

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

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

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2011***

MATT FEASEL, TREASURER



Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Perrysburg Exempted Village School District, Wood County, prepared by Julian & Grube, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

February 6, 2012

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**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Accountants' Report

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Perrysburg Exempted Village School District, Wood County, Ohio, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Perrysburg Exempted Village School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Perrysburg Exempted Village 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 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 the Perrysburg Exempted Village School District, Wood County, Ohio, as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows, 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.

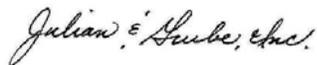
As described in Note 3, during the fiscal year ended June 30, 2011, the Perrysburg Exempted Village School District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2011 on our consideration of the Perrysburg Exempted Village School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Independent Accountants' Report
Perrysburg Exempted Village School District
Page Two

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

We conducted our audit to opine on the financial statements that collectively comprise the Perrysburg Exempted Village School District's basic financial statements taken as a whole. The Schedule of Receipts and Expenditures of Federal Awards is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* provides additional analysis and is not a required part of the basic financial statements. The Schedule of Receipts and Expenditures of Federal Awards is management's responsibility and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Julian & Grube, Inc.
December 26, 2011

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The management's discussion and analysis of the Perrysburg Exempted Village School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; notes to the basic financial statements and basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- In total, net assets of the governmental activities increased \$6,718,144, or 40.19%, from a balance of \$16,717,221 at June 30, 2010 to \$23,435,365 at June 30, 2011.
- General revenues accounted for \$48,004,366 in revenue or 87.96% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6,569,186 or 12.04% of total revenues of \$54,573,552.
- The District had \$47,855,408 in expenses related to governmental activities; only \$6,569,186 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$48,004,366 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and debt service fund. The general fund had \$43,014,899 in revenues and \$38,691,135 in expenditures. During fiscal 2011, the general fund's fund balance increased \$4,323,764 from a restated deficit of \$1,276,574 to a positive fund balance of \$3,047,190.
- The debt service fund had \$7,707,353 in revenues and other financing sources and \$7,038,078 in expenditures and other financing uses. During fiscal year 2011, the debt service fund balance increased by \$669,275 from \$1,759,227 to \$2,428,502.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an 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 District, presenting both an aggregate view of the 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 District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the major funds are the general fund and the debt service fund.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Reporting the 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 District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The statement of net assets and statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. The accrual basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the 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 District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net assets and statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance, pupil transportation, extracurricular activities, operation of non-instructional services, and food service operations.

The statement of net assets and statement of activities can be found on pages 15-16, of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 10. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major funds are the general fund and debt service fund.

Governmental Funds

Most of the 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 financial statements provide a detailed short-term view of the 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 statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17-22 and the budgetary statement for the general fund can be found on page 23.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Proprietary Funds

The District maintains only one type of proprietary fund. The internal service fund is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District has an internal service fund to account for a self-insurance program which provides dental benefits to employees. The basic proprietary fund financial statements can be found on pages 24-26 of this report.

Fiduciary Funds

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 27 and 28. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 29-62 of this report.

The District as a Whole

A comparative analysis for government-wide financial statements using the full accrual basis of accounting is presented below.

	Governmental Activities	
	2011	2010
<u>Assets</u>		
Current assets	\$ 35,360,233	\$ 32,096,322
Capital assets, net	47,961,169	49,070,889
Total assets	83,321,402	81,167,211
<u>Liabilities</u>		
Current liabilities	25,231,726	28,452,734
Long-term liabilities	34,654,311	35,997,256
Total liabilities	59,886,037	64,449,990
<u>Net Assets</u>		
Invested in capital assets, net of related debt	18,295,923	18,038,192
Restricted	5,103,649	3,644,347
Unrestricted (deficit)	35,793	(4,965,318)
Total net assets	\$ 23,435,365	\$ 16,717,221

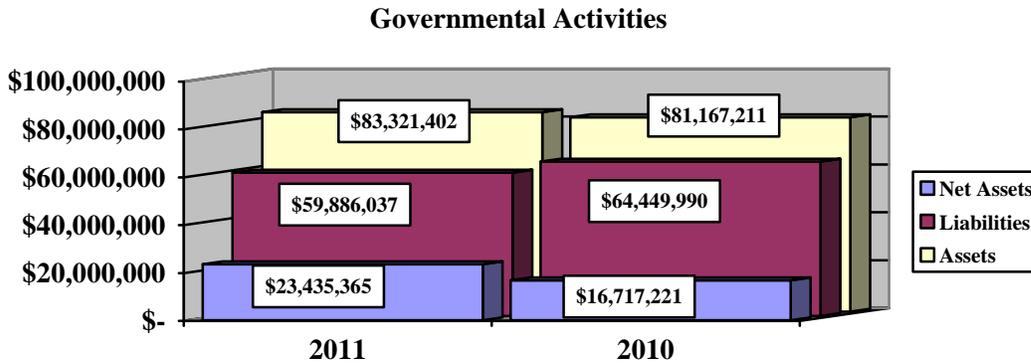
Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$23,435,365.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

At year-end, capital assets represented 57.56% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2011, were \$18,295,923. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$5,103,649, represents resources that are subject to external restriction on how they may be used. The table below illustrates the District's assets, liabilities and net assets at June 30, 2011 and 2010.



The table below shows the changes in net assets for governmental activities for fiscal year 2011 compared to fiscal year 2010.

Change in Net Assets

	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 2,827,592	\$ 2,786,526
Operating grants and contributions	3,608,876	2,908,912
Capital grants and contributions	132,718	127,785
General revenues:		
Property taxes	29,483,946	24,966,832
Income taxes	5,086,253	4,579,290
Grants and entitlements	12,987,838	13,327,920
Prayments in lieu of taxes	336,742	519,997
Investment earnings	14,706	34,764
Miscellaneous	94,881	122,796
Total revenues	<u>54,573,552</u>	<u>49,374,822</u>

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Change in Net Assets	
	Governmental Activities	Governmental Activities
	<u>2011</u>	<u>2010</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	23,962,866	23,997,557
Special	4,743,191	5,139,362
Vocational	100,718	134,069
Support services:		
Pupil	2,906,898	2,846,253
Instructional staff	678,413	966,809
Board of education	47,484	31,980
Administration	3,133,511	3,067,377
Fiscal	911,567	1,030,548
Business	54,830	210,843
Operations and maintenance	4,103,255	4,602,830
Pupil transportation	1,600,985	1,576,393
Central	488,919	645,229
Operations of non-instructional services		
Other non-instructional services	346,870	329,019
Food service operations	1,744,589	1,707,614
Extracurricular activities	1,606,293	1,673,552
Interest and fiscal charges	<u>1,425,019</u>	<u>1,535,446</u>
Total expenses	<u>47,855,408</u>	<u>49,494,881</u>
Change in net assets	6,718,144	(120,059)
Net assets at beginning of year	<u>16,717,221</u>	<u>16,837,280</u>
Net assets at end of year	<u>\$ 23,435,365</u>	<u>\$ 16,717,221</u>

Governmental Activities

Net assets of the District's governmental activities increased \$6,718,144. Total governmental expenses of \$47,855,408 were offset by program revenues of \$6,569,186, and general revenues of \$48,004,366. Program revenues supported 13.73% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, school district income taxes, grants and entitlements and payments in lieu of taxes. These four sources of revenue total \$47,894,779 and represent 87.76% of total governmental revenue. Real estate property is reappraised every six years.

Property tax revenue increased approximately \$4.52 million over 2010. This is due to a greater amount of property tax advances held by the county auditor at June 30, 2011 compared to June 30, 2010.

Operating grants and contributions increased approximately \$700,000 over 2010. This is primarily due to funding from the federal Education Jobs program.

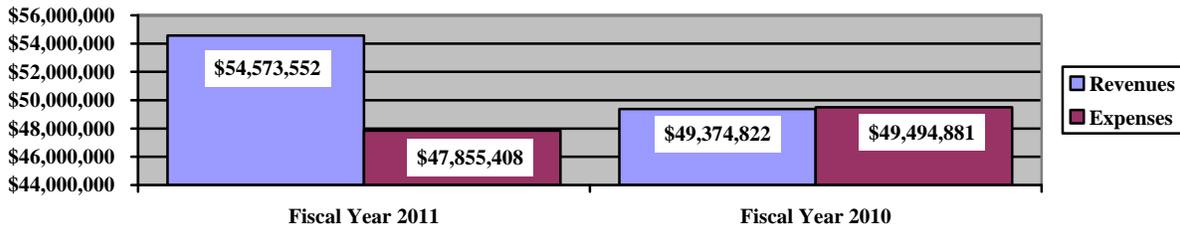
**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Expenses decreased approximately \$1.64 million from 2010. This is due to the District cutting approximately 50 positions compared to 2010.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2011 and 2010.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2011 compared to 2010. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

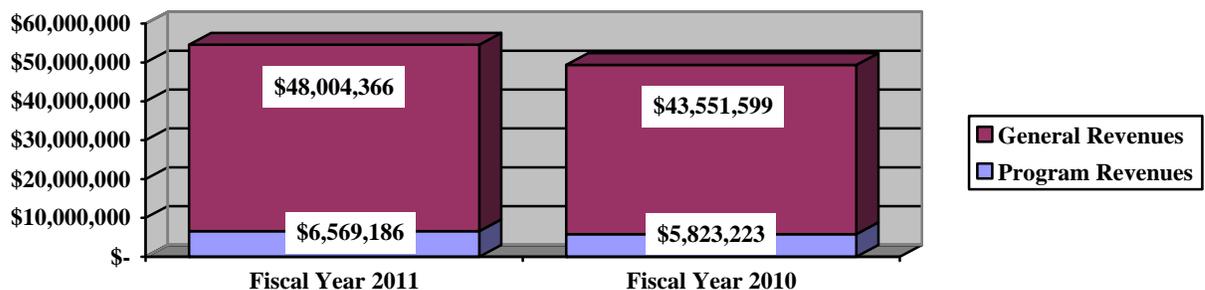
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	Governmental Activities			
	Total Cost of	Net Cost of	Total Cost of	Net Cost of
	Services	Services	Services	Services
	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>
Program expenses:				
Instruction:				
Regular	\$ 23,962,866	\$ 22,895,116	\$ 23,997,557	\$ 22,881,447
Special	4,743,191	3,663,898	5,139,362	4,311,664
Vocational	100,718	79,104	134,069	112,615
Support services:				
Pupil	2,906,898	2,189,110	2,846,253	2,325,415
Instructional staff	678,413	525,066	966,809	787,433
Board of Education	47,484	47,484	31,980	31,980
Administration	3,133,511	3,123,911	3,067,377	3,057,877
Fiscal	911,567	909,167	1,030,548	1,028,063
Business	54,830	54,830	210,843	210,843
Operations and maintenance	4,103,255	3,539,628	4,602,830	4,404,229
Pupil transportation	1,600,985	1,546,803	1,576,393	1,491,151
Central	488,919	442,539	645,229	629,759
Operation of non-instructional services:				
Other non-instructional services	346,870	30,493	329,019	10,143
Food service operations	1,744,589	50,078	1,707,614	(15,599)
Extracurricular activities	1,606,293	763,976	1,673,552	869,192
Interest and fiscal charges	1,425,019	1,425,019	1,535,446	1,535,446
Total expenses	<u>\$ 47,855,408</u>	<u>\$ 41,286,222</u>	<u>\$ 49,494,881</u>	<u>\$ 43,671,658</u>

The dependence upon tax and other general revenues for governmental activities is apparent, 92.47% of instruction activities, which total \$28,806,775, are supported through taxes and other general revenues. For all governmental activities, general revenue support is 86.27%.

The graph below presents the District's general and program revenues for fiscal years 2011 and 2010.

Governmental Activities - General and Program Revenues



**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 17) reported a combined fund balance of \$8,018,078, which is greater than last year's total of \$1,826,483. The June 30, 2010 fund balances have been restated as described in Note 3. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and 2010.

	Fund Balance <u>June 30, 2011</u>	Fund Balance (deficit) <u>June 30, 2010</u>	<u>Increase</u>
General	\$ 3,047,190	\$ (1,276,574)	\$ 4,323,764
Debt Service	2,428,502	1,759,227	669,275
Other Governmental	<u>2,542,386</u>	<u>1,343,830</u>	<u>1,198,556</u>
Total	<u>\$ 8,018,078</u>	<u>\$ 1,826,483</u>	<u>\$ 6,191,595</u>

General Fund

The District's general fund balance increased \$4,323,764. The schedule below provides detail on the revenues and expenditures of the general fund for fiscal years 2011 and 2010.

	2011 <u>Amount</u>	Restated 2010 <u>Amount</u>	<u>Percentage Change</u>
<u>Revenues</u>			
Taxes	\$ 29,220,268	\$ 25,257,840	15.69 %
Tuition	419,149	377,719	10.97 %
Earnings on investments	14,706	29,460	(50.08) %
Intergovernmental	12,572,077	12,718,387	(1.15) %
Other revenues	<u>788,699</u>	<u>582,275</u>	35.45 %
Total	<u>\$ 43,014,899</u>	<u>\$ 38,965,681</u>	10.39 %

	2011 <u>Amount</u>	Restated 2010 <u>Amount</u>	<u>Percentage Change</u>
<u>Expenditures</u>			
Instruction	\$ 26,011,642	\$ 27,202,839	(4.38) %
Support services	11,682,178	13,155,375	(11.20) %
Operation of non-instructional services	4,695	19,984	(76.51) %
Extracurricular activities	992,620	1,038,007	(4.37) %
Facilities acquisition and construction	-	182,521	(100.00) %
Debt service	<u>-</u>	<u>115,258</u>	(100.00) %
Total	<u>\$ 38,691,135</u>	<u>\$ 41,713,984</u>	(7.25) %

Revenues of the general fund increased approximately \$4.05 million compared to fiscal year 2010. This is mainly due to a 15.69% increase in tax revenues. The most significant reason for the increase in tax revenues is due to the greater amount of property tax advances held by the county auditor at June 30, 2011 compared to June 30, 2010.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The other reason for the increase is that income tax revenue increased due to a declining unemployment rate. All other revenues remained comparable to fiscal year 2010.

Expenditures in the general fund decreased approximately \$3.0 million from fiscal year 2010. The main reason for the decrease in expenditures is because of the District cutting approximately 50 positions during fiscal year 2011. These positions were both instructional and support positions.

Debt Service Fund

The debt service fund had \$7,707,353 in revenues and other financing sources and \$7,038,078 in expenditures and other financing uses. During fiscal year 2011, the debt service fund balance increased by \$669,275 from \$1,759,227 to \$2,428,502.

General Fund Budgeting Highlights

The 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 general fund.

During the course of fiscal year 2011, the original and final budgeted revenues and other financing sources were \$39,167,668 and \$39,171,668, respectively. Actual revenues and other financing sources for fiscal year 2011 were \$39,271,469. Actual revenues and other financing sources were \$99,801 greater than final budgeted revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$38,904,128 were increased to \$38,929,097 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2011 totaled \$38,532,897, which was \$396,200 less than the final budget appropriations.

Debt Administration and Capital Assets

Debt Administration

At June 30, 2011, the District had \$29,534,996 in general obligation bonds, \$435,491 in a lease purchase agreement and \$528,000 in OASBO notes payable. Of this total, \$2,200,578 is due within one year and \$28,297,909 is due in greater than one year. The following table summarizes the bonds, notes and lease obligations outstanding at June 30, 2011 and 2010.

Outstanding Debt, at Year End

	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
General obligation bonds	\$ 29,534,996	\$ 31,139,659
Lease-purchase agreement	435,491	-
OASBO note payable	<u>528,000</u>	<u>585,000</u>
Total	<u>\$ 30,498,487</u>	<u>\$ 31,724,659</u>

At June 30, 2011, the District's overall legal debt margin was \$48,276,771 with an unvoted debt margin of \$826,858.

See Note 10 to the basic financial statements for further detail on the District's long-term obligations.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Capital Assets

At the end of fiscal 2011, the District had \$47,961,169 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. The following table shows fiscal 2011 balances compared to 2010:

Capital Assets at June 30 (Net of Depreciation)		
<u>Governmental Activities</u>		
	<u>2011</u>	<u>2010</u>
Land	\$ 3,602,269	\$ 3,602,269
Construction in progress	-	6,658
Land improvements	3,022,636	3,370,906
Building and improvements	38,358,439	39,260,334
Furniture and equipment	2,247,442	1,968,961
Vehicles	<u>730,383</u>	<u>861,761</u>
Total	<u>\$ 47,961,169</u>	<u>\$ 49,070,889</u>

Total additions to capital assets for 2011 were \$1,796,619 and total disposals were \$1,711 (net of accumulated depreciation). Depreciation recorded for the fiscal year totaled \$2,904,628.

The overall decrease in capital assets of \$1,109,720 is primarily due to current year depreciation exceeding capital outlays for fiscal year 2011.

See Note 9 to the basic financial statements for further details on the District's capital assets.

Economic Conditions and Outlook

The District continues to suffer financially as a result of the lagging economy. A District that traditionally prospers from the effects of residential and commercial real estate growth and a continuous increased income tax stream continues to experience the delayed effects of the stagnant atmosphere during the 2011 fiscal year.

Historically, real estate values throughout the District, increased at an average rate of 3.68% percent annually in a non triennial update or reappraisal year. Tax year 2008 values increased at a modest 2.19% and tax year 2009 saw even less of an increase at 1.04%. The actual real estate collection did experience an increase due mainly to the increase established by the incremental levy designated to generate an additional \$593,184 annually. The results of this emergency levy originally approved by residents in May 2004 and renewed in November 2008 saw the intended effects diminish with the minimal valuation growth. The additional factor of the District being at the twenty mill floor and experiencing some revenue growth as a result of the valuation growth also saw minimal benefits. The \$6,696,699 (cash basis) generated from the emergency levy represented approximately 17% percent of the District's actual fiscal year 2011 revenue.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The District's income tax collection again impacted the operations of the District significantly in fiscal year 2011. The District did experience some growth in 2011 for the income tax collections. Historically the income tax has grown at an average rate of 4.07% over the past thirteen years. The rate of growth from 2009-10 to 2010-11 was 4.60% or \$210,988. This increase helped offset the loss the District experienced in State foundation funding. Budget adjustments continued throughout 2011 to offset revenue shortfalls. Overall revenue grew by a modest 2.82% for 2010-11. The majority of that growth coming from the built-in increase associated with the incremental real estate collection. Staffing and contractual commitments made it very difficult to offset the needed shortfall within fiscal year 2011. Negotiations with certified and classified staff in the spring of 2011 resulted in salary freezes for the 2011-12 and 2012-13 fiscal years. Several other monetary issues were addressed as well allowing the District to work toward some financial stability. The community continues to grow and as a result creating a larger tax base of taxpaying residents but economic conditions has definitely affected the growth in collections.

The District continues to implement very aggressive measures to balance the budget as the District moves forward into fiscal year 2012. Budget reductions in the amount of \$3.1 million dollars were implemented during the spring of 2010 for the fiscal year 2011. The result was 52 staff members being laid off combined with significant reductions in all other areas of the budget. Further budget reductions continue to be reviewed in order to maintain balanced budgets. Those reductions remain in effect as we move into fiscal year 2012.

With economic conditions as they are, the rate of revenue growth continues to be a concern. The District's expenditure levels continue to be reviewed and scrutinized as well. The administration has managed to control the growth of expenditures levels to 1.86% percent over the past four years. A more structured budgeting process has been developed and implemented. Board committees continue to be utilized in terms of the approval and implementation of various District programs and the costs associated with those programs. Retirements and the replacement of a more experienced work force with a new, less expensive staff has also kept expenditure levels down and will continue to be a primary focus as we move into future years. Proposed changes to STRS and SERS retirement programs will prompt more senior employees to retire prior to July 2015.

Instructional programs and curriculum adoptions have and will continue to be a primary focus of the District's administrative team. The curriculum area had a new leader for fiscal year 2009 and the implementation of a zero-based budget system had a significant impact on our budgets. Curriculum adoptions have been placed on hold for several years due to financial restraints. As the District moves forward with its financial planning, curriculum updates will have to find a place in the budget process. Costs for services for students with special needs continue to rise. This is an uncontrollable cost. Court placed students with disabilities have a drastic impact on District finances. The District reviews these services on an annual basis to review their effectiveness for services and costs.

The District continues to grow in every aspect of economic development. Housing starts are up despite the lagging economy and evident as new subdivisions are platted and building continues throughout the District. Several apartment complexes have added students to already maximum building capacities. A new strategic facilities committee has been formed to look at options to deal with the overcrowding throughout the District.

Several tax abatements were negotiated over the last year with new companies and existing companies expanding operations throughout the District. It is evident that the economy has had its affect on the ability for companies to expand at this time. Several of the tax abatement were revised due to the elimination of the tangible personal property taxes and the fact that these businesses were no longer required to pay the tangible taxes.

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

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Contacting the District's Financial Management

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

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**BASIC
FINANCIAL STATEMENTS**

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**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2011

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents. . .	\$ 5,664,549
Receivables:	
Property taxes	26,280,881
Income taxes.	2,343,336
Payment in lieu of taxes	269,572
Accounts.	13,458
Intergovernmental	614,416
Prepayments	24,146
Materials and supplies inventory.	18,271
Unamortized bond issuance costs	131,604
Capital assets:	
Land	3,602,269
Depreciable capital assets, net.	44,358,900
Capital assets, net	<u>47,961,169</u>
 Total assets.	 <u>83,321,402</u>
Liabilities:	
Accounts payable.	142,644
Accrued wages and benefits	4,708,979
Pension obligation payable.	902,845
Intergovernmental payable	320,366
Accrued interest payable	95,836
Unearned revenue	18,588,756
Claims payable.	472,300
Long-term liabilities:	
Due within one year.	2,762,301
Due in more than one year.	31,892,010
 Total liabilities	 <u>59,886,037</u>
Net assets:	
Invested in capital assets, net of related debt.	18,295,923
Restricted for:	
Capital projects	1,436,445
Debt service.	2,388,360
Locally funded programs	17,968
State funded programs.	21,396
Federally funded programs	421,043
Student activities	429,641
Other purposes	388,796
Unrestricted	<u>35,793</u>
 Total net assets	 <u>\$ 23,435,365</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction:					
Regular	\$ 23,962,866	\$ 647,028	\$ 420,722	\$ -	\$ (22,895,116)
Special	4,743,191	47,643	1,031,650	-	(3,663,898)
Vocational	100,718	-	21,614	-	(79,104)
Support services:					
Pupil	2,906,898	-	717,788	-	(2,189,110)
Instructional staff	678,413	-	153,347	-	(525,066)
Board of education	47,484	-	-	-	(47,484)
Administration	3,133,511	-	9,600	-	(3,123,911)
Fiscal	911,567	-	2,400	-	(909,167)
Business	54,830	-	-	-	(54,830)
Operations and maintenance	4,103,255	83,560	480,067	-	(3,539,628)
Pupil transportation	1,600,985	-	54,182	-	(1,546,803)
Central	488,919	-	18,490	27,890	(442,539)
Operation of non-instructional services:					
Food service operations	1,744,589	1,346,695	347,816	-	(50,078)
Other non-instructional services	346,870	-	316,377	-	(30,493)
Extracurricular activities	1,606,293	702,666	34,823	104,828	(763,976)
Interest and fiscal charges	1,425,019	-	-	-	(1,425,019)
Totals	<u>\$ 47,855,408</u>	<u>\$ 2,827,592</u>	<u>\$ 3,608,876</u>	<u>\$ 132,718</u>	<u>(41,286,222)</u>

General revenues:

Property taxes levied for:	
General purposes	24,192,762
Debt service	3,319,336
Capital outlay	1,971,848
Income taxes levied for:	
General purposes	5,086,253
Payments in lieu of taxes	336,742
Grants and entitlements not restricted	
to specific programs	12,987,838
Investment earnings	14,706
Miscellaneous	94,881
Total general revenues	<u>48,004,366</u>
Change in net assets	6,718,144
Net assets at beginning of year	<u>16,717,221</u>
Net assets at end of year	<u>\$ 23,435,365</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 655,905	\$ 1,583,875	\$ 2,467,402	\$ 4,707,182
Receivables:				
Property taxes.	21,455,686	3,012,944	1,812,251	26,280,881
Income taxes.	2,343,336	-	-	2,343,336
Payment in lieu of taxes.	-	-	269,572	269,572
Accounts.	13,458	-	-	13,458
Intergovernmental.	1,265	-	613,151	614,416
Prepayments.	22,309	-	1,837	24,146
Materials and supplies inventory.	-	-	18,271	18,271
Due from other funds.	53	-	-	53
Restricted assets:				
Equity in pooled cash and cash equivalents.	321,917	-	-	321,917
Total assets.	<u>\$ 24,813,929</u>	<u>\$ 4,596,819</u>	<u>\$ 5,182,484</u>	<u>\$ 34,593,232</u>
Liabilities:				
Accounts payable.	\$ 58,592	\$ -	\$ 84,052	\$ 142,644
Accrued wages and benefits.	4,403,349	-	305,630	4,708,979
Compensated absences payable.	346,125	-	-	346,125
Early retirement incentive payable.	83,351	-	-	83,351
Pension obligation payable.	814,793	-	88,052	902,845
Intergovernmental payable.	306,783	-	13,583	320,366
Due to other funds.	-	-	53	53
Deferred revenue.	766,571	54,242	661,222	1,482,035
Unearned revenue.	14,987,175	2,114,075	1,487,506	18,588,756
Total liabilities.	<u>21,766,739</u>	<u>2,168,317</u>	<u>2,640,098</u>	<u>26,575,154</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory.	-	-	18,271	18,271
Prepays.	22,309	-	1,837	24,146
Restricted:				
Debt service.	-	2,428,502	-	2,428,502
Capital improvements.	-	-	1,413,710	1,413,710
Extracurricular.	-	-	429,334	429,334
Food service operations.	-	-	145,358	145,358
Non-public schools.	-	-	13,910	13,910
Targeted academic assistance.	-	-	3,632	3,632
Instructional materials.	320,647	-	-	320,647
School bus purchases.	1,270	-	-	1,270
Other purposes.	-	-	37,584	37,584
Committed:				
Capital improvements.	-	-	647,196	647,196
Other purposes.	11,000	-	-	11,000
Assigned:				
Student instruction.	56,248	-	-	56,248
Student and staff support.	156,413	-	-	156,413
School supplies.	106,277	-	-	106,277
Other purposes.	45,270	-	-	45,270
Unassigned (deficit).	2,327,756	-	(168,446)	2,159,310
Total fund balances.	<u>3,047,190</u>	<u>2,428,502</u>	<u>2,542,386</u>	<u>8,018,078</u>
Total liabilities and fund balances.	<u>\$ 24,813,929</u>	<u>\$ 4,596,819</u>	<u>\$ 5,182,484</u>	<u>\$ 34,593,232</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011

Total governmental fund balances		\$	8,018,078
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			47,961,169
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Property taxes receivable	\$	509,199	
Income taxes receivable		339,521	
Payment in lieu of taxes receivable		55,000	
Accounts receivable		4,639	
Intergovernmental receivable		573,676	
Total		573,676	1,482,035
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.			163,150
Unamortized bond issuance costs are not recognized in the funds.			131,604
Unamortized premiums on bond issuances are not recognized in the funds.			(296,513)
Unamortized deferred charges are not recognized in the funds.			163,701
In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.			(95,836)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		29,534,996	
Lease purchase agreement		435,491	
Compensated absences		3,462,462	
Early retirement incentive		131,074	
OASBO note payable		528,000	
Total		34,092,023	(34,092,023)
Net assets of governmental activities		\$	23,435,365

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Property taxes	\$ 24,154,607	\$ 3,303,903	\$ 1,962,314	\$ 29,420,824
Income taxes.	5,065,661	-	-	5,065,661
Payment in lieu of taxes	189,607	-	252,032	441,639
Tuition.	419,149	-	10,770	429,919
Earnings on investments	14,706	-	-	14,706
Charges for services	-	-	1,346,695	1,346,695
Extracurricular.	171,003	-	492,895	663,898
Classroom materials and fees	203,145	-	-	203,145
Other local revenues	224,944	2,371	189,182	416,497
Intergovernmental - intermediate	-	-	10,321	10,321
Intergovernmental - state	12,572,077	423,398	671,359	13,666,834
Intergovernmental - federal	-	-	2,497,498	2,497,498
Total revenues	<u>43,014,899</u>	<u>3,729,672</u>	<u>7,433,066</u>	<u>54,177,637</u>
Expenditures:				
Current:				
Instruction:				
Regular.	22,143,042	-	294,029	22,437,071
Special	3,776,924	-	804,612	4,581,536
Vocational	91,676	-	-	91,676
Support services:				
Pupil	2,175,047	-	515,282	2,690,329
Instructional staff	492,284	-	150,716	643,000
Board of education	46,017	-	-	46,017
Administration	2,865,766	-	9,600	2,875,366
Fiscal	818,596	38,898	25,806	883,300
Business.	48,031	-	-	48,031
Operations and maintenance	3,353,591	-	474,169	3,827,760
Pupil transportation	1,468,919	-	450	1,469,369
Central	413,927	-	295,776	709,703
Operation of non-instructional services:				
Food service operations.	-	-	1,652,891	1,652,891
Other non-instructional services.	4,695	-	341,738	346,433
Extracurricular activities	992,620	-	540,982	1,533,602
Facilities acquisition and construction.	-	-	1,067,204	1,067,204
Capital outlay	-	-	435,491	435,491
Debt service:				
Principal retirement.	-	1,820,000	57,000	1,877,000
Interest and fiscal charges	-	1,201,500	18,365	1,219,865
Bond issuance costs	-	85,134	-	85,134
Total expenditures	<u>38,691,135</u>	<u>3,145,532</u>	<u>6,684,111</u>	<u>48,520,778</u>
Excess of revenues over expenditures.	<u>\$ 4,323,764</u>	<u>\$ 584,140</u>	<u>\$ 748,955</u>	<u>\$ 5,656,859</u>

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**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses):				
Premium on sale of refunding bonds.	\$ -	\$ 133,726	\$ -	\$ 133,726
Sale of refunding bonds.	-	3,843,955	-	3,843,955
Sale of capital assets.	-	-	14,110	14,110
Lease purchase agreement.	-	-	435,491	435,491
Payment to refunding bond escrow agent.	-	(3,892,546)	-	(3,892,546)
Total other financing sources (uses)	<u>-</u>	<u>85,135</u>	<u>449,601</u>	<u>534,736</u>
Net change in fund balances	4,323,764	669,275	1,198,556	6,191,595
Fund balances (deficit)				
at beginning of year (restated).	<u>(1,276,574)</u>	<u>1,759,227</u>	<u>1,343,830</u>	<u>1,826,483</u>
Fund balances at end of year.	<u>\$ 3,047,190</u>	<u>\$ 2,428,502</u>	<u>\$ 2,542,386</u>	<u>\$ 8,018,078</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

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, 2011

Net change in fund balances - total governmental funds \$ 6,191,595

*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 depreciation expense exceeds capital outlays in the current period.

Capital asset additions	\$	1,796,619	
Current year depreciation		(2,904,628)	
Total			(1,108,009)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets.

(1,711)

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

Property taxes		63,122	
Income taxes		20,592	
Payment in lieu of taxes		(104,897)	
Other local revenue		3,728	
Intergovernmental		385,480	
Total			368,025

Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.

1,877,000

Issuance of bonds and capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net assets.

Bonds		(3,843,955)	
Capital leases		(435,491)	
Total			(4,279,446)

Payment to refunded bond escrow agent for the retirement of bonds is an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net assets. Deferred charges related to bond refundings are amortized over the life of the issuance in the statement of activities. The following refunding transactions occurred during the year:

Bonds refunded		3,845,000	
Deferred charges on refundings		47,546	
Total			3,892,546

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**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Premiums on bonds and bond issuance costs related to the issuance of bonds are amortized over the life of the issuance in the statement of activities. The following transactions occurred in the year:

Premiums on bonds	\$ (133,726)	
Bond issuance costs	85,134	
Total	\$	(48,592)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:

Decrease in accrued interest payable	11,150	
Accreted interest on capital appreciation bonds	(216,382)	
Amortization of bond issuance costs	(10,999)	
Amortization of bond premiums	28,063	
Amortization of deferred charges	(16,986)	
Total	\$	(205,154)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Early retirement incentives	136,207	
Compensated absences	(29,217)	
Total	\$	106,990

An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

(75,100)

Change in net assets of governmental activities

\$ 6,718,144

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 21,167,625	\$ 21,169,787	\$ 21,169,980	\$ 193
Income taxes.	4,673,631	4,674,108	4,793,447	119,339
Payments in lieu of taxes.	324,907	324,940	189,607	(135,333)
Tuition.	272,472	272,500	422,843	150,343
Earnings on investments	30,701	30,704	15,818	(14,886)
Other local revenues	162,808	162,825	103,315	(59,510)
Intergovernmental - state	12,534,524	12,535,804	12,572,077	36,273
Total revenues	<u>39,166,668</u>	<u>39,170,668</u>	<u>39,267,087</u>	<u>96,419</u>
Expenditures:				
Current:				
Instruction:				
Regular	22,060,358	22,074,425	21,998,355	76,070
Special.	3,772,259	3,774,664	3,775,766	(1,102)
Vocational.	166,745	166,851	101,202	65,649
Support services:				
Pupil.	2,204,225	2,205,630	2,191,281	14,349
Instructional staff	571,660	572,025	555,053	16,972
Board of education	47,378	47,408	42,219	5,189
Administration.	2,954,529	2,956,413	2,875,664	80,749
Fiscal	829,453	829,982	835,251	(5,269)
Business	94,245	94,305	91,549	2,756
Operations and maintenance.	3,350,532	3,352,832	3,337,890	14,942
Pupil transportation	1,604,905	1,605,928	1,503,688	102,240
Central.	444,090	444,373	421,804	22,569
Operation of non-instructional services	4,739	4,742	4,820	(78)
Extracurricular activities.	799,010	799,519	787,679	11,840
Total expenditures	<u>38,904,128</u>	<u>38,929,097</u>	<u>38,522,221</u>	<u>406,876</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>262,540</u>	<u>241,571</u>	<u>744,866</u>	<u>503,295</u>
Other financing sources (uses):				
Refund of prior year's expenditures	-	-	4,382	4,382
Transfers (out).	-	-	(7,000)	(7,000)
Advances (out)	-	-	(3,676)	(3,676)
Sale of capital assets	1,000	1,000	-	(1,000)
Total other financing sources (uses)	<u>1,000</u>	<u>1,000</u>	<u>(6,294)</u>	<u>(7,294)</u>
Net change in fund balance	263,540	242,571	738,572	496,001
Fund balance (deficit)				
at beginning of year (restated)	(256,791)	(256,791)	(256,791)	-
Prior year encumbrances appropriated	102,622	102,622	102,622	-
Fund balance at end of year	<u>\$ 109,371</u>	<u>\$ 88,402</u>	<u>\$ 584,403</u>	<u>\$ 496,001</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2011

	<u>Governmental Activities - Internal Service Fund</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 635,450
Total assets.	<u>635,450</u>
Liabilities:	
Claims payable	<u>472,300</u>
Total liabilities	<u>472,300</u>
Net assets:	
Unrestricted.	<u>163,150</u>
Total net assets	<u><u>\$ 163,150</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services.	\$ 4,778,774
Total operating revenues	<u>4,778,774</u>
 Operating expenses:	
Purchased services.	405,261
Claims	<u>4,448,613</u>
Total operating expenses.	<u>4,853,874</u>
 Change in net assets.	 (75,100)
 Net assets at beginning of year	 <u>238,250</u>
 Net assets at end of year.	 <u>\$ 163,150</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from charges for services	4,778,774
Cash payments for purchased services	(405,261)
Cash payments for claims	<u>(4,039,565)</u>
Net cash provided by operating activities	<u>333,948</u>
Net increase in cash and cash cash equivalents	333,948
Cash and cash equivalents at beginning of year . . .	<u>301,502</u>
Cash and cash equivalents at end of year	<u><u>\$ 635,450</u></u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (75,100)
Changes in assets and liabilities:	
Increase in claims payable	<u>409,048</u>
Net cash provided by operating activities	<u><u>\$ 333,948</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 394,360	\$ 102,342
Prepayments	-	140
	<u>394,360</u>	<u>102,482</u>
Total assets.	<u>394,360</u>	<u>\$ 102,482</u>
Liabilities:		
Accounts payable.	-	\$ 273
Intergovernmental payable	-	14
Due to students.	-	102,195
	<u>-</u>	<u>102,482</u>
Total liabilities	<u>-</u>	<u>\$ 102,482</u>
Net assets:		
Held in trust for scholarships	<u>394,360</u>	
Total net assets	<u>\$ 394,360</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Private Purpose Trust
	Scholarship
Additions:	
Interest.	\$ 943
Gifts and contributions.	1,382
Total additions.	2,325
Deductions:	
Scholarships awarded	9,883
Change in net assets.	(7,558)
Net assets at beginning of year	401,918
Net assets at end of year.	\$ 394,360

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Perrysburg Exempted Village School District (the "District") is located in Wood County in northwest Ohio.

The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District ranks as the 75th largest by enrollment among the 918 public and community school districts in the State. It currently operates 4 elementary schools, 1 junior high school, and 1 comprehensive high school. The District employs 20 administrators, 168 non-certified and 289 certified full-time and part-time employees to provide services to approximately 4,597 students and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 District also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental type activities and to its proprietary fund provided it does not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise have access to the organization's resources; (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; (4) or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of this criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association (NOECA)

The NOECA is a jointly governed organization among 41 area school districts and service centers. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member school districts and service centers. Each of the governments of these schools supports the NOECA based upon a per pupil charge, dependent upon the software package utilized. The NOECA assembly consists of a superintendent from each participating district and a representative from the fiscal agent. The NOECA is governed by a Board of Directors chosen from the general membership of the NOECA Assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and two Assembly members from each county in which participating districts are located. Each district's authority is limited to its representation on the Board. Financial information can be obtained by contacting Betty Schwiefert, who serves as Controller, at 2900 South Columbus Avenue, Sandusky, Ohio 44870.

Penta Career Center

The Penta Career Center (the "Center") is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide vocational and special education needs of the students. The Center accepts non-tuition students from the District as a member school; however, it is considered a separate political subdivision and is not considered to be part of the District. Financial information can be obtained from the Penta County Career Center, Carrie Herringshaw, who serves as Treasurer, at 9301 Buck Road, Perrysburg, Ohio 43551.

B. Fund Accounting

The 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. There are three categories of funds: governmental, proprietary 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 District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Debt service fund - The debt service fund is used to account for the accumulation of resources and payment of general obligation bond and principal and interest from governmental resources when the government is obligated in some manner for payment.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUND

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides dental, vision, medical/surgical and life insurance benefits to employees.

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 District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

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.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's internal service fund is charges for services. Operating expenses for internal service funds include claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

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 are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange 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 District, available means expected to be received within sixty days of fiscal year end.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Nonexchange transactions, in which the District receives value without directly giving equal value in return, includes property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from income taxes is recognized in the fiscal year in which the underlying exchange transaction occurred (See Note 7).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the 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, income taxes, interest, tuition, grants, student fees and rentals.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise 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, 2011, but which were levied to finance fiscal year 2012 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period, including delinquent property taxes due at June 30, 2011, have also been reported as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level for all funds. Although the legal level of budgetary 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. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Wood County Budget Commission for rate determination. The Wood County Budget Commission waived the tax budget filing requirement for fiscal year 2011.

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the original and final amended certificate of estimated resources issued during the fiscal year.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at the fund level which is the legal level of control. Any revisions that alter appropriations at the fund level must be approved by the Board of Education.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

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 budget amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

F. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

During fiscal year 2011, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio).

The District had invested funds in STAR Ohio during fiscal year 2011. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2011.

Under existing Ohio statutes all investment earning are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$14,706, which includes \$13,934 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents.

An analysis of the District's investment account at fiscal year-end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. Prepaids

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the financial statements using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

I. Capital Assets

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

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	8 - 10 years

J. Interfund Balances

On fund financial statements, receivables and payables to cover deficit cash balances are classified as "due to/from other funds." These amounts are eliminated in the governmental activities column on the statement of net assets.

K. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future.

For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service or any employee with fifteen years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2011 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

L. 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, is paid in a timely manner and, in full from current financial resources is reported as obligations of the funds. However, claims and judgments and compensated absences 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 year. Bonds and notes are recognized as a liability on the fund financial statements when due.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include amounts reserved for budget stabilization, school bus purchases and instructional materials. See Note 18 for details.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist 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 or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes include amounts restricted for food service operations and amounts restricted by State statute for school bus purchases and instructional materials.

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

P. Estimates

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

Q. Parochial School

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

R. 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 year 2011.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

B. Fund Reclassifications

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the District's governmental fund balances as previously reported:

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Fund balance (deficit) as previously reported	\$ (1,528,995)	\$ 1,759,227	\$ 1,596,251	\$ 1,826,483
Fund reclassifications:				
Uniform school supplies	112,464	-	(112,464)	-
Underground storage tank	11,000	-	(11,000)	-
Public school support	<u>128,957</u>	<u>-</u>	<u>(128,957)</u>	<u>-</u>
Total fund reclassifications	<u>252,421</u>	<u>-</u>	<u>(252,421)</u>	<u>-</u>
Restated fund balance at July 1, 2010	<u>\$ (1,276,574)</u>	<u>\$ 1,759,227</u>	<u>\$ 1,343,830</u>	<u>\$ 1,826,483</u>

The fund reclassifications did not have an effect on net assets as previously reported.

C. Budgetary Prior Period Adjustment

In prior years certain funds that are legally budgeted in separate special revenue funds were considered part of the general fund on a budgetary basis. The District has elected to report only the legally budgeted general fund in the budgetary statement; therefore, a restatement to the beginning budgetary balance is required. The restatement of the general fund's budgetary-basis fund balance at June 30, 2010 is as follows:

Budgetary Basis

	<u>General Fund</u>
Deficit at June 30, 2010	\$ (202,930)
Funds budgeted elsewhere	<u>(53,861)</u>
Restated deficit at July 1, 2010	<u>\$ (256,791)</u>

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

D. Deficit Fund Balances

Fund balances at June 30, 2011 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Miscellaneous state grants	\$ 8,990
Title VI-B	155,190
Title II-D	36
Title I	4,230

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

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the 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 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 may 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;
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;

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above 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 (STAR Ohio);
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.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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 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.

A. Cash on Hand

At fiscal year end, the District had \$15,205 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

B. Deposits with Financial Institutions

At June 30, 2011, the carrying amount of all District deposits was \$5,089,644. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, \$5,282,140 of the District's bank balance of \$5,532,140 was exposed to custodial risk as discussed below, while \$250,000 was covered by the FDIC.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% 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 a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Investments

As of June 30, 2011, the District had an investment in STAR Ohio of \$1,056,402 with a maturity of 6 months or less.

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 District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard ratings service. The District's investment policy does not address investment credit risk beyond the requirements of State statutes.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the 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 District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,089,644
Investments	1,056,402
Cash on hand	<u>15,205</u>
Total	<u>\$ 6,161,251</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 5,664,549
Private-purpose trust fund	394,360
Agency fund	<u>102,342</u>
Total	<u>\$ 6,161,251</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 2011 as reported on the fund statements, consist of the following individual interfund due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 53

The primary purpose of the due to/from other funds is to cover negative cash at fiscal year-end. The interfund balance will be repaid once the anticipated revenues are received. The interfund balance is expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

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

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 6 - PROPERTY TAXES - (Continued)

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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 revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2011 (other than public utility property) generally represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on the value as of December 31, 2009. Amounts paid by multi-county taxpayers were due September 20, 2010. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2010, with the remainder payable by September 20, 2010.

The District receives property taxes from Wood County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available as an advance at June 30, 2011 was \$6,056,161 in the general fund, \$844,627 in the debt service fund and \$506,771 in the permanent improvement fund, a nonmajor governmental fund. This amount is recorded as revenue. The amount available for advance at June 30, 2010 was \$3,071,534 in the general fund, \$419,207 in the debt service fund and \$241,865 in the permanent improvement fund, a nonmajor governmental fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only 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 unearned revenue.

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

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 808,644,100	98.80	\$ 816,418,840	98.74
Public utility personal	<u>9,812,120</u>	<u>1.20</u>	<u>10,439,070</u>	<u>1.26</u>
Total	<u>\$ 818,456,220</u>	<u>100.00</u>	<u>\$ 826,857,910</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 63.93		\$ 64.73	

NOTE 7 - INCOME TAXES

In 1991, the voters of the District passed a .5% school income tax on wages earned by residents of the District. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund and totaled \$5,065,661 on the governmental fund financial statements during fiscal year 2011.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2011 consisted of property taxes, school district income taxes, payments in lieu of taxes, accounts (billings for user charged services and student fees) and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:	
Property taxes	\$ 26,280,881
School district income tax	2,343,336
Payments in lieu of taxes	269,572
Intergovernmental	614,416
Accounts	<u>13,458</u>
Total	<u>\$ 29,521,663</u>

Receivables have been disaggregated on the face of the financial statements. All receivables are expected to be collected in the subsequent year.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance <u>June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2011</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 3,602,269	\$ -	\$ -	\$ 3,602,269
Construction in progress	<u>6,658</u>	<u>-</u>	<u>(6,658)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>3,608,927</u>	<u>-</u>	<u>(6,658)</u>	<u>3,602,269</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	6,315,983	135,373	-	6,451,356
Buildings and improvements	64,536,119	860,780	-	65,396,899
Furniture and equipment	7,348,207	807,124	(25,179)	8,130,152
Vehicles	<u>2,987,531</u>	<u>-</u>	<u>-</u>	<u>2,987,531</u>
Total capital assets, being depreciated	<u>81,187,840</u>	<u>1,803,277</u>	<u>(25,179)</u>	<u>82,965,938</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(2,945,077)	(483,643)	-	(3,428,720)
Buildings and improvements	(25,275,785)	(1,762,675)	-	(27,038,460)
Furniture and equipment	(5,379,246)	(526,932)	23,468	(5,882,710)
Vehicles	<u>(2,125,770)</u>	<u>(131,378)</u>	<u>-</u>	<u>(2,257,148)</u>
Total accumulated depreciation	<u>(35,725,878)</u>	<u>(2,904,628)</u>	<u>23,468</u>	<u>(38,607,038)</u>
Depreciable capital assets, net	<u>45,461,962</u>	<u>(1,101,351)</u>	<u>(1,711)</u>	<u>44,358,900</u>
Governmental activities capital assets, net	<u>\$ 49,070,889</u>	<u>\$ (1,101,351)</u>	<u>\$ (8,369)</u>	<u>\$ 47,961,169</u>

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 1,734,750
Special	178,369
Vocational	9,042

Support services:

Pupil	203,816
Instructional staff	38,311
Board of education	1,467
Administration	209,121
Fiscal	32,237
Business	6,370
Operations and maintenance	196,435
Pupil transportation	131,378
Central	23,919
Operation of non-instructional services	437
Extracurricular activities	74,544
Food service operations	<u>64,432</u>

Total depreciation expense	<u><u>\$ 2,904,628</u></u>
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**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 10 - LONG-TERM OBLIGATIONS

A. The changes in the District's long-term obligations during the year consist of the following:

	Balance Outstanding <u>June 30, 2010</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>June 30, 2011</u>	Amounts Due in <u>One Year</u>
Governmental activities:					
<u>General obligation bonds:</u>					
1999B school improvement bonds	\$ 8,965,000	\$ -	\$ (4,795,000)	\$ 4,170,000	\$ -
2004 advance refunding bonds					
Current interest bonds	2,780,000	-	(655,000)	2,125,000	675,000
Capital appreciation bonds	530,000	-	-	530,000	-
Accreted interest	520,751	110,550	-	631,301	-
2006 advance refunding bonds					
Current interest bonds	9,115,000	-	(165,000)	8,950,000	170,000
Capital appreciation bonds	69,995	-	-	69,995	-
Accreted interest	102,204	50,017	-	152,221	-
2007 advance refunding bonds					
Current interest bonds	8,765,000	-	(50,000)	8,715,000	50,000
Capital appreciation bonds	164,993	-	-	164,993	-
Accreted interest	126,716	52,624	-	179,340	-
2011 advance refunding bonds					
Current interest bonds	-	3,795,000	-	3,795,000	1,155,000
Capital appreciation bonds	-	48,955	-	48,955	-
Accreted interest	-	3,191	-	3,191	-
Total general obligation bonds payable	<u>31,139,659</u>	<u>4,060,337</u>	<u>(5,665,000)</u>	<u>29,534,996</u>	<u>2,050,000</u>
<u>Other long-term obligations:</u>					
OASBO note payable	585,000	-	(57,000)	528,000	59,000
Lease purchase agreement	-	435,491	-	435,491	91,578
Early retirement incentive	411,904	-	(197,479)	214,425	83,351
Compensated absences	3,802,984	565,933	(560,330)	3,808,587	478,372
Total other long-term obligations	<u>4,799,888</u>	<u>1,001,424</u>	<u>(814,809)</u>	<u>4,986,503</u>	<u>712,301</u>
Total long-term obligations governmental activities	<u>\$ 35,939,547</u>	<u>\$ 5,061,761</u>	<u>\$ (6,479,809)</u>	34,521,499	<u>\$ 2,762,301</u>
Unamortized premium on bonds				296,513	
Deferred charges in refunding bonds				(163,701)	
Total on statement of net assets				<u>\$ 34,654,311</u>	

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Series 1999B general obligation bonds: On April 1, 1999, the District issued general obligation bonds for the purpose of constructing, renovating, remodeling, adding to, furnishing, equipping and otherwise improving District buildings and facilities and acquiring, improving and equipping real estate and interests for District purposes. The issue is made up of serial and term bonds, bears interest rates ranging from 3.20-5.00% and matures on December 1, 2014. On December 20, 2006, the District issued \$8,570,000 (series 2006 advance refunding general obligation bonds) to advance refund the callable portion of the bonds. On January 24, 2007, the District issued \$8,965,000 (series 2007 advance refunding general obligation bonds) to advance refund the callable portion of the bonds. On February 2, 2011, the District issued \$3,795,000 (series 2011 advance refunding general obligation bonds) to advance refund the remaining callable portion of the bonds. The refunded portions of the series 1999B bonds included portions of the serial bonds and the entire amount of the term bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

Series 2004 advance refunding general obligation bonds: On September 1, 2003, the District issued general obligation bonds to advance refund portions of the series 1992A refunding general obligation bonds and the series 1992B refunding general obligation bonds. The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

At June 30, 2011, the refunding issue is comprised of both current interest bonds, par value \$2,125,000, and capital appreciation bonds, par value \$530,000. The interest rate on the current interest bonds ranges from 2.00-4.00%. The capital appreciation bonds mature December 1, 2012 (approximate initial offering yield to maturity 4.10%) and December 1, 2013 (approximate initial offering yield to maturity 4.20%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,405,000. Total accreted interest of \$631,301 has been included in the statement of net assets.

Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2015.

Series 2006 advance refunding general obligation bonds: On December 20, 2006, the District issued general obligation bonds to advance refund portions of the series 1999A general obligation bonds and the series 1999B general obligation bonds. The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

At June 30, 2011, the refunding issue is comprised of both current interest bonds, par value \$8,950,000, and capital appreciation bonds, par value \$69,995. The interest rate on the current interest bonds ranges from 3.50-4.00%. The capital appreciation bonds mature December 1, 2016 (approximate initial offering yield to maturity 3.83%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$885,000. Total accreted interest of \$152,221 has been included in the statement of net assets.

Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2025.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Series 2007 advance refunding general obligation bonds: On January 24, 2007, the District issued general obligation bonds to advance refund a portion of the series 1999B general obligation bonds. The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

At June 30, 2011, the refunding issue is comprised of both current interest bonds, par value \$8,715,000, and capital appreciation bonds, par value \$164,933. The interest rate on the current interest bonds ranges from 3.75-4.25%. The capital appreciation bonds mature December 1, 2015 (approximate initial offering yield to maturity 3.95%) and December 1, 2016 (approximate initial offering yield to maturity 4.00%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$790,000. Total accreted interest of \$179,340 has been included in the statement of net assets.

Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2022.

Series 2011 advance refunding general obligation bonds: On February 2, 2011, the District issued general obligation bonds to advance refund a portion of the series 1999B general obligation bonds. The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

At June 30, 2011, the refunding issue is comprised of both current interest bonds, par value \$3,795,000, and capital appreciation bonds, par value \$48,955. The interest rate on the current interest bonds ranges from 2.00-3.00%. The capital appreciation bonds mature on December 1, 2017 (approximate initial offering yield to maturity 3.31%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$180,000. Total accreted interest of \$3,191 has been included in the statement of net assets.

Interest payments on the current interest bonds are due on June 1 and December 1 each year. The final maturity stated in the issue is December 1, 2017.

The reacquisition price exceeded the net carrying amount of the old debt by \$47,546. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. This advance refunding was undertaken to reduce total debt service payments over the next 7 years by \$319,027 and resulted in an economic gain of \$294,467.

OASBO note payable: On August 13, 2009, the District entered into a note agreement in the amount of \$655,000, with the Ohio Association of School Business Officials' (OASBO) Expanded Asset Pooled Financing Program to finance the cost of installing a new artificial turf and related appurtenance at the high school stadium and renovating, reconstructing and otherwise improving the Commodore building. The annual payments are made from the building fund (a nonmajor governmental fund). At June 30, 2011, the District had outstanding borrowings of \$528,000.

Early retirement incentive: Early retirement incentives will be paid from the general fund (see Note 12.B. for details).

Lease purchase agreement: The lease purchase agreement will be paid from the permanent improvement fund, a nonmajor governmental fund (see Note 11 for details).

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Compensated absences: Compensated absences will be paid from the fund from which the employees' salaries are paid. Compensated absences will be paid from the general fund and the food service fund (a nonmajor governmental fund).

- B.** Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2011, are as follows:

Fiscal Year Ended	1999B School Improvement Bonds		
	Principal	Interest	Total
2012	\$ -	\$ 239,775	\$ 239,775
2013	1,225,000	204,556	1,429,556
2014	1,385,000	129,519	1,514,519
2015	1,560,000	44,850	1,604,850
Total	<u>\$ 4,170,000</u>	<u>\$ 618,700</u>	<u>\$ 4,788,700</u>

Fiscal Year Ended	2004 Advance Refunding Bonds					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 675,000	\$ 69,102	\$ 744,102	\$ -	\$ -	\$ -
2013	-	57,290	57,290	275,000	425,000	700,000
2014	-	57,290	57,290	255,000	450,000	705,000
2015	710,000	43,445	753,445	-	-	-
2016	740,000	14,800	754,800	-	-	-
Total	<u>\$ 2,125,000</u>	<u>\$ 241,927</u>	<u>\$ 2,366,927</u>	<u>\$ 530,000</u>	<u>\$ 875,000</u>	<u>\$ 1,405,000</u>

Fiscal Year Ended	2006 Advance Refunding Bonds					
	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 170,000	\$ 352,994	\$ 522,994	\$ -	\$ -	\$ -
2013	170,000	346,406	516,406	-	-	-
2014	170,000	339,925	509,925	-	-	-
2015	175,000	333,456	508,456	-	-	-
2016	170,000	326,987	496,987	-	-	-
2017 - 2021	530,000	1,576,600	2,106,600	69,995	815,005	885,000
2022 - 2026	7,565,000	1,041,100	8,606,100	-	-	-
Total	<u>\$ 8,950,000</u>	<u>\$ 4,317,468</u>	<u>\$ 13,267,468</u>	<u>\$ 69,995</u>	<u>\$ 815,005</u>	<u>\$ 885,000</u>

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

2007 Advance Refunding Bonds						
Fiscal Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 50,000	\$ 364,287	\$ 414,287	\$ -	\$ -	\$ -
2013	50,000	362,287	412,287	-	-	-
2014	50,000	360,288	410,288	-	-	-
2015	60,000	358,087	418,087	-	-	-
2016	-	356,887	356,887	71,374	238,626	310,000
2017 - 2021	4,695,000	1,494,269	6,189,269	93,619	386,381	480,000
2022 - 2023	3,810,000	162,825	3,972,825	-	-	-
Total	<u>\$ 8,715,000</u>	<u>\$ 3,458,930</u>	<u>\$ 12,173,930</u>	<u>\$ 164,993</u>	<u>\$ 625,007</u>	<u>\$ 790,000</u>

2011 Advance Refunding Bonds						
Fiscal Year Ended	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 1,155,000	\$ 78,787	\$ 1,233,787	\$ -	\$ -	\$ -
2013	20,000	67,037	87,037	-	-	-
2014	20,000	66,638	86,638	-	-	-
2015	20,000	66,238	86,238	-	-	-
2016	1,515,000	48,994	1,563,994	-	-	-
2017 - 2018	1,065,000	47,925	1,112,925	48,955	131,045	180,000
Total	<u>\$ 3,795,000</u>	<u>\$ 375,619</u>	<u>\$ 4,170,619</u>	<u>\$ 48,955</u>	<u>\$ 131,045</u>	<u>\$ 180,000</u>

OASBO Note Payable			
Fiscal Year Ended	Principal	Interest	Total
2012	\$ 59,000	\$ 16,451	\$ 75,451
2013	61,000	14,470	75,470
2014	62,000	12,441	74,441
2015	65,000	10,346	75,346
2016	67,000	8,167	75,167
2017 - 2019	214,000	10,758	224,758
Total	<u>\$ 528,000</u>	<u>\$ 72,633</u>	<u>\$ 600,633</u>

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2011, are a voted debt margin of \$48,276,771 (including available funds of \$2,428,502) and an unvoted debt margin of \$826,858.

NOTE 11 - LEASE PURCHASE AGREEMENT

During fiscal year 2011, the District entered into a capital lease for the acquisition of communications equipment. This lease meets the criteria of a capital lease as defined by generally accepted accounting principles which defines a capital lease generally as one which transfers the benefits and risks of ownership to the lessee at the conclusion of the lease term. At inception, the leases was accounted for as an other financing source and a capital outlay expenditure in the permanent improvement fund, a nonmajor governmental fund. Capital lease payments will be reclassified and shown as debt service expenditures in the permanent improvement fund, a nonmajor governmental fund.

The general capital assets acquired by this capital lease has been capitalized in the governmental activities on the statement of net assets in the amount of \$463,381, which is equal to the present value of the future minimum lease payments as of the date of their inception in addition to a \$27,890 promotional discount paid to the lessor by the manufacturer of the communication equipment. Accumulated depreciation as of June 30, 2011 was \$20,852, leaving a current book value of \$396,191 (net of a salvage value of \$46,338). A corresponding liability has been recorded in the governmental activities on the statement of net assets.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2011.

<u>Fiscal Year</u>	<u>Payments</u>
2012	\$ 92,676
2013	92,676
2014	92,676
2015	92,676
2016	<u>92,676</u>
Total minimum lease payments	463,380
Less: amount representing interest	<u>(27,889)</u>
Present value of minimum lease payments	<u>\$ 435,491</u>

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Early Retirement Incentive

During fiscal year 2006, the District offered an early retirement incentive to employees which consist of annual payments of \$5,000 for a period of five years plus reimbursement of health care premium costs not to exceed \$5,000 per year for a period of five years. The liabilities related to the reimbursement of health care premium costs have been recorded at their net present value using a discount rate of 4.00%. As of June 30, 2011, 20 employees are participating in the early retirement incentive. A current liability of \$83,351 has been reported in the general fund. The early retirement incentive liability of \$214,425 is reported on the statement of net assets.

NOTE 13 - RISK MANAGEMENT

A. Comprehensive

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

B. Workers' Compensation Rating Program

The District participates in the Bureau of Worker's Compensation retrospective rating program. The District hired David Kaderavek of Kaderavek LP, LLC of Perrysburg, Ohio to serve as the administrator of District's program.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 13 - RISK MANAGEMENT - (Continued)

C. Employee Group Life, Medical/Surgical, Dental and Vision Insurance

The District has established an internal service “self-insurance” fund, in conjunction with a formalized risk management program, in an effort to minimize risk exposure and control claims and premium costs.

This self-insurance fund was established for the purpose of accumulating balances sufficient to self-insure basic medical coverage and permit excess umbrella coverage for claims over a pre-determined level. Board and employee premium contributions are determined by negotiated agreement. Amounts are paid into this fund from the general fund and certain nonmajor governmental funds. Claims payments are made on an as-incurred basis, thus no “reserve” remains with the insurance carrier.

Expenses for claims are recorded as other expenses when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount.

Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using expected future investment assumptions as determined by the third party administrator. These liabilities are reported at their present value of \$472,300 at June 30, 2011.

Changes in claims activity for the 2011 fiscal year is as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2011	\$ 63,252	\$ 4,448,613	\$ (4,039,565)	\$ 472,300
2010	-	4,027,079	(3,963,827)	63,252

NOTE 14 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS’ Ohio website, www.ohsers.org, under “Media/Financial Reports”.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 14 - PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$616,469, \$704,844 and \$738,000, respectively; 57.47 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "Publications".

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 a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. 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 employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 14 - PENSION PLANS - (Continued)

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$2,753,900, \$2,757,490 and \$2,867,000, respectively; 84.98 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$146,443 made by the District and \$104,602 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) 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, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 and SERS' reimbursement to retirees was \$45.50. 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 the SERS' Ohio website, www.ohsers.org, under "*Media/Financial Reports*".

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 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was \$35,800.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010 and 2009 were \$156,291, \$104,264 and \$219,000, respectively; 57.47 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$39,671, \$41,916 and \$40,000, respectively; 57.47 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "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 report of STRS Ohio which may be obtained by visiting www.strsoh.org, under "Publications" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the 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 Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$211,838, \$212,115 and \$205,000, respectively; 84.98 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While 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 and disbursements.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 738,572
Net adjustment for revenue accruals	3,252,028
Net adjustment for expenditure accruals	264,422
Net adjustment for other sources/uses	(4,382)
Funds budgeted elsewhere	(8,292)
Adjustment for encumbrances	81,416
GAAP basis	\$ 4,323,764

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, the staff rotary fund, the learning day by day fund, the rotary services fund, the underground storage tank fund and the public school support fund.

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 17 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

NOTE 18 - SET-ASIDES

The 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 the 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 fiscal year-end. These amounts must be carried forward to be used for the same purposes in future years.

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

	Textbooks\ Instructional <u>Materials</u>	Capital <u>Improvements</u>
Set-aside balance June 30, 2010	\$ 20,662	\$ -
Current year set-aside requirement	699,877	699,877
Contributions in excess of the current fiscal year set-aside requirement	-	-
Current year qualifying expenditures	(399,892)	(640,767)
Excess qualified expenditures from prior years	-	-
Current year offsets	-	(1,982,557)
Waiver granted by ODE	-	-
Prior year offset from bond proceeds	-	-
Total	<u>\$ 320,647</u>	<u>\$ (1,923,447)</u>
Balance carried forward to fiscal year 2012	<u>\$ -</u>	<u>\$ -</u>
Set-aside balance June 30, 2011	<u>\$ 320,647</u>	<u>\$ -</u>

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

NOTE 18 - SET-ASIDES - (Continued)

Effective July 1, 2011, the textbook\instructional materials set-aside is no longer required and has been removed from existing law. This balance is therefore not being presented as being carried forward to the future fiscal year. Although the District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future fiscal years. The negative balance is therefore not presented as being carried forward to future fiscal years.

In addition to the above statutory set-asides, the District has \$1,270 in monies restricted for school bus purchases.

A schedule of the restricted assets at June 30, 2011 follows:

Amount restricted for instructional materials	\$ 320,647
Amount restricted for school bus purchases	<u>1,270</u>
Total restricted cash	<u>\$ 321,917</u>

NOTE 19 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Encumbrances</u>
General fund	\$ 74,217
Other governmental	<u>208,679</u>
Total	<u>\$ 282,896</u>

SUPPLEMENTARY DATA

PERRYSBURG EXEMPTED SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
Child Nutrition Cluster:				
(D) (E) School Breakfast Program	10.553	2011	\$ 5,563	\$ 5,563
Total School Breakfast Program			<u>5,563</u>	<u>5,563</u>
(D) (E) National School Lunch Program	10.555	2011	285,380	285,380
(C) (D) National School Lunch Program - Food Donation	10.555	2011	46,440	46,440
Total National School Lunch Program			<u>331,820</u>	<u>331,820</u>
Total U.S. Department of Agriculture and Child Nutrition Cluster			<u>337,383</u>	<u>337,383</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
(G) Title I Grants to Local Educational Agencies	84.010	2010	6,123	14,366
(G) Title I Grants to Local Educational Agencies	84.010	2011	101,801	94,414
Total Title I Grants to Local Educational Agencies			<u>107,924</u>	<u>108,780</u>
Special Education Grant Cluster:				
(F) (G) Special Education_Grants to States	84.027	2010	146,517	154,734
(F) (G) Special Education_Grants to States	84.027	2011	666,259	631,625
Total Special Education_Grants to States			<u>812,776</u>	<u>786,359</u>
(F) (G) ARRA - Special Education Grants to States, Recovery Act	84.391	2010	(23,026)	48,383
(F) (G) ARRA - Special Education Grants to States, Recovery Act	84.391	2011	416,415	399,226
Total ARRA - Special Education Grants to States, Recovery Act			<u>393,389</u>	<u>447,609</u>
Total Special Education Grant Cluster			<u>1,206,165</u>	<u>1,233,968</u>
(G) Safe and Drug-Free Schools and Communities_State Grants	84.186	2010	(60)	-
(G) Safe and Drug-Free Schools and Communities_State Grants	84.186	2011	60	60
Total Safe and Drug-Free Schools and Communities_State Grants			<u>-</u>	<u>60</u>
(G) Educational Technology State Grants	84.318	2010	178	286
(G) Educational Technology State Grants	84.318	2011	384	437
Total Educational Technology State Grants			<u>562</u>	<u>723</u>
Education Jobs	84.410	2011	52,430	47,519
ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top, Recovery Act	84.395	2011	14,507	12,419
English Language Acquisition Grants	84.365	2011	27,072	27,072
(G) Improving Teacher Quality State Grants	84.367	2010	10,632	14,581
(G) Improving Teacher Quality State Grants	84.367	2011	79,716	75,791
Total Improving Teacher Quality State Grants			<u>90,348</u>	<u>90,372</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	2011	655,893	655,893
Total U.S. Department of Education			<u>2,154,901</u>	<u>2,176,806</u>
Total Federal Financial Assistance			<u>\$ 2,492,284</u>	<u>\$ 2,514,189</u>

- (A) OAKS did not assign pass-through numbers for fiscal year 2010.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.
- (D) Included as part of "Child Nutrition Cluster" in determining major programs.
- (E) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (F) Included as part of "Special Education Grant Cluster" in determining major programs.
- (G) The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with Ohio Department of Education ("ODE")'s approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2011, the ODE authorized the following transfers:

Program Title	CFDA	Grant Year	Transfers Out	Transfers In
Title I Grants to Local Educational Agencies	84.010	2010	\$ 784	
Title I Grants to Local Educational Agencies	84.010	2011		\$ 784
Special Education_Grants to States	84.027	2010	6,767	
Special Education_Grants to States	84.027	2011		6,767
ARRA - Special Education Grants to States, Recovery Act	84.391	2010	23,026	
ARRA - Special Education Grants to States, Recovery Act	84.391	2011		23,026
Safe and Drug-Free Schools and Communities_State Grants	84.186	2010	60	
Safe and Drug-Free Schools and Communities_State Grants	84.186	2011		60
Educational Technology State Grants	84.318	2010	108	
Educational Technology State Grants	84.318	2011		108
Improving Teacher Quality State Grants	84.367	2010	2,061	
Improving Teacher Quality State Grants	84.367	2011		2,061
Totals			<u>\$ 32,806</u>	<u>\$ 32,806</u>



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**Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Required by *Government Auditing Standards***

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

To the Members of the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Perrysburg Exempted Village School District, Wood County, Ohio, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Perrysburg Exempted Village School District's basic financial statements and have issued our report thereon dated December 26, 2011. We noted that the Perrysburg Exempted Village School District adopted Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Perrysburg Exempted Village School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Perrysburg Exempted Village School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Perrysburg Exempted Village School District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Perrysburg Exempted Village School District's financial statements will not be prevented, or detected and timely corrected.

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

Board of Education
Perrysburg Exempted Village School District

Compliance and Other Matters

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

We intend this report solely for the information and use of the management and Board of Education of the Perrysburg Exempted Village School District, federal awarding agencies and pass-through entities, and others within the Perrysburg Exempted Village School District. We intend it for no one other than these specified parties.

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

Julian & Grube, Inc.
December 26, 2011



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**Independent Accountants' Report on Compliance With Requirements Applicable to Each
Major Program and on Internal Control Over Compliance
Required by OMB Circular A-133**

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

To the Board of Education:

Compliance

We have audited the compliance of the Perrysburg Exempted Village 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 could directly and materially affect each of the Perrysburg Exempted Village School District's major federal programs for the fiscal year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the Perrysburg Exempted Village School District's major federal programs. The Perrysburg Exempted Village School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Perrysburg Exempted Village 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 included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Perrysburg Exempted Village School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Perrysburg Exempted Village School District's compliance with those requirements.

In our opinion, the Perrysburg Exempted Village School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal program for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

The Perrysburg Exempted Village School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Perrysburg Exempted Village School District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of Perrysburg Exempted Village School District's internal control over compliance.

Board of Education
Perrysburg Exempted Village School District

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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 over compliance that might be deficiencies, 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.

We intend this report solely for the information and use of the management and Board of Education of Perrysburg Exempted Village School District, federal awarding agencies and pass-through entities, and others within Perrysburg Exempted Village School District. We intend it for no one 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 26, 2011

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS		
<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 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 Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Special Education Grant Cluster: Special Education Grants to States, CFDA #84.027 and ARRA - Special Education Grants to States, Recovery Act, CFDA #84.391 and ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act, CFDA #84.394
<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

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2011**

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2010-PEVSD-001	Ohio Revised Code Section 5705.36(A)(4) states that upon determination by the Fiscal Officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations.	Yes	N/A
2010-PEVSD-002	Ohio Revised Code Section 5705.10 requires that on a cash basis, no fund shall have a negative fund balance during the fiscal year or at fiscal year end.	Yes	N/A



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Independent Accountants' Report on Applying Agreed-Upon Procedure

Perrysburg Exempted Village School District
Wood County
140 East Indiana Avenue
Perrysburg, Ohio 43551

To the Board of Education:

Ohio Rev. 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 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 procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether the Perrysburg Exempted Village School District (the "District") has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on November 15, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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 and is not intended to be and should not be used by anyone other than these specified parties.

Julian & Grube, Inc.

Julian & Grube, Inc
December 26, 2011



Dave Yost • Auditor of State

PERRYSBURG EXEMPTED VILLAGE SCHOOL DISTRICT

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 16, 2012**