existing development in the City. As a means of fostering business growth without sacrificing school district revenues through tax abatement, the City initiated in 2005, a Job Creation and Retention Grant program. The Program rebates 1/3 of annual withholdings for a period of 10 years. Businesses must meet certain job creation and payroll criteria to be eligible for the program.

Some of the largest employers in the City of Perrysburg include: Owens, Illinois, Owens Brockway, First Solar, Master Chemical Corp., Pro-Medica Physicians Group, Fiat-Chrysler, and Perrysburg Schools.

The City of Perrysburg has taken a conservative approach to budgeting for the many years. Income tax collections have shown a trend of steady growth for the past 20+ years. Income tax collections increased by approximately 5.6% over 2014. These figures reflect a continued trend by the City of Perrysburg to fare relatively better than the lagging regional economy. Perrysburg continues to be a thriving community, experiencing growth in both residential and commercial construction. The City continues to be vigilant in containing its operational costs. The City was able to eliminate all of its General Fund debt in 2011. With the growth that the City has experienced, and the corresponding services required to support that growth, the City has been able to maintain personnel costs near a goal of 60% of total revenues.

The City of Perrysburg has continued to reduce the balance of all its debt. The City has achieved its goal of eliminating all General Fund debt, and to establish a reserve balance account to strengthen the City's financial position going forward. The City began funding the Reserve Balance Fund in 2012 and continued funding into 2015. Perrysburg continues to be a growing, vital community. Utilizing annexation and economic development tools, the City has been able to shift much of its tax burden away from residents and over to business/commercial taxpayers. The City continues to experience significant growth in both the commercial and residential sectors. It is the City's goal to achieve a balance between the types of taxpayers who support City services, and the City has made great strides to this extent. The City has also realized significant income tax collections from non-resident companies whose employees live in the City. Through mandatory filing and courtesy withholdings, the City has been able to share in the successes of companies, which would otherwise have no effect on the City. In this way, the City has been able to take advantage of the successes of the region, and not just within the City boundaries.

The financial outlook for the City remains strong. With a renewed focus on economic development, several potential projects are on the horizon. The City has recently completed several large projects its water and sewer facilities to provide required services for this growth. Given all of these factors, the City of Perrysburg is well-positioned for the future.

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.

Statement of Net Position
December 31, 2015

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	$ 4,393,777	$ 10,938,107	$ 15,331,884
Investments	9,619,580	4,472,309	14,091,889
Receivables:			
Taxes	5,917,429	0	5,917,429
Accounts	157,009	2,616,961	2,773,970
Intergovernmental	3,144,551	581,798	3,726,349
Interest	36,890	0	36,890
Special Assessments	248,021	185,547	433,568
Loans	79,961	0	79,961
Internal Balances	(53,968)	53,968	0
Inventory of Supplies at Cost	68,329	257,351	325,680
Prepaid Items	132,949	42,205	175,154
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	766,288	0	766,288
Capital Assets:			
Capital Assets Not Being Depreciated	17,143,437	25,694,464	42,837,901
Capital Assets Being Depreciated, Net	76,659,859	55,709,198	132,369,057
Total Assets	118,314,112	100,551,908	218,866,020
Deferred Outflows of Resources:			
Pension	2,259,468	243,216	2,502,684
Total Deferred Outflows of Resources	2,259,468	243,216	2,502,684
Liabilities:			
Accounts Payable	282,330	137,871	420,201
Accrued Wages and Benefits	681,765	84,814	766,579
Intergovernmental Payable	0	63,529	63,529
Retainage Payable	5,000	0	5,000
Accrued Interest Payable	0	40,005	40,005
General Obligation Notes Payable	0	3,440,000	3,440,000
Long-Term Liabilities:			
Due Within One Year	452,204	1,146,335	1,598,539
Net Pension Liability	15,669,215	1,239,072	16,908,287
Due in More Than One Year	870,347	23,215,654	24,086,001
Total Liabilities	17,960,861	29,367,280	47,328,141
Deferred Inflows of Resources:			
Property Tax Levy for Next Fiscal Year	3,450,957	0	3,450,957
Pension	78,389	21,089	99,478
Total Deferred Inflows of Resources	3,529,346	21,089	3,550,435
Net Position:			
Net Investment in Capital Assets	93,803,296	53,729,995	147,533,291
Restricted For:			
Other Purposes	4,794,249	0	4,794,249
Unrestricted	485,828	17,676,760	18,162,588
Total Net Position	$ 99,083,373	$ 71,406,755	$ 170,490,128

See accompanying notes to the basic financial statements

Statement of Activities
For the Year Ended December 31, 2015

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Current:				
Security of Persons and Property	$ 9,413,070	$ 515,264	$ 12,012	$ 266,132
Public Health and Welfare Services	28,230	0	0	0
Leisure Time Activities	1,537,802	182,641	0	0
Community Development	731,912	347,885	0	50,570
Basic Utility Services	1,102,520	8,367	18,123	0
Transportation	5,405,578	38,171	1,778,010	3,041,346
General Government	5,221,902	998,389	71,676	0
Total Governmental Activities	23,441,014	2,090,717	1,879,821	3,358,048
Business-Type Activities:				
Sewer	4,196,970	7,643,327	0	417,774
Water	3,711,794	5,069,590	0	44,354
Total Business-Type Activities	7,908,764	12,712,917	0	462,128
Totals	$ 31,349,778	$ 14,803,634	$ 1,879,821	$ 3,820,176

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

Change in Net Position

Net Position Beginning of Year, Restated
Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (8,619,662)	$ 0	$ (8,619,662)
(28,230)	0	(28,230)
(1,355,161)	0	(1,355,161)
(333,457)	0	(333,457)
(1,076,030)	0	(1,076,030)
(548,051)	0	(548,051)
(4,151,837)	0	(4,151,837)
(16,112,428)	0	(16,112,428)
0	3,864,131	3,864,131
0	1,402,150	1,402,150
0	5,266,281	5,266,281
(16,112,428)	5,266,281	(10,846,147)
3,248,312	0	3,248,312
17,339,447	0	17,339,447
1,577,264	0	1,577,264
58,169	0	58,169
303,361	0	303,361
(679,311)	679,311	0
21,847,242	679,311	22,526,553
5,734,814	5,945,592	11,680,406
93,348,559	65,461,163	158,809,722
$ 99,083,373	$ 71,406,755	$ 170,490,128

Balance Sheet
Governmental Funds
December 31, 2015

	General	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	$ 739,785	$ 279,486	$ 3,322,283	$ 4,341,554
Investments	5,314,631	2,320,636	1,565,314	9,200,581
Receivables:				
Taxes	3,509,357	0	2,408,072	5,917,429
Accounts	155,855	0	1,154	157,009
Intergovernmental	379,832	2,029,283	735,436	3,144,551
Interest	36,890	0	0	36,890
Special Assessments	194,463	0	53,558	248,021
Loans	0	0	79,961	79,961
Inventory of Supplies, at Cost	0	0	68,329	68,329
Prepaid Items	123,514	45	9,390	132,949
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	5,000	0	761,288	766,288
Total Assets	$ 10,459,327	$ 4,629,450	$ 9,004,785	$ 24,093,562
Liabilities:				
Accounts Payable	106,051	112,029	64,250	282,330
Accrued Wages and Benefits Payable	523,545	0	101,074	624,619
Retainage Payable	5,000	0	0	5,000
Total Liabilities	634,596	112,029	165,324	911,949
Deferred Inflows of Resources:				
Unavailable Amounts	722,770	1,945,673	603,105	3,271,548
Property Tax for Next Fiscal Year	1,074,005	0	2,376,952	3,450,957
Total Deferred Inflows of Resources	1,796,775	1,945,673	2,980,057	6,722,505
Fund Balances:				
Nonspendable	123,514	45	77,719	201,278
Restricted	0	0	4,264,053	4,264,053
Committed	0	2,571,703	1,405,089	3,976,792
Assigned	2,647,250	0	112,543	2,759,793
Unassigned	5,257,192	0	0	5,257,192
Total Fund Balances	8,027,956	2,571,748	5,859,404	16,459,108
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 10,459,327	$ 4,629,450	$ 9,004,785	$ 24,093,562

See accompanying notes to the basic financial statements

Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2015

Total Governmental Fund Balances		$	16,459,108
Amounts reported for governmental activities in the statement of net position are different because			
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.			93,803,296
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Income Taxes	219,329		
Property Taxes	45,503		
Interest	36,890		
Intergovernmental	2,721,805		
Special Assessments	248,021		3,271,548
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:			
Deferred Outflows - Pension	2,259,468		
Deferred Inflows - Pension	(78,389)		
Net Pension Liability	(15,669,215)		(13,488,136)
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.			360,108
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated Absences Payable			(1,322,551)
Net Position of Governmental Activities		$	99,083,373

See accompanying notes to the basic financial statements

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2015

	General	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	$ 1,005,274	$ 0	$ 2,219,872	$ 3,225,146
Municipal Income Tax	17,244,608	0	0	17,244,608
Intergovernmental Revenues	507,107	1,108,772	2,019,742	3,635,621
Charges for Services	951,009	0	10,837	961,846
Licenses and Permits	276,383	0	26,035	302,418
Investment Earnings	58,185	0	5,155	63,340
Special Assessments	171,585	0	51,308	222,893
Fines and Forfeitures	724,909	0	184,537	909,446
All Other Revenue	149,892	41,067	120,008	310,967
Total Revenue	21,088,952	1,149,839	4,637,494	26,876,285
Expenditures:				
Current:				
Security of Persons and Property	7,916,525	0	971,179	8,887,704
Public Health and Welfare Services	28,230	0	0	28,230
Leisure Time Activities	1,456,974	0	0	1,456,974
Community Development	507,197	0	241,686	748,883
Basic Utility Services	0	0	984,180	984,180
Transportation	1,958,649	0	2,010,157	3,968,806
General Government	4,633,434	0	429,698	5,063,132
Capital Outlay	0	4,097,451	98,614	4,196,065
Total Expenditures	16,501,009	4,097,451	4,735,514	25,333,974
Excess (Deficiency) of Revenues Over Expenditures	4,587,943	(2,947,612)	(98,020)	1,542,311

(Continued)

	General	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses):				
Transfers In	247,500	3,000,000	2,105,000	5,352,500
Transfers Out	(5,784,311)	0	(247,500)	(6,031,811)
Total Other Financing Sources (Uses)	(5,536,811)	3,000,000	1,857,500	(679,311)
Net Change in Fund Balances	(948,868)	52,388	1,759,480	863,000
Fund Balances at Beginning of Year	8,976,824	2,519,360	4,122,757	15,618,941
Decrease in Inventory Reserve	0	0	(22,833)	(22,833)
Fund Balances End of Year	$ 8,027,956	$ 2,571,748	$ 5,859,404	$ 16,459,108

See accompanying notes to the basic financial statements

Reconciliation Of The Statement Of Revenues, Expenditures And Changes In Fund Balances Of Governmental Funds To The Statement Of Activities For The Year Ended December 31, 2015

Net Change in Fund Balances - Total Governmental Funds		$ 863,000
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Outlay	4,475,694	
Depreciation	(2,891,113)	1,584,581
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets net of proceeds received.		(7,248)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.		1,054,606
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income Taxes	94,839	
Property Taxes	23,166	
Interest	(5,171)	
Intergovernmental	1,799,440	
Special Assessments	11,975	1,924,249
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		1,536,704
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(1,593,938)
Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Decrease in Supplies Inventory	(22,833)	
Increase in Compensated Absences Payable	(63,683)	(86,516)
The internal service funds are used by management to charge the costs of services to individual funds and 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.		459,376
Change in Net Position of Governmental Activities		$ 5,734,814

See accompanying notes to the basic financial statements

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Statement of Net Position
Proprietary Funds
December 31, 2015

	Business-Type Activities Enterprise Funds		
	Sewer	Water	Other Enterprise
Assets:			
Current Assets:			
Cash and Cash Equivalents	$ 10,347,157	$ 538,623	$ 52,327
Investments	0	4,472,309	0
Receivables:			
Accounts	1,329,494	1,287,467	0
Intergovernmental	450,000	131,798	0
Special Assessments	173,043	12,504	0
Inventory of Supplies at Cost	3,693	253,658	0
Prepaid Items	17,890	24,315	0
Total Current Assets	12,321,277	6,720,674	52,327
Non Current Assets:			
Capital Assets, Net	64,621,245	16,782,417	0
Total Assets	76,942,522	23,503,091	52,327
Deferred Outflows of Resources:			
Pension	178,953	64,263	0
Liabilities:			
Current Liabilities:			
Accounts Payable	120,317	17,554	0
Accrued Wages and Benefits	49,101	35,713	0
Intergovernmental Payable	0	0	63,529
Accrued Interest Payable	34,272	5,733	0
General Obligation Notes Payable	0	3,440,000	0
Compensated Absences Payable - Current	42,098	16,849	0
General Obligation Bonds - Current	580,000	0	0
OWDA Loans - Current	507,388	0	0
Total Current Liabilities	1,333,176	3,515,849	63,529

Total	Internal Service Funds
$ 10,938,107	$ 52,223
4,472,309	418,999
2,616,961	0
581,798	0
185,547	0
257,351	0
42,205	0
19,094,278	471,222
81,403,662	0
100,497,940	471,222
243,216	0
137,871	0
84,814	57,146
63,529	0
40,005	0
3,440,000	0
58,947	0
580,000	0
507,388	0
4,912,554	57,146

(Continued)

Statement of Net Position
Proprietary Funds
December 31, 2015

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Other Enterprise
Long Term Liabilities:			
Compensated Absences Payable	56,585	12,790	0
Net Pension Liability	902,659	336,413	0
General Obligation Bonds Payable	9,845,000	0	0
OWDA Loans Payable	13,301,279	0	0
Total Liabilities	25,438,699	3,865,052	63,529
Deferred Inflows of Resources:			
Pension	15,518	5,571	0
Net Position:			
Net Invested in Capital Assets	40,387,578	13,342,417	0
Unrestricted (Deficit)	11,279,680	6,354,314	(11,202)
Total Net Position (Deficit)	$ 51,667,258	$ 19,696,731	$ (11,202)

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

See accompanying notes to the basic financial statements

Total	Internal Service Funds
69,375	0
1,239,072	0
9,845,000	0
13,301,279	0
29,367,280	57,146
21,089	0
53,729,995	0
17,622,792	414,076
$ 71,352,787	$ 414,076
53,968	
$ 71,406,755	

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2015

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Other Enterprise
Operating Revenues:			
Charges for Services	$ 7,181,715	$ 5,069,590	$ 0
Other Operating Revenue	461,612	0	0
Total Operating Revenues	7,643,327	5,069,590	0
Operating Expenses:			
Personal Services	1,405,071	516,434	0
Contractual Services	936,901	2,483,980	0
Materials and Supplies	315,112	153,939	0
Depreciation	1,058,483	533,982	0
Total Operating Expenses	3,715,567	3,688,335	0
Operating Income	3,927,760	1,381,255	0
Nonoperating Revenue (Expenses):			
Investment Earnings	0	0	0
Interest Expense	(532,826)	(40,821)	0
Total Nonoperating Revenues (Expenses)	(532,826)	(40,821)	0
Income Before Transfers and Contributions	3,394,934	1,340,434	0
Transfers In	679,311	0	0
Capital Contributions	417,774	44,354	0
Total Transfers and Contributions	1,097,085	44,354	0
Change in Net Position	4,492,019	1,384,788	0
Net Position (Deficit) Beginning of Year, Restated	47,175,239	18,311,943	(11,202)
Net Position (Deficit) End of Year	$ 51,667,258	$ 19,696,731	$ (11,202)

Change in Net Position - Total Enterprise Funds

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

Change in Net Position - Business-type Activities

See accompanying notes to the basic financial statements

Total	Internal Service Funds
$ 12,251,305	$ 1,954,244
461,612	0
12,712,917	1,954,244
1,921,505	1,392,396
3,420,881	3,984
469,051	30,027
1,592,465	0
7,403,902	1,426,407
5,309,015	527,837
0	324
(573,647)	0
(573,647)	324
4,735,368	528,161
679,311	0
462,128	0
1,141,439	0
5,876,807	528,161
65,475,980	(114,085)
$ 71,352,787	$ 414,076
5,876,807	
68,785	
$ 5,945,592	

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Utility Collection
Cash Flows from Operating Activities:			
Cash Received from Customers	$7,567,609	$4,822,233	$947,698
Cash Payments for Goods and Services	(1,227,858)	(2,655,847)	(949,761)
Cash Payments to Employees	(1,442,720)	(515,653)	0
Net Cash Provided (Used) for Operating Activities	4,897,031	1,650,733	(2,063)
Cash Flows from Noncapital Financing Activities:			
Transfers In from Other Funds	679,311	0	0
Net Cash Provided by Noncapital Financing Activities	679,311	0	0
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Assets	(6,272,968)	(2,087,521)	0
Capital Contributions	0	52,009	0
General Obligation Notes Issued	0	3,440,000	0
OWDA Loans Issued	5,975,760	0	0
Principal Paid on General Obligation Notes	0	(3,655,000)	0
Principal Paid on General Obligation Bonds	(565,000)	0	0
Principal Paid on Ohio Water Development Authority Loans	(978,658)	0	0
Interest Paid on All Debt	(532,826)	(41,180)	0
Net Cash Used for Capital and Related Financing Activities	(2,373,692)	(2,291,692)	0
Cash Flows from Investing Activities:			
Receipts of Interest	0	0	0
Purchase of Investments	0	(121,324)	0
Net Cash Provided (Used) for Investing Activities	0	(121,324)	0
Net Increase (Decrease) in Cash and Cash Equivalents	3,202,650	(762,283)	(2,063)
Cash and Cash Equivalents at Beginning of Year	7,144,507	1,300,906	54,390
Cash and Cash Equivalents at End of Year	$10,347,157	$538,623	$52,327

Totals	Governmental Activities Internal Service Funds
$13,337,540	$1,954,244
(4,833,466)	(34,011)
(1,958,373)	(1,469,705)
6,545,701	450,528
679,311	0
679,311	0
(8,360,489)	0
52,009	0
3,440,000	0
5,975,760	0
(3,655,000)	0
(565,000)	0
(978,658)	0
(574,006)	0
(4,665,384)	0
0	324
(121,324)	(406,838)
(121,324)	(406,514)
2,438,304	44,014
8,499,803	8,209
$10,938,107	$52,223

(Continued)

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Business-Type Activities		
	Enterprise Funds		
	Sewer	Water	Utility Collection
Reconciliation of Operating Income to Net Cash			
Provided (Used) for Operating Activities:			
Operating Income	$3,927,760	$1,381,255	$0
Adjustments to Reconcile Operating Income to			
Net Cash Provided (Used) for Operating Activities:			
Depreciation Expense	1,058,483	533,982	0
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(88,349)	(255,738)	0
Decrease (Increase) in Special Assessments Receivable	12,631	(208)	0
Decrease in Inventory	16,753	68,188	0
Decrease (Increase) in Prepaid Items	(3,891)	1,804	0
Increase in Deferred Outflows of Resources	(178,953)	(64,263)	
Increase (Decrease) in Accounts Payable	11,109	(79,555)	0
Decrease in Intergovernmental Payables	0	0	(2,063)
Increase (Decrease) in Accrued Wages and Benefits	(16,433)	12,355	0
Increase in Net Pension Liability	130,001	46,667	
Increase in Deferred Inflows of Resources	15,518	5,571	
Increase in Compensated Absences	12,402	675	0
Total Adjustments	969,271	269,478	(2,063)
Net Cash Provided (Used) for Operating Activities	$4,897,031	$1,650,733	($2,063)

Schedule of Noncash Investing, Capital and Financing Activities:

As of December 31, 2015, the Sewer and Water Funds had outstanding liabilities of $25,570 and $338, respectively, for the purchase of certain capital assets.

During 2015, the Sewer Fund received $417,774 of capital contributions from other sources.

See accompanying notes to the basic financial statements

Totals	Governmental Activities Internal Service Funds
$5,309,015	$527,837
1,592,465	0
(344,087)	0
12,423	0
84,941	0
(2,087)	0
(243,216)	0
(68,446)	0
(2,063)	0
(4,078)	(77,309)
176,668	0
21,089	0
13,077	0
1,236,686	(77,309)
$6,545,701	$450,528

Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2015

	Agency
Assets:	
Cash and Cash Equivalents	$ 174,276
Receivables:	
Taxes	182,809
Intergovernmental	14,964
Special Assessments	6,501,567
Total Assets	6,873,616
Liabilities:	
Intergovernmental Payable	237,353
Due to Others	6,636,263
Total Liabilities	$ 6,873,616

See accompanying notes to the basic financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The accompanying basic financial statements of the City present the financial position of the various fund types and, the results of operations of the various fund types and the cash flows of the proprietary funds. The financial statements are presented as of December 31, 2015 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

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

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

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

B. Basis of Presentation - Fund Accounting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

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

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

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

Proprietary Funds

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations or other governments and therefore not available to support the City's own programs. The 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 seven 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 seven 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 Unclaimed Monies Fund which accounts for unclaimed monies, the State Highway Patrol Transfer Fund, which accounts for funds related to fines levied by the State Highway Patrol and used for the County Law Library, the Municipal Public Improvement TIF Fund, which is used to account for TIF funds collected and shared by the developer, Perrysburg Schools and the Penta County Vocational Schools, the JT Cemetery RE Tax Fund, which is used to account for funds collected on behalf of the Union Cemetery and the Levis Commons/Preston Place Fund, which is used to collect special assessments for a third party.

C. Basis of Presentation – Financial Statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

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

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

Special assessment installments, which are measurable, but not available at December 31, are recorded as deferred inflow of resources – unavailable amount. Property taxes measurable as of December 31, 2015, but which are not intended to finance 2015 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred inflow of resources as further described in Note 7.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. <u>Deferred Inflows/Outflows of Resources</u>

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

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

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

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

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

G. Investments

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

H. Inventory

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

I. Capital Assets and Depreciation

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

1. Property, Plant and Equipment - Governmental Activities

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Capital Assets and Depreciation (Continued)

2. Property, Plant and Equipment – Business Type Activities

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

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

3. Depreciation

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Long-Term Obligations

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

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

K. Compensated Absences

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. <u>Net Position</u>

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

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

M. <u>Fund Balances</u>

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balances (Continued)

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

N. Pensions

The provision for pension cost is recorded when the related payroll is accrued and the obligation is incurred. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

O. Interfund Activity

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

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

P. Estimates

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

Q. Restricted Assets

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Operating Revenues and Expenses

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Council and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2015.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

In 2015 the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure.

The implementation of GASB 68 had the following effect on net position as reported December 31, 2014:

	Governmental Activities	Business-type Activities	Water Fund	Sewer Fund
Net Position December 31, 2014	$106,779,461	$66,523,567	$18,601,689	$47,947,897
Adjustments:				
Net Pension Liability	(14,889,608)	(1,217,602)	(332,073)	(885,529)
Deferred Outflows -				
Payments Subsequent to Measurement Date	1,458,706	155,198	42,327	112,871
Restated Net Position December 31, 2014	$93,348,559	$65,461,163	$18,311,943	$47,175,239

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

NOTE 3 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

Delinquent Income Tax Revenue	$219,329
Delinquent Property Tax Revenue	45,503
Shared Revenues	2,721,805
Interest Revenues	36,890
Special Assessment Revenue	248,021
	$3,271,548

Long-Term liabilities not reported in the funds:

Compensated Absences Payable	($1,322,551)

NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

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

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

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

Capital Outlay	$4,475,694
Depreciation Expense	(2,891,113)
	$1,584,581

Governmental revenues not reported in the funds:

Increase in Delinquent Income Tax Revenue	$94,839
Increase in Delinquent Property Tax	23,166
Increase in Shared Revenue	1,799,440
Decrease in Interest Revenue	(5,171)
Increase in Special Assessment Revenue	11,975
	$1,924,249

Expenses not requiring the use of current financial resources:

Increase in Compensated Absences Payable	($63,683)
Decrease in supplies inventory	(22,833)
	($86,516)

NOTE 4 - COMPLIANCE AND ACCOUNTABILITY

<u>Fund Deficits</u> **-** The accumulated deficits at December 31, 2015 of $11,202 in the Utility Collection Fund (enterprise fund), arose from the recognition of expenses on the accrual basis of accounting which are greater than expenses on the cash basis of accounting. 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 5 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General Fund	Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:				
Supplies Inventory	$0	$0	$68,329	$68,329
Prepaid Items	123,514	45	9,390	132,949
Total Nonspendable	123,514	45	77,719	201,278
Restricted:				
Hotel/Motel Tax	0	0	48,462	48,462
Street Construction and Maintenance	0	0	1,104,954	1,104,954
State Highway Improvements	0	0	216,815	216,815
Police Pension	0	0	404,441	404,441
Garbage and Refuse	0	0	39,431	39,431
Motor Vehicle License Tax	0	0	530,859	530,859
ASR Radio	0	0	2,196	2,196
Street Trees	0	0	135,820	135,820
Public Transportation	0	0	179,926	179,926
Municipal Court Computer	0	0	294,848	294,848
Municipal Court Probation Services	0	0	26,643	26,643
CDBG Revolving Loan	0	0	841,249	841,249
Defendents Trust	0	0	36,749	36,749
DUI Indigent Drivers Alcohol Treatment	0	0	241,657	241,657
Indigent Drivers	0	0	160,003	160,003
Total Restricted	0	0	4,264,053	4,264,053
Committed:				
Capital Improvements	0	2,571,703	0	2,571,703
Parkland Acquisition and Development	0	0	1,316,169	1,316,169
Way Library	0	0	88,920	88,920
Total Committed	0	2,571,703	1,405,089	3,976,792
Assigned	2,647,250	0	112,543	2,759,793
Unassigned	5,257,192	0	0	5,257,192
Total Fund Balances	$8,027,956	$2,571,748	$5,859,404	$16,459,108

NOTE 6 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

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

A. Deposits

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

At year end the carrying amount of the City's deposits was $7,469,100 and the bank balance was $8,200,099. The Federal Deposit Insurance Corporation (FDIC) covered $5,563,042 of the bank balance and $2,637,057 was uninsured. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	Balance
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	$2,637,057
Total Balance	$2,637,057

B. Investments

The City's investments at December 31, 2015 are summarized below:

		Credit	Investment Maturities (in Years)	
	Fair Value	Rating	less than 1	1-3
Negotiable CD's	$7,038,117	N/A	$6,038,117	$1,000,000
FNMA	2,765,800	AAA[1] / Aaa[2]	766,931	1,998,869
FHLB	517,698	AAA[1] / Aaa[2]	249,688	268,010
Freddie MAC	1,263,316	AAA[1] / Aaa[2]	250,185	1,013,131
U.S. Treasury Notes	11,310,306	N/A	8,803,348	2,506,958
Total Investments	$22,895,237		$16,108,269	$6,786,968

[1] Standard & Poor's
[2] Moody's Investor Service

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

B. Investments (Continued)

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

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

Custodial Credit Risk – The City's investments in Negotiable CD's, FNMA, FHLB, Freddie MAC and U.S. Treasury Notes securities in the amounts of $7,038,117, $2,765,800, $517,698, $1,263,316 and $11,310,306, respectively, are uninsured and unregistered with securities held by the counterparty's trust department or agent in the City's name.

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	Cash and Cash Equivalents *	Investments
Per Financial Statements	$16,272,448	$14,091,889
US Treasury Investment	(8,803,348)	8,803,348
Per Footnote Section A	$7,469,100	$22,895,237

* Includes Cash with Fiscal Agent of $766,288.

NOTE 7 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2015 were levied after October 1, 2014 on assessed values as of January 1, 2014, the lien date. Assessed values were established by the County Auditor at 35% of appraised market value. All property is required to be reappraised every six years and equalization adjustments made in the third year following reappraisal. The last revaluation was completed during 2011 and the last equalization adjustment was completed in 2015. Real property taxes are payable annually or semi-annually. The first payment is due January 20; the remainder payable by June 20.

NOTE 7 - TAXES (Continued)

A. Property Taxes (Continued)

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Perrysburg. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2015 was $5.65 per $1,000 of assessed value. The assessed value upon which the 2015 receipts were based was $599,622,760. This amount constitutes $595,064,280 in real property assessed value and $4,558,480 in public utility assessed value.

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

B. Income Tax

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

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

NOTE 8 - RECEIVABLES

Receivables at December 31, 2015 consisted of taxes, loans, special assessments, interest receivable, accounts receivable and intergovernmental receivables.

NOTE 9 - TRANSFERS

Following is a summary of transfers in and out for all funds for 2015:

	Transfers In:				
Transfers Out:	General Fund	Capital Improvements Fund	Other Governmental Funds	Sewer Fund	Total
General Fund	$0	$3,000,000	$2,105,000	$679,311	$5,784,311
Other Governmental Funds	247,500	0	0	0	247,500
	$247,500	$3,000,000	$2,105,000	$679,311	$6,031,811

NOTE 9 – TRANSFERS (Continued)

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

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in general capital assets at December 31, 2015:

Historical Cost:

Class	December 31, 2014	Additions	Deletions	December 31, 2015
Capital assets not being depreciated:				
Land	$10,449,238	$0	$0	$10,449,238
Construction in Progress	5,364,212	2,392,697	(1,062,710)	6,694,199
Subtotal	15,813,450	2,392,697	(1,062,710)	17,143,437
Capital assets being depreciated:				
Buildings	18,313,791	229,151	0	18,542,942
Improvements Other than Buildings	7,261,896	736,969	0	7,998,865
Machinery and Equipment	13,941,344	483,904	(100,637)	14,324,611
Infrastructure	68,011,659	2,750,289	(55,251)	70,706,697
Subtotal	107,528,690	4,200,313	(155,888)	111,573,115
Total Cost	$123,342,140	$6,593,010	($1,218,598)	$128,716,552

Accumulated Depreciation:

Class	December 31, 2014	Additions	Deletions	December 31, 2015
Buildings	($5,934,853)	($362,677)	$0	($6,297,530)
Improvements Other than Buildings	(1,628,469)	(139,737)	0	(1,768,206)
Machinery and Equipment	(8,957,457)	(832,946)	100,637	(9,689,766)
Infrastructure	(15,650,004)	(1,555,753)	48,003	(17,157,754)
Total Depreciation	($32,170,783)	($2,891,113) *	$148,640	($34,913,256)
Net Value:	$91,171,357			$93,803,296

NOTE 10 - CAPITAL ASSETS (Continued)

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

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	$509,802
Leisure Time Activities	118,762
Community Development	14,437
Basic Utility Services	122,065
Transportation	1,755,885
General Government	370,162
Total Depreciation Expense	$2,891,113

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

Summary by category at December 31, 2015:

Historical Cost:

Class	December 31, 2014	Additions	Deletions	December 31, 2015
Capital assets not being depreciated:				
Land	$273,383	$0	$0	$273,383
Construction in Progress	26,633,018	6,365,921	(7,577,858)	25,421,081
Subtotal	26,906,401	6,365,921	(7,577,858)	25,694,464
Capital assets being depreciated:				
Buildings	11,808,483	5,012,096	0	16,820,579
Improvements Other than Buildings	56,057,476	2,850,305	0	58,907,781
Machinery and Equipment	13,429,761	459,046	0	13,888,807
Subtotal	81,295,720	8,321,447	0	89,617,167
Total Cost	$108,202,121	$14,687,368	($7,577,858)	$115,311,631

Accumulated Depreciation:

Class	December 31, 2014	Additions	Deletions	December 31, 2015
Buildings	($4,662,808)	($185,158)	$0	($4,847,966)
Improvements Other than Buildings	(18,313,914)	(961,789)	0	(19,275,703)
Machinery and Equipment	(9,338,782)	(445,518)	0	(9,784,300)
Total Depreciation	($32,315,504)	($1,592,465)	$0	($33,907,969)
Net Value:	$75,886,617			$81,403,662

NOTE 11 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	**Public Safety**	**Public Safety**
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	**Law Enforcement**	**Law Enforcement**
Age and Service Requirements: Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	**Age and Service Requirements:** Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	**Public Safety and Law Enforcement**	**Public Safety and Law Enforcement**
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	**Formula:** 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	**Formula:** 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
Employee	10.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was $785,334 for 2015.

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
2015 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %
2015 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City’s contractually required contribution to OPF was $930,535 for 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF’s total pension liability was measured as of December 31, 2014, and was determined by rolling forward the total pension liability as of January 1, 2014, to December 31, 2014. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportionate Share of the Net Pension Liability	$5,662,454	$11,245,835	$16,908,289
Proportion of the Net Pension Liability	0.046948%	0.2170836%	
Pension Expense	$630,689	$1,096,956	$1,727,645

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$302,131	$484,684	$786,815
City contributions subsequent to the measurement date	785,334	930,535	1,715,869
Total Deferred Outflows of Resources	$1,087,465	$1,415,219	$2,502,684
Deferred Inflows of Resources			
Differences between expected and actual experience	$99,478	$0	$99,478

$1,715,869 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2016	$29,633	$121,171	$150,804
2017	29,633	121,171	150,804
2018	67,854	121,171	189,025
2019	75,533	121,171	196,704
Total	$202,653	$484,684	$687,337

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	100.00 %	5.28 %

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	$10,417,292	$5,662,454	$1,657,734

Actuarial Assumptions – OPF

OPF's total pension liability as of December 31, 2014 is based on the results of an actuarial valuation date of January 1, 2014, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2014, are presented below:

Valuation Date	January 1, 2014
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2014 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash and Cash Equivalents	0.00 %	(0.25) %
Domestic Equity	16.00	4.47
Non-US Equity	16.00	4.47
Core Fixed Income *	20.00	1.62
Global Inflation Protected *	20.00	1.33
High Yield	15.00	3.39
Real Estate	12.00	3.93
Private Markets	8.00	6.98
Timber	5.00	4.92
Master Limited Partnerships	8.00	7.03
Total	120.00 %	

* levered 2x

OPF's Board of Trustees has incorporated the "risk parity" concept into OPF's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

Discount Rate The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	$15,554,692	$11,245,835	$7,597,544

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. <u>Ohio Public Employees Retirement System ("OPERS")</u>

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 coverage, deposits to a Health Reimbursement Arrangement, 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 20 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. Please see the Plan Statement in the OPERS 2014 CAFR for details.

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

A. <u>Ohio Public Employees Retirement System ("OPERS")</u> (Continued)

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

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

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2015, local government employers contributed at a rate of 14.0% 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.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%.

The City's contributions for health care to the OPERS for the years ending December 31, 2015, 2014, and 2013 were $128,221, $127,105 and $62,240, respectively, which were equal to the required contributions for each year.

B. <u>Ohio Police and Fire Pension Fund ("OP&F")</u>

Plan Description – The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined post-employment 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.

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

B. <u>Ohio Police and Fire Pension Fund ("OP&F")</u> (Continued)

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

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2015, the portion of employer contributions allocated to health care was 0.5% of covered payroll for both police officers and firefighters. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2015, 2014, and 2013 were $12,675, $11,315 and $85,427 for police and $9,551, $10,035 and $73,982 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 13 - COMPENSATED ABSENCES

Employees are eligible for vacation at varying rates depending on their years of service to the City. Any vacation earned during the year must be taken during the subsequent year. Unless requested by the City, no employee will receive vacation pay in lieu of vacation time off with pay.

Sick leave is accrued by all employees at the rate of .0577 hours for each hour worked for a total of 120 hours in an employee's anniversary year. A percentage of accrued sick leave time is liquidated in cash upon normal retirement under the appropriate State of Ohio retirement system after ten years of credited service, or upon death, or upon termination of employment other than for disciplinary reasons after fifteen years of service with the City. The rate of cash compensation for sick leave payout varies within specified limits under collective bargaining agreements or under law. Generally, employees may receive 50% of their sick leave accrued prior to September 14, 1976, up to 720 hours, 25% of their sick leave accrued after September 14, 1976, up to 1,000 hours and 50% of their sick leave thereafter, after meeting the minimum service time requirement. Cash compensation for sick leave is paid at the employee's full rate of pay at the time of termination or retirement.

At December 31, 2015, the City's accumulated, unpaid compensated absences amounted to $1,450,873, of which $1,322,551 is recorded as a liability of the Governmental Activities and $128,322 is recorded as a liability of the Business-Type Activities.

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NOTE 14 - NOTES PAYABLE

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

	Balance December 31, 2014	Issued	(Retired)	Balance December 31, 2015
Enterprise Funds:				
1.00% Elevated Water Tower	$3,655,000	$0	($3,655,000)	$0
1.00% Elevated Water Tower	0	3,440,000	0	3,440,000
Total Notes Payable	$3,655,000	$3,440,000	($3,655,000)	$3,440,000

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NOTE 15 - LONG-TERM DEBT

Long-term debt of the City at December 31, 2015 was as follows:

	Balance December 31, 2014	Additions	(Reductions)	Balance December 31, 2015	Due Within One Year
Governmental Activities:					
Compensated Absences	$1,258,869	$1,322,551	($1,258,869)	$1,322,551	$452,204
Net Pension Liability	13,430,902	2,238,313	0	15,669,215	0
Total Governmental Activities Long-Term Debt	$14,689,771	$3,560,864	($1,258,869)	$16,991,766	$452,204

		Balance December 31, 2014	Additions	(Reductions)	Balance December 31, 2015	Due Within One Year
Business-Type Activities:						
Ohio Water Development Authority (O.W.D.A.) Loans:						
7.51% Waste Water Treatment Plant	1990	$1,350,119	$0	($889,165)	$460,954	$460,954
7.77% Sewer Separation	1991	135,927	0	(89,493)	46,434	46,434
3.37% Waste Water Treatment Plant	2014	7,325,519	5,975,760	0	13,301,279	0
Total O.W.D.A. Loans		8,811,565	5,975,760	(978,658)	13,808,667	507,388
General Obligation Bonds:						
3.98% Various Purpose Sewer	2010	10,990,000	0	(565,000)	10,425,000	580,000
Compensated Absences		$115,245	$128,322	($115,245)	$128,322	$58,947
Net Pension Liability		$1,062,404	$176,668	$0	$1,239,072	$0
Total Business-Type Long-Term Debt		$20,979,214	$6,280,750	($1,658,903)	$25,601,061	$1,146,335

A summary of the City's future long-term debt funding requirements, including principal and interest payments as of December 31, 2015 follows:

	OWDA Loans		General Obligation Bonds	
Years	Principal	Interest	Principal	Interest
2016	$507,388	$37,915	$580,000	$411,266
2017	0	0	600,000	393,866
2018	0	0	620,000	374,366
2019	0	0	640,000	352,666
2020	0	0	665,000	328,666
2021-2025	0	0	3,740,000	1,222,930
2026-2029	0	0	3,580,000	391,272
Totals	$507,388	$37,915	$10,425,000	$3,475,032

The City has been approved for various Ohio Water Development Authority (OWDA) loans. Because not all of these projects are complete and the final value of all of the loans are indeterminate, only the amortization of closed loans are presented above.

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 NFP Benefit Alliance 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 $1,923,045. The claims liability of $57,146 reported in the Self Insurance Fund at December 31, 2015 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 2014 and 2015 were:

Fiscal Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2014	$79,146	$2,013,091	($1,957,782)	$134,455
2015	134,455	1,392,396	(1,469,705)	57,146

NOTE 17 - 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 18 - 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 19 - SUBSEQUENT EVENT

On July 12, 2016, the City issued various purpose wastewater improvement bonds in the amount of $7,815,000 to retire bonds previously issued during 2009 in the amount of $13,600,000 for various wastewater improvement projects. The bonds have an interest rate of 2.00 percent and mature on December 1, 2027.

REQUIRED SUPPLEMENTAL INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund For the Year Ended December 31, 2015

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	$ 1,050,000	$ 1,050,000	$ 1,005,274	$ (44,726)
Municipal Income Tax	16,150,000	16,950,000	16,972,515	22,515
Intergovernmental Revenue	991,725	994,725	1,011,150	16,425
Charges for Services	858,600	1,083,600	987,441	(96,159)
Licenses and Permits	203,000	309,000	276,383	(32,617)
Investment Earnings	150,000	150,000	51,402	(98,598)
Special Assessments	180,000	180,000	171,585	(8,415)
Fines and Forfeitures	757,200	788,200	724,726	(63,474)
All Other Revenues	148,430	172,530	149,932	(22,598)
Total Revenues	20,488,955	21,678,055	21,350,408	(327,647)
Expenditures:				
Current:				
Security of Persons and Property	8,768,415	8,658,215	8,224,681	433,534
Public Health and Welfare Services	28,730	28,730	28,230	500
Leisure Time Activities	1,518,289	1,551,364	1,492,182	59,182
Community Development	410,202	500,202	490,747	9,455
Transportation	2,065,315	2,078,815	1,975,057	103,758
General Government	5,456,864	5,424,556	4,996,412	428,144
Total Expenditures	18,247,815	18,241,882	17,207,309	1,034,573
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,241,140	3,436,173	4,143,099	706,926
Other Financing Sources (Uses):				
Transfers In	237,500	247,500	247,500	0
Transfers Out	(5,784,311)	(5,784,311)	(5,784,311)	0
Total Other Financing Sources (Uses):	(5,546,811)	(5,536,811)	(5,536,811)	0
Net Change In Fund Balance	(3,305,671)	(2,100,638)	(1,393,712)	706,926
Fund Balance at Beginning of Year	6,690,067	6,690,067	6,690,067	0
Prior Year Encumbrances	236,021	236,021	236,021	0
Fund Balance at End of Year	$ 3,620,417	$ 4,825,450	$ 5,532,376	$ 706,926

See accompanying notes to the basic financial statements

Notes to the Required Supplemental Information
For the Year Ended December 31, 2015

NOTE 1 – BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the certificate of estimated resources and the appropriation ordinance, both of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by ordinance of the City Council.

A. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2015.

B. Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level. The appropriation ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of City Council. During 2015, 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.

Notes to the Required Supplemental Information
For the Year Ended December 31, 2015

NOTE 1 – BUDGETARY PROCESS (Continued)

C. Encumbrances

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

D. Lapsing of Appropriations

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

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Notes to the Required Supplemental Information
For the Year Ended December 31, 2015

NOTE 1 – BUDGETARY PROCESS (Continued)

E. Budgetary Basis of Accounting

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

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

Net Change In Fund Balance

	General Fund
GAAP Basis (as reported)	($948,868)
Increase (Decrease):	
Accrued Revenues at December 31, 2015 received during 2016	(2,514,003)
Accrued Revenues at December 31, 2014 received during 2015	2,787,587
Accrued Expenditures at December 31, 2014 paid during 2015	629,596
Accrued Expenditures at December 31, 2014 paid during 2015	(811,888)
2014 Prepaids for 2015	124,446
2015 Prepaids for 2016	(123,514)
2014 Mark to Market	(98,368)
2015 Mark to Market	91,585
2014 Off the Books Account	48,960
2015 Off the Books Account	(54,305)
Outstanding Encumbrances	(524,940)
Budget Basis	($1,393,712)

Schedule of City's Proportionate Share of the Net Pension Liability Last Two Years

Ohio Public Employees Retirement System

Year	2013	2014
City's proportion of the net pension liability (asset)	0.046948%	0.046948%
City's proportionate share of the net pension liability (asset)	$5,534,558	$5,662,454
City's covered-employee payroll	$6,702,723	$5,878,717
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	82.57%	96.32%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2013	2014
City's proportion of the net pension liability (asset)	0.2170836%	0.2170836%
City's proportionate share of the net pension liability (asset)	$10,572,652	$11,245,835
City's covered-employee payroll	$5,344,502	$4,461,974
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	197.82%	252.04%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.
Information prior to 2013 is not available.
The schedule is reported as of the measurement date of the Net Pension Liability.

Schedule of City Contributions
Last Three Years

Ohio Public Employees Retirement System

Year	2013	2014	2015
Contractually required contribution	$871,354	$705,446	$785,334
Contributions in relation to the contractually required contribution	871,354	705,446	785,334
Contribution deficiency (excess)	$0	$0	$0
City's covered-employee payroll	$6,702,723	$5,878,717	$6,544,450
Contributions as a percentage of covered-employee payroll	13.00%	12.00%	12.00%

Source: Finance Director's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	2013	2014	2015
Contractually required contribution	$912,841	$908,458	$930,535
Contributions in relation to the contractually required contribution	912,841	908,458	930,535
Contribution deficiency (excess)	$0	$0	$0
City's covered-employee payroll	$5,344,502	$4,461,974	$4,631,832
Contributions as a percentage of covered-employee payroll	17.08%	20.36%	20.09%

Source: Finance Director's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.
Information prior to 2013 is not available.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

City of Perrysburg
Wood County
201 West Indiana Avenue
Perrysburg, Ohio 43551

To the Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business type activities, each major fund, and the remaining fund information of the City of Perrysburg, Wood County, Ohio (the City) as of and for the year ended December 31, 2015, and the related notes to the financial statements which collectively comprise the City's basic financial statements and have issued our report thereon dated October 31, 2016, wherein we noted the City adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.*

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dave Yost
Auditor of State

Columbus, Ohio

October 31, 2016

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 17, 2016