

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS  
*(AUDITED)***

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2009***

**BETH WINKHART, TREASURER**





Mary Taylor, CPA  
Auditor of State

Board of Education  
Perry Local School District  
4201 13th Street SW  
Massillon, Ohio 44646

We have reviewed the *Independent Auditor's Report* of the Perry Local School District, Stark County, prepared by Julian & Grube, Inc., for the audit period July 1, 2008 through June 30, 2009. 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 Perry Local School District is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 26, 2010

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**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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Independent Auditor's Report

Board of Education  
Perry Local School District  
4201 13th Street S. W.  
Massillon, OH 44646

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Perry Local School District, Stark County, Ohio, as of and for the fiscal year ended June 30, 2009, which collectively comprise Perry Local School District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Perry Local 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 *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Perry Local School District, Stark County, Ohio, as of June 30, 2009, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the fiscal 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 December 2, 2009, on our consideration of Perry Local School 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.

Independent Auditor's Report  
Perry Local School District  
Page Two

The management's discussion and analysis is not a required part of the basic financial statements but is 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 Perry Local School District's basic financial statements. The accompanying schedule of receipts and 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 Perry Local 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.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
December 2, 2009

**Perry Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*

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The discussion and analysis of the Perry Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2009 are as follows:

- ◆ In total, net assets of governmental activities increased \$3,160,189.
- ◆ Revenues for governmental activities totaled \$47,916,419 in 2009. Of this total, \$39,345,846, or approximately 82 percent consisted of general revenues while program revenues accounted for the balance of \$8,570,573, or approximately 18 percent.
- ◆ The School District had \$44,756,230 in expenses related to governmental activities; only \$8,570,573 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and school foundation) of \$39,345,846 were adequate to provide for these programs.
- ◆ Program expenses totaled \$44,756,230. Instructional expenses made up \$25,879,729 or 58 percent of this total while support services accounted for \$15,534,304 or 35 percent. Other expenses, \$3,342,197 rounded out the remaining 7 percent.
- ◆ Capital assets increased \$237,024 due to additional purchases exceeding current year depreciation.

**Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Perry Local School District as a whole entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Perry Local School District, the general fund is by far the most significant fund.



**Perry Local School District**  
*Management's Discussion and Analysis (Continued)*  
*For the Fiscal Year Ended June 30, 2009*

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***Reporting the School District as a Whole***

***Statement of Net Assets and the Statement of Activities***

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2009?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting basis used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's *net assets* and *changes in those assets*. This change in net assets is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, all of the School District's activities are classified as governmental. All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities as well as food services.

***Reporting the School District's Most Significant Funds***

***Fund Financial Statements***

The financial statements of the School District's major funds begins on page 13. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the permanent improvement capital projects fund.

***Governmental Funds***

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

**Perry Local School District**  
*Management's Discussion and Analysis (Continued)*  
*For the Fiscal Year Ended June 30, 2009*

***The School District as a Whole***

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2009 compared to 2008:

**Table 1**  
**Net Assets**  
**Governmental Activities**

	2009	2008
<b>Assets</b>		
Current and Other Assets	\$ 51,854,278	\$ 49,657,935
Capital Assets, Net	22,519,944	22,282,920
<i>Total Assets</i>	74,374,222	71,940,855
 <b>Liabilities</b>		
Other Liabilities	23,803,224	24,538,716
Long-Term Liabilities	4,553,557	4,544,887
<i>Total Liabilities</i>	28,356,781	29,083,603
 <b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	22,319,944	21,967,920
Restricted	5,029,719	4,830,836
Unrestricted	18,667,778	16,058,496
<i>Total Net Assets</i>	\$ 46,017,441	\$ 42,857,252

Total assets increased by \$2,433,367. An increase of \$237,024 in total capital assets reflects additional purchases exceeding depreciation. The majority of the increase in governmental assets can be attributed to an increase in cash and investments. Total liabilities decreased by \$726,822. This decrease was primarily the result of decreased deferred revenue due to a decrease in taxes receivable.

**Perry Local School District**  
*Management's Discussion and Analysis (Continued)*  
For the Fiscal Year Ended June 30, 2009

Table 2 shows the changes in net assets for fiscal year 2009 and 2008. This table presents two fiscal years in side-by-side comparisons in successive reporting years. This will enable the reader to draw further conclusion about the School District's financial status and possibly project future problems.

**Table 2**  
**Change in Net Assets**  
**Governmental Activities**

	2009	2008
<b>Revenues</b>		
<b><i>Program Revenues</i></b>		
Charges for Services	\$ 3,434,599	\$ 3,191,827
Operating Grants	4,880,992	4,867,074
Capital Grants	254,982	192,189
<b><i>Total Program Revenues</i></b>	<b>8,570,573</b>	<b>8,251,090</b>
<b><i>General Revenues</i></b>		
Property Taxes	19,775,017	20,851,792
Grants and Entitlements	18,586,656	18,052,922
Other	984,173	1,575,749
<b><i>Total General Revenues</i></b>	<b>39,345,846</b>	<b>40,480,463</b>
<b><i>Total Revenues</i></b>	<b>47,916,419</b>	<b>48,731,553</b>
<b><i>Program Expenses</i></b>		
Instruction:		
Regular	18,955,120	18,207,339
Special	4,306,702	4,495,003
Vocational	2,277,302	2,242,392
Adult/Continuing	23,080	20,709
Student Intervention Services	312,779	483,334
Other	4,746	5,111
Support Services:		
Pupils	3,050,957	2,903,665
Instructional Staff	1,675,466	1,956,561
Board of Education	138,644	97,863
Administration	3,094,305	2,992,984
Fiscal	743,797	733,539
Business	197,222	125,828
Operation and Maintenance of Plant	4,103,671	4,043,578
Pupil Transportation	2,021,390	1,966,746
Central	508,852	398,145
Operation of Non-Instructional	2,152,677	2,013,243
Extracurricular Activities	1,174,069	1,153,499
Interest and Fiscal Charges	15,451	23,734
<b><i>Total Program Expenses</i></b>	<b>44,756,230</b>	<b>43,863,273</b>
<b><i>Change in Net Assets</i></b>	<b>3,160,189</b>	<b>4,868,280</b>
<b><i>Net Assets Beginning of Year</i></b>	<b>42,857,252</b>	<b>37,988,972</b>
<b><i>Net Assets End of Year</i></b>	<b>\$ 46,017,441</b>	<b>\$ 42,857,252</b>

**Perry Local School District**  
*Management's Discussion and Analysis (Continued)*  
*For the Fiscal Year Ended June 30, 2009*

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The vast majority of revenues supporting governmental activities are the general revenues. General revenues totaled \$39,345,846 which is approximately 82 percent of total revenue. The most significant portions of the general revenue are the property taxes which is approximately 41 percent of total revenue. Grants and entitlements not restricted to specific programs consisting of State foundation, homestead and rollback and personal property tax exemption consists of approximately 39 percent of total revenue. Other general revenue, accounts for approximately 2 percent of total revenue. The remaining amount of revenue received was in the form of program revenues, which equaled \$8,570,573 or 18 percent of total revenue.

***Governmental Activities***

The School District has carefully planned its financial existence by forecasting its revenues and expenses over the next five years. The School District's revenue growth is mostly dependent upon property tax increases and new construction. Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating costs.

Instruction comprises 58 percent of governmental program expenses. Additional supporting services for pupils, staff and business operations encompassed an additional 35 percent. The remaining 7 percent of program expenses is used for other obligations of the School District such as non-instructional services, extracurricular activities and interest and fiscal charges.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons of 2009 to 2008 have been made in Table 3.

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**Perry Local School District**  
*Management's Discussion and Analysis (Continued)*  
For the Fiscal Year Ended June 30, 2009

**Table 3**  
**Total and Net Cost of Program Services**  
**Governmental Activities**

	Total Cost of Services <u>2009</u>	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2009</u>	Net Cost of Services <u>2008</u>
<b>Program Expenses</b>				
Instruction:				
Regular	\$ 18,955,120	\$ 18,207,339	\$ (16,809,423)	\$ (16,621,757)
Special	4,306,702	4,495,003	(2,099,625)	(2,377,163)
Vocational	2,277,302	2,242,392	(1,912,935)	(1,882,875)
Adult/Continuing	23,080	20,709	(3,406)	(1,381)
Student Intervention Services	312,779	483,334	(312,779)	(467,543)
Other	4,746	5,111	(4,746)	0
Support Services:				
Pupils	3,050,957	2,903,665	(2,704,696)	(2,253,911)
Instructional Staff	1,675,466	1,956,561	(898,195)	(1,160,920)
Board of Education	138,644	97,863	(138,644)	(97,863)
Administration	3,094,305	2,992,984	(3,086,308)	(2,981,806)
Fiscal	743,797	733,539	(743,797)	(733,539)
Business	197,222	125,828	(197,222)	(125,828)
Operation and Maintenance of Plant	4,103,671	4,043,578	(3,871,635)	(3,849,676)
Pupil Transportation	2,021,390	1,966,746	(1,927,055)	(1,916,684)
Central	508,852	398,145	(483,056)	(352,358)
Operation of Non-Instructional Services	2,152,677	2,013,243	(89,726)	55,370
Extracurricular Activities	1,174,069	1,153,499	(886,958)	(820,515)
Interest and Fiscal Charges	15,451	23,734	(15,451)	(23,734)
<b>Total</b>	<b><u>\$ 44,756,230</u></b>	<b><u>\$ 43,863,273</u></b>	<b><u>\$ (36,185,657)</u></b>	<b><u>\$ (35,612,183)</u></b>

The dependence upon tax revenues for governmental activities is apparent. The community, as a whole, is the primary support for Perry Local School District students. Program revenues only account for 19 percent of all governmental expenses. Program revenues include charges for services, grants and contributions that are program specific.

**The School District's Funds**

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues, including other financing sources of \$47,632,883 and expenditures of \$44,984,584. The net change in fund balance for the year was most significant in the general fund totaling \$2,293,581. While there were no significant fluctuations in revenues or expenditures in the last few years, revenues have consistently exceeded expenditures by approximately \$2 million. The fund balance of the permanent improvement fund increased \$293,488 due to revenues increasing faster than expenditures.

**Perry Local School District**  
*Management's Discussion and Analysis (Continued)*  
For the Fiscal Year Ended June 30, 2009

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**General Fund Budgeting Highlights**

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the main operating fund of the School District, the general fund.

During the course of fiscal year 2009, the School District amended its general fund budget several times. For the general fund, the final budget basis revenue including other financing sources was \$42,096,555 representing a \$451,338 increase from the original budget estimate of \$41,645,217. Most of this difference is due to an underestimation of intergovernmental revenue. The School District's general fund unencumbered cash balance at the end of the fiscal year was \$25,898,889.

For the other non-significant budget amendments, the School District uses a site-based style of budgeting and had in place systems that are designed to tightly control site budgets but provide flexibility for site management. Building principles are given a per pupil allocation for textbooks, instructional materials and equipment. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

**Capital Assets**

At the end of fiscal year 2009, the School District had \$22,519,944 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. Table 4 shows fiscal year 2009 balances compared with 2008.

**Table 4**  
**Capital Assets at June 30**  
**Governmental Activities**

	2009	2008
Land	1,366,878	1,366,878
Land Improvements	1,111,067	1,153,687
Buildings and Improvements	17,345,736	17,126,436
Furniture and Equipment	982,739	996,713
Vehicles	1,713,524	1,639,206
<i>Total</i>	\$ 22,519,944	\$ 22,282,920

All capital assets are reported net of depreciation. The \$237,024 increase in capital assets was attributable to additional purchases exceeding current year depreciation. See note 8 to the basic financial statements for more detail on the capital assets of the School District.

Senate Bill 345 requires the School District to set aside \$166.95 per pupil of certain general fund revenues in each of two areas, one for the purchase of textbooks and materials related to instruction and the other for capital outlay. For fiscal year 2009, this amounted to \$762,344 for each purpose. The School District had qualifying disbursements exceeding both the capital and maintenance requirement and the textbook and instructional materials and supplies requirement. More detailed information is presented in Note 18 of the notes to the basic financial statements.

**Perry Local School District**  
*Management's Discussion and Analysis (Continued)*  
*For the Fiscal Year Ended June 30, 2009*

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**Current Issues**

The Perry Local School District continues to receive strong support from the residents of the School District. As the preceding information shows, the School District relies heavily on its local property taxpayers. The last operating levy passed by the residents of the district was in November, 2008. The Board of Education anticipates the renewal levy will generate sufficient revenues for a period of 5 years and anticipates an additional tax request in the next 5 year period.

Real estate and personal property tax collections have shown small increases. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 43 percent of revenues for governmental activities for the Perry Local School District in fiscal year 2009.

The School District has also been affected by increased delinquency rates and changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. Management has diligently planned expenses so that the last levy has stretched for the four years it was planned. This has been made increasingly difficult with mandates in gifted education, rising utility costs, increased special education services required for our students, and significant increases in health insurance and property/liability/fleet insurance.

From a State funding perspective, the State of Ohio was found by the Ohio Supreme Court in March, 1997 to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable". Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth (which is unlike our School District). It is still undetermined whether the State has met the standards of the Ohio Supreme Court.

The Perry Local School District has not anticipated any meaningful growth in State revenue. This was confirmed by the passage of HB66 by the State Legislature. This is the funding bill for FY06 and FY07. The bill allowed for modest per pupil increases but offset the increase with the elimination of a cost of doing business factor and increases in the valuation used to calculate local effort.

In addition, HB66 eliminated tangible personal property from taxation over a short period of time with a replacement tax in place that disappears over time. For the Perry Local Schools, that would mean a loss of \$3.9 million in taxes by the year 2017. Previous legislation had already reduced these taxes \$1.3 million since 2002.

All scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In addition, the School District's systems of budgeting and internal controls are well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

**Perry Local School District**  
*Management's Discussion and Analysis (Continued)*  
*For the Fiscal Year Ended June 30, 2009*

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**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, 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 any questions about this report or need additional financial information, contact Beth Winkhart, Treasurer of Perry Local School District, 4201 13<sup>th</sup> St. S.W., Massillon, OH 44646 or [winkhart@sparcc.org](mailto:winkhart@sparcc.org).



**Perry Local School District**

*Statement of Net Assets*

*June 30, 2009*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 31,714,699
Cash and Cash Equivalents in Segregated Accounts	102,502
Receivables:	
Taxes	19,489,021
Accounts	12,833
Accrued Interest	12,243
Intergovernmental	426,850
Inventory Held for Resale	23,851
Materials and Supplies Inventory	72,279
Nondepreciable Capital Assets	1,366,878
Depreciable Capital Assets, Net	<u>21,153,066</u>
<i>Total Assets</i>	<u>74,374,222</u>
<b>Liabilities</b>	
Accounts Payable	22,987
Accrued Wages and Benefits	4,667,167
Intergovernmental Payable	1,363,439
Matured Compensated Absences Payable	60,150
Deferred Revenue	17,689,481
Long-Term Liabilities:	
Due Within One Year	337,118
Due in More Than One Year	<u>4,216,439</u>
<i>Total Liabilities</i>	<u>28,356,781</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	22,319,944
Restricted for:	
Capital Outlay	4,760,668
Debt Service	102,502
Other Purposes	166,549
Unrestricted	<u>18,667,778</u>
<i>Total Net Assets</i>	<u>\$ 46,017,441</u>

See accompanying notes to the Basic Financial Statements.

**Perry Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2009

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$ 18,955,120	\$ 1,632,015	\$ 513,682	\$ 0	\$ (16,809,423)
Special	4,306,702	244,792	1,962,285	0	(2,099,625)
Vocational	2,277,302	12,600	351,767	0	(1,912,935)
Adult / Continuing	23,080	17,174	2,500	0	(3,406)
Student Intervention Services	312,779	0	0	0	(312,779)
Other	4,746	0	0	0	(4,746)
Support Services:					
Pupils	3,050,957	0	346,261	0	(2,704,696)
Instructional Staff	1,675,466	49,706	727,565	0	(898,195)
Board of Education	138,644	0	0	0	(138,644)
Administration	3,094,305	0	7,997	0	(3,086,308)
Fiscal	743,797	0	0	0	(743,797)
Business	197,222	0	0	0	(197,222)
Operation and Maintenance of Plant	4,103,671	0	27,000	205,036	(3,871,635)
Pupil Transportation	2,021,390	44,389	0	49,946	(1,927,055)
Central	508,852	0	25,796	0	(483,056)
Operation of Non-instructional Services:					
Food Service Operations	1,796,961	934,970	808,334	0	(53,657)
Community Services	355,716	244,236	75,411	0	(36,069)
Extracurricular Activities	1,174,069	254,717	32,394	0	(886,958)
Interest and Fiscal Charges	15,451	0	0	0	(15,451)
<b>Total Primary Government</b>	<b>\$ 44,756,230</b>	<b>\$ 3,434,599</b>	<b>\$ 4,880,992</b>	<b>\$ 254,982</b>	<b>(36,185,657)</b>

**General Revenues**

Property Taxes Levied for:	
General Purposes	18,927,175
Capital Outlay	847,842
Grants and Entitlements not Restricted to Specific Programs	18,586,656
Gain on Sale of Capital Assets	15,358
Investment Earnings	598,083
Miscellaneous	370,732
<b>Total General Revenues</b>	<b>39,345,846</b>
<b>Change in Net Assets</b>	<b>3,160,189</b>
<b>Net Assets Beginning of Year</b>	<b>42,857,252</b>
<b>Net Assets End of Year</b>	<b>\$ 46,017,441</b>

See accompanying notes to the Basic Financial Statements.

**Perry Local School District**

*Balance Sheet*

*Governmental Funds*

*June 30, 2009*

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Investments	\$ 26,066,048	\$ 4,682,388	\$ 966,263	\$ 31,714,699
Cash and Cash Equivalents in Segregated Accounts	102,502	0	0	102,502
Receivables:				
Taxes	18,639,050	849,971	0	19,489,021
Accounts	9,515	0	3,318	12,833
Interfund	1,400	0	0	1,400
Accrued Interest	12,243	0	0	12,243
Intergovernmental	264,558	0	162,292	426,850
Inventory Held For Resale	0	0	23,851	23,851
Materials and Supplies Inventory	68,993	0	3,286	72,279
<i>Total Assets</i>	<u>\$ 45,164,309</u>	<u>\$ 5,532,359</u>	<u>\$ 1,159,010</u>	<u>\$ 51,855,678</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 17,489	\$ 0	\$ 5,498	\$ 22,987
Accrued Wages and Benefits	4,250,215	0	416,952	4,667,167
Interfund Payable	0	0	1,400	1,400
Intergovernmental Payable	1,186,837	0	176,602	1,363,439
Matured Compensated Absences Payable	48,196	0	11,954	60,150
Deferred Revenue	17,986,046	814,141	0	18,800,187
<i>Total Liabilities</i>	<u>23,488,783</u>	<u>814,141</u>	<u>612,406</u>	<u>24,915,330</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	151,819	280,124	16,736	448,679
Reserved for Property Taxes	764,310	35,830	0	800,140
Reserved for Debt Service Principal	102,502	0	0	102,502
Unreserved, Undesignated, Reported in:				
General Fund	20,656,895	0	0	20,656,895
Special Revenue Funds	0	0	529,868	529,868
Capital Projects Fund	0	4,402,264	0	4,402,264
<i>Total Fund Balances</i>	<u>21,675,526</u>	<u>4,718,218</u>	<u>546,604</u>	<u>26,940,348</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 45,164,309</u>	<u>\$ 5,532,359</u>	<u>\$ 1,159,010</u>	<u>\$ 51,855,678</u>

See accompanying notes to the Basic Financial Statements.

**Perry Local School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2009*

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<b>Total Governmental Fund Balances</b>	\$	26,940,348
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*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.		22,519,944
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Delinquent Property Taxes	\$	999,400	
Charges for Services		111,306	
			1,110,706
Total			

Long-term liabilities, including capital leases and compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Compensated Absences		(4,353,557)	
Capital Lease Payable		(200,000)	
			(4,553,557)
Total			

<i>Net Assets of Governmental Activities</i>	\$	<u><u>46,017,441</u></u>
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See accompanying notes to the Basic Financial Statements.

**Perry Local School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2009*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property and Other Local Taxes	\$ 18,764,295	\$ 838,492	\$ 0	\$ 19,602,787
Intergovernmental	20,098,552	205,036	3,304,340	23,607,928
Investment Income	598,083	0	1,540	599,623
Tuition and Fees	1,722,225	0	117,552	1,839,777
Extracurricular Activities	24,445	0	483,650	508,095
Rentals	15,447	0	5,297	20,744
Customer Sales and Services	0	0	952,843	952,843
Gifts and Donations	12,100	0	102,252	114,352
Miscellaneous	319,235	0	52,141	371,376
<i>Total Revenues</i>	<u>41,554,382</u>	<u>1,043,528</u>	<u>5,019,615</u>	<u>47,617,525</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	18,078,744	0	527,944	18,606,688
Special	3,433,742	0	770,285	4,204,027
Vocational	2,226,705	0	15,329	2,242,034
Adult / Continuing	0	0	23,080	23,080
Student Intervention Services	268,809	0	58,660	327,469
Other	0	0	4,746	4,746
Support Services:				
Pupils	2,614,839	0	358,770	2,973,609
Instructional Staff	915,803	0	713,091	1,628,894
Board of Education	138,644	0	0	138,644
Administration	2,930,403	0	55,288	2,985,691
Fiscal	732,858	0	0	732,858
Business	180,880	0	2,205	183,085
Operation and Maintenance of Plant	3,910,771	0	27,000	3,937,771
Pupil Transportation	2,321,767	0	700	2,322,467
Central	483,941	0	26,275	510,216
Operation of Non-Instructional Services:				
Food Service Operations	0	0	1,735,479	1,735,479
Community Services	15,963	0	350,863	366,826
Extracurricular Activities	788,639	0	288,670	1,077,309
Capital Outlay	103,200	750,040	0	853,240
Debt Service:				
Principal Retirement	115,000	0	0	115,000
Interest and Fiscal Charges	15,451	0	0	15,451
<i>Total Expenditures</i>	<u>39,276,159</u>	<u>750,040</u>	<u>4,958,385</u>	<u>44,984,584</u>
<i>Excess of Revenues Over Expenditures</i>	<u>2,278,223</u>	<u>293,488</u>	<u>61,230</u>	<u>2,632,941</u>
<b>Other Financing Source</b>				
Proceeds from Sale of Capital Assets	15,358	0	0	15,358
<i>Net Change in Fund Balances</i>	2,293,581	293,488	61,230	2,648,299
<i>Fund Balances Beginning of Year</i>	<u>19,381,945</u>	<u>4,424,730</u>	<u>485,374</u>	<u>24,292,049</u>
<i>Fund Balances End of Year</i>	<u>\$ 21,675,526</u>	<u>\$ 4,718,218</u>	<u>\$ 546,604</u>	<u>\$ 26,940,348</u>

See accompanying notes to the Basic Financial Statements.

**Perry Local School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2009*

**Net Change in Fund Balances - Total Governmental Funds** \$ 2,648,299

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

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

Capital Asset Additions	\$ 1,146,230	
Current Year Depreciation	<u>(909,206)</u>	
 Total		 237,024

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

Delinquent Property Taxes	172,230	
Charges for Services	<u>111,306</u>	
 Total		 283,536

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 115,000

Compensated absence expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (123,670)

*Change in Net Assets of Governmental Activities* \$ 3,160,189

See accompanying notes to the Basic Financial Statements.

**Perry Local School District**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 General Fund  
 For the Fiscal Year Ended June 30, 2009*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property and Other Local Taxes	\$ 18,439,000	\$ 18,956,455	\$ 18,956,455	\$ 0
Intergovernmental	20,281,167	20,261,146	20,261,146	0
Investment Income	881,000	537,540	537,540	0
Tuition and Fees	1,462,650	1,567,315	1,567,315	0
Extracurricular Activities	27,500	24,445	24,445	0
Rentals	15,000	15,447	15,447	0
Contributions and Donations	10,000	12,100	12,100	0
Miscellaneous	389,500	471,614	471,614	0
<i>Total Revenues</i>	<u>41,505,817</u>	<u>41,846,062</u>	<u>41,846,062</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	18,057,744	17,935,363	17,935,363	0
Special	3,777,146	3,454,775	3,454,775	0
Vocational	2,242,311	2,269,294	2,269,294	0
Student Intervention Services	308,804	299,221	299,221	0
Support Services:				
Pupils	2,482,629	2,712,147	2,712,147	0
Instructional Staff	953,180	938,019	938,019	0
Board of Education	182,216	146,572	146,572	0
Administration	2,935,967	2,918,253	2,918,253	0
Fiscal	739,890	725,323	725,323	0
Business	180,757	179,870	179,870	0
Operation and Maintenance of Plant	4,144,898	4,001,459	4,001,459	0
Pupil Transportation	2,430,677	2,323,701	2,323,701	0
Central	478,732	497,609	497,609	0
Operation of Non-Instructional Services:				
Community Services	31,811	15,963	15,963	0
Extracurricular Activities	790,406	779,266	779,266	0
Capital Outlay	431,032	283,330	283,330	0
<i>Total Expenditures</i>	<u>40,168,200</u>	<u>39,480,165</u>	<u>39,480,165</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	<u>1,337,617</u>	<u>2,365,897</u>	<u>2,365,897</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	14,400	15,358	15,358	0
Refund of Prior Year Expenditures		50	50	0
Advances In	125,000	235,085	235,085	0
Advances Out	(125,000)	(236,485)	(236,485)	0
Transfers Out	(50,000)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(35,600)</u>	<u>14,008</u>	<u>14,008</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	1,302,017	2,379,905	2,379,905	0
<i>Fund Balance Beginning of Year</i>	23,416,430	23,416,430	23,416,430	0
Prior Year Encumbrances Appropriated	102,554	102,554	102,554	0
<i>Fund Balance End of Year</i>	<u>\$ 24,821,001</u>	<u>\$ 25,898,889</u>	<u>\$ 25,898,889</u>	<u>\$ 0</u>

See accompanying notes to the Basic Financial Statements.

**Perry Local School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Fund*  
*June 30, 2009*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 63,466
	<u>63,466</u>
<b>Liabilities</b>	
Due to Students	\$ 63,466
	<u>63,466</u>

See accompanying notes to the Basic Financial Statements.



**Perry Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2009*

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**Note 1 – Description of School District and Reporting Entity**

The Perry Local School District (the “School District”) was 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 is a school district as defined by Section 3311.02 of the Ohio Revised Code. The School District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the School District. Average daily membership on, or as of October 1, 2008, was 4,516. The School District employs 344 certificated and 248 non-certificated employees.

***Reporting Entity***

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, agencies and offices that are not legally separate from the School District. For the Perry Local School District, this includes general operations, food service and student related activities of the School District.

Components 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 provides 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. The School District does not have any component units.

Included with the reporting entity, within the School District’s boundaries, St. Joan of Arc Elementary and Central Catholic High School are operated as non-public schools. Current legislation provides funding to these non-public schools. These monies are received and disbursed on behalf of the schools by the Treasurer of the School District, as directed by the non-public schools. These transactions are reported as a governmental activity of the School District.

The School District participates in one jointly governed organization and two public entity risk pools. These organizations are the Stark Portage Area Computer Consortium (SPARCC), Stark County Schools Council of Governments Health Benefits Program, and CompManagement Workers’ Compensation Group Rating Program. They are presented in Notes 15 and 16.

**Note 2 - Summary of Significant Accounting Policies**

The School District’s financial statements 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 on or before November 30, 1989, to its governmental activities unless those pronouncements conflict with or contradict GASB pronouncements. Following are the more significant of the School District’s accounting policies.

**Perry Local School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2009*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**A. Basis of Presentation**

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**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 financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support 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 governmental function is self-financing or draws from the general revenues of the School District.

**Fund Financial Statements** During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**B. Fund Accounting**

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental and fiduciary.

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses 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 accounts 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.

**Perry Local School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2009*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Permanent Improvement Fund*** The permanent improvement capital projects fund accounts for financial resources to be used for the acquisition, construction, or improvement of major capital facilities.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

***Fiduciary Funds*** Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only fiduciary fund is an agency fund that accounts for student activities.

***C. Measurement Focus***

***Government-wide Financial Statements*** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenditures) in total net assets.

***Fund Financial Statements*** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

***D. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and statements for the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

***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. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of the fiscal year end.

**Perry Local School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2009*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants and entitlements 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 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 nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, grants, interest, tuition, student fees, and rentals.

***Deferred Revenue*** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also 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.

***Expenditures/Expenses*** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

***E. Budgetary Process***

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Budgetary modifications at this level require a resolution of the Board of Education. Although the legal level of control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. The Treasurer has been given the authority to allocate Board appropriations to the function and object levels within each fund.

**Perry Local School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2009*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were adopted.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

***F. Cash and Investments***

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District records. Interest in the pool is presented as "equity in pooled cash investments" on the financial statements.

During fiscal year 2009, investments were limited to STAROhio, repurchase agreements, money market account and certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2009.

The School District has a segregated bank account for monies held separate from the School District's central bank account for the purpose of making lease payments for the science wing lease. This interest bearing depository account is presented as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the School District's treasury.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$598,083 which includes \$109,146 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as "equity in pooled cash and investments". Investments with an original maturity of more than three months that are not purchased from the pool are presented on the basic financial statements as "investments".

**Perry Local School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2009*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***G. Inventory***

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food. The donated commodities are presented at their entitlement values.

***H. Capital Assets***

All capital assets of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. 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.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20-75 Years
Buildings and Improvements	20-75 Years
Furniture and Equipment	5-30 Years
Vehicles	12-15 Years

***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.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

On the governmental fund statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employee will be paid.

**Perry Local School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2009*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***J. Accrued Liabilities and Long-term Obligations***

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Capital leases are recognized as a liability on the fund financial statements when due.

***K. 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. At June 30, 2009, none of the School District's net assets were restricted by enabling legislation. Net assets restricted for other purposes include instructional activities and grants.

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

***L. Fund Balance Reserves***

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Fund balance reserves are established for encumbrances, property taxes, and debt.

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

***M. Interfund Activity***

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

**Perry Local School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2009*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***N. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2009.

***O. 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.

***P. Changes in Accounting Principles***

For the year ended June 30, 2009, the School District has implemented GASB Statement No. 52, "*Land and Other Real Estate Held as Investments by Endowments*," GASB Statement No. 55, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*," and GASB Statement No. 56, "*Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*."

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature.

GASB Statement No. 56 incorporates into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards.

Implementation of these GASB Statements did not affect the presentation of the financial statements of the School District.



**Perry Local School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2009*

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**Note 3 – Accountability**

Fund balances at June 30, 2009 included the following individual fund deficits:

<u>Other Governmental Funds:</u>	
Food Service	\$ 60,452
Adult Education	1,374
Poverty Based Assistance	5,006
Title VI-B	32,138
American Recovery/Reinvestment Act	5,191
Drug Free Grant	629
Title VI-R	3,306

The special revenue deficit balances resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide transfers when cash is required, not when accruals occur.

**Note 4 - Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations, and changes in fund balance 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 Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, is presented on the budgetary basis for the general fund. The major differences between the budget basis and GAAP basis are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances in and advances out are non-operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

**Perry Local School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2009*

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**Note 4 - Budgetary Basis of Accounting (Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

**Net Change in Fund Balance**

	<u>General</u>
GAAP Basis	\$ 2,293,581
Net Adjustment for Revenue Accruals	291,730
Advances In	235,085
Advances Out	(236,485)
Net Adjustment for Expenditure Accruals	(36,848)
Adjustment for Encumbrances	<u>(167,158)</u>
Budget Basis	<u><u>\$ 2,379,905</u></u>

**Note 5 - 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 of Education has identified as not required for use within the current five 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 maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies 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 and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**Perry Local School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2009*

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**Note 5 - Deposits and Investments (Continued)**

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 in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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.

According to State law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the School District's name. During 2009, the School District and public depositories complied with the provisions of these statutes.

**Perry Local School District**  
*Notes to the Basic Financial Statements (Continued)*  
For the Fiscal Year Ended June 30, 2009

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**Note 5 - Deposits and Investments (Continued)**

***Deposits with Financial Institutions***

Custodial credit risk is the risk that, in the event of a bank failure, the School District’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as collateral against all of the uninsured public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School District.

At fiscal year-end, the carrying amount of the School District’s deposits was \$3,675,192, which includes \$535 cash on hand. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures,” as of June 30, 2009, the School District’s entire bank balance of \$4,003,603 was covered by Federal Deposit Insurance Corporation.

***Investments***

As of June 30, 2009, the School District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities 6 Months or Less</u>
STAROhio	\$ 27,612,973	\$ 27,612,973
Money Market	102,502	102,502
Repurchase Agreement	490,000	490,000
Total	<u>\$ 28,205,475</u>	<u>\$ 28,205,475</u>

***Interest Rate Risk.*** As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School District’s investment policy limits investment portfolio maturities to five years or less.

***Custodial Credit Risk*** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District’s investment in repurchase agreements is collateralized by underlying securities pledged by the investment’s counterparty, not in the name of the School District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of the securities subject to a repurchase agreement by 2%. The School District has no investment policy dealing with investment custodial risk beyond the requirement in Ohio law that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**Perry Local School District**  
*Notes to the Basic Financial Statements (Continued)*  
For the Fiscal Year Ended June 30, 2009

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**Note 5 - Deposits and Investments (Continued)**

**Credit Risk** The School District's investments in the federal agency securities that underlie the School District's repurchase agreement were rated Aaa by Moody's Investor Services. Standard & Poor's has assigned STAROhio an AAA rating. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District's investment in the money market account is unrated. The School District has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk.** The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage to total of each investment type held by the School District at June 30, 2009:

Investment Type	Fair Value	Percent of Total
STAROhio	\$ 27,612,973	97.90%
Money Market	102,502	0.36%
Repurchase Agreement	490,000	1.74%
Total	\$ 28,205,475	100.00%

**Note 6 - 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 tax 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 tax revenue received in calendar 2009 represents collections of calendar 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State Law at thirty-five 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 tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in 2009 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

**Perry Local School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2009*

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**Note 6 - Property Taxes (Continued)**

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, 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 District prior to June 30.

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

The School District receives property taxes from Stark 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, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed personal property tax and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2009 was \$764,310 in the general fund and \$35,830 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2008 was \$956,470 in the general fund and \$45,390 in the permanent improvement capital projects fund.

On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

**Perry Local School District**  
*Notes to the Basic Financial Statements (Continued)*  
For the Fiscal Year Ended June 30, 2009

**Note 6 - Property Taxes (Continued)**

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 466,760,560	72.65%	\$ 467,984,830	74.87%
Commercial Industrial	129,798,350	20.20%	133,500,250	21.36%
Tangible Personal Property	26,524,230	4.13%	1,028,187	0.16%
Personal Public Utility	19,391,410	3.02%	22,549,670	3.61%
	<u>\$ 642,474,550</u>	<u>100.00%</u>	<u>\$ 625,062,937</u>	<u>100.00%</u>
Tax rate per \$1,000 assessed valuation	<u>\$ 46.50</u>		<u>\$ 47.80</u>	

**Note 7 - Receivables**

Receivables at June 30, 2009, consisted of taxes, accounts (rent, student fees and tuition), interfund, accrued interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of the State programs, and the current fiscal year guarantee of Federal funds.

**Note 8 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance 6/30/2008	Additions	Deletions	Balance 6/30/2009
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated</i>				
Land	\$ 1,366,878	\$ 0	\$ 0	\$ 1,366,878
<i>Capital Assets being depreciated</i>				
Land Improvements	1,466,947	5,100	0	1,472,047
Buildings and Improvements	28,696,056	745,322	0	29,441,378
Furniture and Equipment	1,484,265	60,813	0	1,545,078
Vehicles	3,128,753	334,995	(185,000)	3,278,748
<i>Total Capital Assets being depreciated</i>	<u>34,776,021</u>	<u>1,146,230</u>	<u>(185,000)</u>	<u>35,737,251</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(313,260)	(47,720)	0	(360,980)
Buildings and Improvements	(11,569,620)	(526,022)	0	(12,095,642)
Furniture and Equipment	(487,552)	(74,787)	0	(562,339)
Vehicles	(1,489,547)	(260,677)	185,000	(1,565,224)
<i>Total Accumulated Depreciation</i>	<u>(13,859,979)</u>	<u>(909,206) *</u>	<u>185,000</u>	<u>(14,584,185)</u>
<i>Total Capital Assets being depreciated, Net</i>	<u>20,916,042</u>	<u>237,024</u>	<u>0</u>	<u>21,153,066</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 22,282,920</u>	<u>\$ 237,024</u>	<u>\$ 0</u>	<u>\$ 22,519,944</u>

**Perry Local School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2009*

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**Note 8 - Capital Assets (Continued)**

\*Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	\$	337,026
Special		67,036
Vocational		52,317
Support Services:		
Pupil		60,767
Instructional Staff		81,543
Administration		64,164
Fiscal		2,682
Operation and Maintenance of Plant		62,042
Pupil Transportaion		13,173
Operation of Non-Instructional Services:		
Food Service Operations		73,753
Extracurricular Activities		94,703
Total Depreciation	\$	<u>909,206</u>

**Note 9 - Risk Management**

**A. General Insurance**

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The School District has a comprehensive property and casualty policy with a deductible of \$5,000 and \$1,000 per incident on property and equipment, respectfully, with a 100 percent blanket, all risk policy for property coverage. The School District's vehicle insurance policy limit is \$3,000,000 single occurrence limited liability. All board members, administrators, and employees are covered under a school district liability policy. Additionally, the School District carries a \$5,000,000 blanket umbrella policy. The limits of this coverage are \$2,000,000 per occurrence and \$5,000,000 in aggregate, with no deductible. Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

**B. Fidelity Bond**

The Treasurer is covered under a surety bond in the amount of \$50,000.



**Perry Local School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2009*

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**Note 9 - Risk Management (Continued)**

***C. Workers' Compensation***

The School District participates in the CompManagement Workers Compensation Group Rating Plan ("the Plan"), an insurance purchasing pool (Note 16). The intent of the Plan is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the group. The worker's 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 group. Each participant pays its worker's compensation premium to the State Bureau of Workers' Compensation based on the rate for the group rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the group. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the group. Participation in the Plan is limited to school districts that can meet the Plan selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the group.

***D. Employee Health Benefits***

The School District participates in the Stark County Schools Council of Governments Health Benefits Program ("the Council"), a shared risk pool (Note 16) to provide employee medical/surgical benefits. The Council is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Assembly is the legislative decision-making body of the Council. The Assembly is comprised of the superintendents or executive officers of the members, who have been appointed by the respective governing body of each member.

The intent of the insurance pool is to achieve a reduced, stable and competitive rate for the School District by grouping with other members of the Health Benefits Program. The experience of all participating districts is calculated as one and a common premium rate is applied to all member districts.

Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. The employees share the cost of the monthly premium with the Board. For fiscal year 2009 the School District's and the employee's premiums were \$921.22 and \$113.86 for family coverage and \$379.23 and \$46.86 for single coverage per employee per month, respectively. Dental insurance is also provided by the School District to qualified employees through the Stark County Schools Council of Governments. For fiscal year 2009, the School District's cost was \$133.47 for family coverage and \$54.10 for single coverage per employee per month.

Claims are paid for all participants regardless of claims flow. Upon termination, all School District claims would be paid without regard to the School District's account balance. The Stark County Schools Council of Government Board of Directors has the right to return monies to an existing school district subsequent to the settlement of all expenses and claims.

**Perry Local School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2009*

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**Note 10 - Other Employee Benefits**

***A. Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn 5 - 25 days of vacation per year, depending upon length of service and hours worked. Teachers do not earn vacation time. Administrators employed to work 260 days per year can earn 15 - 25 days of vacation annually. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment.

Teachers, administrators, and classified employees earn sick leave at the rate of 1-1/4 days per month. Sick leave may be accumulated to a maximum of 310 days. Upon retirement, employees receive payment for 30 percent of the total sick leave accumulation, not to exceed 75 days in FY2009.

***B. Life Insurance***

The School District provided life insurance and accidental death and dismemberment insurance to all employees through the Stark County Schools Council of Governments Health Benefits Program. Coverage ranges from \$10,000 to \$65,000 depending on the daily hours worked by the employee.

**Note 11- Defined Benefit Pension Plans**

***A. School Employees Retirement System***

Plan Description - 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, disability and survivor 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 can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent 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 2009, 9.09 percent 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. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$838,433, \$780,444 and \$721,374, respectively; 40 percent has been contributed for fiscal year 2009 and 100 percent for the fiscal years 2008 and 2007.

**Perry Local School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2009*

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**Note 11 - Defined Benefit Pension Plans (Continued)**

***B. State Teachers Retirement System***

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (“STRS Ohio”), a cost-sharing, multiple-employer defined benefit pension plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a publicly-available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://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 divided by an actuarially determined annuity factor. The DC Plan allows members to allocate their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment accounts. 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 DB 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 of 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.

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008 the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employer contributions.

The School District’s required contributions to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$2,968,504, \$2,951,496 and \$2,772,977, respectively; 83 percent has been contributed for fiscal year 2009 and 100 percent for the fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$18,111 made by the School District and \$58,578 made by the plan members.

**Perry Local School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2009*

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**Note 11 - Defined Benefit Pension Plans (Continued)**

***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2009, two members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

**Note 12 - Postemployment Benefits**

***A. School Employees Retirement System***

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$249,134, \$267,244, and \$314,649, respectively; 40 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$44,916, \$33,980, and \$38,478, respectively; 40 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**Perry Local School District**  
*Notes to the Basic Financial Statements (Continued)*  
For the Fiscal Year Ended June 30, 2009

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**Note 12 - Postemployment Benefits (Continued)**

**B. State Teachers Retirement System**

Plan Description - The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the financial report of STRS. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll-free (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Health Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009 STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$212,036, \$267,244 and \$314,649, respectively; 83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**Note 13 - Long - Term Obligations**

Changes in the School District's long-term obligations during fiscal year 2009 were as follows:

	Out standing 6/30/2008	Additions	Reductions	Out standing 6/30/2009	Due in One Year
Capital Lease	\$ 315,000	\$ 0	\$ (115,000)	\$ 200,000	\$ 200,000
Compensated Absences	4,229,887	446,085	(322,415)	4,353,557	137,118
<i>Total Long-Term Obligations</i>	<u>\$ 4,544,887</u>	<u>\$ 446,085</u>	<u>\$ (437,415)</u>	<u>\$ 4,553,557</u>	<u>\$ 337,118</u>

Capital lease payments will be paid from the general fund. Compensated absences will be paid from the general, food service, auxiliary and Title I funds. This has been the policy in prior years also.

**Note 14 - Capitalized Leases**

In prior years the School District entered into a lease purchase agreement for a new science wing. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The science wing construction costs were financed by the issuance of \$1,025,000 Certificates of Participation, Series 2000 by McDonald Investments Inc. (lessor), Key Bank National Association (original purchaser), Huntington National Bank (trustee) and the Board of Education (lessee). Ownership of the new building transfers to the Board of Education at the end of the lease. Capital lease payments are reflected as debt service expenditures in the combined financial statements for the governmental funds and are reflected as capital outlay in the general fund on the budgetary basis.

**Perry Local School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2009*

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**Note 14 - Capitalized Leases (Continued)**

The general capital assets acquired by the leases have been capitalized as buildings and improvements in governmental capital assets in the amount of \$1,025,000. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2009 was \$126,639. A corresponding liability was recorded in the statement of net assets and is reduced for each required principal payment.

The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2009:

		<u>Science Wing</u>
Year Ending June 30, 2010	\$	205,750
Less: Amount representing interest		<u>(5,750)</u>
Present value of minimum lease payments	\$	<u><u>200,000</u></u>

**Note 15 - Jointly Governed Organization**

The Stark Portage Area Computer Consortium (SPARCC) is a jointly governed organization among 31 school districts, the Stark County Educational Service Center and the Portage County Educational Service Center and the Portage County Education Service Center. The purpose of the organization is to apply modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The legislative and advisory body is the assembly which is comprised of the superintendents of the participating schools. The degree of control exercised by any participating district is limited to its representation on the assembly, which appoints the five-member executive board. The executive board exercises total control over the operation of SPARCC including budgeting, appropriating, contracting and designating management. The executive board consists of five superintendents. All revenues are generated from State funding and an annual fee charged to participating districts. The School District paid \$181,186 to SPARCC during the fiscal year 2009. The Stark County Educational Service Center is the fiscal agent of SPARCC. Financial information can be obtained by writing to the Stark County Educational Service Center, 2100 38<sup>th</sup> Street NW, Canton, OH 44709-2300.

**Perry Local School District**  
*Notes to the Basic Financial Statements (Continued)*  
*For the Fiscal Year Ended June 30, 2009*

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**Note 16 - Public Entity Risk Pools**

***A. Risk Sharing Pool***

The Stark County Schools Council of Governments Health Benefits Program is a shared risk pool. The Council is governed by an assembly which consists of one representative from each participant (usually the superintendent or designee). The assembly elects officers for two-year terms to serve as the Board of Directors. The assembly exercises control over the operation of the consortium. All consortium revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. Financial information can be obtained by writing to the Stark County Educational Service Center, 2100 38<sup>th</sup> Street NW, Canton, OH 44709.

***B. Insurance Purchasing Pool***

The School District participates in the CompManagement Workers' Compensation Group Rating Program, an insurance purchasing pool. The Group's business and affairs are conducted by the CompManagement Corporation. Each year the participating districts pay an enrollment fee to the Group to cover the costs of administering the program.

**Note 17 – Contingencies**

***A. Grants***

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement 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 effect on the overall financial position of the School District at June 30, 2009.

***B. Litigation***

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

**Note 18 - Set-Asides**

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

**Perry Local School District**  
*Notes to the Basic Financial Statements (Continued)*  
For the Fiscal Year Ended June 30, 2009

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**Note 18 - Set-Asides (Continued)**

The following cash basis information describes the change in the year end set-aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

	Textbooks	Capital Improvements
Set-Aside Reserve Balance as of June 30, 2008	\$ (2,918,106)	\$ 0
Current Year Set-Aside Requirement	762,344	762,344
Qualifying Disbursements	(776,897)	(669,811)
Current Year Offsets	0	(848,052)
 Total	 \$ (2,932,659)	 \$ (755,519)
 Set-Aside Balance, Carried Forward to Future Fiscal Years	 \$ (2,932,659)	 \$ 0
 Set-Aside Reserve Balance as of June 30, 2009	 \$ 0	 \$ 0

The School District had qualifying disbursements during the year that reduced the textbooks and the capital improvements set-aside amount below zero. The negative set-aside balance for the textbooks may be used to reduce the set-aside requirement of future years. The negative set-aside balance for the capital improvements may not be used to reduce the set-aside requirements of future years.



## **SUPPLEMENTARY DATA**

**PERRY LOCAL SCHOOL DISTRICT**  
**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(B) PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL RECEIPTS	(A) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>				
<b>Nutrition Grant Cluster:</b>				
(C)(D) School Breakfast Program	10.553	2009	\$ 104,091	\$ 104,091
<b>Total School Breakfast Program</b>			<u>104,091</u>	<u>104,091</u>
(C)(D) National School Lunch Program	10.555	2009	580,392	580,392
(C)(E) National School Lunch Program - Food Donation	10.555	2009	181,679	181,679
<b>Total National School Lunch Program</b>			<u>762,071</u>	<u>762,071</u>
<b>Total U.S. Department of Agriculture and Nutrition Grant Cluster</b>			<u>866,162</u>	<u>866,162</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>				
Title I Grants to Local Educational Agencies	84.010	2008	55,125	89,544
Title I Grants to Local Educational Agencies	84.010	2009	467,667	431,702
<b>Total Title I Grants to Local Educational Agencies</b>			<u>522,792</u>	<u>521,246</u>
<b>Special Education Cluster:</b>				
(F) Special Education_Grants to States	84.027	2008	80,751	170,003
(F) Special Education_Grants to States	84.027	2009	862,092	816,421
<b>Total Special Education _Grants to States</b>			<u>942,843</u>	<u>986,424</u>
(F) Special Education_Preschool Grants	84.173	2009	25,535	25,535
<b>Total Special Education_Preschool Grants</b>			<u>25,535</u>	<u>25,535</u>
<b>Total Special Education Cluster</b>			<u>968,378</u>	<u>1,011,959</u>
Safe and Drug-Free Schools and Communities_State Grants	84.186	2008	1,959	2,999
Safe and Drug-Free Schools and Communities_State Grants	84.186	2009	12,820	12,631
<b>Total Safe and Drug-Free Schools and Communities_State Grants</b>			<u>14,779</u>	<u>15,630</u>
State Grants for Innovative Programs	84.298	2008	4,018	4,881
State Grants for Innovative Programs	84.298	2009	3,805	3,578
<b>Total State Grants for Innovative Programs</b>			<u>7,823</u>	<u>8,459</u>
Education Technology State Grants	84.318	2008	-	2,449
Education Technology State Grants	84.318	2009	4,885	4,885
<b>Total Educational Technology State Grants</b>			<u>4,885</u>	<u>7,334</u>
Improving Teacher Quality State Grants	84.367	2008	18,247	31,612
Improving Teacher Quality State Grants	84.367	2009	156,056	146,520
<b>Total Improving Teacher Quality State Grants</b>			<u>174,303</u>	<u>178,132</u>
<b>Total U.S. Department of Education</b>			<u>1,737,110</u>	<u>1,742,760</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES</b>				
(G) Medical Assistance Program	93.778	2009	44,150	-
<b>Total Medical Assistance Program</b>			<u>44,150</u>	<u>-</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>44,150</u>	<u>-</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 2,603,272</u>	<u>\$ 2,608,922</u>

- (A) This schedule was prepared on the cash basis of accounting  
(B) OAKS did not assign pass through numbers for fiscal year 2009  
(C) Included as part of "Nutrition Grant Cluster" in determining major programs  
(D) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.  
(E) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at the entitlement value.  
(F) Included as part of "Special Education Grant Cluster" in determining major programs  
(G) The District received \$44,150 of CAFS funds during 2009. The funds relate to reimbursements for CAFS services provided during prior periods



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**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***

Board of Education  
Perry Local School District  
4201 13th Street S. W.  
Massillon, OH 44646

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Perry Local School District, Stark County, Ohio, as of and for the fiscal year ended June 30, 2009, which collectively comprise Perry Local School District's basic financial statements and have issued our report thereon dated December 2, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Perry Local School District'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 Perry Local School District's financial statements that is more than inconsequential will not be prevented or detected by Perry Local School District's internal control.

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

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

Board of Education  
Perry Local School District

Compliance and Other Matters

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

This report is intended solely for the information and use of the management and Board of Education of Perry Local School District 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.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
December 2, 2009



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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Compliance With Requirements Applicable to Its  
Major Program and on Internal Control Over Compliance  
in Accordance With OMB Circular A-133**

Board of Education  
Perry Local School District  
4201 13th Street S. W.  
Massillon, OH 44646

Compliance

We have audited the compliance of Perry Local 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 its major federal program for the fiscal year ended June 30, 2009. Perry Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Perry Local School District's management. Our responsibility is to express an opinion on Perry Local School 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, *Audit 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 Perry Local School Districts 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 Perry Local School District's compliance with those requirements.

In our opinion, Perry Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2009.

Internal Control Over Compliance

The management of Perry Local School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Perry Local School 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 Perry Local School District's internal control over compliance.

Board of Education  
Perry Local School District

A control deficiency in Perry Local School District'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 Perry Local School District'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 Perry Local School District'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 Perry Local School District's internal control.

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

This report is intended for the information and use of management and Board of Education of Perry Local School District 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.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.  
December 2, 2009

**PERRY LOCAL SCHOOL DISTRICT  
STARK COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2009**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	<i>Special Education Cluster: Special Education - Grants to States CFDA #84.027 and Special Education - Preschool Grants CFDA #84.173</i>
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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### **Independent Accountant's Report on Applying Agreed-Upon Procedures**

Perry Local School District  
Stark County  
4201 13<sup>th</sup> Street SW  
Massillon, Ohio 44646

To the Board of Education:

Ohio Revised Code Section 117.53 states “the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Ohio Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school”.

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Perry Local School District has adopted an anti-harassment policy in accordance with Ohio Revised Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on December 18, 2007.
2. We read the policy, noting it included the following requirements from Ohio Revised Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Revised Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;

Independent Accountant's Report on Applying Agreed-Upon Procedures  
Perry Local School District

- (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Ohio Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States.
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Education of Perry Local School District and is not intended to be and should not be used by anyone other than this specified party.



Julian & Grube, Inc.  
December 2, 2009



**Mary Taylor, CPA**  
Auditor of State

**PERRY LOCAL SCHOOL DISTRICT**  
**STARK 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**  
**FEBRUARY 9, 2010**