

**PERRYSBURG EXEMPTED
VILLAGE SCHOOL DISTRICT**

BASIC FINANCIAL STATEMENTS

Year Ended June 30, 2007

With

Independent Auditors' Report



Mary Taylor, CPA
Auditor of State

Board of Education
Perrysburg Exempted Village School District
140 East Indiana Avenue
Perrysburg, Ohio 43551

We have reviewed the *Independent Auditors' Report* of the Perrysburg Exempted Village School District, Wood County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 2, 2008

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PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

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Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Perrysburg Exempted Village School District:

We have audited the accompanying financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the Perrysburg Exempted Village School District (the School District) as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2008 on our consideration of the Schools District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the budgetary comparison on pages 3 through 11 and 45 through 46, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of the School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Clark, Schaefer, Haskett & Co.

Cincinnati, Ohio
February 26, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This discussion and analysis provides key information from management highlighting the overall financial performance of the Perrysburg Exempted Village School District for the year ended June 30, 2007. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the School District's financial statements.

Financial Highlights

Major financial highlights for fiscal year 2007 are listed below:

- ✓ The assets of the School District exceeded its liabilities at year-end by \$11,572,193.
- ✓ In total, net assets increased by \$4,667,141.
- ✓ The School District had \$43,311,860 in expenses related to governmental activities; only \$2,060,518 of these expenses were offset by program specific charges for services, grants or contributions. General revenue of \$45,898,356, made up primarily of property taxes, income taxes and State Foundation payments, were used to provide for these programs.
- ✓ The General Fund balance increased by \$4,231,511 from (\$618,388) at June 30, 2006 to \$3,613,123 at June 30, 2007.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the School District's finances in a manner similar to a private-sector business.

The statement of net assets presents information on all of the School District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

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Management's Discussion and Analysis
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The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include instruction, support services, administration, operation and maintenance of plant, and extracurricular activities. The business-type activities of the School District include food services, preschool and other enterprise operations.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between government funds and governmental activities.

The School District accounts for its activities using many individual funds. The most significant funds are reported in separate columns in the governmental fund financial statements. These statements provide detailed information about the individual major funds – unlike the government-wide financial statements, which report on the School District as a whole. Some funds are required to be established by State law. Also, the School District may also establish separate funds to show that it is meeting legal requirements for using grants or other money.

Proprietary funds. The School District utilizes enterprise funds, which report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same information as the government-wide financial statements, only in more detail.

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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 statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information concerning the budget for the General Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A. Net assets at year-end

The following table presents a condensed summary of the School District's overall financial position at June 30, 2007:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY07</u>	<u>FY06</u>	<u>FY07</u>	<u>FY06</u>	<u>FY07</u>	<u>FY06</u>
Current and other assets	\$ 31,918,504	34,031,527	499,180	408,489	32,417,684	34,440,016
Capital assets	43,923,194	43,598,423	410,722	470,447	44,333,916	44,068,870
Total assets	<u>75,841,698</u>	<u>77,629,950</u>	<u>909,902</u>	<u>878,936</u>	<u>76,751,600</u>	<u>78,508,886</u>
Long-term liabilities	40,183,713	40,994,501	58,041	52,419	40,241,754	41,046,920
Other liabilities	24,781,342	30,405,820	156,311	151,094	24,937,653	30,556,914
Total liabilities	<u>64,965,055</u>	<u>71,400,321</u>	<u>214,352</u>	<u>203,513</u>	<u>65,179,407</u>	<u>71,603,834</u>
Net assets:						
Invested in capital assets, net of debt	8,664,207	7,105,418	410,722	470,447	9,074,929	7,575,865
Restricted:						
For capital purposes	982,967	932,600	-	-	982,967	932,600
Other purposes	2,093,200	1,464,497	-	-	2,093,200	1,464,497
Unrestricted	(863,731)	(3,272,886)	284,828	204,976	(578,903)	(3,067,910)
Total net assets	<u>\$ 10,876,643</u>	<u>6,229,629</u>	<u>695,550</u>	<u>675,423</u>	<u>11,572,193</u>	<u>6,905,052</u>

Current assets decreased by approximately \$2.1 million primarily due to a decrease in cash of \$270,000 and the decline of recognizable taxes receivable of \$1,600,000. Long-term liabilities declined due to scheduled debt payments. Other liabilities declined by about \$5.6 million. The School District's accounts payable accounted for approximately \$400,000 of that amount with deferred revenue accounting for the difference of \$5.2 million. The deferred revenue is the offset of the taxes receivable decline and an increase in the amount available for advance from the county Auditor at year-end. The amount available for advance was \$1.5 million on June 30, 2006 but was \$5.2 million on June 30, 2007. That increase of \$3.7 million is recognized as revenue and conversely less as deferred revenue. The county could not supply a justifiable explanation as to the amount of the difference from one year to the next. A change in their software and how things are recognized along with the simple fact that more tax receipts could have been available at that particular time were some of the reasons given.

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B. Governmental and Business-type Activities during fiscal year 2007

The following table presents a condensed summary of the School District's activities during fiscal year 2007 and the resulting change in net assets:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY07</u>	<u>FY06</u>	<u>FY07</u>	<u>FY06</u>	<u>FY07</u>	<u>FY06</u>
Revenues:						
Program revenues:						
Charges for services and sales	\$ 525,763	491,016	1,527,215	1,495,253	2,052,978	1,986,269
Operating grants and contributions	1,491,517	1,442,184	267,164	207,202	1,758,681	1,649,386
Capital grants and contributions	<u>43,238</u>	<u>9,511</u>	<u>-</u>	<u>-</u>	<u>43,238</u>	<u>9,511</u>
Total program revenues	<u>2,060,518</u>	<u>1,942,711</u>	<u>1,794,379</u>	<u>1,702,455</u>	<u>3,854,897</u>	<u>3,645,166</u>
General revenues:						
Property taxes	27,567,306	23,190,111	-	-	27,567,306	23,190,111
Income taxes	5,008,562	4,265,989	-	-	5,008,562	4,265,989
Grants and entitlements	11,881,351	11,140,570	-	-	11,881,351	11,140,570
Investment earnings	416,684	300,225	-	-	416,684	300,225
Miscellaneous	<u>1,024,453</u>	<u>1,200,270</u>	<u>-</u>	<u>-</u>	<u>1,024,453</u>	<u>1,200,270</u>
Total general revenues	<u>45,898,356</u>	<u>40,097,165</u>	<u>-</u>	<u>-</u>	<u>45,898,356</u>	<u>40,097,165</u>
Total revenues	<u>47,958,874</u>	<u>42,039,876</u>	<u>1,794,379</u>	<u>1,702,455</u>	<u>49,753,253</u>	<u>43,742,331</u>
Expenses:						
Instruction	26,193,945	24,721,279	-	-	26,193,945	24,721,279
Support services:						
Pupil	1,951,593	2,122,516	-	-	1,951,593	2,122,516
Instructional staff	807,625	719,610	-	-	807,625	719,610
Board of Education	44,539	36,496	-	-	44,539	36,496
Administration	2,765,777	2,703,244	-	-	2,765,777	2,703,244
Fiscal	893,948	930,981	-	-	893,948	930,981
Business	180,743	159,120	-	-	180,743	159,120
Operation and maintenance of plant	4,513,488	6,139,211	-	-	4,513,488	6,139,211
Pupil transportation	1,701,637	1,833,953	-	-	1,701,637	1,833,953
Central	933,501	520,276	-	-	933,501	520,276
Non-instructional services	1,820,243	1,686,604	-	-	1,820,243	1,686,604
Interest and fiscal charges	1,504,821	1,731,026	-	-	1,504,821	1,731,026
Food services	-	-	1,570,195	1,569,386	1,570,195	1,569,386
Other enterprise	-	-	<u>204,057</u>	<u>199,440</u>	<u>204,057</u>	<u>199,440</u>
Adult education	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>43,311,860</u>	<u>43,304,316</u>	<u>1,774,252</u>	<u>1,768,826</u>	<u>45,086,112</u>	<u>45,073,142</u>
Change in net assets	\$ <u>4,647,014</u>	<u>(1,264,440)</u>	<u>20,127</u>	<u>(66,371)</u>	<u>4,667,141</u>	<u>(1,330,811)</u>

Of the total governmental activities revenues of \$47,958,874, \$2,060,518 (4%) is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, 71% (\$32,575,868) comes from income taxes and property tax levies and 26% (\$11,881,351) is from state funding. The School District's operations are reliant upon its income tax and property tax levy as well as the state's foundation program.

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Revenues increased approximately \$5.9 million due to increases in property taxes of \$4.4 million, approximately \$740,000 in income taxes and approximately \$740,000 in grants and entitlements. The primary factor for the increase in property taxes was the \$3.7 million increase in amount available for advance at year-end and thus, the amount recognized as revenue discussed above.

Governmental Activities

The following table presents the total cost of each of the government's primary services, and the comparative net cost after deducting the revenues generated by each function. Approximately 5% of the cost of the general government programs was recouped in program revenues. Instruction costs were \$26,193,945 but program revenue contributed to fund 3% of those costs. Thus, general revenues of \$25,351,471 were used to support of remainder of the instruction costs.

The School District's governmental activities net assets increased by \$4,647,014 due primarily to the increase in income and property taxes collected and the amount that was recognized as available for advances.

Governmental Activities

		<u>Total Cost of Services</u>	<u>Program Revenue</u>	<u>Revenues as a % of Total Costs</u>	<u>Net Cost of Services</u>
Instruction	\$	26,193,945	842,474	3%	25,351,471
Support services		13,792,851	398,933	3%	13,393,918
Non-instructional services		1,820,243	819,111	45%	1,001,132
Interest and fiscal charges		<u>1,504,821</u>	<u>-</u>	0%	<u>1,504,821</u>
Total	\$	<u>43,311,860</u>	<u>2,060,518</u>	<u>5%</u>	<u>41,251,342</u>

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Business-type Activities

Net assets of the business-type activities increased by \$20,127 primarily due to normal operations. The following table presents the total cost of each of the School District's business segments and the net cost after deducting the revenues generated by each segment. Charges and operating grants paid for 101% of the costs of Food Services.

Business-type Activities					
		<u>Total Cost of Services</u>	<u>Program Revenue</u>	<u>Revenues as a % of Total Costs</u>	<u>Net Cost (Revenue) of Services</u>
Food services	\$	1,570,195	1,586,506	101%	(16,311)
Other enterprise		<u>204,057</u>	<u>207,873</u>	<u>102%</u>	<u>(3,816)</u>
Total	\$	<u>1,774,252</u>	<u>1,794,379</u>	<u>101%</u>	<u>(20,127)</u>

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S INDIVIDUAL FUNDS

Governmental funds

The School District has two major governmental funds: the General Fund and Debt Service Fund. Assets of these funds comprise \$29,342,363 (91%) of the total \$32,398,639 governmental funds assets.

General Fund. The fund balance at June 30, 2007 was \$3,613,123. There were a number of reasons for the increase in fund balance of \$4,231,511. Overall revenues increased at a faster rate than expenditures for 2007. The School District experienced significant increases in the area of local property taxes, income taxes and the reimbursement from the state for the losses in tangible personal property.

Debt Service Fund. The debt service fund is used to retire general obligation bond principal and interest. The fund balance at June 30, 2007 was \$1,822,853. This fund is totally dependent on local tax collections. The amount of taxes assessed is determined by the outstanding general obligation debt of the School District. The balance carried forward from one year to the next is to account for unforeseen delinquencies.

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GENERAL FUND BUDGETARY HIGHLIGHTS

The schedule comparing the School District's original and final budgets and actual results are included in the required supplementary information. There were no significant differences between the original and final budget. Original budgeted revenues were adjusted down by approximately \$153,000 or approximately .4%. Actual revenues exceeded the final budget by approximately \$654,000 or less than 2%. On the expenditure side, the final budget was approximately \$306,000, or less than 1%, greater than originally budgeted while actual expenditures were about 1.4% less than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At June 30, 2007, the School District had \$44,333,916 invested in a broad range of capital assets, including land, buildings, equipment and vehicles. The total increase in the School District's investment in capital assets for the current fiscal year was less than 1%. See Note 5 to the financial statements for more detail.

**Capital Assets at Year-End
(Net of Depreciation)**

	Governmental	Business-type	Total
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Land	\$ 1,043,788	-	1,043,788
Land improvements	1,027,607	-	1,027,607
Buildings and improvements	39,333,401	-	39,333,401
Furniture and equipment	1,769,425	410,722	2,180,147
Vehicles	<u>748,973</u>	<u>-</u>	<u>748,973</u>
Total	\$ <u><u>43,923,194</u></u>	<u><u>410,722</u></u>	<u><u>44,333,916</u></u>

The School District purchased a building for \$750,000 to house its maintenance operations. Also, the School District purchased items primarily in the area of technology. Inside millage was moved from the general fund to a permanent improvement fund designated specifically for technology allowing the School District to enhance technology in the classroom.

Debt

The total general obligation bonds outstanding at year-end were \$35,258,987. These bonds were issued primarily for the construction of the High School and significant renovations of other schools. See Note 10 to the financial statements.

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ECONOMIC FACTORS

The School District continues to prosper from the growth effects of various revenue sources created from diverse and creative planning. Revenue continues to grow as a result of real estate taxes, income taxes and an aggressive investment program. Revenue grew by thirteen point seven four (13.74%) percent from fiscal year 2006.

The results of the emergency levy approved by residents in May of 2004, the effects of the School District reaching the twenty mill floor and being able to experience the growth of tax dollars as valuations grow continue to provide some additional stability to the School District's financial picture.

The School District's income tax collection increased by over seventeen (17.41%) percent during fiscal year 2007. The community continues to grow and as a result creating a larger tax base of taxpaying residents. The department of taxation has also developed more aggressive measures to track and monitor district income taxes and those that should be paying.

Expenditures have actually decreased since 2006. A more structured budgeting process was developed and implemented. Board committees were utilized in terms of the approval and implementation of various district programs and the costs associated with those programs. Retirements and the replacement of a more experienced work force with a new, less expensive staff has also kept expenditure levels down.

Instructional programs continue to be the primary focus of the School District's administrative team. The Waterford curriculum was purchased in the spring of 2005 with implementation in the 2005-06 school years. That program was totally paid for in fiscal year 2006. The School District continued to move forward with its reading initiative by purchasing the FastForward reading program for second graders. This program was placed in the elementary buildings for the 2006-07 school year. Costs for services for students with special needs continue to rise. The School District reviews these services on an annual basis to review their effectiveness for services and costs.

The School District continues to grow in every aspect of economic development. Housing starts are up and evident as new subdivisions are platted and building is rampant throughout the district. With that comes real estate revenue from new construction along with incomes subject to the School District income tax on residents.

Owens Illinois opened their \$20,000,000 world headquarters earlier this year thus enticing continued growth to the Levis Commons area. The continuous construction of Brownstone apartments and condominiums along with the construction of a hotel and conference center to meet the needs of OI executives promotes that area as one of the finest and fastest developing areas in Northwest Ohio.

A number of tax abatements were negotiated over the last year with new companies and existing companies expanding operations throughout the Perrysburg School District.

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The Downtown Business Association continues to move forward with plans of renovations and revitalization of the downtown business area to retain the interest that the downtown has always had - a small town atmosphere with all of the amenities.

The City of Perrysburg completed the process of updating the city's strategic plan. This process has involved the school district along with a number of community members and civic organizations. We look forward to moving through that process with the city and the positive impact that it will have on the School District.

Growth continues on the east side of our community with the addition of a Wal-Mart, Best Buy, Bed, Bath and Beyond and numerous other retail stores. While this will not have an impact on our property tax base due to the fact that most of those enhancements are in the Rossford School District, our community as a whole continues to grow and prosper making Perrysburg a very attractive place to live and raise children.

REQUESTS FOR ADDITIONAL INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's office at the Perrysburg Exempted Village School District, 140 E. Indiana Ave., Perrysburg, OH 43551.

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PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Net Assets

June 30, 2007

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Digital Academy
Assets:				
Cash and investments	\$ 3,823,946	489,314	4,313,260	87,322
Receivables:				
Taxes	27,577,570	-	27,577,570	-
Accounts	55,601	-	55,601	-
Intergovernmental	223,727	-	223,727	-
Supplies inventory	-	9,866	9,866	-
Prepays	16,182	-	16,182	14,079
Restricted cash	137,211	-	137,211	-
Deferred charges	84,267	-	84,267	-
Nondepreciable capital assets	1,043,788	-	1,043,788	-
Depreciable capital assets, net	<u>42,879,406</u>	<u>410,722</u>	<u>43,290,128</u>	<u>20,896</u>
Total assets	<u>75,841,698</u>	<u>909,902</u>	<u>76,751,600</u>	<u>122,297</u>
Liabilities:				
Accounts payable	386,789	4,692	391,481	123,993
Accrued wages and benefits	3,973,524	90,876	4,064,400	-
Intergovernmental payable	824,574	60,743	885,317	-
Unearned revenue	19,459,836	-	19,459,836	-
Accrued interest payable	136,619	-	136,619	-
Noncurrent liabilities:				
Due within one year	1,885,059	3,797	1,888,856	-
Due within more than one year	<u>38,298,654</u>	<u>54,244</u>	<u>38,352,898</u>	<u>-</u>
Total liabilities	<u>64,965,055</u>	<u>214,352</u>	<u>65,179,407</u>	<u>123,993</u>
Net Assets:				
Invested in capital assets, net of related debt	8,664,207	410,722	9,074,929	20,896
Restricted for:				
Capital projects	982,967	-	982,967	-
Other purposes	2,093,200	-	2,093,200	7,529
Unrestricted	<u>(863,731)</u>	<u>284,828</u>	<u>(578,903)</u>	<u>(30,121)</u>
Total net assets	\$ <u>10,876,643</u>	<u>695,550</u>	<u>11,572,193</u>	<u>(1,696)</u>

See accompanying notes to the basic financial statements.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Activities
 Year Ended June 30, 2007

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction:				
Regular	\$ 22,444,784	62,730	66,358	-
Special education	3,460,020	-	713,386	-
Other instruction	289,141	-	-	-
Support services:				
Pupil	1,951,593	-	157,011	-
Instructional staff	807,625	-	109,756	-
Board of education	44,539	-	-	-
Administration	2,765,777	-	55,059	-
Fiscal	893,948	-	3,567	-
Business	180,743	-	-	-
Operation and maintenance of plant	4,513,488	-	9,002	-
Pupil transportation	1,701,637	-	-	43,238
Central	933,501	-	21,300	-
Non-instructional services:				
Extracurricular activities	1,428,747	463,033	-	-
Community service	391,496	-	356,078	-
Interest and fiscal charges	1,504,821	-	-	-
Total Governmental Activities	<u>43,311,860</u>	<u>525,763</u>	<u>1,491,517</u>	<u>43,238</u>
Business-Type Activities:				
Food service	1,570,195	1,319,342	267,164	-
Uniform school supplies	204,057	207,873	-	-
Total Business-Type Activities	<u>1,774,252</u>	<u>1,527,215</u>	<u>267,164</u>	<u>-</u>
Total primary government	\$ <u>45,086,112</u>	<u>2,052,978</u>	<u>1,758,681</u>	<u>43,238</u>
Component Unit:				
Digital Academy	\$ <u>345,078</u>	<u>-</u>	<u>14,416</u>	<u>-</u>

General Revenues:

- Property taxes, levied for general purposes
- Property taxes, levied for debt services
- Income taxes
- Grants and entitlements not restricted to specific programs
- Investment earnings
- Miscellaneous
- Total general revenues

- Change in net assets
- Net assets beginning of year
- Net assets end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and
Changes in Net Assets

	Primary Government		Component Unit	
	Governmental Activities	Business-Type Activities	Total	Digital Academy
\$	(22,315,696)	-	(22,315,696)	-
	(2,746,634)	-	(2,746,634)	-
	(289,141)	-	(289,141)	-
	(1,794,582)	-	(1,794,582)	-
	(697,869)	-	(697,869)	-
	(44,539)	-	(44,539)	-
	(2,710,718)	-	(2,710,718)	-
	(890,381)	-	(890,381)	-
	(180,743)	-	(180,743)	-
	(4,504,486)	-	(4,504,486)	-
	(1,658,399)	-	(1,658,399)	-
	(912,201)	-	(912,201)	-
	-	-	-	-
	(965,714)	-	(965,714)	-
	(35,418)	-	(35,418)	-
	(1,504,821)	-	(1,504,821)	-
	(41,251,342)	-	(41,251,342)	-
	-	16,311	16,311	-
	-	3,816	3,816	-
	-	20,127	20,127	-
	(41,251,342)	20,127	(41,231,215)	-
	-	-	-	(330,662)
	24,613,087	-	24,613,087	-
	2,954,219	-	2,954,219	-
	5,008,562	-	5,008,562	-
	11,881,351	-	11,881,351	317,107
	416,684	-	416,684	-
	1,024,453	-	1,024,453	6,607
	45,898,356	-	45,898,356	323,714
	4,647,014	20,127	4,667,141	(6,948)
	6,229,629	675,423	6,905,052	5,252
\$	10,876,643	695,550	11,572,193	(1,696)

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Balance Sheet
 Governmental Funds
 June 30, 2007

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and investments	\$ 1,415,032	1,240,444	1,168,470	3,823,946
Restricted cash	137,211	-	-	137,211
Receivables:				
Taxes	23,344,403	2,569,660	1,663,507	27,577,570
Accounts	55,601	-	-	55,601
Intergovernmental	-	-	223,727	223,727
Prepays	15,610	-	572	16,182
Interfund receivable	564,402	-	-	564,402
Total assets	<u>25,532,259</u>	<u>3,810,104</u>	<u>3,056,276</u>	<u>32,398,639</u>
Liabilities:				
Accounts payable	153,885	-	232,904	386,789
Accrued wages and benefits	3,857,645	-	115,879	3,973,524
Intergovernmental payable	806,578	-	17,996	824,574
Interfund payable	-	-	564,402	564,402
Compensated absences payable	174,428	-	-	174,428
Deferred revenue	16,926,600	1,987,251	1,391,653	20,305,504
Total liabilities	<u>21,919,136</u>	<u>1,987,251</u>	<u>2,322,834</u>	<u>26,229,221</u>
Fund Balances:				
Reserved for:				
Encumbrances	197,711	-	457,630	655,341
Budget stabilization	137,211	-	-	137,211
Property taxes	4,238,216	582,409	361,378	5,182,003
Prepays	15,610	-	572	16,182
Debt service	-	1,240,444	-	1,240,444
Unreserved, reported in:				
General Fund	(975,625)	-	-	(975,625)
Special Revenue Funds	-	-	404,399	404,399
Capital Projects Funds	-	-	(490,537)	(490,537)
Total fund balances	<u>3,613,123</u>	<u>1,822,853</u>	<u>733,442</u>	<u>6,169,418</u>
Total liabilities and fund balances	<u>\$ 25,532,259</u>	<u>3,810,104</u>	<u>3,056,276</u>	<u>32,398,639</u>

See accompanying notes to the basic financial statements.

Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2007

Total Governmental Fund Balances		\$ 6,169,418
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		43,923,194
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds.		845,668
Bond issuance costs are not capitalized in the funds.		84,267
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	35,258,987	
Lease purchase agreement	315,826	
Compensated absences	3,704,613	
Early retirement incentive payable	729,859	
Accrued interest payable	136,619	(40,145,904)
Net Assets of Governmental Activities		\$ <u>10,876,643</u>

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2007

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 28,198,798	2,974,063	1,872,716	33,045,577
Tuition and fees	62,730	-	-	62,730
Interest	416,684	-	-	416,684
Intergovernmental	11,406,922	326,672	1,736,749	13,470,343
Other local revenues	765,798	-	920,481	1,686,279
Total revenues	<u>40,850,932</u>	<u>3,300,735</u>	<u>4,529,946</u>	<u>48,681,613</u>
Expenditures:				
Current:				
Instruction:				
Regular	20,959,108	-	104,376	21,063,484
Special education	2,614,791	-	703,232	3,318,023
Other instruction	273,642	-	-	273,642
Support services:				
Pupil	1,698,818	-	158,281	1,857,099
Instructional staff	660,124	-	111,273	771,397
Board of Education	44,539	-	-	44,539
Administration	2,511,030	-	54,817	2,565,847
Fiscal	794,602	32,675	23,338	850,615
Business	170,659	-	-	170,659
Operation and maintenance of plant	4,049,423	-	1,327,493	5,376,916
Pupil transportation	1,630,070	-	170,606	1,800,676
Central	646,624	-	517,188	1,163,812
Non-instructional services:				
Extracurricular activities	783,743	-	602,221	1,385,964
Community service	25,664	-	364,512	390,176
Capital outlay	47,028	-	747,776	794,804
Debt Service:				
Principal	23,744	1,200,000	-	1,223,744
Interest and fiscal charges	1,638	1,508,966	-	1,510,604
Total expenditures	<u>36,935,247</u>	<u>2,741,641</u>	<u>4,885,113</u>	<u>44,562,001</u>
Excess of revenues over (under) expenditures	<u>3,915,685</u>	<u>559,094</u>	<u>(355,167)</u>	<u>4,119,612</u>
Other financing sources (uses):				
Proceeds from lease-purchase agreement	315,826	-	-	315,826
Net change in fund balance	4,231,511	559,094	(355,167)	4,435,438
Fund balance, beginning of year	(618,388)	1,263,759	1,088,609	1,733,980
Fund balance, end of year	<u>\$ 3,613,123</u>	<u>1,822,853</u>	<u>733,442</u>	<u>6,169,418</u>

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
June 30, 2007

Net Change in Fund Balances - Total Governmental Funds	\$	4,435,438
<p>Amounts reported for governmental activities in the statement of activities are different because</p> <p>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.</p>		
Capital outlay		2,336,604
Depreciation expense		(2,011,491)
<p>Repayment of bond principal is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net assets.</p>		1,223,744
<p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.</p>		5,827
<p>Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		(304,543)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		(722,397)
<p>In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by</p> <p>However, in the governmental funds, the proceeds from the sale increase financial the cost of the capital assets sold.</p>		(342)
<p>Proceeds from lease-purchase agreement are other financing sources in the funds but are increases in long-term liabilities in the statement of net assets.</p>		<u>(315,826)</u>
Change in Net Assets of Governmental Activities	\$	<u>4,647,014</u>

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Net Assets

Proprietary Funds

June 30, 2007

	<u>Nonmajor Enterprise Funds</u>
Assets:	
Current assets:	
Cash and investments	\$ 489,314
Supplies inventory	<u>9,866</u>
Total current assets	<u>499,180</u>
Noncurrent assets:	
Capital assets, net	<u>410,722</u>
Total assets	<u>909,902</u>
Liabilities:	
Current liabilities:	
Accounts payable	4,692
Accrued wages	90,876
Intergovernmental payable	60,743
Compensated absences	<u>3,797</u>
Total current liabilities	<u>160,108</u>
Noncurrent liabilities:	
Compensated absences	<u>54,244</u>
Total liabilities	<u>214,352</u>
Net Assets:	
Invested in capital assets, net of related debt	410,722
Unrestricted	<u>284,828</u>
Total net assets	<u>\$ 695,550</u>

See accompanying notes to the basic financial statements.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Assets

Proprietary Funds

Year Ended June 30, 2007

	<u>Nonmajor Enterprise Funds</u>
Operating revenues:	
Charges for services	\$ 1,527,215
Operating grants	<u>245,406</u>
Total operating revenues	<u>1,772,621</u>
Operating expenses:	
Salaries and wages	541,742
Fringe benefits	216,467
Contractual services	83,330
Materials and supplies	858,314
Depreciation	60,511
Other expenses	<u>13,888</u>
Total operating expenses	<u>1,774,252</u>
Operating loss	(1,631)
Nonoperating revenues:	
Interest income	<u>21,758</u>
Net income	20,127
Net assets, beginning of year	<u>675,423</u>
Net assets, end of year	\$ <u><u>695,550</u></u>

See accompanying notes to the basic financial statements.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2007

	<u>Nonmajor Enterprise Funds</u>
Cash flows from operating activities:	
Cash received from customers	\$ 1,527,116
Cash received from operating grants	170,848
Cash payments for personal services	(744,441)
Cash payments for contract services	(83,303)
Cash payments for supplies and materials	(785,339)
Cash payments for other expenses	<u>(13,789)</u>
Net cash provided by operating activities	<u>71,092</u>
Cash flows from noncapital financing activities:	
Interfund loan (repayment)	<u>(1,643)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(786)</u>
Cash flows from investing activities:	
Investment income	<u>21,758</u>
Net increase in cash and cash equivalents	90,421
Cash and cash equivalents at beginning of year	<u>398,893</u>
Cash and cash equivalents at end of year	\$ <u><u>489,314</u></u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	(1,631)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	60,511
Changes in assets and liabilities:	
Accounts payable	(2,929)
Supplies inventory	(106)
Prepays	1,479
Accrued wages and benefits	(461)
Intergovernmental payable	8,607
Compensated absences payable	<u>5,622</u>
Net cash provided by operating activities	\$ <u><u>71,092</u></u>

See accompanying notes to the basic financial statements.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Net Assets

Fiduciary Funds

June 30, 2007

		Private Purpose Trusts	Agency Funds
ASSETS			
Cash and investments	\$	<u>415,399</u>	<u>94,175</u>
Total assets		<u>415,399</u>	<u>94,175</u>
LIABILITIES			
Accounts payable		1,258	-
Due to student groups		<u>-</u>	<u>94,175</u>
Total liabilities		<u>1,258</u>	<u>94,175</u>
NET ASSETS			
Held in trust	\$	<u>414,141</u>	

See accompanying notes to the basic financial statements.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Statement of Changes in Net Assets

Fiduciary Funds

Year Ended June 30, 2007

	<u>Private- Purpose Trust Funds</u>
Additions:	
Contributions	\$ 30,150
Interest	<u>20,176</u>
Total additions	<u>50,326</u>
Deductions:	
Community gifts, awards and scholarships	<u>50,555</u>
Total deductions	<u>50,555</u>
Change in net assets	(229)
Net assets, beginning of year	<u>414,370</u>
Net assets, end of year	\$ <u><u>414,141</u></u>

See accompanying notes to the basic financial statements.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Perrysburg Exempted Village School District (the "School District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued prior to December 1, 1989 in its government-wide and proprietary financial statements provided they do not conflict with or contradict GASB pronouncements. The School District has elected not to follow subsequent guidance for its business-type activities and enterprise funds. The more significant of the School District's accounting policies are described below.

A. Reporting Entity

The School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal guidelines. This Board controls the School District's instructional and support facilities to provide services to students and other community members.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financials are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. This includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes.

A discretely presented component unit is reported in a separate column in the government-wide financial statements (see below for description) to emphasize that it is legally separate from the government.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2007

Perrysburg Digital Academy. The Perrysburg Digital Academy (the Academy), is a legally separate nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy, under a contractual agreement with the School District, provides a comprehensive educational program of high quality, tied to state and national standards, which can be delivered to students in the K-12 population entirely through distance learning technologies. It is operated in cooperation with the School District to provide an innovative and cost-effective solution to the special problems of disabled students, students removed from school for disciplinary reasons, students needing advanced or specialized courses which are not available locally, and others, including home-schooled students. The School District appoints the seven-member Board. Separately issued financial statements can be obtained from Perrysburg Digital Academy, 140 E. Indiana Avenue, Perrysburg, Ohio 43551. See Note 12 for further discussion.

Also, the following activity is included within the reporting entity:

Parochial School - Within the School District boundaries, St. Rose School is operated through the Toledo Catholic Archdiocese. Current State legislation provides funding to this parochial school, which is received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. The administration of the State monies by the School District is reflected in a special revenue fund for financial reporting purposes.

The School District is associated with four organizations, two of which are jointly governed organizations and two are insurance purchasing pools. These organizations are the Northern Ohio Educational Computer Association, the Penta County Joint Vocational School, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Wood County Schools Benefit Plan. The organizations are presented in Notes 12 and 13 to the basic financial statements.

B. Basis of Presentation

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financials activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which the governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2007

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 School District and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore 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 School District, 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 School District.

Fund Financial Statements Fund financial statements report detailed information about the School District. The focus of governmental and proprietary 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. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary funds and fiduciary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total assets.

Operating revenues and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. **Fund Accounting**

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are grouped into the categories governmental, proprietary, and fiduciary.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2007

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

General Fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Proprietary funds are used to account for the School District's ongoing activities that are similar to those found in the private sector where the intent of the governing body is that the cost of providing goods and services to the general public be financed or recovered primarily through user charges. The School District has no major proprietary funds.

Fiduciary Funds report on net assets and changes in net assets. The School District's fiduciary funds consist of a private-purpose trust fund and agency funds. The School District's only private-purpose trust fund accounts for scholarship programs for students. These assets are not available for the School District's use. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made.

The modified accrual basis of accounting is used by the governmental funds and agency funds. On a modified accrual basis, revenues are recorded when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end. Under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, interest, tuition, student fees, and grants.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable except for unmatured principal and interest on general long-term debt which is recognized when due. Allocations of cost, such as depreciation, are not recognized in the governmental funds.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2007

Government-wide financial statements are prepared using the accrual basis of accounting. Also, proprietary funds and private-purpose trust fund utilize accrual accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues - Exchange and Non-exchange transactions. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the School District receives value without directly giving value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes were levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Deferred Revenue Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Property taxes measurable as of June 30, 2007, which are intended to finance fiscal year 2008 operations, have been recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

E. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Cash and Investments".

During fiscal year 2007, the School District's investments were limited to certificates of deposit and the State Treasury Assets Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2007.

The Governmental Accounting Standards Board Statement No. 31 (GASB 31), "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", requires that investments, with certain exceptions, be recorded at their fair value and that changes in the fair value be reported in the operating statement. The School District recorded investments held at June 30, 2007 at fair value.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2007

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund, during fiscal year 2007 amounted to \$416,684 including amounts assigned from other funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at purchase are considered to be cash equivalents.

F. Inventory

Inventories of governmental funds are stated at cost while inventories of the enterprise funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories of the enterprise funds consist of donated food, purchased food, and non-food supplies held for resale and are expensed when used.

G. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type columns in the government-wide financial statements. The School District defines capital assets as those with an individual cost of more than \$500 and an estimated useful life in excess of one year. All capital assets are capitalized at cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at their estimated fair values as of the date received. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are reported as expenditures of the current period in the governmental fund financial statements.

All reported capital assets except land are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Buildings	50 years
Land improvements	20 years
Building improvements	20 - 30 years
Equipment and furniture other than vehicles	5-20 years
Vehicles	10 years

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2007

H. Interfund Balances

On fund financials, receivables and payables resulting from short-term interfund loans are classified as "interfund receivable/payable." These amounts are eliminated in the governmental activities column of the statement of net assets.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, a liability is recorded only for the portion of unpaid compensated absences that has matured, for example, as a result of employee resignations and retirements.

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources with the exception of compensated absences as noted above.

K. Fund Balance Reserves

The School District records reservations for portions of fund equity that are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balances indicates that portion of fund equity that is available for appropriation in future periods. Fund equity reserves are established for encumbrances, property taxes, prepaids, debt service and budget reserve set-asides.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statutes.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2007

The reserve for budget stabilization represents money set-aside to protect against cyclical changes in revenues and expenditures.

L. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. A corresponding fund balance reserve has also been established.

M. Net Assets

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

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

N. 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.

2. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2007

maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts. Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies are permitted to be deposited or invested in the following securities:

1. 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;
2. Bonds, notes, debentures, or any other obligations or securities issued by the federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. 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;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments described in this division are made through eligible institutions;
6. The State Treasurer's investment pool (STAROhio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed 25% of the interim monies available for investment at any one time.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2007

The following information classifies investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and amended by GASB Statement No. 40 "Deposit and Investment Risk Disclosures":

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a custodial credit risk policy. At year-end, \$3,987,176 of the School District's bank balance of \$4,187,176 was exposed to custodial credit risk since it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

Investments

The School District's investment in STAROhio is not evidenced by securities that exist in physical or book entry form. Investments in STAR Ohio were rated AAAM by Standard & Poor's. The fair value of the School District's investment in STAROhio is \$1,443,537 at June 30, 2007.

3. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Public utility property taxes are assessed on tangible personal property at varying percentages of true value and on real property at 35% of true value.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2007

Tangible personal property taxes are levied after April 1 on the value as of December 31 of the current year. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2006 was 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Wood County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2007 are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes, which became measurable as of June 30, 2007. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

The assessed values upon which fiscal year 2007 taxes were collected are:

	<u>2006 Second- Half Collections</u>		<u>2007 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Residential/Agricultural	\$ 606,751,250	76.45%	619,580,230	78.10%
Commercial/Industrial	143,984,480	18.14%	140,411,620	17.70%
Public Utility Personal Property	10,959,310	1.38%	11,672,040	1.47%
General Personal Property	<u>31,974,763</u>	4.03%	<u>21,608,945</u>	2.72%
Total Assessed Value	\$ <u>793,669,803</u>	100.00%	<u>793,272,835</u>	100.00%
Tax rate per \$1,000 of assessed valuation		\$64.25		\$64.76

4. INCOME TAXES

In 1991, the voters of the School District passed a .5% school income tax on wages earned by residents of the School District. The taxes are collected by the State Department of Taxation in the same manner as the state income tax.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2007

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2007 was as follows:

	Balance 7/1/06	Additions	Disposals	Balance 6/30/07
Governmental Activities				
<i>Non-Depreciable</i>				
Land	\$ 1,043,788	-	-	1,043,788
<i>Depreciable</i>				
Land improvements	3,024,037	-	-	3,024,037
Buildings and improvements	57,756,899	1,881,985	-	59,638,884
Furniture and equipment	8,340,483	265,799	(118,939)	8,487,343
Vehicles	2,470,205	188,820	(50,417)	2,608,608
Subtotal	<u>71,591,624</u>	<u>2,336,604</u>	<u>(169,356)</u>	<u>73,758,872</u>
Totals at historical cost	<u>72,635,412</u>	<u>2,336,604</u>	<u>(169,356)</u>	<u>74,802,660</u>
Less accumulated depreciation:				
Land improvements	1,858,806	137,624	-	1,996,430
Buildings and improvements	18,944,155	1,361,328	-	20,305,483
Furniture and equipment	6,502,163	334,352	(118,597)	6,717,918
Vehicles	1,731,865	178,187	(50,417)	1,859,635
Total accumulated depreciation	<u>29,036,989</u>	<u>2,011,491</u>	<u>(169,014)</u>	<u>30,879,466</u>
Capital assets, net	<u>\$ 43,598,423</u>	<u>325,113</u>	<u>(342)</u>	<u>43,923,194</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,145,741
Special education	141,997
Other instruction	15,499
Support services:	
Pupil	94,494
Instructional staff	36,228
Administration	130,990
Fiscal	43,333
Business	10,084
Operation and maintenance of plant	223,753
Pupil transportation	89,781
Central	35,488
Extracurricular activities	42,783
Community service	1,320
Total depreciation expense	<u>\$ 2,011,491</u>

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2007

	Balance 7/1/06	Additions	Disposals	Balance 6/30/07
<i>Business-type Activities:</i>				
Furniture and equipment	\$ 1,195,672	786	-	1,196,458
Less accumulated depreciation	<u>725,225</u>	<u>60,511</u>	<u>-</u>	<u>785,736</u>
Capital assets, net	<u>\$ 470,447</u>	<u>(59,725)</u>	<u>-</u>	<u>410,722</u>

Depreciation expense of \$66,797 was charged to the food services segment.

6. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; and natural disasters for which the School District maintains comprehensive insurance with private carriers for real property, building contents, vehicles and general liability insurance. Vehicle policies include liability coverage for bodily injury and property damage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year.

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 13). The GRP is intended to reduce the School District's premium by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

7. DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SERS, 300 East Broad Street, Columbus, Ohio 43215, by calling (800) 878-5853 or by visiting the SERS website at www.ohsers.org.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2007

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate, which is currently 14% of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.58% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts by the SERS' Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 2007, 2006, and 2005 were approximately \$781,000, \$665,000 and \$712,000 respectively; 46% has been contributed for fiscal year 2007 and 100% for fiscal years 2006 and 2005.

State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basis retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (614) 227-4090, or by visiting the STRS Ohio web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan.

DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2007

For the fiscal year ended June 30, 2007, plan members are required to contribute 10% of their annual covered salaries. The School District was required to contribute 14%; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS Ohio, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the years ended June 30, 2007, 2006, and 2005 were \$2,676,000, \$2,444,000 and \$2,351,000 respectively; 83% has been contributed for fiscal year 2007 and 100% for fiscal years 2006 and 2005.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2007, members of the Board of Education have elected social security. The Board's liability is 6.2% of wages paid.

8. POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by state statute and are funded on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14% of covered payroll. For the year ended June 30, 2007, the board allocated employer contributions equal to 1.00% of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled approximately \$191,000 during fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2007 the balance in the fund was \$3.5 billion. For the fiscal year ended June 30, 2007, net health care costs paid by STRS Ohio were \$282.7 million and STRS had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability, and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2007

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.42 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay has been established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the fiscal year equaled approximately \$191,000.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150% of the projected claims less premium contributions for the next fiscal year. Expenses for health care for the year ended June 30, 2007 were \$158.8 million. \$200.6 At June 30, 2007, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has approximately 59,492 participants currently receiving health care benefits.

9. EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees, with one or more years of service, earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service. Sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement varies by classification. Certified and non-certified staff entitled to receive four days per year for each of the last ten years of School District service, plus an additional four days are added for each year in the last four years before retirement in which the teacher completed the year with their maximum days of accumulated but unused sick leave. Administrative staff is entitled to the greater of 72 days or to receive four days per year for each of the last four years of School District service, plus one-fourth of their total accumulated sick leave.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2007

10. LONG-TERM LIABILITIES

The changes in the School District's government activities long-term liabilities during fiscal year 2007 were as follows:

	Balance			Balance	Amounts
	<u>7/1/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>6/30/07</u>	<u>Due in</u>
					<u>One Year</u>
General obligation bonds	\$ 36,398,294	-	(1,223,744)	35,174,550	1,339,550
Less deferred amounts:					
For issuance premiums	314,119	-	(34,268)	279,851	-
On refunding	<u>(219,408)</u>	<u>-</u>	<u>23,994</u>	<u>(195,414)</u>	<u>-</u>
Total bonds payable	36,493,005	-	(1,234,018)	35,258,987	1,339,550
Lease-purchase agreement	-	315,826	-	315,826	100,509
Early retirement incentive	681,673	173,310	(125,124)	729,859	162,659
Compensated absences	<u>3,819,823</u>	<u>517,900</u>	<u>(458,682)</u>	<u>3,879,041</u>	<u>282,341</u>
 Total	 \$ <u>40,994,501</u>	 <u>1,007,036</u>	 <u>(1,817,824)</u>	 <u>40,183,713</u>	 <u>1,885,059</u>

General Obligation Bonds – These consist of four separate bond issues. In February 1999, the School District issued \$3,000,000 of bonds at an interest rate of 5.18%, of which, \$2,200,000 is outstanding at June 30, 2007 and will fully mature in December 2025. The School District issued \$36,300,000 of bonds in April 1999 at an interest rate of 4.98%, of which, at June 30, 2007, \$27,805,000 is outstanding and will fully mature in December 2025. The School District issued unvoted school equipment bonds in the amount of \$115,000 on February 5, 2003. These bonds pay interest at 3.39% and fully mature in January 2008. Finally, on September 1, 2003, School District issued \$6,035,000 of general obligation refunding bonds of which \$5,145,000 is outstanding at June 30, 2007. These bonds pay interest at 4.9% and mature in December 2015.

Starting in 2006, the School District offered an early retirement incentive to employees which consisted of annual payments for a period of five years. Those liabilities have been recorded at their net present value using a discount rate of 4%. These liabilities will be paid from the General Fund. Compensated absences will be also be paid primarily by the General Fund.

In July 2006, the School District signed a lease-purchase agreement with a financial institution for the purchase of software and site licenses. The lease-purchase agreement pays interest at 4.67% and matures in July 2009.

The School District's voted legal debt margin was \$36,244,555 with an unvoted debt margin of \$768,723 at June 30, 2007.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2007

The changes in the School District's business-type activities long-term liabilities during fiscal year 2007 were as follows:

	Balance <u>7/1/06</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/07</u>	Amounts Due in <u>One Year</u>
Compensated absences	\$ <u>52,419</u>	<u>9,595</u>	<u>(3,973)</u>	<u>58,041</u>	<u>3,797</u>

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2007, are:

Fiscal Year <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 1,339,550	1,636,908	2,976,458
2009	1,435,000	1,588,318	3,023,318
2010	1,565,000	1,532,818	3,097,818
2011	1,705,000	1,468,583	3,173,583
2012	1,860,000	1,394,883	3,254,883
2013-2017	9,540,000	6,498,104	16,038,104
2018-2022	8,210,000	3,493,809	11,703,809
2023-2026	<u>9,520,000</u>	<u>1,004,175</u>	<u>10,524,175</u>
Total	\$ <u>35,174,550</u>	<u>18,617,596</u>	<u>53,792,146</u>

Future minimum payments on the lease-purchase agreement at June 30, 2007 are:

Fiscal Year <u>Ending June 30,</u>	
2008	\$ 115,258
2009	115,258
2010	<u>115,258</u>
Total	345,774
Less amount representing interest	<u>(29,948)</u>
Present value of minimum lease payments	\$ <u>315,826</u>

11. PERRYSBURG DIGITAL ACADEMY

The Academy prepares its financials in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental nonprofit organizations. The preparation of the financial statements requires the use of estimates made by management.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2007

Deposits

At year-end, the Academy had a cash balance of \$87,322. The bank balance was \$202,830, of which \$100,000 was covered through the Federal Depository Insurance Corporation (FDIC). The remaining bank balance of \$102,830 was exposed to custodial credit risk since it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Academy's name.

Capital Assets

A summary of the capital assets as of June 30, 2007, is as follows:

	Balance 7/1/06	Additions	Disposals	Balance 6/30/07
Furniture and equipment	\$ 52,669	-	-	52,669
Less accumulated depreciation	21,239	10,534	-	31,773
Capital assets, net	\$ 31,430	(10,534)	-	20,896

Prior Period Adjustment

The Academy's intergovernmental receivables at June 30, 2006 were overstated by \$30,816. Thus, net assets as of June 30, 2006 of \$36,068 previously reported were restated to \$5,252.

12. JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Education Computer Association

The Northern Ohio Education Computer Association (NOECA) is a jointly governed organization among a seven-county consortium of school districts. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The Board of NOECA consists of one representative from each of the participating members. The School District paid approximately \$75,000 for services provided during the fiscal year. Complete financial statements for NOECA can be obtained at 2900 S. Columbus Avenue, Sandusky, Ohio 44870.

Penta Joint Vocational School District

Penta Joint Vocational School District (Penta), a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school district's elected board. The Board possesses its own budgeting and taxing authority as a separate body politic and corporate, established by the Ohio Revised Code. Penta was formed for the purpose of providing vocational education opportunities to the students of the member school districts, including the students of the School District. The School District has no ongoing financial interest in nor responsibility for Penta. To obtain financial information, write to Penta, at 30095 Oregon Road, Perrysburg, Ohio 43551.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2007

13. INSURANCE PURCHASING POOLS

Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The Wood County Schools Benefit Plan

The Wood County Schools Benefit Plan (the Plan), an insurance purchasing pool, currently operates as a common risk management and insurance program for 10 member school districts. It was formed to provide affordable and desirable dental, life, medical, and other disability group insurance for member's employees, eligible dependents and designated beneficiaries of such employees. The Board of Directors consists of one representative from each of the participating members. The School District pays annual premiums to the Plan, which in turns buys the insurance policies from various insurance companies. Upon termination, the School District shall be responsible for prompt payment of all plan liabilities accruing as a result of such termination and maintain no right to any assets of the Plan. The School District may terminate participation in the Plan for the benefit of its employees upon written notice to the Plan.

14. CONTINGENCIES

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2007.

Litigation

The School District is party to legal proceedings. The School District is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to the Basic Financial Statements

Year Ended June 30, 2007

15. REQUIRED SET-ASIDES

The School District is required by State Statute to annually set aside in the general fund an amount based on the statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The following cash basis information describes the change in the year-end set aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

		<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside balance as of June 30, 2006	\$	(504,156)	-	137,211
Current year set-aside requirement		635,675	635,675	-
Less qualifying disbursements and offsets		<u>(508,923)</u>	<u>(874,126)</u>	<u>-</u>
Total		<u><u>(377,404)</u></u>	<u><u>(238,451)</u></u>	<u><u>137,211</u></u>
Balance carried to FY2008		<u><u>(377,404)</u></u>	<u><u>-</u></u>	<u><u>137,211</u></u>
Cash balance as of June 30, 2007	\$	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>137,211</u></u>

Since the School District had offsets and qualifying disbursements during the year that reduced the set aside amount for textbooks and instructional materials to below zero, these extra amounts may be used to reduce the set aside requirements of future years. However, since the excess qualifying disbursements of the capital improvement set-aside may not be used to reduce the capital improvement set aside requirements of future years, only disbursements equaling the set-aside have been presented in the table above.

16. FUND BALANCE DEFICIT

At June 30, 2007, the Abatement Proceed capital projects fund had a deficit fund balance of \$563,956.

17. COLUMBIA GAS TRANSMISSION CORPORATION LAWSUIT

A lawsuit has been filed by the Columbia Gas Transmission Corporation (Corporation) arguing that the Corporation's public utility property tax assessment rate should be 25% of true value rather than the 88% used by the Tax Commissioner. The Board of Tax Appeals has agreed with the Corporation and the case has been appealed by the Tax Commissioner to the Ohio Supreme Court. The School District receives a significant amount of property tax from the Corporation. Should the Corporation prevail in the Ohio Supreme Court, it may be entitled to a refund from the School District based on the lower assessment beginning from tax year 2001. The amount of refund is estimated to be approximately \$34,000 per year. A portion of the refund may be recovered from additional State entitlement payments.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Schedule of Revenues, Expenditures and Changes in Fund
 Balance - Budget and Actual (Non-GAAP Budgetary Basis)
 General Fund
 Year Ended June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Revenues:				
Taxes	24,158,760	24,158,760	24,778,963	620,203
Tuition and fees	25,200	25,200	62,730	37,530
Interest	313,730	313,730	416,684	102,954
Intergovernmental	11,814,013	11,814,013	11,406,921	(407,092)
Other local revenues	655,398	502,672	803,298	300,626
Total revenues	<u>36,967,101</u>	<u>36,814,375</u>	<u>37,468,596</u>	<u>654,221</u>
Expenditures:				
Current:				
Instruction:				
Regular	21,018,569	21,064,538	21,001,172	63,366
Special education	2,463,187	2,539,098	2,669,904	(130,806)
Other instruction	323,724	336,137	283,815	52,322
Support services:				
Pupil	1,770,826	1,800,975	1,732,395	68,580
Instructional staff	680,780	681,126	665,643	15,483
Board of Education	54,563	55,063	53,853	1,210
Administration	2,574,770	2,608,413	2,413,413	195,000
Fiscal	819,928	817,003	798,880	18,123
Business	181,494	196,495	195,423	1,072
Operation and maintenance of plant	4,559,026	4,513,237	4,191,050	322,187
Pupil transportation	1,690,769	1,768,113	1,653,812	114,301
Central	362,567	425,394	652,669	(227,275)
Non-instructional services:				
Community services	45,288	45,288	24,175	21,113
Extracurricular activities	801,966	801,966	783,429	18,537
Capital outlay	46,720	47,070	47,028	42
Repayment of debt	26,500	26,500	25,382	1,118
Total expenditures	<u>37,420,677</u>	<u>37,726,416</u>	<u>37,192,043</u>	<u>534,373</u>
Excess of revenues over expenditures	(453,576)	(912,041)	276,553	1,188,594
Other financing sources (uses):				
Other sources	-	2,085	5,668	3,583
Transfers out	-	-	(7,000)	(7,000)
Advances in	12,000	12,000	1,643	(10,357)
Advances out	(25,000)	(25,000)	(1,605)	23,395
Total other financing sources (uses):	<u>(13,000)</u>	<u>(10,915)</u>	<u>(1,294)</u>	<u>9,621</u>
Net change in fund balance	(466,576)	(922,956)	275,259	1,198,215
Fund balance, beginning of year	1,069,453	1,069,453	1,069,453	
Prior year encumbrances appropriated	498,926	498,926	498,926	
Fund balance, end of year	<u>1,101,803</u>	<u>645,423</u>	<u>1,843,638</u>	

See accompanying notes to required supplemental information.

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Notes to Required Supplementary Information

Year Ended June 30, 2007

Note A Budgetary Basis of Accounting

While the District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP statements and the budgetary basis schedule:

	<u>General</u>
Net change in fund balance - GAAP Basis	\$ 4,231,511
Increase / (decrease):	
Due to revenues	(3,382,336)
Due to expenditures	890,894
Due to other sources (uses)	(317,120)
Due to encumbrances	<u>(1,147,690)</u>
Excess of revenues and other sources over (under) expenditures and other uses - Budget Basis	\$ <u>275,259</u>

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2007

<u>Federal Grantor/Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture:</u>				
(Passed through Ohio Department of Education)				
Food Distribution Program	n/a	10.550	\$ 74,558	74,558
National School Lunch Program	LL-P4	10.555	<u>167,338</u>	<u>167,338</u>
Total U.S. Department of Agriculture			<u>241,896</u>	<u>241,896</u>
 <u>U.S. Department of Education:</u>				
(Passed through Ohio Department of Education)				
Special Education - Grants to State	6B-SF	84.027	742,743	787,687
Safe and Drug Free Schools	DR-S1	84.186	7,753	7,703
Innovative Education Program Strategy	C2-S1	84.298	9,421	9,910
Title III Grant	T3-S2	84.365	48,001	47,279
Title II-A Improving Teacher Quality Grant	TR-S1	84.367	<u>78,218</u>	<u>82,942</u>
Total U.S. Department of Education			<u>886,136</u>	<u>935,521</u>
Total Federal Awards			\$ <u>1,128,032</u>	<u>1,177,417</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The Schedule of Expenditures of Federal Awards (the Schedule) is a summary of the activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed.



Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

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

To the Board of Education
Perrysburg Exempted Village School District:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Perrysburg Exempted Village School District (the School District) as of and for the year ended June 30, 2007, which collectively comprise the Schools District's basic financial statements and have issued our report thereon dated February 26, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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

We consider the deficiency labeled as 2007-1 and described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is a material weakness.

Compliance and Other Matters

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

We also noted certain matters that we reported to management of the School District in a separate letter February 26, 2008.

The Schools District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Schools District's response and accordingly, we express no opinion on it.

This report is intended solely for the information of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Cincinnati, Ohio
February 26, 2008



Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education
Perrysburg Exempted Village School District:

Compliance

We have audited the compliance of the Perrysburg Exempted Village School District (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Perrysburg Exempted Village School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Schools District's management. Our responsibility is to express an opinion on the Schools District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Schools District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Schools District's compliance with those requirements.

In our opinion, the Perrysburg Exempted Village School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control over Compliance

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Schools District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Schools District's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Schools District's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Clark, Schaefer, Hachett & Co.

Cincinnati, Ohio
February 26, 2008

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year Ended June 30, 2007

Section I - Summary of Auditors' Results

Financial Statements

Type of report issued on financial statements:	unqualified
Internal control over financial reporting:	
Material weakness(es) identified?	yes
Significant deficiency(ies) identified not considered to be material weakness(es)?	none
Noncompliance material to financial statements noted?	none

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	none
Significant deficiency(ies) identified not considered to be material weakness(es)?	none
Type of auditors' report issued on compliance for major programs:	unqualified
Any audit findings that are required to be reported in accordance with Circular A-133, Section .510(a)?	none
Identification of major programs:	
<i>CFDA 84.027 Title VI-B</i>	
Dollar threshold to distinguish between Type A and Type B Programs:	\$300,000
Auditee qualified as low-risk auditee?	yes

Section II - Financial Statement Findings

Finding 2007-1 – Audit Adjustments

During the course of our audit, we identified material misstatements in the financial statements for the year under audit that were not initially identified by the School District's internal control. Throughout the year, the School District maintains its books and records on the cash-basis of accounting and converts its financial statements at year-end to generally accepted accounting principles. The audit adjustments were necessary to correct errors in the School District's conversion process. A description of each adjustment follows:

- **Accounts Payables.** An audit adjustment was necessary to correct accounts payables in the financial statements. Accounts payable reported at June 30, 2007 were understated by approximately \$265,000.
- **Capital Assets.** An audit adjustment was necessary to correct the capitalization of a building purchased in June 30, 2007 for \$750,000. The School District omitted this item from its capital asset records.

Management response: Management concurs with the finding.

Section III - Federal Award Findings and Questioned Costs

None

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

Schedule of Prior Audit Findings

Year Ended June 30, 2007

The prior audit disclosed no instances of noncompliance with requirements of major federal programs. In addition, no significant deficiencies or material weaknesses with respect to internal controls over compliance with requirements that could have a direct and material effect on a major federal program were reported in the prior year.



Mary Taylor, CPA
Auditor of State

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

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
APRIL 15, 2008**